The Ontario Securities Commission

OSC Bulletin

November 22, 2012

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Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

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1.1 Notices

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November 22, 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
Suite 1700, Box 55
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 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 9:30 a.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 29-30, 2012 10:00 a.m.	**Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT
December 3, December 5-17 and December 19, 2012 10:00 a.m.	**Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith** s. 127(1) and (5) A. Heydon/Y. Chisholm in attendance for Staff Panel: EPK

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 7, 2012 10:00 a.m.	**Caroline Frayssignes Cotton** s. 127 C. Price 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 11 and December 14, 2012 9:30 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
December 13, 2012 10;00 a.m.	**Global RESP Corporation and Global Growth Assets Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
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: MGC
December 20, 2012 10:00 a.m.	**New Hudson Television LLC & Dmitry James Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC
December 20, 2012 11:00 a.m.	**Knowledge First Financial Inc.** s. 127 M. Vaillancourt/D. Ferris in attendance for Staff Panel: JEAT

January 10-11, 2013 10:00 a.m.	**MBS Group (Canada) Ltd., Balbir Ahluwalia and Mohinder Ahluwalia** s. 37, 127 and 127.1 C. Rossi in attendance for staff Panel: CP
January 14, 2013 10:00 a.m.	**Roger Carl Schoer** s. 21.7 C. Johnson in attendance for Staff Panel: JEAT
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/PLK
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 Corp., (aka 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

Bernard Boily

s. 127 and 127.1

M. Vaillancourt/U. Sheikh in attendance
for Staff

Panel: TBA

TBA **Heritage Education Funds Inc.**

s. 127

M. Vaillancourt/D. Ferris in attendance for Staff

Panel: TBA

TBA **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: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 OSC Staff Notice 33-738 – 2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers

OSC Staff Notice 33-738 – *2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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OSC Staff Notice 33-738

2012

OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers

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Introduction

OSC ONTARIO SECURITIES COMMISSION

Introduction

This report provides information for dealers that are directly regulated by the OSC (primarily exempt market dealers (EMDs) and scholarship plan dealers (SPDs)), advisers (portfolio managers or PMs) and investment fund managers (IFMs) (collectively, registrants). The main purpose of this report is to assist registrants in complying with their regulatory obligations under Ontario securities law. It was prepared by the OSC's Compliance and Registrant Regulation (CRR) Branch, which registers and oversees approximately 1,300 firms and 66,000 individuals in Ontario that trade or advise in securities or commodity futures, or act as IFMs. Although the OSC registers firms and individuals in the category of mutual fund dealer (MFD) and firms in the category of investment dealer, these firms and individuals are directly overseen by their self-regulatory organizations (SROs), the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC), respectively.

This report summarizes new and proposed rules and initiatives impacting registrants, current trends in deficiencies from compliance reviews of registrants (and suggested practices to address them), and current trends in registration issues. We also focus on know-your-client (KYC), know-your-product (KYP) and suitability obligations to clients for dealers and PMs, and what we are doing to assess compliance with these obligations.

This report also provides a summary of some key registrant misconduct cases, provides guidance on preparing for an OSC compliance review, explains how registrants can get more information about their obligations, and provides OSC contact information.

We strongly encourage registrants to use this report to improve their understanding of

- initial and ongoing registration and compliance requirements,
- OSC staff expectations of registrants and our interpretation of regulatory requirements, and
- new and proposed rules and other regulatory initiatives.

We also suggest registrants use this report as a self-assessment tool to strengthen their compliance with Ontario securities law, and to improve their systems of internal controls and supervision.[1]

[1] The content of this report is provided as guidance for information purposes and not as advice. We recommend that you seek advice from a qualified professional advisor before acting on any information in this report, or on any website to which this report is linked.

1. Key policy initiatives impacting registrants

OSC ONTARIO SECURITIES COMMISSION

1. Key policy initiatives impacting registrants

1.1 Cost disclosure, performance reporting and client statements

The Canadian Securities Administrators (the CSA), along with IIROC and the MFDA, have been working to develop requirements in a number of areas related to a client's relationship with a registrant. This initiative was previously referred to as the Client Relationship Model project, which, as part of the new regime for registrants, developed requirements on relationship disclosure information delivered to clients at account opening, and comprehensive requirements for managing conflicts of interest.

On June 14, 2012, we published for a second round of public comment proposed amendments on cost disclosure, performance reporting and client statements (Client Relationship Model Phase 2 or CRM2). We regard this as an important investor protection initiative. If adopted, CRM2 will introduce performance reporting requirements and enhance existing cost disclosure requirements in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103).

We conducted investor research during the second half of 2011 and consulted with four industry organizations in the early part of 2012. The reports on the investor research are available on the OSC's website at Investor Research Reports and Document Testing. We have amended the proposals in response to public comments after the first publication, investor research and industry consultation.

CRM2 includes, among other things, requirements for dealers and advisers to provide their clients with annual reports that show them

- in dollars, what the dealer or adviser was paid for the products and services it provided; and
- in dollars and percentages, how the client's investments performed during that year and over longer periods.

The purpose of the cost disclosure requirements is for investors to be made aware of all the costs, and dealer and adviser compensation, associated with the products and services they receive from registrants.

The purpose of the performance-reporting requirements is for investors to get clear and meaningful information that will enable them to evaluate how well their investments are doing. To that end, dealers and advisers would be required to provide clients with annual performance reports that cover

- deposits into, and withdrawals from, the client's account;

- the change in value of the account; and
- the percentage returns for the previous year; the previous three, five and ten years; and for the period since the account was opened.

CRM2 contains a model performance report to provide guidance to registrants.

CRM2 also includes proposals for

- the disclosure of some fixed income commissions to provide more clarity about embedded costs;
- an expanded "client statement", replacing the existing account statement, that includes reporting on securities whether they are held in nominee name or client name;
- a new hierarchy of steps for determining the market value of securities; and
- new disclosure requirements for SPDs that are tailored to the unique risks associated with investments in scholarship plans.

IIROC and the MFDA have worked with the CSA on the CRM2 project. If adopted, CRM2 would apply in all CSA jurisdictions. We would expect the requirements for members of IIROC and the MFDA to be materially harmonized.

For more information, see Proposed Amendments to NI 31-103 on *Cost Disclosure, Performance Reporting and Client Statements*. Also, see section 5.5.1 of this report on *Inappropriate expenses charged to funds* for staff's views on IFMs charging CRM2 costs to their investment funds.

1.2 Potential best interest standard for dealers and advisers

We are re-evaluating the advisor-client relationship by considering whether an explicit statutory fiduciary or best interest standard should apply to dealers and advisers in Ontario and on what terms. A fiduciary duty is essentially a duty to act in a client's best interest.

In Ontario, section 116 of the *Securities Act* (the Act) applies a best interest standard to IFMs in their dealings with the investment funds they manage. However, there is no equivalent provision under the Act that explicitly applies a best interest standard to dealers and advisers in their dealings with their clients (but there is a requirement to deal fairly, honestly and in good faith with their clients[2]). Although there is no statutory fiduciary duty for dealers and advisers in Ontario, Canadian courts can find that a given

[2] Section 2.1 of OSC Rule 31-505 *Conditions of Registration*

dealer or adviser owes a fiduciary duty to his or her client depending on the nature of their relationship. This may be the case, for example, if:

(a) the client is vulnerable and places significant trust and reliance on the dealer or adviser and the dealer or adviser accepts this responsibility, and

(b) where the dealer or adviser has explicit (as in the case of a managed account) or implicit (as in the case of a non-managed account where the client essentially always follows the advice provided) discretion or power over the client.

Recently, there have been important international developments on the issue of a best interest standard. In the United States, staff of the Securities and Exchange Commission recommended introducing a common statutory best interest standard for investment advisers and broker-dealers when they are providing personalized advice to retail customers. They are currently conducting extensive cost-benefit analysis on this recommendation as a prelude to publishing a draft rule for comment. In Australia, the government recently passed legislation that will make advisers subject to a best interest duty when providing personal advice to retail clients. In the United Kingdom and the European Union (EU), firms are already required to act honestly, fairly and professionally in accordance with the best interests of their clients.

In accordance with the OSC's 2012-2013 Statement of Priorities, we participated in the publication on October 25, 2012 of CSA Consultation Paper 33-403 *The Standard of Conduct for Advisers and Dealers: Exploring the Appropriateness of Introducing a Statutory Best Interest Duty When Advice is Provided to Retail Clients*, and encourage interested stakeholders to participate in this consultation process. We are also continuing to monitor the fiduciary duty debate internationally, as well as related policy developments in the US, Australia, the UK and the EU.

1.3 OTC derivatives regulation

Working with the CSA, we are continuing to develop proposals for the regulation of over-the-counter (OTC) derivatives to meet Canada's G20 commitments made following the recent global financial crisis. The proposals cover the regulation of derivatives market participants, trading, clearing, margin, capital and collateral, and trade reporting to a trade repository. The OSC, led by our Derivatives Branch, has been a key participant in developing these proposals.

Since the CSA published its high-level consultation paper on OTC Derivatives Regulation in Canada in late 2010, the CSA has also published the following consultation papers on these specific areas:

- reporting trades to a trade repository
- surveillance and enforcement of trades
- segregation and portability of collateral in OTC derivatives clearing
- exemptions from the regulatory requirements (the end-user exemption), and
- central counterparty clearing.

See the Derivatives section on our website to view these consultation papers.

Over the next few months, the CSA plans to publish three additional consultation papers for comment. These papers will address

- the registration and regulation of derivatives market participants,
- exchange and platform trading, and
- capital and collateral.

Dealers and advisers in OTC derivatives should particularly monitor the proposals for the registration and regulation of derivatives market participants.

The CSA will consider the feedback from the consultation process when it develops rules for OTC derivatives regulation in Canada.

1.4 Review of prospectus exemptions

We recognize that the exempt market in Canada has become increasingly important for investors and issuers. Accordingly, as part of a CSA policy review, we continue to assess whether the existing minimum amount and accredited investor prospectus exemptions remain appropriate or whether changes should be made. OSC Staff has also broadened the scope of this review to consider

- the exempt market regulatory regime more generally, and
- whether we should introduce other prospectus exemptions to facilitate capital raising for business enterprises.

For example, we are looking at the experience of other CSA jurisdictions with prospectus exemptions not currently available in Ontario and relevant developments in other jurisdictions.

We intend to publish a second consultation note (to follow November 2011's CSA Consultation Note 45-401 *Review of Minimum Amount and Accredited Investor Exemptions*) about the proposed introduction of any new prospectus exemptions and, if so, under what circumstances or terms. We will also hold public consultation sessions and reach out to investors and other stakeholders to obtain their feedback. We also established an Exempt Market Advisory Committee to provide advice on these issues. Although this initiative is being led at the OSC by our Corporate Finance Branch, the CRR Branch is also involved since this initiative may have important implications for EMDs and other registrants.

For more information, see OSC Staff Notice 45-707 *OSC Broadening Scope of Review of Prospectus Exemptions*.

2. Focusing on KYC and suitability assessments by registrants

2. Focusing on KYC and suitability assessments by registrants

One of the cardinal rules under securities law is for dealers and advisers to know their clients and to recommend suitable investments for them. We continue to identify significant deficiencies in compliance by some registrants with their KYC and suitability obligations and unsuitable investments are a common subject of investor complaints. Accordingly, we continue to focus our resources on assessing whether registrants are meeting their KYC and suitability obligations.

2.1 Highlights of recent enforcement case on KYC and suitability of recommendations

In April 2012, the OSC approved a settlement agreement between Staff and Trapeze Asset Management Inc. (Trapeze), a firm registered as a PM and EMD, and two of its advising representatives, for breaching KYC and suitability obligations owed to clients between September 2006 and August 2010.

At certain points in time over the period, many clients experienced substantial declines in the market values of their accounts at Trapeze. Trapeze admitted in the settlement that, in some cases, they did not adequately ascertain the client's investment needs and objectives and risk tolerance. Further, Trapeze admitted that they inaccurately assessed the risk associated with many of the investments purchased on behalf of clients in managed accounts resulting in a failure to ensure that investments Trapeze made on behalf of clients were suitable for all clients. The settlement required Trapeze to hire an independent consultant to review its practices and procedures regarding its KYC and suitability obligations (including for determining risk levels of individual securities and portfolios of securities), to conduct client account reviews for all clients in accordance with those new practices and procedures, and to ensure that the investments in each clients' accounts are suitable. Trapeze also agreed to an administrative penalty of $1 million and to pay $250,000 towards investigation costs.

This is an important case that demonstrates the serious implications for registrants that fail to comply with their KYC and suitability requirements. We encourage PMs and dealers to review the details of this settlement, and to ensure that their KYC and suitability processes and practices are in compliance with Ontario securities law.

For more information, see Trapeze settlement.

2.2 Suitability sweep and new initiative to contact investors

In addition to Trapeze, our compliance reviews continue to identify significant deficiencies with respect to some dealers' and PMs' compliance with their KYC, KYP, and suitability obligations to clients. For example, KYC information such as the client's investment needs and objectives, financial circumstances and risk tolerance is not always collected and documented, or the information is not kept current. Further, at some dealers there is inadequate product knowledge among dealing representatives that recommend products to clients. For both dealers and PMs, we found that some investments were not suitable for clients based on the KYC information that was collected and documented. We also found some PMs that did not adhere to the clients' asset mix or investment instructions for their investment portfolios.

We have also found cases where registrants were improperly relying on the accredited investor exemption for the distribution of prospectus-exempt securities to clients. A registrant is required to determine, before a client purchases prospectus-exempt securities, that the client qualifies as an accredited investor or that the client can rely on another prospectus exemption. This is a key part of the registrant's KYC and suitability obligations. It is also important for registrants who recommend that their clients borrow money to purchase securities to determine that the use of leverage is suitable for the clients.

To address these concerns, in June 2012 we started a targeted review (sweep) of over 85 EMDs and PMs to assess their compliance with their KYC, KYP and suitability obligations under sections 13.2 and 13.3 of NI 31-103.

This sweep introduced our new approach of contacting a sample of a dealer's or adviser's clients as part of our normal course compliance reviews. Although we've contacted investors in the past as part of for-cause reviews, this was the first time we contacted investors as a routine part of our compliance review process. Clients who are contacted may be asked a number of questions about their registrant firm and dealing or advising representative, including the completeness and accuracy of their KYC information obtained by the firm and the investment recommendations and advice provided to them. Clients' participation in this process is voluntary. We've found that investor contact is a valuable method to assess if their registrant is complying with Ontario securities law. Our new approach of contacting investors will be used for our ongoing reviews of dealers and advisers. For more information, see OSC new review procedure of calling investors.

Although our suitability sweep is ongoing, at this time, we have identified the following preliminary findings:

Findings for both EMDs and PMs:

- some registrants inadequately collect and/or document KYC information which is required to confirm a client's identity, ascertain if the client is an insider of a reporting issuer and to assess the suitability of proposed investments
- some registrants made unsuitable investments for clients. For example, a PM invested in the securities of only three companies for its smaller managed accounts resulting in a non-diversified and higher risk portfolio that was unsuitable based on the clients' KYC information
- some registrants have inadequate or no written policies and procedures on their KYC, KYP and/or suitability obligations
- some registrants did not meet the relationship disclosure information obligations (in section 14.2(2)(k) of NI 31-103) because the document provided to clients did not state that the firm has an obligation to assess whether a purchase or sale of a security is suitable for a client prior to executing the transaction or at any other time.

Findings for EMDs:

- some EMDs improperly relied on the accredited investor exemption when distributing prospectus-exempt securities to investors. For example, some EMDs documented in their client files that investors were accredited investors. However, our review indicated that the information collected about the investors' net income or net financial assets was not consistent with the test for their status as accredited investors
- some EMDs did not collect specific KYC information to demonstrate compliance with their use of the accredited investor exemption. For example, the EMD's KYC form collects information on the client's "net worth" rather than their "net financial assets", when the "greater than $1 million in net financial assets" test was used to determine the client's status as an accredited investor

We encourage EMDs to review section 5.2.1 of this report for suggested practices on KYC, KYP and suitability obligations, and on the use of the accredited investor exemption.

Findings for PMs:

- some PMs did not update KYC information at least annually, or met with their clients at least annually to update KYC information but did not maintain any record of the meeting or document any KYC updates
- some PMs improperly delegated their KYC and suitability responsibilities to another party. See discussion of this deficiency in section 5.2A of OSC Staff Notice 33-736 *2011 Annual Summary Report for Dealers, Advisers and Investment Fund Managers* (OSC Staff Notice 33-736)

We also noted some best practices during our reviews of PMs, which we encourage all PMs to consider:

Best practices for PMs:

- An advising representative has meaningful discussions with a prospective client at a number of in-person meetings to fully understand the client and their circumstances and to explain to them the PM's investment philosophy and strategies. To assist in this process, the advising representative uses a financial planning questionnaire.
- The advising representative uses the information obtained from the in-person meetings and questionnaire to develop a tailored investment policy statement (IPS) for each client which is used as a plan to manage the client's portfolio. The IPS documents the client's investment needs and objectives, risk tolerance, financial circumstances, time horizon, liquidity requirements, tax considerations, and any legal, regulatory or other requirements or information. The IPS also sets out a planned asset allocation. Each client signs and receives a copy of his or her completed questionnaire and IPS to ensure it is complete and accurate.
- At least annually, the advising representative meets with the client to discuss the IPS and their portfolio, or as soon as possible after their circumstances change. If the advising representative revises the IPS, the client signs and receives a copy. If there is no change to the IPS, the client confirms in writing that their IPS remains current and valid.

If we identify significant deficiencies in compliance by dealers or advisers with their KYC, KYP and suitability obligations (such as unsuitable investments), we will take appropriate regulatory action, including referrals to our Enforcement Branch. Once our sweep is completed, we will review the results to assess if further guidance is needed about KYC, KYP and suitability

obligations. In the meantime, we strongly encourage firms to review the above findings and perform their own self-assessment for compliance with the KYC, KYP and suitability obligations.

2.3 "Online" delivery platforms: KYC and suitability obligations

From time to time, we are presented with new business models developed by industry participants. Recently, an investment dealer sought relief for a novel business model: a full service brokerage service including suitability recommendations delivered through an online security trading platform with involvement by registered representatives.

In August 2012, the OSC granted relief to this investment dealer from the obligation to register as an adviser in order to provide suitability advice (i.e., investment recommendations to clients) in the ordinary course of its dealer business. Providing suitability advice via a hybrid online platform is novel but this model otherwise fits within the existing regulatory framework. Section 8.23 of NI 31-103 allows a registered dealer to provide suitability recommendations without also having to register as an adviser, so long as the client does not have a managed account. As an IIROC member, this investment dealer also required and obtained relief from certain IIROC rules.

This relief relates to the ability of an IIROC member to provide investment dealer services through an online platform with registered representative involvement. This business model is not a new type of service outside of existing registration categories, nor does it represent a lowering of the suitability standards (it is not, for example, "discount brokerage plus advice", "discount advice" or "advice-lite"). The element of suitability advice here is consistent with the suitability advice that a traditional individual registered representative, without having to be registered as a PM, is expected and obliged to provide in his relationship with a client.

We continue to support innovative business models developed by industry that can benefit investors. For more information, see the decision *In the matter of BMO InvestorLine Inc.*, dated August 1, 2012.

3. Acting on registrant misconduct

3.1 Registrant misconduct cases of interest

OSC ONTARIO SECURITIES COMMISSION

3. Acting on registrant misconduct

3.1 Registrant misconduct cases of interest

We stay alert for signs of potential registrant misconduct or fraud and when we find evidence of this we take appropriate steps. The CRR Branch works together with the Enforcement Branch to maintain an effective compliance-enforcement continuum for registrants, and to take appropriate regulatory actions when justified. These include sanctions such as the suspension or termination of the registration of a registered firm and/or its registered individuals, administrative penalties, and disgorgement of monies.

In addition to the Trapeze case, some notable registrant misconduct cases from the past year are summarized below. Please note that some cases are still ongoing. To get more information on a particular case, click on the respondent's name. Documents related to OSC proceedings before the Commission and before the Courts are available on our website under OSC Proceedings. Further, Director's Decisions from the CRR Branch are also available under the Information for Dealers, Advisers and IFMs section of our website.

Roger Rowan, Watt Carmichael Inc., Harry Carmichael, and Michael McKenney v. Ontario Securities Commission (March 29, 2012). Mr. Rowan was a director of Biovail Corporation (Biovail), and a registered representative with Watt Carmichael Inc., an investment dealer with discretionary trading authority over a number of trust accounts that held securities of Biovail. The trust accounts were set up by Eugene Melnyk, the former chairman of Biovail. The Commission had previously found that Mr. Rowan had traded millions of Biovail shares, generating over $2.3 million in commissions for Watt Carmichael Inc. over a two-year period, and that he breached Ontario securities law by failing to file insider reports in respect of these trades. The Commission also found Watt Carmichael Inc., Mr. Carmichael (the firm's ultimate designated person), and Mr. McKenney (the firm's chief compliance officer) had failed to adequately supervise Mr. Rowan's trading activities in Biovail shares. The Commission assessed administrative monetary penalties against the registrants under section 127(1)9 of the Act. In addition, the Commission rejected the registrants' challenge to the constitutionality of section 127(1)9. The registrants appealed the Commission's decision before the Divisional Court, which upheld the Commission's decision, and then to the Court of Appeal for Ontario, which upheld the provision. The Court rejected the arguments by the firm, Mr. Carmichael and Mr. McKenney that the Commission's finding that they had failed to adequately supervise Mr. Rowan was unreasonable.

Re Daniel Sternberg, Parkwood GP Inc., and Philco Consulting Inc. (April 26, 2012). Mr. Sternberg, who was not registered, was the principal of the general partner of a limited partnership which operated as an investment fund. The fund had retained a registered PM, but Mr. Sternberg provided advisory services to this PM in respect of the fund, and the PM remitted most of the management fees it received from the fund to Mr. Sternberg. Mr. Sternberg also acted in furtherance of trades in units of the fund. When we discovered what Mr. Sternberg was doing, he undertook in writing to cease performing registrable activities, but he failed to do so and continued to perform registrable activities. The Commission subsequently approved a settlement agreement between Staff and Mr. Sternberg to settle proceedings brought by the Enforcement Branch. The terms of the settlement agreement included a prohibition on Mr. Sternberg becoming a registrant for a period of one year.

Re Swift Trade Inc., Peter Beck, and others (June 21, 2012). Swift Trade Inc. was registered as an EMD until it dissolved in December 2010. Swift Trade Inc. and the other respondents were involved in a large-volume day-trading business. The operation involved several thousand traders located in Ontario and around the world, none of whom were registered in Ontario, placing orders on marketplaces in Canada, the US, the UK and elsewhere. In March 2009, the CRR Branch conducted a compliance review of Swift Trade Inc. that identified conduct which, in its view, constituted breaches of Ontario securities law, including failing to establish proper supervisory processes, not properly recording business transactions, employing compliance personnel with an insufficient understanding of Swift Trade Inc.'s complicated business structure, failing to detect questionable trading, and trading being conducted through unregistered entities. On June 21, 2012, a hearing panel of the Commission approved a settlement agreement between staff of the Commission, Swift Trade Inc., Peter Beck, and the other respondents in which the respondents agreed, among other things, to a statement of facts relating to their conduct, to pay an administrative monetary penalty, costs, and also to prohibitions, specific to each respondent, pertaining to trading securities, and becoming registrants for varying lengths of time.

Re M.H. (January 5, 2012), *Re Pyasetsky* (February 28, 2012), and *Re Couto* (April 20, 2012). Each of these cases involved an applicant for registration as a mutual fund dealing representative who omitted to disclose a material fact on their application; or who otherwise made misleading statements to Staff during the course of the application process. In each case, the Director refused the application for registration after offering the applicant an opportunity to be heard. Ms. Pyasetsky is currently seeking a review of the decision of her case by a Panel of the Commission.

Re Blueport and Hare (December 13, 2011, with written reasons issued January 12, 2012) and *Re Morgan Dragon Development Corp., John Cheong, and Herman Tse* (January 27, 2012, with written reasons issued February 10, 2012). Each of these cases involved an EMD in respect of which serious deficiencies were identified following a compliance review, including the inappropriate use of investor money. In both cases the firm and its registered individuals were suspended by the Director after an opportunity to be heard. Because the Director considered the registrants' ongoing registration to be a significant risk to investors, the registrants were suspended at the conclusion of the opportunity to be heard, with written reasons being issued a short time later. The registrants in *Morgan Dragon* were also referred to the Enforcement Branch, and a Statement of Allegations was issued on March 22, 2012. A hearing before the Commission into the allegations contained in the Statement of Allegations has not yet occurred.

David Phillips and John Wilson. On June 4, 2012, the Enforcement Branch issued a Statement of Allegations against David Phillips and John Wilson arising out of their involvement with First Leaside Securities Inc., an investment dealer, and F.L. Securities Inc., an EMD. Both companies are members of the First Leaside Group, and in February 2012 both companies had their registration suspended and also obtained protection from creditors under the *Companies Creditors Arrangement Act.* The Statement of Allegations alleges that Phillips and Wilson directed and oversaw the sale of First Leaside Group equity and debt offerings which raised approximately $19 million from investors. The Statement of Allegations also alleges that Phillips and Wilson did not properly disclose the fact that an independent accounting firm had recently issued a report commenting negatively on the financial status of the First Leaside Group. A hearing before the Commission into the allegations contained in the Statement of Allegations has not yet occurred.

Gentree Asset Management Inc. Gentree Asset Management Inc. was registered as a PM and EMD. A compliance review of this firm identified serious issues, including that the firm planned to correct a large working capital deficiency by selling securities of itself. The matter was referred to the Enforcement Branch, and the firm had its registration suspended by way of temporary orders dated August 17, 2011 and September 26, 2011. On March 27, 2012, a Statement of Allegations was issued alleging that the firm sold securities on a prospectus-exempt basis to individuals who did not qualify for an exemption, that some investor proceeds were used in a manner not disclosed in the offering memorandum, that the firm failed to meet the minimum working capital requirements of NI 31-103, and that the firm did not maintain proper books and records. A hearing before the Commission into the allegations contained in the Statement of Allegations has not yet occurred.

Colby Cooper Capital Inc. Colby Cooper Capital Inc. (Colby Cooper) was a registered EMD until its registration was suspended by the Director on January 31, 2012 because it did not have a properly qualified chief compliance officer. Following a compliance review, on March 27, 2012, the Enforcement Branch issued a Statement of Allegations against Colby Cooper, several related companies and their directing mind, Lee Mason. The Statement of Allegations alleges that Colby Cooper engaged unregistered individuals to conduct a high-pressure telephone sales campaign selling securities of a related issuer which falsely represented that it would use investor funds to develop oil and gas properties in Alberta and Texas, when in fact the funds were put to other uses, including financing Mr. Mason's lifestyle. A hearing before the Commission into the allegations contained in the Statement of Allegations has not yet occurred.

Re Sextant Capital Management Inc., Otto Spork, and others (June 1, 2012). In May 2011, a hearing Panel of the Commission found that Sextant Capital Management Inc., formerly a PM and EMD, had engaged in fraud by falsely inflating the value of its investment fund, and receiving performance fees and management fees based on those inflated values. This matter had been referred to the Enforcement Branch as a result of the concerns identified from a compliance review of this firm in the fall of 2008. On June 1, 2012, the Commission released its decision on sanctions, which included, among other things, suspensions of corporate and individual registrations, and orders for the payment of administrative monetary penalties, disgorgement, and costs. The Commission's decision is being appealed.

Re New Solutions Capital Inc., Ron Ovenden, and others. New Solutions Capital Inc. was formerly registered as an EMD, and Ron Ovenden was its ultimate designated person. As a result of the findings from a compliance review of this firm, the matter was referred to the Enforcement Branch, which obtained a temporary order on April 11, 2012 ceasing all trading by New Solutions Capital Inc. in a number of related issuers. (This order was subsequently extended). The basis for the temporary order was that it appeared to the Commission that New Solutions Capital Inc. may have failed to deal fairly, honestly, and in good faith with its clients, may have made misrepresentations to clients, and may have contravened the anti-fraud provisions of the Act. On April 12, 2012, we notified the registrants that we had recommended to the Director that their registrations be suspended, and on April 13, 2012, the firm's chief compliance officer resigned. On April 26, 2012, the Director suspended the registrants on the basis that their ongoing registration would be objectionable in light of the temporary order against it, and on the basis that the firm did not have a chief compliance officer.

Re Sawh and Trkulja. (August 1, 2012). Sawh and Trkulja were formerly dealing representatives in the categories of MFD and EMD, and were the principals of a dealer named The Investment House of Canada. In 2009, Sawh and Trkulja settled disciplinary proceedings brought against them by the MFDA on terms that included their firm's resignation from membership in the MFDA, which also resulted in the suspension of their individual registration under the Act. In the settlement agreement with the MFDA, Sawh and Trkulja admitted to misconduct pertaining to the sale of certain prospectus-exempt securities. After entering into the settlement agreement, Sawh and Trkulja applied for a reinstatement of their registration as mutual fund and exempt market dealing representatives. On November 2, 2010, an opportunity to be heard was held, following which the Director issued a written decision refusing to grant either individual's application. Sawh and Trkulja then applied to the Commission for a hearing and review of the Director's decision under section 8 of the Act. In comprehensive reasons issued August 1, 2012, the Commission reviewed the general legal principles relating to suitability for registration under the Act, as well as the duties imposed on registrants by Ontario securities law relating to their dealings with clients. The Commission explained how Sawh and Trkulja failed to properly discharge their duties with regards to KYC and suitability, reliance on the accredited investor exemption, KYP requirements, and conflict of interest disclosure. As a result, the Commission dismissed the application for hearing and review, and refused to register either applicant. Sawh and Trkulja have appealed the Commission's decision to the Divisional Court.

4. Registration of firms and individuals

OSC ONTARIO SECURITIES COMMISSION

4. Registration of firms and individuals

The registration requirements under securities law helps to protect investors from unfair, improper or fraudulent practices by participants in the securities markets. The information required to support a registration allows us to assess a firm's and individual's fitness for registration, including whether a firm is able to carry out its obligations under securities law and an individual's proficiency, integrity and solvency. These fitness requirements are the cornerstones of the registration requirements.

4.1 New registration requirements

4.1.1 Registration of non-resident IFMs

The new regime for registrants introduced a registration requirement for every firm that directs the business, operations or affairs of an investment fund. All IFMs operating in Canada prior to September 28, 2009 were required to apply for registration in the jurisdiction where their head office is located by September 28, 2010.

On July 5, 2012, we published Multilateral Instrument 32-102 *Registration Exemptions for Non-Resident Investment Fund Managers* (MI 32-102) on the registration requirements that apply in Ontario, Quebec and Newfoundland and Labrador to non-resident IFMs, which includes

- international IFMs who carry out investment fund management activities outside of Canada, and
- domestic IFMs who do not have a place of business in the province.

Under MI 32-102, we require registration of all non-resident IFMs that have a significant connecting factor to Ontario unless they can rely on one of the available exemptions. This initiative will enhance our regulatory oversight of IFMs and provide greater protection to Ontario investors from the ongoing operational risks associated with investment funds regardless of where the IFM is located.

Non-resident IFMs will not be required to register in Ontario if

- there are no Ontario security holders in an investment fund that is managed by the non-resident IFM,
- the non-resident IFM does not actively solicit Ontario residents after September 27, 2012, or
- an investment fund managed by the non-resident IFM only has "permitted clients" and other conditions are met (only for international IFMs).

MI 32-102 and the exemptions came into force on September 28, 2012. If a non-resident IFM does not intend to rely on one of the exemptions, then it must apply for registration by December 31, 2012.

For more information, see MI 32-102.

4.1.2 Registration and oversight of foreign broker-dealers

Since publishing CSA Staff Notice 31-327 *Broker-Dealer Registration in the Exempt Market Dealer Category* on September 2, 2011, we have undertaken a consultation process with stakeholders. We distributed a survey to all EMDs to determine which firms are engaging in brokerage activities (trading securities listed on an exchange in foreign or Canadian markets). We met with stakeholders including IIROC member firms and Financial Industry Regulatory Authority (FINRA) member firms. The results of the survey showed that this issue is specific to US broker-dealer firms who are FINRA members. We worked collaboratively with IIROC and involved FINRA.

On July 12, 2012 we published CSA Staff Notice 31-331 *Follow-Up to Broker-Dealer Registration in the Exempt Market Dealer Category* (CSA Staff Notice 31-331). The notice introduced an IIROC concept paper developed in response to the CSA's and IIROC's concerns. The IIROC concept paper, also published on July 12 as IIROC Notice 12-0217, proposes a framework for the oversight of these firms under a new class of IIROC member called a "Restricted Dealer Member". Based on the proposal, firms would surrender their EMD or restricted dealer registration and apply for investment dealer registration as well as seek IIROC membership.

As next steps, we will review any comments received on the IIROC proposal. At the conclusion of the consultation period, IIROC may make changes to its by-laws and rules. We may also propose changes to NI 31-103 to expressly limit the types of activities that EMDs can conduct.

For more information, see CSA Staff Notice 31-331.

4.2 Current trends in registration issues

Internet platforms and other unregistered entities engaged in registrable activities

Over the last year, we have considered a number of situations involving market participants that, although not dealers or advisers in the traditional sense, appear to be engaged in registrable trading or advising activities. In these cases, we have assessed whether these entities should be considered "in the business" of trading or advising and therefore subject to the dealer or adviser registration requirement under the Act.

To assist these entities in determining their status, we will generally refer them to the guidance in section 1.3 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (31-103CP). We also remind these entities that the definition of "trade" is very broad and includes "any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of" a trade.

The question of whether these entities satisfy the "business trigger" will generally be fact-specific and may not apply to all entities engaged in such activities. Some examples of entities that we consider to be in the business of trading or advising include

- an internet platform that seeks to showcase investment opportunities to investors in return for fees from issuers and dealers that advertise on the platform;
- an angel investor organization or investment club that identifies investment opportunities for members, assists with due diligence on investments, and provides updates on the performance of investments in return for membership fees and, in some cases, fees and/or broker warrants granted as compensation on investments (collectively broker-type compensation);
- an issuer that filed a final prospectus that indicated that an offering would be made through an agent but subsequently marketed the offering through active client solicitation and sold 87% of the offering itself; and
- "finders" and "investor relations" entities who participate in private placements and prospectus offerings in return for broker-type compensation.

We continue to support innovative business models developed by industry that can benefit investors. In the case of entities that seek to advertise investment opportunities to investors through the internet, depending on the business model, we are open to considering exemptive relief from certain dealer requirements if these requirements are not appropriate for this type of entity, and if investor protection concerns can otherwise be adequately addressed.

Mortgage investment entities (MIEs)

In February 2011, we issued guidance on the registration requirements that apply to MIEs in each CSA jurisdiction in CSA Staff Notice 31-323 *Guidance Relating to the Registration Obligations of Mortgage Investment Entities* (CSA Staff Notice 31-323). However, we have identified a number of MIEs doing business in Ontario that have not applied for registration. We have sent these MIEs a letter requesting a response to our registration questions and concerns, and are assessing their responses. We are also considering additional measures for these identified MIEs and any other

firms that are performing registrable activities in Ontario without registration, which may involve regulatory action. Therefore, MIEs, or firms which provide services to MIEs, which are carrying out registrable activities in Ontario should review and act on the information in CSA Staff Notice 31-323.

Designating a chief compliance officer (CCO)

From time to time, we receive a notification from a registered firm that their CCO has left unexpectedly, and that they do not currently employ an individual who meets the proficiency requirements for registration as a CCO.

We remind registered firms of the requirement under section 11.3 of NI 31-103 to designate an individual as CCO who meets the conditions for registration, including the required proficiency. Registered firms should therefore consider how they would be able to fulfill this requirement if their registered CCO were to suddenly resign or be unable to execute his or her responsibilities. For example, a firm may wish to ensure that it has one or more individuals who have the required proficiency and are familiar with the firm's compliance system so that the individual may step in as the CCO on a temporary or ongoing basis if the need arises.

If firms are not able to register a replacement CCO within a reasonable period of time, we may recommend regulatory action such as the imposition of terms and conditions or suspension of the firm's registration.

Outside business activities

We have noted that some CCOs and dealing representatives of EMDs, MFDs and SPDs have employment or other business activities outside the registrant. In a number of cases, we have found that these outside business activities (OBAs) create a potential conflict of interest or place the registrant in a position of power or influence.

For example, we have seen situations where

- lawyers who are employed with law firms apply as CCOs or dealing representatives of registered firms or seek to register their own EMD or PM firms and register themselves as Ultimate Designated Persons (UDPs), CCOs, and in some cases, dealing or advising representatives of the firm, and
- dealing representatives sponsored by MFDs and SPDs who are also employed as teachers or healthcare workers, who are involved with organizations that have a religious affiliation, or who are employed by or affiliated with childcare providers.

To address these situations, in some cases, we have imposed terms and conditions on a firm's or a representative's registration, including restricting them from dealing with individuals over whom they have power or influence. For example, lawyers would be restricted from dealing in securities with clients of their law firm, and teachers would be restricted from dealing with their students and their students' close family members.

We have also noted a trend with small firms that are registered or seeking registration as EMDs, hiring a CCO that has other full-time or part-time employment. Many of these individuals appear to be a CCO "in name only" and are being offered the CCO position mainly because they meet the proficiency requirements under NI 31-103. Sometimes, such individuals may not truly be part of the registrant's compliance function and organizational structure. For example, we have found that some of these CCOs are not physically located at the office of the EMD and only work a few hours per week in their role at the EMD. Sometimes, these individual applicants act as consultants to other registrants. All successful CCO applicants must demonstrate that they can effectively maintain and oversee the registrant's compliance system. This means that CCO applicants must have the appropriate amount of involvement, time and resources to fulfill their regulatory obligations, and must be able to manage any conflict of interest issues that may exist in a dual employment situation.

We remind registered firms of their obligation to ensure the OBAs of the individuals they sponsor do not impair or impede the performance of their regulatory obligations. See CSA Staff Notice 31-326 *Outside Business Activities* for issues to consider when reviewing the circumstances of an individual's OBAs.

We also wish to remind registrants that all OBAs must be disclosed in Form 33-109F4 (or Form 33-109F5 for changes in OBAs after registration). Required disclosure includes

- having a paid or unpaid role with a charitable or religious organization,
- serving as an officer or director, and
- being a significant owner of a holding company.

Misrepresentations in registration applications

We have been conducting a more in-depth review of applications for registration from firms and individuals involved or proposing to be involved in higher-risk activities (e.g., firms that intend to deal in securities of related or connected issuers, and individuals that are officers or directors of a reporting issuer). We find that some applicants appear to be making material misrepresentations in their applications, including

- not disclosing full-time employment outside the registrant;
- not disclosing the failure to meet a financial obligation of $5,000 or more as it came due; or
- in cases where the firm does not have a Chief Executive Officer, the designated UDP is not the most senior decision-maker in the firm.

We also noted omissions after registration has been granted, such as new shareholders, officers or directors not filing the required application form as a permitted individual.

We remind firms of their obligations under section 5.1 of National Instrument 33-109 *Registration Information* (NI 33-109) to ensure applications include truthful and complete information and that the information is updated as required under sections 3.1 and 4.1 of NI 33-109.

Late filings

We have also seen a trend in registrants incurring late fees for failing to meet the filing deadlines set out in NI 33-109. For example, registered and permitted individuals do not disclose their OBAs or information related to criminal, civil or financial disclosure. This non-disclosure may occur either at the initial application stage or after a change takes place after they have been registered and we are not notified on a timely basis. For example, on October 1, 2012, a firm files a late Form 33-109F5 which updates information on a Form 33-109F4. That firm must pay a late fee within 30 days (by October 31, 2012) or be automatically suspended.

Also, many registered firms incur late fees because they fail to file their Form 13-502F4 *Capital Markets Participation Fee Calculation* by December 1 of each calendar year.

We remind registrants that when late fees remain unpaid for more than 30 days after they are due, the firm's registration is automatically suspended in accordance with section 29(1) of the Act.

Common deficiencies from registration applications

In last year's report, we outlined common deficiencies from our review of firms' and individuals' registration applications, along with actions to be taken to avoid the deficiencies. From our review of this year's common deficiencies, we found many similar deficiencies, and as such do not repeat them here. To access last year's guidance (which continues to apply), see section 4.3 of OSC Staff Notice 33-736.

4.3 Common deficiencies from notices on proposed ownership changes or asset acquisitions of a registrant and suggested practices

Under sections 11.9 and 11.10 of NI 31-103, an acquirer and/or a registered firm must give notice in the case of certain acquisitions of a registered firm's assets or securities. If we notify the registered firm or person making the acquisition that we object to the acquisition within 30 days of the receipt of such notice, then the acquisition must not occur until the objection is withdrawn.

To decide whether or not to object, we examine whether the acquisition is:

- likely to give rise to a conflict of interest,
- likely to hinder the registered firm in complying with securities legislation,
- inconsistent with an adequate level of investor protection, or
- otherwise prejudicial to the public interest.

We often find that the notice filed does not provide sufficient information for us to make this determination. Accordingly, we have to request additional information, which may result in further delays before we can make a final decision.

The following are suggested practices to prepare a section 11.9 or 11.10 notice. We acknowledge that some of these suggested practices may not be relevant depending on the type of transaction or specific facts.

Suggested practices

- Provide details about the business reasons for the transaction.
- Set out details about the registered firm's operations and business plan after closing. The information regarding any changes to business operations should include details required in Item 3.1 of the Form 33-109F6 *Firm Registration* (i.e., primary business activities, target market, and the products and services it provides to clients).
- Include any significant changes to business operations and any changes to the CCO, the UDP, key management, directors, officers, permitted individuals or registered individuals. If no changes are contemplated, confirm this is the case.
- Discuss whether the registered firm has written policies and procedures in place to address any conflicts of interest that may arise.

- If there is a potential conflict of interest because of the transaction, explain how this conflict of interest has been addressed.
- Discuss whether the parties to the transaction have adequate resources to ensure compliance with all applicable conditions of registration.
- Discuss whether directors, officers, partners, advising representatives and dealing representatives of the registered firm, if applicable, will be in compliance with section 4.1 of NI 31-103 (restrictions on acting for another registered firm).
- Provide details of any client communications in connection with the transaction that have been made or are planned. If you do not propose to communicate with clients about the transaction, advise us and explain why.
- Provide a copy of the press release announcing the transaction. If you do not plan to issue a press release, advise us and explain why.
- Confirm the proposed closing date.
- Provide corporate charts (before and after the closing of the transaction) that include all affiliated companies and subsidiaries of the registered firm.
- On the charts provided, identify any companies or affiliates which are registered under the Act and/or the *Commodity Futures Act* and specify their category of registration.
- Where any individuals are shown on the corporate charts as holding an interest in a company, partnership or trust, confirm whether the individual holds that interest directly or through a holding company, trust or other entity (a Holdco). If ownership is through a Holdco, provide the name of the Holdco and its ownership structure.

Acting on the above suggested practices will help us to assess a proposed transaction while minimizing the exchange of correspondence that can sometimes cause additional delays.

4.4 New initiatives

Enhanced transparency of communications with registrants

In the past, when we recommended that an individual's registration be refused or be subject to terms and conditions or amendment, a letter that provided written notice of the recommendation and brief reasons for it was provided only to the individual (and not also to their sponsoring firm). The sponsoring firm was sent a written notice outlining our recommendation and informing them of the individual's right to be heard and that the reasons were provided to the individual. As a result, the sponsoring firm was not always aware of the reasons for the recommendation.

We now also provide the individual's sponsoring firm with the reasons underlying the recommendation. This will improve the transparency of our communications with registrants and will assist sponsoring firms in ensuring the accuracy and completeness of information that they provide to us for individuals that they sponsor. For more information, see OSC Staff Notice 33-737 *Enhanced Transparency of Communications with Registrants*.

5. Information for dealers, advisers and investment fund managers

OSC ONTARIO SECURITIES COMMISSION

5. Information for dealers, advisers and investment fund managers

The information in this section includes the key findings and outcomes from our ongoing compliance reviews of the registrants we directly regulate. We highlight deficiencies from our reviews and provide suggested practices to address those deficiencies. The suggested practices are intended to give guidance to registrants to help them comply with their regulatory obligations, as they provide our interpretations of the legal requirements and our expectations of registrants. We also discuss new or proposed rules and initiatives impacting registrants.

This part of the report is divided into five main sections. The first section contains general information that is relevant for all registrants. The other sections contain information specific to EMDs, SPDs, PMs and IFMs, respectively. This report is organized to allow a registrant to focus on reading the section for all registrants and the sections that apply to their registration categories. However, we recommend that registrants review all sections in this part, as some of the information presented for one type of registrant may be relevant to other registrants.

5.1 All registrants

This section outlines our compliance review process and its outcomes, current trends in deficiencies and suggested practices to address them, and details new and proposed rules and initiatives impacting all registrants.

5.1.1 Compliance review process and its outcomes

We conduct compliance reviews of selected registered firms on a continuous basis. Generally, we select registrants for review using a risk-based approach. However, we occasionally select firms for review on a random basis to help us evaluate the effectiveness of our risk-based approach. Compliance reviews of registered firms generally focus on their conduct, practices, operations and capital adequacy. The risk-based approach is intended to identify those registrants that are most likely to have material issues, including risk of harm to investors. We normally conduct compliance reviews on-site at a registrant's premises, but may also perform reviews from our offices, which are known as desk reviews. The majority of reviews are proactive in nature, but we also perform reviews on a for-cause basis where we are aware of a potential compliance issue, for example, from a complaint or a referral from another OSC branch, an SRO or another regulator. We also conduct sweeps, which are compliance reviews of a sample of registered firms on a specific topic or in an industry sector over a short period of time. Sweeps allow us to respond on a timely basis to industry-wide concerns or issues.

The purpose of compliance reviews is to assess compliance with Ontario securities law. In most cases, the deficiencies noted are raised with the firm reviewed so that appropriate corrective action can be taken. However, we stay alert to any signs of potential registrant misconduct or fraud and will take appropriate steps if we identify these signs. In fiscal 2012, 18% of our compliance reviews resulted in a combination of the following: terms and conditions placed on the firms' registration, referrals to OSC Enforcement for further regulatory action, or the suspension of the firms' registration.

The outcomes of our compliance reviews in fiscal 2012, with comparables for 2011, are presented in the following table and are listed in their increasing order of seriousness. The percentages in the table are based on the registered firms we reviewed during the year and not the population of all registered firms.

Outcomes of compliance reviews (all registration categories)	Fiscal 2012	Fiscal 2011[3]
Enhanced compliance	34%	31%
Significantly enhanced compliance	47%	55%
Terms and conditions on registration	8%	3%
Surrender of registration	1%	1%
Referral to the Enforcement Branch	6%	7%
Suspension of registration	4%	3%

Each outcome is explained in Appendix A. In some cases, there may be more than one outcome from a review. In these cases, the review is counted only under its most serious outcome.

Sweep of higher risk registrants

In June 2011, we sent out an updated and integrated risk assessment questionnaire (RAQ) to all PMs, IFMs and EMDs registered in Ontario. The RAQ included questions on various areas of a firm's operations such as their business activities, financial condition, custody, fee arrangements, marketing practices, and compliance systems. The registrant's responses to each question generated a risk score that was used to rank similarly registered firms. For example, firms registered as IFMs and PMs were ranked against other firms registered as IFMs and PMs. We used the risk scores to help us allocate our resources to higher risk registrants and higher risk activity. Starting in late 2011, we began conducting on-site compliance reviews of firms that had higher risk scores compared to their peers. Our reviews focused on the higher-risk activities of

[3] Percentages for 2011 have been revised to conform to our new reporting method for 2012.

the selected firms. Most reviews resulted in a report issued to the registrant that outlined the deficiencies we found, and that required corrective action by the registrant. Registrants were required to respond to us in writing on how they addressed deficiencies identified as significant, such as an inadequate compliance system. We then assessed whether each registrant had addressed all significant deficiencies. Although our sweep of the higher risk registrants is complete, we continue to use the information we collected on the RAQ to help us decide which firms to review in the future, which areas of their business to focus on, and to identify compliance trends.

What to expect from, and how to prepare for, an OSC compliance review

When a registered firm is selected for an on-site compliance review, we contact the firm's CCO to make arrangements. We explain the focus or scope of the review and the time period that the review will cover. We normally give several business days advance notice before starting a review. However, when appropriate, we may give a shorter or longer advance notice period. We will not defer the start of a review unless there are exceptional circumstances and there is no known risk of harm to investors.

We next send the CCO a list of the registered firm's books and records that we would like to be compiled or made accessible for the start of the review. See Lists of Books and Records for examples. Our books and records requests are often customized based on the type and nature of the review. We prefer that registrants provide us with copies of their documents, and when appropriate, that they be made available in an electronic format (e.g., for a record of all trades in securities for clients over the past year). We also request additional books and records after we start the review (e.g., samples of client files).

When we attend a registered firm's offices, we present the CCO with a written designation under section 20 of the Act authorizing us to enter the firm's business premises and inquire into, examine, and copy the firm's books and records. At the start of the review, we usually have a two-to-three hour meeting with senior management of the registrant to obtain a high-level understanding of the firm. We normally expect the UDP, CCO and other senior management to attend this meeting. In general, at least two accountants and sometimes a lawyer will attend all or part of the review for the OSC. The length of time that we are on-site varies depending on the scope and nature of the review, the issues we find, and other factors (including size and complexity of the firm), but is generally between one day and three weeks.

Unless our review is a sweep that is targeting a specific topic only, we generally assess the adequacy of each registrant's compliance system, its internal controls and systems, marketing and sales practices, financial condition, dealing with clients and handling of client accounts. For dealers and advisers, we also generally focus on how they meet their KYC and suitability

obligations, including how they research and make investment recommendations for clients. For IFMs, we also generally focus on their fund accounting, transfer agency and trust accounting functions, and oversight of any service providers if these functions are outsourced. We also examine other ongoing obligations of registrants. At the end of each review, we normally communicate any deficiencies with Ontario securities law that require corrective action by the registrant in a report to the CCO. The registered firm is expected to address all matters identified in the report on a timely basis, but must respond to us in writing within 30 days on their actions to address all deficiencies identified as significant. When all significant deficiencies have been satisfactorily addressed, we normally send the CCO a letter stating that our review is closed. However, this letter does not necessarily mean that the registrant is in compliance with all aspects of Ontario securities law. For example, reviews are often focused on a particular area of a firm's business and are therefore not comprehensive, and our reviews test for compliance on a sample basis, and using a risk-based approach.

The best way to prepare for an OSC compliance review is by having an effective compliance system that is appropriate to the registered firm's business. An effective compliance system enables registrants to understand their regulatory obligations, to assess if they are complying with them, and to take corrective action when necessary. In most reviews we aim to help registrants improve their understanding and compliance with Ontario securities law. However, it is not acceptable for registrants to rely on us to inform them of their legal responsibilities and to identify non-compliance. We expect registrants to know and to comply with the law.

For more information, see the compliance review section on the OSC website.

The following are suggested practices to prepare for an OSC compliance review.

Suggested practices

- Periodically perform a self-assessment of your firm's compliance with Ontario securities law, or engage a compliance consultant to perform a mock regulatory review, and take corrective action in any areas that are deficient.
- Compile books and records requested for review on a timely basis, organize them in a logical format, and make copies of the materials for us and you (unless we only requested access to the records).
- If applicable, review your firm's most recent OSC RAQ, and any past compliance review deficiency reports and your responses.

- Be prepared to explain your firm's business, including, but not limited to, your corporate and organizational structure, products, services, types of clients, compliance and risk management systems, investment process (including KYC, KYP, and suitability), marketing practices and financial condition.
- Inform relevant persons that the OSC is conducting a compliance review, and that they may need to be available for interviews during the review.
- Appoint a contact person (e.g., the CCO) to answer our questions, schedule meetings, and request and collect additional documents.
- Provide us with use of a private meeting room or office to review the books and records and conduct meetings with your staff.
- Maintain an ongoing dialogue with field review staff so that you are aware of the status and progress of the review.

5.1.2 Current trends in deficiencies and suggested practices

Inadequate compliance systems and CCOs not adequately performing responsibilities

Our compliance reviews have identified a number of registered firms that do not have an adequate compliance system in place and CCOs who are not adequately performing their responsibilities.[4] For example, we found that some CCOs lacked knowledge of key requirements in NI 31-103 and had limited involvement in the compliance function.

When we find deficiencies of this nature, we consider this a serious matter and will take appropriate regulatory action. This may include

- requiring registered firms to self-correct their deficiencies through a concerted effort to review and apply securities law to their operations;
- requiring firms to hire an external compliance consultant to correct the deficiencies; or
- being subject to strict regulatory action, including suspension of their registration where warranted.

[4] Since we use a risk-based approach to select a sample of registered firms for compliance reviews over the year, we expect to find more issues at firms we review than are likely to be present in our overall population of registered firms.

In May 2012, we communicated our concerns to all CCOs and UDPs of registered firms that we directly regulate. We also provided examples of inadequate compliance systems and CCOs not adequately performing their responsibilities, and outlined our regulatory approach when we identify concerns in this area. We also clarified our expectations and made suggestions on how a CCO or UDP can improve a firm's compliance systems.

Registered firms are required to register a CCO who meets the education and experience requirements in Part 3 of NI 31-103. Although the CCO's responsibilities are to be fulfilled on an ongoing basis, we recognize that many CCOs of small and mid-sized firms may also have other duties and responsibilities. A CCO must have the appropriate amount of involvement, time and resources to fulfill his or her responsibility to monitor and assess compliance with regulatory requirements. In performing his or her duties and responsibilities as CCO, the CCO must have a good understanding of the regulatory requirements applicable to the firm and individuals acting on its behalf. On an ongoing basis, the CCO must demonstrate that he or she can effectively maintain and oversee the compliance system of the registrant firm. It is also important that firms allocate adequate staff and resources to the compliance function, by taking into account the size, nature, complexity and risk of their business. For example, at larger, higher risk or more complex firms, it is generally appropriate for the firm's CCO to dedicate most of their time to compliance responsibilities and for the firm to have other staff employed in a compliance role.

Registered firms and their CCOs should also perform ongoing self-assessments of their compliance with Ontario securities law and take action to improve their internal controls, monitoring, supervision and policies and procedures when necessary. Where appropriate, firms should consider engaging external legal counsel or a compliance consultant to provide advice, including making recommendations to improve the firm's compliance system. When we require a registered firm to engage a compliance consultant to improve its compliance system through terms and conditions of registration, we consider the following factors when assessing the acceptability of the consultant:

- their knowledge, resources and staff
- their experience with the type of registrant that the engagement relates to, and
- any conflicts of interest.

We may also consider factors in addition to those listed above. We also encourage CCOs to attend compliance-focused seminars and participate in compliance officer associations. For more information, see OSC Message to CCOs and UDPs on Inadequate Compliance Systems, which includes guidance from us and the SROs that may also be applicable to non-SRO registrants.

Inadequate relationship disclosure information

In November 2011, we participated in a desk review (sweep) with several other CSA members to assess the type of relationship disclosure information (RDI) dealers and advisers provide to clients to meet the requirements under section 14.2 of NI 31-103.

The RDI requirements were established to provide clients with increased transparency and a better understanding of the registrant-client relationship. The information that is required to be disclosed includes

- the nature and type of the client's account
- the products or services the firm offers to clients
- the types of risks a client should consider in making investment decisions
- costs to a client for the operation of an account
- costs the client will pay in making, holding and selling investments
- the content and frequency of reporting to clients.

We reviewed and assessed the RDI for 40 firms in Ontario, out of a total of 120 firms that were selected across the participating CSA jurisdictions. Our sample included firms that were registered as sole PMs, sole EMDs, or registered in multiple categories of registration. Our purpose was to review and understand how registrants were meeting the RDI requirements.

We have completed our review of the 40 Ontario firms. Deficiency letters were delivered to registrants who failed to adequately meet the RDI requirements. The most common deficiencies identified related to inadequate disclosure of

- the types of risks a client should consider when making investment decisions
- the information a registered firm must collect about the client under section 13.2 of NI 31-103 (KYC)
- the risks to a client of using borrowed money to invest, or
- the content and frequency of reporting for each account or portfolio of a client.

We anticipate that the CSA will provide registrants with further guidance on compliance with the RDI requirements.

Inaccurate calculations of excess working capital

We continue to identify instances where registered firms are not accurately calculating their excess working capital on Form 31-103F1. Inaccurate reporting on Form 31-103F1 may result in a firm failing to meet the capital requirements set out in section 12.1 of NI 31-103.

To address this, we have listed in the table below the significant deficiencies identified from our reviews of Form 31-103F1s over the last year. The deficiencies have been separated out by each line item on Form 31-103F1. In order to reduce errors when calculating their excess working capital, registered firms should avoid these deficiencies and follow the actions to be taken when preparing their Form 31-103F1s.

Form 31-103F1 *Calculation of Excess Working Capital*

Deficiency noted	Action to be taken
Line 1 *Current assets*	
(a) Inclusion of accounts receivables, especially from related parties, that are not readily convertible to cash.	(a) Any receivables that are included on Line 1 and that cannot be converted into cash in a prompt and timely manner should be deducted on Line 2 *Less current assets not readily convertible into cash (e.g., prepaid expenses)*. Firms should be able to provide evidence to us that if the related party receivable was called upon by the firm, the amount could be promptly received. Evidence may include, among other items, a copy of the most recent audited financial statements of the related party or a bank statement supporting the amount of cash available.
(b) Inclusion of cash that is committed to serve a specific purpose (e.g., for collateral or as a security deposit).	(b) Any cash that is not readily available for use by the registrant for its current business purposes or to settle its current liabilities is considered to be restricted cash and should be deducted on Line 2.

Deficiency noted	Action to be taken
Line 5 *Add long-term related party debt* (a) Failure to add back 100% of long-term related party debt.	(a) All long-term related party debt is required to be added back on Line 5 unless the firm and the lender have executed a subordination agreement in the form set out in Appendix B to NI 31-103 and the firm has delivered a copy of the agreement to its principal regulator. Preferred shares issued to related parties and classified as a financial liability are considered to be long-term related party debt.
(b) Failure to deliver a copy of the subordination agreement to the regulator when subordination agreements have been executed.	(b) Firms are required to deliver a copy of all subordination agreements to their principal regulator. Refer to Appendix B of NI 31-103 for a copy of a subordination agreement template. Only subordination agreements executed in the format outlined in Appendix B comply with the requirements of Line 5. Related party debt subordinated in any other format is not considered to be subordinated for the purposes of determining excess working capital.
(c) Repayment of subordinated debt is made without prior notice to the regulator.	(c) As indicated on Clause 4 of the subordination agreement template in Appendix B of NI 31-103, firms must notify their principal regulator 10 days before the full or partial repayment of the loan. Further documentation may be requested by the principal regulator after receiving the notice from the firm. Firms are also required to provide an updated subordination agreement or a schedule indicating the outstanding balance after a partial repayment of the loan.

Deficiency noted	Action to be taken
Line 9 *Less market risk* (a) The market risk calculation is omitted.	(a) For all securities whose values are included in Line 1 current assets, the market risk for each security must be determined based on its fair value and the applicable margin rates set out in Schedule 1 of Form 31-103F1. Refer to section 1(1) of the Act for the definition of the term "security". See Schedule 1 of Form 31-103F1 for instructions on calculating market risk. Firms may be asked to provide evidence of the market risk calculation.
(b) In determining market risk for US-registered money market funds, 1% or 5% margin rates are being applied to the value of these securities.	(b) A margin rate of 100% must be applied to the value of US-registered money market funds as these securities meet the criteria outlined in Schedule 1(g) of Form 31-103F1 For all other securities. Any securities that do not meet the exact criteria outlined in Schedule 1 clauses (a) to (f) require a 100% margin rate to be applied to their fair value.
Line 11 *Less guarantees* Failure to include the amount of a liability of another party that is guaranteed by the registered firm.	If the registered firm is guaranteeing the liability of another party, regardless of whether there are other guarantors to the liability, the total amount of the guarantee must be included on Line 11 (unless the amount of the guarantee is already included on Line 4 Current liabilities).

Inappropriate sale of registrants' securities to their clients

We have concerns when a registered firm sells securities in itself to its clients. We have noted a number of cases recently where a registered firm was directly selling securities (such as notes, common or preferred shares) of the registered firm itself to its clients. In these cases, the investors were not taking control or direction over the firm, were not sophisticated investors, and were arm's-length from the registrant and its principals. Where this occurs, we have identified a number of serious issues, including

- registrants raising money from investors to fund their operations when the registrant was in financial difficulty, or had negative cash flow. Investors were not adequately informed of the financial difficulty of the registrant, and its associated risks, and were not provided with current and ongoing financial statements of the firm. Rather, the interest rate or dividend yield of the security was emphasized;

- the securities that were sold to investors were not suitable based on their investment needs and objectives, risk tolerance and financial circumstances, and the securities comprised a large percentage of the investor's financial assets;

- the securities were sold by improperly relying on a prospectus exemption. For example, the registrant relied upon the accredited investor exemption when the investor did not meet any of the definitions for an accredited investor;

- the money raised by the security offering was not used for the purposes told to investors or outlined in offering documents;

- the risks of the investments were not disclosed or they were inaccurate or understated, or other misrepresentations were made to the investors.

In each of these cases, the matters were referred to our Enforcement Branch for appropriate action.

It is a material conflict of interest when a registered firm sells securities in itself to clients. Section 13.4 of NI 31-103 requires registrants to identify and respond to existing or potential material conflicts of interest between the registered firm (including each individual that acts on its behalf) and a client.

Section 13.4 of 31-103CP identifies three ways to respond to conflicts of interest:

- avoidance
- control, and
- disclosure.

If the risk of harming investors or the markets is high, the conflict needs to be avoided. If a registered firm does not avoid a conflict of interest, it should take steps to control or disclose the conflict, or both.

Further, section 2.1 of OSC Rule 31-505 *Conditions of Registration* (OSC Rule 31-505) obligates dealers and advisers to deal fairly, honestly and in good faith with their clients. This fair dealing obligation must be met when a registrant sells securities in itself to clients, and may be difficult to meet given the fundamental conflict of interest from this practice.

Suggested practices

- Given the fundamental conflict of interest, registrants should avoid selling securities in themselves to clients.
- Registrants who think they are able to address the conflict of interest through control and disclosure should first obtain legal advice before engaging in this practice.
- Registrants that need to raise working capital should obtain it from the firm's existing owners, financial institutions or sophisticated investors, or engage independent dealers to raise the money for them.

Failure by CCO to submit an annual compliance report

In last year's report, we discussed how we often found no evidence that a registered firm's CCO submitted an annual report to the firm's board of directors (or its equivalent) to assess the firm's, and its registered individuals', compliance with securities law. Since we continued to see this deficiency during many of this year's reviews, we emphasize it again.

Section 5.2 of NI 31-103 outlines the responsibilities of a registered firm's CCO. These include submitting an annual report to the firm's board of directors, or individuals acting in a similar capacity for the firm, for the purposes of assessing compliance by the firm, and individuals acting on its behalf, with securities legislation.

When the CCO has not submitted an annual compliance report to the registrant's board, this raises questions about the adequacy of the registrant's compliance system, and whether the CCO is adequately performing his or her responsibilities. See the *Inadequate compliance systems and CCOs not adequately performing responsibilities* section of this report.

Suggested practices

- A CCO should prepare and maintain a *written* annual report that the CCO provides and presents to the firm's board of directors. The report should outline the CCO's assessment of the firm's and its registered individuals' compliance with securities law for the period of the report.
- Where appropriate, a CCO should provide and present a report more frequently than annually. This may be appropriate:
  - at larger firms
  - when there are external members on the firm's board of directors, or
  - when there are significant compliance deficiencies at the firm.
- The CCO should describe in the report the steps that were taken to perform the assessment, the results of the assessment (including any significant instances of non-compliance such as those that create a risk of harm to a client or the capital markets), and what has been done or will be done to address the non-compliance.
- The CCO may also want to discuss in the report:
  - the status and effectiveness of the firm's internal controls, monitoring and supervision; the firm's commitment to compliance, resources and training; and changes to the firm's policies and procedures;
  - any deficiencies identified in the firm's or its individuals' compliance with securities law;
  - the status and outcome of any regulatory reviews, internal audits, inquiries or investigations involving the firm or its individuals;
  - complaints or lawsuits against the firm or its individuals where there is potential non-compliance with securities law;

- proposed changes to securities law that materially impact the firm;
- key compliance risks facing the firm and how they are being addressed; and
- an overall assessment of the firm's and its individuals' compliance with securities law.

- In cases where the CCO has decided not to prepare a written report, but instead provides an oral presentation of his or her report to the firm's board of directors, the minutes to the board meeting should document the discussion, and describe the same information as outlined in the suggested practices for a written report above. An oral presentation without a written report may be appropriate, for example, in the case of a small firm with limited business lines that did not have any significant instances of non-compliance.

These suggested practices apply to all registered firms, including one-person firms and when the CCO is the sole member of the registered firm's board of directors.

Acting on the above suggested practices will help us to assess if a CCO has fulfilled his or her responsibilities under section 5.2 of NI 31-103.

5.1.3 New and proposed rules and initiatives impacting all registrants

Update on independent dispute resolution services for registrants

We have extended the transition period (except in Québec) for certain registered firms to make available to their clients independent dispute resolution or mediation services to September 28, 2014 (unless we implement amendments before this date). If a firm was registered for the first time after September 28, 2009, then this extension does not apply and we expect the firm to comply with the independent dispute resolution requirements.

On November 15, 2012 we proposed amendments to NI 31-103 to require all registered dealers and advisers to utilize the services of the Ombudsman for Banking Services and Investments for their dispute resolution or mediation services obligations (except in Québec). For more information, see Proposed Amendments to NI 31-103 on Dispute Resolution Service.

We remind registrants that we expect them to have internal complaint handling policies to ensure that any client complaints are addressed.

On-line submission process for Form 31-103F1, financial statements and other information
We are currently developing, and plan on implementing, an on-line submission process that requires all registered firms whose principal regulator is the OSC to electronically complete and submit Form 31-103F1 *Calculation of Excess Working Capital* (Form 31-103F1).

Firms would also be required to attach and submit audited financial statements, interim financial information and other information that is relevant to the financial condition of the firm.

The implementation of an electronic submission process is in line with the Commission's priorities to modernize our regulatory systems and approaches.

Registered firms would benefit from the convenience of filing through a centralized submission point, receiving instant filing receipt information, as well as assisting in reducing the environmental impact of printing.

Upcoming desk review on accuracy of Form 31-103F1 filings
We will be conducting a targeted desk review of a sample of registered firms to assess the accuracy of Form 31-103F1 filings.

This desk review will complement our on-going reviews of Form 31-103F1s, audited financial statements and other financial information that are required to be filed with us.

The desk review will focus on the line-by-line calculation of Form 31-103F1. We plan to commence the desk review this fall. The purpose of the desk review is to assess compliance with the capital requirements in section 12.1 of NI 31-103 and to assess whether further guidance in this area is needed.

5.2 Exempt market dealers

This section contains information specific to EMDs, including current trends in deficiencies and suggested practices to address them, and new and proposed rules impacting EMDs.

5.2.1 Current trends in deficiencies and suggested practices

Our EMD reviews focused on areas that we found to be problematic in recent years, including

- inadequate compliance systems and supervision
- inadequate collection and documentation of KYC information
- failure to assess the suitability of trades and selling unsuitable investments

- insufficient product due diligence (KYP)
- failure to identify and respond to conflicts of interest, and
- improper reliance on the accredited investor exemption.

We will continue to focus our compliance resources on these areas.

In addition to the matters discussed at section 5.1.2 of this report on *Inadequate compliance systems and CCOs not adequately performing responsibilities*, the following are trends in deficiencies identified during this year's reviews of EMDs. Where relevant, we also highlight some recent regulatory proceedings brought against EMDs to demonstrate our response when we identify registrant misconduct and the consequences when EMDs fail to comply with securities law.

Conflicts of interest when selling securities of related or connected issuers

EMDs that distribute the securities of related or connected issuers[5] continue to be an area of focus and concern for us due to the disproportionate rate of compliance deficiencies found in many of these firms.

In particular, some EMDs failed to identify and respond appropriately to the conflicts of interests that arise from these relationships. There are significant potential conflicts of interest when the mind and management of the issuer and the EMD are the same. These potential conflicts of interest include the EMD sponsoring dealing representatives that are also employees of, or related to, various issuers whose securities the EMD distributes. These include, for example, dealing representatives that:

- perform investor relations services for the issuers
- perform consulting services for the issuers, or
- act as officers or directors (or in an equivalent position) for an issuer.

Among our concerns is that dealing representatives may put their personal interests or the interests of the issuers ahead of their investor clients. *In the Matter of Staff's Recommendation to Suspend the Registration of Carter Securities Inc.* is a recent Director's Decision involving the suspension of an EMD based on a repeated failure to disclose material conflicts of interest to its clients. This EMD failed to inform investors that it directed investor funds into a related party loan from the related issuer it was distributing. The firm's failure to disclose the conflict demonstrated a lack of the integrity required of registered firms.

[5] See definition of related and connected issuer in section 1.1 of NI 33-105 *Underwriting Conflicts.*

As previously discussed, section 13.4 of NI 31-103 requires EMDs to identify and respond to existing or potential material conflicts of interest between the EMD (including each individual that acts on its behalf) and a client. Section 13.4 of 31-103CP identifies three ways to respond to conflicts of interest:

- avoidance
- control, and
- disclosure.

If the risk of harming investors or the markets is high, the conflict needs to be avoided. If a registered firm does not avoid a conflict of interest, it should take steps to control or disclose the conflict, or both. For example, the registered firm could require an independent audit of the issuer's financial statements to mitigate the potential conflicts.

EMDs who are making prospectus-exempt distributions of related or connected issuers must also meet their disclosure obligations of the relationship as required under National Instrument 33-105 *Underwriting Conflicts* (NI 33-105). In particular, section 2.1(1) of NI 33-105 imposes a disclosure obligation applicable to a distribution in which a non-independent underwriter participates. This obligation is designed to require full disclosure of the relationship and specifies the disclosure requirements in Appendix C to NI 33-105.

Suggested practices

EMDs should

- have a process in place to identify and respond to any conflicts of interest that could impact clients' decisions to purchase an investment product, such as providing examples of material conflicts of interest to their dealing representatives and requiring them to timely inform the CCO if any actual or potential conflicts of interest arise;
- avoid the conflict if the risk of harm to clients is high;
- have a process in place to provide prominent, specific and clear disclosure to clients that explains any conflicts of interest, how the firm is dealing with the conflict, and how conflicts of interest could affect clients; and
- have a process in place to inform investors of a conflict before or at the time they recommend a security transaction that gives rise to the conflict, and what controls are in place to deal with the conflict.

Misuse of the accredited investor exemption

Some EMDs continue to misuse the accredited investor exemption. These EMDs are selling prospectus-exempt securities to investors without ensuring that investors qualify as accredited investors within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106). For example, some EMDs simply rely on a statement from the investor stating that he or she meets the accredited investor definition without collecting any other information to support this statement. As we explained in OSC Staff Notice 33-735 *Sale of Exempt Securities to Non-Accredited Investors* (OSC Staff Notice 33-735), we are concerned that individuals who are purchasing securities as "accredited investors" do not meet the required minimum income or asset thresholds. Many EMDs continue to incorrectly interpret the definition of "financial assets" by including non-financial assets such as precious metals, the investor's primary residence, and other real estate as "financial assets" for purposes of determining if an investor satisfies the financial assets test in paragraph (j) of the accredited investor definition in section 1.1 of NI 45-106.

As set out in section 7.1(2)(d) of NI 31-103, an EMD can trade a security only where the trade is exempt from the prospectus requirement. Section 1.9 of the Companion Policy to NI 45-106 states that it is the responsibility of the person distributing or trading securities to determine whether an exemption is available. EMDs must ensure the information collected from investors supports the use of the accredited investor exemption. If the client is not an accredited investor (and another prospectus exemption is not available), a prospectus is required, and the EMD is acting outside of its registration category.

Recent decisions that illustrate some of the potential consequences of an EMD's failure to comply with this requirement include *Re Morgan Dragon Development Corp., John Cheong, Herman Tse*, and *Re Blueport and Hare*. See section 3.1 of this report for more information.

Suggested practices

EMDs and their registered individuals should confirm that they

- have a process in place to collect and document sufficient information for each prospective investor to determine whether the product can be sold pursuant to the accredited investor exemption; and
- understand the criteria that must be met to qualify under the accredited investor definition.

EMDs should also refer to OSC Staff Notice 33-735 for additional guidance.

Unsuitable investments and failure to meet KYC, KYP and suitability obligations

We continue to identify issues in the areas of KYC information, assessment of suitability, and knowledge of products recommended to clients. We are now performing targeted reviews of EMDs to further assess compliance with their KYC, KYP and suitability obligations. See section 2.2 of this report for more information.

During this year's reviews, we noted

- inadequate collection and documentation of KYC information for clients necessary to assess the suitability of trades and to ascertain investors' eligibility for securities traded under a prospectus exemption;
- some products sold to investors were unsuitable based on the clients' risk tolerance, financial situation and other client information;
- inadequate assessment of suitability of investment for clients; and
- insufficient due diligence and knowledge of an investment product prior to recommending it to investors. Many EMDs did not have a process in place to understand (or were unable to demonstrate) the structures and key features, including risks, of their product offerings. Some EMDs relied solely on the information provided by the issuer to satisfy their KYP obligations without further assessing the product, including the financial viability of the issuer and the use of investor proceeds.

We remind EMDs of their obligations under section 13.2 of NI 31-103 to take reasonable steps to ensure they have sufficient and current KYC information for clients, including their investment needs and objectives, financial circumstances and risk tolerance. Also, EMDs are required under section 13.3 of NI 31-103 to take reasonable steps to ensure that all securities recommended to clients are suitable. To meet this suitability obligation, EMDs should also understand the structure and features of each investment product they recommend, including features such as costs, risks and eligibility requirements.

The KYC and suitability requirements are a critical element in protecting investors. An EMD's failure to comply with these requirements is taken very seriously. Two recent examples of regulatory proceedings that illustrate the potential consequences of an EMD's failure to comply with these requirements include *Re Blueport and Hare* and *Re Morgan Dragon Development Corp, John Cheong, and Herman Tse*.

Suggested practices

EMDs and their registered individuals should

- have a process in place to collect and document sufficient KYC information for each client (for example by using a standard KYC form) so they can properly assess the suitability of investment products they recommend;
- have clients sign-off on their completed KYC forms;
- have an in-depth understanding of
  - the general features and structure of the product,
  - the product risks including the risk/return profile and liquidity risks,
  - the management and financial condition of the issuer,
  - the intended use of investor proceeds,
  - costs, and
  - any eligibility requirements for each product

  before recommending a product to clients;
- perform adequate due diligence of products before recommending them to clients;
- perform ongoing due diligence of the issuers and products to assess changes to their structure or features and determine the impact on their clients' investments;
- develop and use documented criteria and guidelines for assessing the suitability of investment recommendations to clients; and
- have a trade review process in place that includes having a proficient individual in a supervisory capacity to review and approve the suitability assessments made by dealing representatives that recommend investment products to clients.

EMDs should also refer to CSA Staff Notice 33-315 *Suitability Obligation and Know Your Product* for additional guidance.

Inappropriate use of investor monies

We continue to be concerned about EMDs using investor proceeds for their related or connected issuers for purposes other than those set out in the offering documents provided to investors. We will take regulatory action when we identify evidence of inappropriate use of investor monies. See, for example, the Statement of Allegations for *Re Colby Cooper Capital Inc.*

Section 2.1 of OSC Rule 31-505 requires EMDs to deal fairly, honestly and in good faith with their clients. We expect EMDs to apply this principle to all areas of their activities, including handling of client monies in accordance with the use of proceeds disclosed to investors.

Suggested practices

EMDs should:

- provide clear and adequate disclosure to investors regarding the use of investor proceeds,
- have policies in place to ensure investor monies are used in accordance with the stated investment objectives, and
- disclose any related parties and appropriately deal with existing or potential conflicts of interest, including fees and payments to related parties.

Inadequate supervision of dealing representatives

We continue to see that some EMDs are not adequately supervising their dealing representatives, especially when representatives are working in different locations from their supervisor. Among our concerns are that dealing representatives, who are the primary contact for investors, are not being adequately trained in relevant securities law obligations, on their sponsoring firm's policies and procedures, and on the investment products that they are recommending. Further, we have concerns that some EMDs are sponsoring dealing representatives solely for the purpose of distributing securities of a particular issuer and are "renting out" their firms' registration, rather than providing the necessary training and required supervision.

We remind EMDs of their ongoing obligation to monitor and supervise their registered individuals in an effective manner. Supervision of dealing representatives should be performed by an individual who has adequate training, knowledge and authority. EMDs should establish and maintain procedures for supervising their dealing representatives, and maintain evidence of their supervisory reviews.

Section 32(2) of the Act requires registrants to establish and maintain systems of control and supervision for controlling their activities and supervising their representatives. Also, section 11.1 of 31-103CP, under the heading "Day-to-day supervision", states that anyone who supervises registered individuals has a responsibility on behalf of the firm to take all reasonable measures to ensure that each of these individuals

- deals fairly, honestly and in good faith with their clients,
- complies with securities legislation,
- complies with the firm's policies and procedures, and
- maintains an appropriate level of proficiency.

Section 3.4 of NI 31-103 requires that a registered individual must not perform an activity that requires registration unless the individual has the education, training and experience that a reasonable person would consider necessary to perform the activity competently, including understanding the structure, features and risks of each security the individual recommends.

Suggested practices

EMDs should provide ongoing training for their dealing representatives so that they

- are aware of the securities law requirements impacting their activities,
- understand and comply with their sponsoring firm's policies and procedures,
- have an in-depth understanding of the products they recommend to clients, and
- are informed of any changes to the above on a timely basis.

EMDs should develop written policies and procedures to supervise the activities of their dealing representatives, including

- the activities to be supervised and by whom,
- the frequency of supervision, and
- how the supervision will be evidenced and enforced by the firm.

Not disclosing outside business activities

We continue to note that many EMDs do not disclose to clients, or provide notice to the Commission, of their OBAs. These include

- acting as an officer, director or in an equivalent position for a company other than their registered firm, and
- employment with a company other than their registered firm.

EMDs must disclose existing and potential material conflicts of interest to investors in accordance with section 13.4(3) of NI 31-103.

EMDs must also notify the Commission of OBAs. Section 4.1(1)(b) of NI 33-109 requires a registered or permitted individual to notify the Commission of changes to information previously submitted in a Form 33-109F4 *Registration of Individuals and Review of Permitted Individuals* (Form 33-109F4), within 10 days of the change, including the information in item 10 of Form 33-109F4. Item 10 requires a list and description of all current business and employment activities, including all business-related officer or director or equivalent positions.

For additional guidance on a registrant's obligation to disclose all OBAs, see CSA Staff Notice 31-326 *Outside Business Activities*. Failure to comply can result in the firm incurring significant late fees for failing to meet the filing deadlines set out in NI 33-109. See section 4.2 of the report for more information on late filings.

Suggested practices

EMDs and their registered individuals should confirm that they:

- have policies and procedures in place that requires all registered individuals to disclose new OBAs to the OSC and deal with any potential conflicts of interest, and
- provide clients with clear, adequate and timely disclosure of OBAs.

5.2.2 New and proposed rules impacting EMDs

Review of prospectus exemptions

See section 1.4 of this report for a discussion on the review of prospectus exemptions.

Broker-dealer registration in the EMD category

See section 4.1.2 of this report for a discussion on registration and oversight of foreign broker-dealers registered as EMDs.

Electronic report of exempt distribution on Form 45-106F1

On June 21, 2012, we published OSC Staff Notice 45-708 *Introduction of Electronic Report of Exempt Distribution on Form 45-106F1* to notify issuers, underwriters and their professional advisers that an electronic version (the E-form) of Form 45-106F1 *Report of Exempt Distribution* is being made available on the OSC's website. Issuers and underwriters are required to prepare and file a report of exempt distribution in connection with certain prospectus exemptions (including the accredited investor exemption under NI 45-106) on Form 45-106F1 (the Report). Filers may prepare and file the Report using the E-form, instead of in a paper format.

At this time, filing the Report electronically is voluntary, although we anticipate moving towards mandatory electronic filings in the future. Until this time, filers may continue to prepare and file the paper version of the Report. However, we encourage filers to use the E-form whenever possible, as we anticipate that it will be faster and more efficient.

To provide guidance for preparing and filing the Report, the CSA published *CSA Staff Notice 45-308 Guidance for Preparing and Filing Reports of Exempt Distribution*. We also separately published OSC Staff Notice 45-709 *Tips for Filing Reports of Exempt Distribution* which provides tips to help filers avoid common deficiencies in completing and filing the Report.

5.3 Scholarship plan dealers

This section contains information specific to SPDs, including the results of our review of SPDs, and new and proposed rules impacting SPDs.

5.3.1 Review of SPDs

We recently conducted compliance reviews of all five firms registered solely as SPDs. SPDs may act as a dealer in securities of scholarship plans, education plans or educational trusts (collectively referred to as education savings plan products or ESP products in this section). We have performed several reviews of SPDs in past years, both on our own and jointly with other CSA members. During past years' reviews, we identified a number of significant deficiencies at certain firms, including failings with respect to their

- compliance structure
- KYC and suitability of investments
- dealing representatives' knowledge of ESP products sold to investors
- supervision of branch locations and dealing representatives
- marketing and sales practices, and
- conflicts of interest.

As part of this year's reviews, we performed an on-site review at each SPD's head office, visited a sample of 25 branch offices in Ontario, and interviewed over 70 dealing representatives.

We found that some of the issues identified in previous reviews continued to be a problem. In many instances, we identified issues which had been brought to the attention of SPDs in previous reviews. Key areas of concern from our recent reviews included

- CCO and UDP not adequately performing their responsibilities;
- failure to meet KYC and suitability requirements;
- failure to meet KYP obligations;
- use of misleading marketing materials;
- use of high-pressure sales tactics to enroll investors in an ESP product; and

- inadequate oversight of branches and dealing representatives, including
  - inadequate trade review of enrolment applications for ESP products,
  - inconsistent or inadequate training of dealing representatives, and
  - failure to identify and rectify compliance issues at the branch level.

Outcome of recent SPD compliance reviews

We referred four SPD firms to our Enforcement Branch after identifying serious concerns with sales practices during the compliance reviews of these firms. To address investor protection concerns and, in particular, concerns on the suitability of specific ESP products recommended to investors, interim terms and conditions were imposed on consent on the registrations of these four SPDs. The terms and conditions vary, but require each of these SPDs to

- retain an OSC-approved independent consultant to develop and implement a compliance enhancement plan (Compliance Plan);
- retain an OSC-approved independent monitor to review new clients, including calling certain clients to confirm accuracy of their KYC information, confirm that the ESP product is suitable and affordable, confirm that the investor understands the ESP product's fees, and unwind any unsuitable investments, until the Compliance Plan has been approved;
- require the monitor to provide regular reports and have an ongoing role during the implementation of the Compliance Plan; and
- not open any new branch locations or hire any new dealing representatives (unless replacing an existing dealing representative and certain conditions are met) until the Compliance Plan has been fully implemented.

For more information, see the interim orders for Children's Education Funds Inc., Global RESP Corporation, Heritage Education Funds Inc., and Knowledge First Financial Inc.

5.3.2 New and proposed rules impacting SPDs

Cost disclosure, performance reporting and client statements

As discussed in section 1.1 of this report, the CSA has recently published proposed rules on cost disclosure, performance reporting and client statements. The proposals will apply to SPDs, and have been tailored to recognize the unique features of ESP products that merit different disclosure and reporting requirements.

The proposals aim to provide investors with information relevant to investments in ESP products, including a specific discussion at the account-opening stage of the consequences to the client of (i) the client failing to maintain prescribed plan payments, or (ii) a beneficiary not participating in or completing a qualifying educational program.

Further, the proposal will require that an annual report be sent to clients that provides information on charges and other compensation, including information about any outstanding front-loaded fees.

Lastly, the proposal will require an investment performance report to be provided to clients that provides relevant information on their ESP product including

- how much has been invested,
- how much would be returned if the client stopped paying into the plan, and
- a reasonable projection of the income the client should expect to see if they stay invested to maturity and their designated beneficiary attends a designated educational institution.

For more information, see Proposed Amendments to NI 31-103 on *Cost Disclosure, Performance Reporting and Client Statements*.

5.4 Advisers (portfolio managers)

This section contains information specific to PMs, including current trends in deficiencies and suggested practices to address them. We also discuss our desk review of the client account statement practices of PMs, and new and proposed rules impacting PMs.

5.4.1 Current trends in deficiencies and suggested practices

Unfair allocation of investment opportunities

In a small number of cases, PMs are not fairly allocating investment opportunities to their clients. When a PM places an investment order to a dealer for more than one of its clients (a bunched or blocked trade), and the order is partially filled (such as for a new issue or illiquid security), some PMs allocate these securities to clients with a smaller portfolio size, or to clients whose portfolios are underperforming. We do not consider these to be fair allocation practices, as they favour certain clients based on their asset size or performance, to the disadvantage of others. Examples of other unfair allocation practices include allocations (i) based on compensation arrangements, such as favouring clients that pay performance fees, (ii) based on client types, such as favouring investment funds over private clients, (iii) to newer accounts over older accounts or vice versa,

(iv) based on client relationships or to obtain future business, and (v) to proprietary, employee or personal accounts over third-party accounts.

Since it may not be possible to treat clients equally for every investment opportunity, we acknowledge that there may be trades where one client or group of clients is allocated investments and not others. But over time, PMs should allocate suitable investment opportunities to their clients using a systematic and fair process, and not consistently favour one client or group of clients over others. Further, PMs do not meet their obligations to fairly allocate investment opportunities to clients through disclosure of an unfair allocation practice.

Section 14.10 of NI 31-103 requires advisers to ensure fairness in allocating investment opportunities among their clients. Section 11.1 of NI 31-103 requires advisers to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to provide reasonable assurance that they comply with securities legislation, including a policy to ensure fairness in allocating investment opportunities (Fairness Policy). Section 14.3 of NI 31-103 requires advisers to deliver a summary of the Fairness Policy to their clients when they open an account for the client and when there has been a significant change to the summary previously delivered.

Suggested practices

- An adviser's Fairness Policy should, at a minimum, disclose the method used to allocate the following:
  - price and commission among client orders when trades are bunched or blocked (such as average price per share and average commission rate per share),
  - block trades and initial public offerings (IPOs) among client accounts, and
  - block trades and IPOs among client orders that are partially filled, such as on a pro-rata basis. (A pro-rata allocation is when clients are allocated an amount of securities in proportion to their account size or the original trade order.)
- A Fairness Policy should also address any other situation where investment opportunities must be allocated (such as how private placements will be handled).
- A Fairness Policy should be sufficiently objective and specific to permit independent verification of the fairness of the allocation. A Fairness Policy that states that an adviser "uses judgment" to allocate investments does not meet this test.

- Advisers should use the pro-rata allocation method for partially filled trades. When this method is not practical (for example, if it would result in clients being allocated a very small number of shares), use another pre-determined formula that is fair and objective, such as a rotational allocation (when the adviser regularly changes the sequence in which orders are allocated to clients) or a statistically random allocation (when each client is given an equal chance to participate).
- Advisers should not allocate partially filled trades to proprietary, employee or personal accounts until all other accounts are completely filled.
- Any exceptions to the firm's Fairness Policy should be approved by the adviser's CCO and reasons for the exception should be documented.

Not reflecting all revenue for capital market activities

Some PMs are not reflecting all of the revenue earned from their portfolio management services on their firm's financial statements and on the form that is used to calculate their Ontario capital markets participation fees (Form 13-502F4) to the OSC. We are concerned that these firms' financial statements may not be accurate since revenues are not fully reflected and that they may not be paying the full amount of their fees.

We found that an Ontario-based PM earned performance fees from an associated investment fund that was attributable to its portfolio management services, but did not reflect these performance fees as revenue on its financial statements or as revenue on its Form 13-502F4. Further, another Ontario-based PM entered into an arrangement with its parent company so that all of the portfolio management fees earned by the PM firm were reflected as revenue on the financial statements of the parent company, rather than the PM firm. As part of the arrangement, the PM firm was then attributed revenue by the parent company that was based on recovery of costs plus a mark-up. The PM firm reflected this attributed amount as its revenue on its financial statements and as revenue on its Form 13-502F4.

Section 3.1 of OSC Rule 13-502 *Fees* (OSC Rule 13-502) requires PMs and other registered firms, unregistered IFMs, and unregistered exempt international firms to pay capital markets participation fees (as outlined in Appendix B of OSC Rule 13-502) to the OSC each year based on their specified Ontario revenues calculated in accordance with sections 3.3, 3.4 or 3.5 of OSC Rule 13-502.

The specified Ontario revenues must include all actual revenues from the firm's capital markets activities in Ontario, subject to certain deductions permitted on Form 13-502F4. Capital markets

activities are activities for which registration under the Act or an exemption from registration is required. These include providing securities-related advice or portfolio management services.

Firms that have not appropriately reflected and paid their capital markets participation fees are subject to payment of the overdue fees along with late fees, and may also be subject to other regulatory action.

Further, market participants (which include registrants) must properly reflect all of their revenues on their financial statements in order to comply with their record-keeping obligations under section 19(1) of the Act.

This deficiency applies not only to PMs, but also to other registered firms, unregistered IFMs and unregistered exempt international firms.

Suggested practices

Registered firms, unregistered IFMs, and unregistered exempt international firms should

- assess which revenues of the firm are derived from Ontario capital markets activities, and
- have a process in place to ensure that all the firm's revenues from their Ontario capital markets activities are reflected on its financial statements and Form 13-502F4.

Use of consolidated account statements

Some PMs provide clients with "consolidated" account statements which combine the security holdings and/or transaction information for more than one account they manage for a client in a single summary statement. These PMs generally consolidate different types of accounts managed for one client (for example, taxable and tax-deferred accounts), along with accounts managed for client relationships, such as family accounts (for example, spouses and dependants) or accounts of affiliated parties.

We have concerns when PMs provide consolidated statements to clients, especially when the PM does not also provide them with a statement for each account that they manage for the client. Clients may not understand the information they are receiving, the grouping of accounts may be inappropriate or cause privacy concerns, and it may be difficult for clients to compare information from the PM with information on statements from their custodian (which is presented on an account-by-account basis).

PMs must deliver a statement for each account that they manage for their client to meet their account statement requirements in section 14.14(3) of NI 31-103. It may be appropriate for PMs to provide

consolidated statements to a client when it is provided as supplementary information to the client's statements for each account managed by the PM. We recognize that consolidated statements can provide added value for clients by presenting a complete, summarized picture of a client's portfolio. If a PM provides clients with a consolidated statement as supplementary information, whether initiated by the PM or upon request of the client, they should consider the suggested practices below.

Suggested practices

A PM should only deliver a consolidated account statement to a client when

- it helps clients to better understand their overall investment portfolios managed by the PM;
- the accounts that are included in the consolidation are for an appropriate client relationship (which may be one or more persons) and have similar investment goals and objectives. For example, it may be appropriate to group accounts for spouses whose goals and objectives are saving for retirement, and exclude an account whose objective is to fund their child's education; and
- the client consents to, or requests, the delivery of a consolidated statement.

If the above criteria are met, the PM should provide adequate disclosure on the consolidated statement, such as

- a prominent heading on the statement noting that it is a "consolidated" statement (or another appropriate term, such as "summary" or "combined" statement), and then explain the term used and what information is being presented;
- the account numbers and the beneficial owner(s) for the accounts that were included in the "consolidated" statement;
- which entity holds the assets in the client's accounts; and
- a statement that clients should refer to their "account-by-account" statements to see their holdings and transactions for each account.

Lack of awareness of trade-matching requirements

A number of PMs were not aware of the institutional trade-matching (ITM) requirements in National Instrument 24-101 *Institutional Trade Matching and Settlement* (NI 24-101). As a result, they were not meeting the rule's ITM requirements. The ITM requirements apply to a PM who places a DAP/RAP trade (defined below) in an equity or debt security with a dealer for one or more of its clients with DAP/RAP trading privileges. Clients with DAP/RAP trading privileges typically include institutional clients such as investment funds and pension plans, but may also include clients that are individuals.

Under NI 24-101, a DAP/RAP trade is a trade that is:

(a) executed for a client trading account that permits settlement on a delivery against payment or receipt against payment basis through the facilities of a clearing agency (such as CDS), and

(b) for which settlement is made on behalf of the client by a custodian other than the dealer that executed the trade.[6]

Section 3.3(1) of NI 24-101 prohibits an adviser from giving an order to a dealer to execute a DAP/RAP trade on behalf of an institutional investor[7] unless they first establish, maintain and enforce policies and procedures designed to achieve matching as soon as practical after the trade is executed, but by no later than noon (Eastern Time) on the next business day following the trade date (T+1).

Section 3.4 of NI 24-101 requires advisers to have ITM policies and procedures in place to encourage each of their trade-matching parties (i.e., the dealers and custodians involved in processing trades executed with or on behalf of institutional investors) to enter into a *trade-matching agreement* with, or provide a *trade-matching statement* to, the adviser. This must generally be done before the adviser opens an account to execute a DAP/RAP trade for the account of an institutional investor or gives an order to a dealer to execute a DAP/RAP trade for the account of an institutional investor. Dealers have similar ITM requirements in section 3.2 of NI 24-101, so will also request trade-matching agreements or statements from PMs that are their trade-matching parties.

Section 4.1 of NI 24-101 is an exception reporting requirement. Advisers are required to deliver Form 24-101F1 *Registered Firm Exception Report of DAP/RAP Trade Reporting and Matching* to their principal regulator (via an on-line reporting tool on the CSA's website) no later than 45 days

[6] See the definition "DAP/RAP trade" in section 1.1 of NI 24-101.
[7] Section 1.1 of NI 24-101 defines an institutional investor to mean a client of a dealer that has been granted DAP/RAP trading privileges by the dealer.

after each calendar quarter-end if less than 90% of the equity or debt DAP/RAP trades executed for the adviser during the quarter are not matched by noon on T+1. The 90% test is determined both by number of trades and the aggregate dollar value of the securities purchased and sold in those trades. The percentage is also determined for transactions in equity and debt securities separately. On the exception report, advisers must provide a brief explanation as to why they did not meet the thresholds, and discuss their steps to address the delays.

Suggested practices

Determine if NI 24-101 applies to your firm by assessing if you give orders to a dealer to execute a DAP/RAP trade on behalf of an institutional investor.

If NI 24-101 applies, then

- Develop written ITM policies and procedures to ensure trades are matched as soon as practical after trades are executed (but by no later than noon on T+1). See the guidance on trade-matching policies and procedures in section 2.4 of the Companion Policy to NI 24-101 and section C of CSA Staff Notice 24-305 *Frequently Asked Questions About NI 24-101,*
- Determine who your trade-matching parties are (in order to exchange trade-matching statements or enter into trade-matching agreements),
- If you are unable to obtain a trade-matching agreement or statement from a trade-matching party, document your efforts to obtain this documentation in accordance with your policies and procedures (see section D of CSA Staff Notice 24-305), and
- At least quarterly, monitor your firm's trade-matching statistics to assess if your ITM policies and procedures are effective and to determine if you have to file an exception report. Where useful, you should be able to obtain trade-matching performance reports from your clients' custodians.

For more guidance, see the Companion Policy to NI 24-101 and CSA Staff Notice 24-305 for answers to frequently asked questions about NI 24-101. For guidance on filing an exception report on the CSA's website, see CSA Staff Notice 24-306.

5.4.2 PM client account statement practices

In last year's report, we discussed our in-progress desk review of the client account statement practices of a sample of Ontario-based PMs. The purpose of the review was to better understand their practices and to assess if further guidance was needed to help firms comply with their requirements. We have now completed our desk review, and this is what we found:

- About 33% of the PMs in our sample did not deliver account statements to their clients. Many of these firms do not send a statement because the clients' custodian sends a statement with the required information at the required times.
- Of the PMs that deliver quarterly account statements to their clients, about 30% do not disclose information on security transactions made for clients.

These findings indicate that many PMs are not in compliance with their client account statement obligations. Section 14.14(3) of NI 31-103 states that "Except if the client has otherwise directed, a registered adviser must deliver a statement to a client at least once every 3 months." Further, sections 14.14(4) and (5) require that the statements must include prescribed information on transactions made for each client during the period and prescribed information on security holdings in the client's account.

We also found that there are different views amongst PMs on what the term "Except if the client has otherwise directed" in section 14.14(3) of NI 31-103 means. Staff's view is that the client may request statements more frequently than once every 3 months. It does not mean that the client can consent to not receiving a statement at all from their adviser. To clarify this, proposed changes to section 14.14(3) have been made as part of the CRM2 proposals discussed in section 1.1 of this report. The proposed text clarifies that an adviser must deliver an account statement at least once every 3 months, unless the client requests monthly statements. For more information on potential changes to client account statement requirements as part of the CRM2 proposals, see Proposed Amendments to NI 31-103 on *Cost Disclosure, Performance Reporting and Client Statements*.

We are currently discussing with the CSA the client account statement obligations of PMs. This may result in us providing further guidance on these obligations in the future.

For information and suggested practices on the use of consolidated account statements, see section 5.4.1 of this report.

5.4.3 New and proposed rules impacting PMs

Update on direct electronic access (DEA)

In last year's report, we discussed proposed National Instrument 23-103 (then titled *Electronic Trading and Direct Electronic Access to Marketplaces*), which was relevant for PMs and EMDs who used DEA to directly send trade orders to marketplaces. The proposed rule permitted PMs to use DEA when it was provided by a participant dealer[8] for trading in their own accounts or the accounts of their clients. It was further proposed that the participant dealers that provided DEA to PMs would be subject to additional requirements including

- standards to be applied before granting DEA to a PM,
- specific elements to be included in a written agreement with the PM,
- training the PM, and
- assigning a unique identifier to each PM for each of their orders.

Since then, in June 2012, the CSA announced that the rules governing electronic trading in NI 23-103 (since re-titled as *Electronic Trading*) would be adopted[9] other than the requirements on the provision of DEA (as described above). The CSA decided that other forms of marketplace access, such as order execution service accounts and dealer-to-dealer routing, raise similar risks to DEA, and should be subject to similar requirements. To address these issues, the CSA published for comment on October 25, 2012 new proposed rules to provide a framework for the provision of DEA.

For more information, see Proposed Amendments to NI 23-103 *Electronic Trading*.

Potential regulation of proxy advisory firms

Most PMs have been authorized by their clients to vote proxies for securities held in their managed accounts. When PMs have this authority, we generally expect them to vote the proxies using guidelines that form part of their written policies and procedures, and to be able to justify the manner in which all proxies are voted.

PMs are increasingly engaging proxy advisory firms to analyze client proxies and to make recommendations on how to vote them, which they use to help formulate their voting decisions for clients.

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[8] A participant dealer is a marketplace participant that is a registered investment dealer and an IIROC member.

[9] This rule sets out a regulatory framework to help ensure that marketplace participants and marketplaces manage the risks associated with electronic trading.

The increased use of and reliance on proxy advisory firms' recommendations by institutional investors (including PMs) has raised concerns, including a lack of transparency on how proxy advisory firms reach their voting recommendations, and how they address any conflicts of interest. As such, in June 2012, the CSA published for comment a consultation paper on the potential regulation of proxy advisory firms. The purpose of regulation would be to increase the accountability of proxy advisory firms and to make the process leading to vote recommendations more transparent.

For more information, see CSA Consultation Paper 25-401 *Potential Regulation of Proxy Advisory Firms*.

5.5 Investment fund managers

This section contains information specific to registered IFMs, including current trends in deficiencies and suggested practices to address them, new and proposed rules and initiatives, and IFM resources.

5.5.1 Current trends in deficiencies and suggested practices

Insufficient oversight of outsourced functions and service providers

Many IFMs choose to outsource aspects of their IFM operations (such as fund accounting and unitholder recordkeeping) to third-party service providers. Some IFMs rely solely on the third-party service provider and do not perform any oversight to ensure that these service providers are fulfilling their duties and responsibilities. As a result, these IFMs are not satisfactorily discharging their obligations to comply with applicable securities legislation.

Section 11.1 of NI 31-103 requires IFMs to establish a system of controls and supervision to ensure compliance with securities legislation and to manage their business risks in accordance with prudent business practices. Part 11 of 31-103CP, under the heading "General business practices – outsourcing", states that registrants that outsource aspects of their business operations to third-party service providers are responsible and accountable for all functions that have been outsourced. An IFM is required to oversee its service providers in order to meet its obligation of being responsible and accountable for the work performed by the service providers.

Suggested practices

IFMs should

- establish and implement policies and procedures to actively monitor the work of service providers,
- review the work performed by service providers; for example, by reviewing reports for the calculation of net asset value,
- conduct oversight of service providers on a frequent and as appropriate basis, taking into account the IFM's business operations, and
- ensure the monitoring of service providers is adequately documented.

Improper valuation of restricted securities

A number of investment funds invest in securities that are restricted from resale for a specified period of time. Some IFMs have been valuing these restricted securities using a quote from an active market for publicly listed securities of the same issuer that do not have a resale restriction.

An investment fund is required by section 2.6 of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106) to prepare its financial statements using generally accepted accounting principles which requires all securities to be valued using a fair value. Further, section 14.2 of NI 81-106 requires the net asset value of an investment fund that is a reporting issuer to be calculated using the fair value of the investment fund's assets and liabilities. A quoted price in an active market does not reflect the fact that a restricted security is illiquid for a specific period of time.

Suggested practices

IFMs should

- develop a valuation policy to determine the fair value of a restricted security, and
- if a quote from an active market is used to value a restricted security, the valuation policy should consider applying a discount to the value of the security to reflect the illiquid nature of the security during the restricted time period.

Inappropriate expenses charged to funds

In last year's report, we highlighted our concern that some IFMs are charging inappropriate expenses to the investment funds that they manage. Since we continued to identify this practice during this year's reviews, we emphasize this deficiency again. When this issue is identified, we require the IFM to reimburse the applicable fund(s) for the inappropriate expenses, and depending on the nature of the inappropriate expenses, we may take further action.

IFMs should only charge expenses to their investment funds that are related to the operation of the investment funds. Some IFMs are allocating to their investment funds expenses that are related to the operation of the IFMs' business and not the investment funds. Some examples of such inappropriately allocated expenses, which we identified when conducting compliance reviews, include capital market participation fees, premiums on their bonding or insurance, expenses relating to the wholesaling activities of the IFM, and expenses relating to social events and holiday parties.

If proposed requirements discussed at section 1.1 *Cost disclosure, performance reporting and client statements* are implemented, they would require IFMs to provide information to dealers and advisers of the dollar amount of the trailing commissions paid to dealers and advisers in respect of their client's investment. Consistent with the principle above, we would expect that compliance with this new requirement would be a business expense of the IFM relating to its choice of distribution method, and not an expense attributable to the operation of the investment funds.

Section 116 of the Act imposes a standard of care on IFMs for the investment funds they manage. In our view, to meet this standard of care, IFMs should ensure that the investment funds they manage are only paying for expenses that are related to the operation of the investment funds. The expenses listed above are related to the operation of the IFM. We consider these expenses to be the cost of running a fund management business and should therefore be borne by the IFM, and not their investment funds.

Suggested practices

An IFM should

- establish policies and procedures and a system of controls to ensure that its investment funds are only paying for expenses that are related to the operation of the investment funds, and
- review expense allocations on a regular basis to ensure that only appropriate expenses are charged to and paid by its investment funds.

Inadequate insurance coverage

Some IFMs are not maintaining adequate insurance when their assets under management increase during the year. Furthermore, some IFMs did not maintain insurance that provides for a "double aggregate limit" or "full reinstatement of coverage".

IFMs must maintain adequate levels of bonding or insurance as required under section 12.5 of NI 31-103. The amount of insurance required is based on calculations that take into account various factors, including assets under management. IFMs should take into account likely increases in their assets under management when assessing the level of insurance coverage they require.

IFMs should also ensure that their bonding or insurance provides for a "double aggregate limit" or a "full reinstatement of coverage" as explained under Division 2 – Insurance of Part 12 of 31-103CP.

Suggested practices

To ensure adequate insurance coverage, IFMs should

- factor in any likely increase in their assets under management, and
- regularly review the adequacy of their insurance coverage, especially when there is a material change in their business or circumstances.

Misleading marketing practices

Many IFMs are preparing marketing materials for investors with information about their investment funds that is outdated, misleading, or contain unsubstantiated claims. For example, some IFMs use terms such as "best", "exceptional" or "leading" to describe their services or the performance of their investment funds without also including disclosure containing evidence to support using these claims. Some IFMs are also comparing an investment fund's performance against the returns of benchmarks that are not comparable to the fund's investment strategy, without any explanation on why the comparison is relevant.

Section 116 of the Act imposes a standard of care on IFMs for the investment funds they manage. In our view, to meet this standard of care, IFMs should ensure that the marketing materials for their investment funds are fair and not misleading. Also, part 15 of National Instrument 81-102 *Mutual Funds* provides requirements on sales communications for mutual funds.

CSA Staff Notice 31-325 *Marketing Practices of Portfolio Managers* provides guidance to PMs to help them comply with securities legislation and best practices in the preparation and use of marketing materials. This guidance is applicable to other registrants, including IFMs.

Suggested practices

IFMs should:

- provide clear and adequate disclosure in marketing materials to ensure that the information is complete, accurate and meaningful;
- substantiate all claims made in marketing materials (adequate references to the information supporting the claim should be provided where the claim is made in the marketing material so that investors can easily assess the merits of the claim);
- review and update marketing materials regularly to ensure all information is complete, accurate and current;
- use benchmarks that are relevant and comparable to an investment fund's investment strategy; and
- if a non-comparable benchmark is used but is relevant since it is widely known and followed, disclose the relevance of the benchmark and the differences between the benchmark and the fund's investment strategy.

5.5.2 New and proposed rules and initiatives impacting IFMs

Registration of non-resident IFMs

For information on the new registration requirements for non-resident IFMs, see section 4.1.1 of this report.

Information on International Financial Reporting Standards (IFRS)

In March 2012, the CSA updated IFMs on the deferral of the mandatory changeover date to IFRS for investment funds in Canada to January 1, 2014. For more information, see CSA Staff Notice 81-320 (Revised) *Update on International Financial Reporting Standards for Investment Funds*.

Investment fund initiatives

The OSC, led by staff from the Investment Funds Branch, is working on a number of initiatives with the CSA that are applicable to IFMs. Some of the key initiatives are described below.

Investment funds modernization project

The purpose of this project is to modernize the product regulation of publicly offered investment funds.

Phase 1 of the modernization project was completed with the publication of final amendments to NI 81-102 on February 9, 2012. For more information, see Notice of Amendments to NI 81-102 *Mutual Funds* and Companion Policy 81-102CP.

As part of phase 2 of this project, the CSA is now working on amendments to NI 81-102 that would implement certain key restrictions and operational requirements for non-redeemable investment funds (also referred to as "closed-end funds"), consistent with similar requirements for mutual funds. For more information, see CSA Staff Notice 81-322 *Status Report on the Implementation of the Modernization of Investment Fund Product Regulation Project*.

Point of sale disclosure

On June 21, 2012, the CSA published for second comment changes to the proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* aimed at implementing stage 2 of the point of sale initiative, to allow for the delivery of the Fund Facts document to satisfy the legislative requirement to deliver a prospectus within two days of buying a mutual fund. The proposed changes focus primarily on the presentation of risk in the Fund Facts document. The comment period ended on September 6, 2012.

For more information, see Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds.

New prospectus form for scholarship plans

Amendments to National Instrument 41-101 *General Prospectus Requirements* have been proposed to create a new, tailored prospectus form for scholarship plans. The proposed amendments were republished for a second comment period in late 2011 and reflect changes made as a result of comments received by the CSA after the initial publication in 2010.

For more information, see New Prospectus Form for Scholarship Plans.

5.5.3 Investment fund manager resources

Published guidance for IFMs

Various organizations publish industry guidance as suggested "best practices" for IFMs. These organizations include the Investment Funds Institute of Canada, the Alternative Investment Management Association and the Hedge Fund Standards Board. We encourage IFMs to review

the guidance prepared by these organizations and assess the applicability of this guidance to the operations of their investment funds.

The Investment Funds Practitioner

The Practitioner is an ongoing publication prepared by the OSC's Investment Funds Branch that provides an overview of operational issues arising from applications for discretionary relief, prospectuses, and continuous disclosure documents that are filed with the OSC. It is intended to assist IFMs and their staff or advisers who regularly prepare public disclosure documents and applications for exemptive relief on behalf of investment funds.

The Practitioner is also intended to make IFMs more broadly aware of some of the issues the Investment Funds Branch has raised in connection with their review of documents filed with them and how these issues have been resolved. The Practitioner is intended to serve as a useful resource when preparing applications and disclosure documents.

Past editions of The Practitioner can be accessed on our website under Information for: Investment Funds.

Disclosure of portfolio holdings

The Investment Funds Branch published in August 2012 a staff notice outlining its findings and recommendations from its targeted review of the disclosure of portfolio holdings in financial statements, Management Reports of Fund Performance, and Fund Facts documents of investment funds.

For more information, see OSC Staff Notice 81-717 *Report on Staff's Continuous Disclosure Review of Portfolio Holdings by Investment Funds*.

More information for IFMs

In addition to the initiatives and resources summarized in this report, the Investment Funds Branch has also published a number of documents as guidance for IFMs. For a complete listing of available information, see the Information for: Investment Funds section of the OSC's website.

6. Additional resources

OSC ONTARIO SECURITIES COMMISSION

6. Additional resources

This section discusses how registrants can get more information about their obligations.

The CRR Branch works to foster a culture of compliance through outreach and other initiatives. We try to assist registrants in meeting their regulatory requirements in a number of ways.

We encourage registrants to visit the OSC's website at www.osc.gov.on.ca for more information regarding their obligations. The Information for Dealers, Advisers and Investment Fund Managers section provides firms and individuals with detailed information about the registration process and their ongoing obligations. It also includes information about compliance reviews and suggested practices, provides quick links to forms, rules and past reports and email blasts to registrants.

Registrants may also contact us. Please see Appendix B to this report for the CRR Branch's contact information. The CRR Branch's portfolio manager, investment fund manager and dealer teams focus on registration, oversight, policy changes, and exemption applications for their respective registration categories. The Registrant Conduct and Risk Analysis team supports the other teams in cases of potential registrant misconduct and reviews registrant submissions regarding financial reporting.

We also have an Investors section on our website that provides information to help investors. For example, investors can learn more about investing (such as the risks of borrowing to invest), help protect themselves against fraud and use tools and resources (such as checking the registration status of a person or company).

Appendix A – Explanation of compliance review outcomes

- **Enhanced compliance**: At the end of a review, we usually issue a report to the firm identifying areas of non-compliance that require corrective action. We work with the firm to facilitate the appropriate resolution of deficiencies. Compliance field reviews generally result in enhanced compliance at these firms following their actions to address the identified matters and to improve their compliance systems, internal controls, or policies and procedures.

- **Significantly enhanced compliance**: When the seriousness of the deficiencies identified during a review warrants it, in addition to the steps taken in the enhanced compliance outcome, we increase our monitoring of the registrant. For example, we may conduct a follow-up review of a registrant or require the registrant to provide additional evidence to assess whether it has appropriately addressed the identified deficiencies. The increased monitoring and the registrant's actions generally result in significantly enhanced compliance by the firm.

- **Terms and conditions on registration**: We may impose terms and conditions on a firm's registration to more actively monitor how a registrant is complying with securities law. We may also impose terms and conditions requiring a registered firm to take a specific action or to restrict its business activities. For example, terms and conditions may require the firm to submit information (such as financial statements and excess working capital calculations) to us more frequently, retain a consultant to improve its compliance systems, or prohibit the registrant from opening new client accounts.

- **Surrender of registration**: In some cases, a registered firm may decide to surrender its registration during or after a compliance review. However, we will not consent to the firm's surrender of registration unless our compliance review is completed and any significant deficiencies identified from the review (for example, those impacting the firm's clients) have been appropriately addressed.

- **Referral to the Enforcement Branch**: If we identify a serious breach of securities law, we discuss the findings with the Enforcement Branch, and together determine an appropriate course of action.

- **Suspension of registration**. If we identify a serious breach of securities law that causes us to conclude that a registrant's continued fitness for registration is no longer appropriate, CRR Branch staff will recommend to the Director that the firm's registration be suspended. The Director will decide to accept or reject staff's recommendations based on staff's submissions, and the registrant's submissions (when provided) at an opportunity to be heard.

Appendix B

Contact Information for Registrants

Compliance and Registrant Regulation Branch

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* All telephone area codes are (416)

For general questions and complaints, please contact the OSC Inquiries and Contact Centre at 1-877-785-1555 or (416) 593-8314 or inquiries@osc.gov.on.ca

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OSC ONTARIO SECURITIES COMMISSION

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November 22, 2012

Ontario

1.1.3 Hollinger Inc. et al.

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

AND

**IN THE MATTER OF
HOLLINGER INC., CONRAD M. BLACK,
F. DAVID RADLER, JOHN A. BOULTBEE
AND PETER Y. ATKINSON**

**NOTICE OF WITHDRAWAL
F. DAVID RADLER**

WHEREAS on March 18, 2005 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") accompanied by a Statement of Allegations (the "Original Proceeding") issued by Staff of the Commission ("Staff") with respect to Hollinger Inc., Conrad M. Black ("Black"), F. David Radler ("Radler"), John A. Boultbee and Peter Y. Atkinson (collectively, the "Respondents");

AND WHEREAS the Respondents brought a series of motions and requests to adjourn the Original Proceeding (the "Adjournment Requests") pending the outcome of certain proceedings in the United States which are described further below;

AND WHEREAS the Respondents tendered undertakings to the Commission in support of the Adjournment Requests which were attached to Orders of the Commission dated March 30, 2006 and April 4, 2007 (the "Current Undertakings");

AND WHEREAS by Order dated October 7, 2009 the Commission adjourned the hearing of the Original Proceeding sine die pending the outcome of certain proceedings in the United States discussed further below;

AND WHEREAS on November 12, 2012 Staff issued a Statement of Allegations against Radler alone (the "New Proceeding");

AND WHEREAS on November 13, 2012, Radler provided an undertaking to the Commission in the New Proceeding (the "New Undertaking");

AND WHEREAS on November 14, 2012 Staff and Radler entered into a Settlement Agreement resolving the New Proceeding (the "Settlement Agreement");

AND WHEREAS on November 14, 2012, the Commission convened a hearing and heard submissions from counsel for Staff and for Radler;

AND WHEREAS in that hearing pursuant to section 127(10) of the Act and pursuant to the Settlement Agreement Staff filed documents with the Commission evidencing the following facts:

(a) On November 15, 2004, the United States Securities and Exchange Commission (the "SEC") launched a complaint against Black, Radler and Hollinger Inc. (the "SEC Complaint") in the United States District Court for the Northern District of Illinois (the "United States District Court");

(b) On August 18, 2005, a Grand Jury convened in the United States District Court filed an indictment charging Radler, amongst other accused, with seven counts of violating the United States Criminal Code;

(c) On September 20, 2005, Radler signed a plea agreement admitting to one count of mail fraud contrary to Title 18, United States Criminal Code, Section 1341. On December 17, 2007, in the United States District Court he was sentenced to, amongst other terms, 29 months of incarceration and a fine of US$ 250,000; and

(d) On January 30, 2007, Radler signed a consent to the entry of a final judgment (the "Radler Consent Agreement") in the SEC Complaint. In the Radler Consent Agreement, Radler neither admitted nor denied the allegations relating to him contained in the SEC Complaint, but consented to a final order in the proceeding. The final order provided, amongst other terms, that Radler would pay disgorgement and a civil penalty, and would be permanently barred from serving as a director or officer of a reporting issuer in the United States. On April 19, 2007, the United States District Court made the order outlined in the Radler Consent Agreement;

AND WHEREAS at the conclusion of the hearing the Commission approved the Settlement Agreement and made the Order requested by the parties in respect of the New Proceeding;

AND WHEREAS Staff agreed in the Settlement Agreement to withdraw the allegations contained in the Original Proceeding against Radler if the Settlement Agreement were approved by the Commission;

TAKE NOTICE that Staff of the Commission withdraw the allegations contained in the Original Proceeding against Radler.

Dated at Toronto this 15th day of November, 2012

STAFF OF THE ONTARIO SECURITIES COMMISSION
20 Queen Street West
P.O. Box 55, 19th Floor
Toronto, Ontario
M5H 3S8

1.1.4 Notice of Ministerial Approval of Letter Agreement between the OSC and the APGO

NOTICE OF MINISTERIAL APPROVAL OF
LETTER AGREEMENT BETWEEN THE OSC AND THE APGO

On November 9, 2012, the Minister of Finance approved, pursuant to section 143.10 of the *Securities Act* (Ontario), the Letter Agreement (the **Agreement**) between the Ontario Securities Commission (**OSC**) and the Association of Professional Geoscientists of Ontario (**APGO**). The Agreement provides a framework that will facilitate the exchange of information between the OSC and the APGO. This framework will support collaboration on investigations and other matters concerning members of the APGO, and will ultimately enhance the ability of each organization to act in the public interest.

The Agreement came into force in Ontario on November 12, 2012. The Agreement signed by the OSC and the APGO was published in the Bulletin on September 13, 2012 at (2012) 35 OSCB 8383.

November 22, 2012

1.3 News Releases

1.3.1 Canadian Regulators Propose to Mandate OBSI's Dispute Resolution Service

FOR IMMEDIATE RELEASE
November 15, 2012

CANADIAN REGULATORS PROPOSE TO MANDATE
OBSI'S DISPUTE RESOLUTION SERVICE

Toronto – The Canadian Securities Administrators (CSA) today published for comment amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, which would require all registered dealers and advisers, outside of Québec, to use the Ombudsman for Banking Services and Investments (OBSI) as the common dispute resolution service (DRS) for the securities industry.

The CSA has determined that a common DRS for the securities industry is in the best interest of both investors and registrants, and that OBSI is the appropriate choice. OBSI is an independent, not-for-profit organization with extensive experience, having served as the DRS provider for self-regulated organization members and other registrants for the past 10 years.

"Mandating all registered dealers and advisers to offer dispute resolution services through OBSI will establish a level playing field in terms of expectations and costs, and will provide investors with a common, independent and consistent service standard," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission.

Under the proposed amendments, investors would benefit from:

- a common DRS standard;
- an independent DRS provider;
- enhanced awareness of where to go for DRS services; and,
- consistent expectations in terms of service levels and outcomes.

The CSA has been working with OBSI as it reviews its processes to ensure it will continue to provide effective services for new registrant members.

The CSA is seeking public comment on proposed amendments to NI 31-103. To comment, please refer to the CSA member websites. The comment period is open until February 15, 2013.

In Québec, the mediation regime administered by the Autorité des marchés financiers will continue to apply.

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

For more information:

Carolyn Shaw-Rimmington
Ontario Securities Commission
416-593-2361

Mark Dickey
Alberta Securities Commission
403-297-4481

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Richard Gilhooley
British Columbia Securities Commission
604-899-6713

Ainsley Cunningham
Manitoba Securities Commission
204-945-4733

Wendy Connors-Beckett
New Brunswick Securities Commission
506-643-7745

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

Dean Murrison
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5879

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Helena Hrubesova
Office of Yukon Superintendent of Securities
867-667-5466

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

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

Louis Arki
Nunavut Securities Office
867-975-6587

1.4 Notices from the Office of the Secretary

1.4.1 Knowledge First Financial Inc.

FOR IMMEDIATE RELEASE
November 14, 2012

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

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.

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

1. The Temporary Order is extended to December 21, 2012 or until such further order of the Commission; and

2. The hearing is adjourned to December 20, 2012 at 11:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant and to consider whether any changes are required to the Terms and Conditions.

A copy of the Order dated November 13, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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media_inquiries@osc.gov.on.ca

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Manager, Public Affairs
416-593-2361

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

1.4.2 F. David Radler

FOR IMMEDIATE RELEASE
November 14, 2012

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

AND

IN THE MATTER OF
F. DAVID RADLER

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

A copy of the Order dated November 14, 2012, the Settlement Agreement dated November 14, 2012 and the Undertaking dated November 14, 2012 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
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1.4.3 Hollinger Inc. et al.

FOR IMMEDIATE RELEASE
November 15, 2012

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

AND

IN THE MATTER OF ,
HOLLINGER INC., CONRAD M. BLACK,
F. DAVID RADLER, JOHN A. BOULTBEE
AND PETER Y. ATKINSON

TORONTO – Staff of the Ontario Securities Commission filed a Notice of Withdrawal against the Respondent, F. David Radler, as of November 15, 2012 in the above noted matter.

A copy of the Notice of Withdrawal dated November 15, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.4 Sage Investment Group et al.

FOR IMMEDIATE RELEASE
November 16, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the status hearing is adjourned *sine die*.

A copy of the Order dated November 15, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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416-593-8307

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

1.4.5 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
November 16, 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 – Following the sanctions hearing held on November 15, 2012, the Commission issued an Order with respect to Kevin Wash in the above noted matter.

A copy of the Order dated November 15, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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416-593-8307

For investor inquiries:

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

1.4.6 IIROC v. Roger Carl Schoer

FOR IMMEDIATE RELEASE
November 20, 2012

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

AND

IN THE MATTER OF
AN APPLICATION FOR A HEARING AND REVIEW
OF A DECISION OF THE ONTARIO COUNCIL OF THE
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA,
PURSUANT TO SECTION 21.7 OF THE
SECURITIES ACT, R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DISCIPLINE PROCEEDINGS PURSUANT TO THE BY-LAWS OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA AND
THE DEALER MEMBER RULES OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

BETWEEN

STAFF OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

ROGER CARL SCHOER

TORONTO – The Commission issued an Order in the above named matter which provides that the Application shall be adjourned on a peremptory basis to January 14, 2013 at 10:00 a.m. for the purpose of hearing the Application on the merits.

A copy of the Order dated November 16, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CIBC Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Variation of prior decision granting exemptive relief from the self-dealing prohibition in section 4.2 of NI 81-102 to permit a fund to engage in forward contracts with a related counterparty on a limited basis – Condition in prior decision requiring the fund's IRC to review and assess the policy in relation to the forward contracts entered into with the related counterparty on a quarterly basis – Condition amended to require an annual review – National Instrument 81-102 Mutual Funds.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.2, 19.1.

November 14, 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
CIBC ASSET MANAGEMENT INC.
(THE FILER)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) varying the decision issued to the Filer on September 19, 2011 (the **Prior Decision**). The Prior Decision is attached as Schedule "A". The variation of the Prior Decision is requested to vary condition (a) V. of the Prior Decision (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Prior Decision provides exemptive relief from section 4.2 of National Instrument 81-102 in order for the Renaissance Corporate Bond Capital Yield Fund (the **Fund**) to enter into forward contracts (the **Forward Contracts**) with Canadian Imperial Bank of Commerce or an affiliate hereof (**CIBC**), subject to certain conditions, including that the Filer's policy (**Policy**) in relation to the Forward Contracts entered into with CIBC will be reviewed and assessed on a quarterly basis by the Fund's independent review committee (**IRC**) in accordance with section 4.2 of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

2. The Filer wishes to vary condition (a) V. of the Prior Decision to specify that the Filer's Policy in relation to the Forward Contracts with CIBC will be reviewed and assessed at least annually by the IRC in accordance with section 4.2 of NI 81-107.

3. There are no unique characteristics to this conflict that necessitates a different review standard for the Filer's Policy than is typically required for other conflict of interest policies under section 4.2 of NI 81-107.

4. It would not be prejudicial to the public interest to grant the Exemption Sought.

5. All other conditions under the Prior Decision continue to apply to 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 the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted and condition (a)V. of the Prior Decision is amended as follows:

(a)V. the Filer's policy in relation to the Forward Contracts with CIBC will be reviewed and assessed at least annually by the IRC in accordance with section 4.2 of NI 81-107.

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

Schedule "A"

September 19, 2011

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE JURISDICTION)

AND

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

AND

IN THE MATTER OF
CIBC ASSET MANAGEMENT INC.
(THE FILER)

DECISION

BACKGROUND

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

(a) an exemption from section 4.2 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) pursuant to section 19.1 of NI 81-102 (the **Exemption Sought**), in order for the Renaissance Corporate Bond Capital Yield Fund (the **Fund**) managed by the Filer to enter into forward contracts (the **Forward Contracts**) with Canadian Imperial Bank of Commerce or an affiliate thereof (**CIBC**); and

(b) a revocation of the decision dated August 31, 2011 (the **Prior Decision**) granting the Fund relief from section 4.2 of NI 81-102 to enter into the Forward Contracts with CIBC.

INTERPRETATION

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

REPRESENTATIONS

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

The Filer

1. The Filer is a corporation organized under the laws of Canada and is registered as a portfolio manager, investment fund manager and commodity trading manager in all provinces and territories of Canada.

2. The Filer is the investment fund manager, portfolio manager and trustee of the Fund and of the Underlying Fund (defined below).

3. The Filer is a wholly-owned subsidiary of CIBC.

4. CIBC is a Schedule I bank under the *Bank Act* (Canada).

5. The Filer is not in default of securities legislation in any of the jurisdictions.

The Fund and the Underlying Fund

6. The Fund is an open-ended mutual fund trust established under the laws of the Province of Ontario on October 7, 2009.

7. The Fund is a reporting issuer in every jurisdiction in Canada. It offers its securities for sale to the general public under a simplified prospectus filed in every jurisdiction in Canada.

8. The Fund is not in default of securities legislation in any of the jurisdictions.

9. The investment objective of the Fund is to seek to generate tax-efficient returns, primarily through exposure to a corporate bond fund that will invest primarily in bonds, debentures, notes, and other debt instruments of Canadian issuers (the **Reference Securities**). The Fund may, however, also invest directly in the Reference Securities where the Fund considers it would be beneficial to unitholders to do so.

10. To achieve its investment objective, the Fund currently obtains exposure to Renaissance Corporate Bond Fund (the **Underlying Fund**) by investing in equity securities of Canadian public issuers and entering into Forward Contracts with one or more counterparties under which the Fund will forward-sell the Canadian equity securities for a price determined with reference to the total return of an investment in units of the Underlying Fund.

11. The Underlying Fund is a reporting issuer in every jurisdiction in Canada. It currently offers Class O units under a simplified prospectus. Such units are not offered for sale to the general public but rather are only available to certain eligible investors. The Underlying Fund invests primarily in bonds, debentures, notes, and other debt instruments of Canadian issuers.

12. The Underlying Fund is not in default of securities legislation in any of the jurisdictions.

13. In order to hedge its obligation under the Forward Contracts, the counterparty will likely, but is not required to, purchase securities of the Underlying Fund. As a result, other than any units continued to be held by the Filer due to the obligation to seed the Underlying Fund, all of the units of the Underlying Fund will be held by the counterparties.

14. The investment exposure of the Fund to the Underlying Fund does, and will continue to, comply with the requirements of section 2.5 of NI 81-102 relating to investments in other funds.

The Forward Contracts

15. The Forward Contracts provide exposure to the performance of the Underlying Fund.

16. The Forward Contracts consist of monthly rolling forward contracts. The terms of the Forward Contracts provide that they may be partially settled prior to their maturity. If there is a partial pre-settlement, the Fund will sell Canadian equity securities of one or more issuers to the counterparty of an amount equal to the actual redemption proceeds (together with any cash distributions in respect of the redeemed securities) that an investor in the Underlying Fund would receive at the relevant time for a related number of securities of the Underlying Fund. If there is a partial pre-settlement prior to maturity, the Fund will realize a capital gain or a capital loss for tax purposes on the sale of Canadian equity securities, even if the Fund elects to use the proceeds from the pre-settlement to invest in other Canadian equity securities.

17. The underlying interest of the Forward Contracts, being the units of the Underlying Fund, has objective and transparent pricing because the net asset value of the Underlying Fund is determined daily in accordance with the Filer's valuation policies and is calculated by a third party valuation agent, which policies are identical for all of the funds under its management.

18. The underlying interest of the Forward Contracts is selected by the Filer and is not influenced by a counterparty.

19. The Forward Contracts are entered into by the Fund in accordance with the requirements of NI 81-102, including in particular sections 2.7 and 2.8 thereof.

The Counterparties

20. Since the Fund began offering its securities to the public in October 2009, the Fund has been using a single counterparty (**Counterparty 1**) under the Forward Contracts. Counterparty 1 is a major financial institution that is at arm's length with the Fund and the Filer.

21. The Filer wishes to cause the Fund to use another counterparty in addition to Counterparty 1 for the Fund's Forward Contracts for the following reasons:

    (a) The Fund has grown dramatically since inception and, as at August 23, 2011, has a net asset value of approximately $ 1.2 Billion. Given the large size of the Fund, the Filer now considers that there is significant risk to the Fund of continuing to deal with Counterparty 1 as the sole counterparty under the Forward

Contracts and therefore wishes to diversify the Fund's counterparty risk by dealing with at least one other counterparty;

(b) Counterparty 1 has advised the Filer that it is quickly reaching current capacity for the Fund and will cap the size of the Forward Contracts when the capacity has been reached.

22. The Filer has considered causing the Fund to invest directly in the Reference Securities. However, in order not to compromise the investment objective of the Fund that is to generate tax efficient returns, the Filer has determined that it could not invest directly in the Reference Securities an amount of the net asset value of the Fund sufficient to achieve the Filer's goal of diversifying the Fund's counterparty risk. As a result, the Fund would remain largely exposed to Counterparty 1 as the current counterparty.

23. The Filer has performed an assessment of the market availability of providers of forward-sale contracts which resulted in only two financial institutions currently being available to act as counterparty under the monthly rolling forward structure of the Fund.

24. Those two Canadian financial institutions that are, as of the date of this Decision, available to enter into the Forward Contracts with the Fund include CIBC and an arm's length financial institution (**Counterparty 2**).

25. Subject to the Fund being granted the Exemption Sought, CIBC is available to act as related counterparty under the Forward Contracts at a price that is currently more favourable than the price and terms offered by Counterparty 1 and Counterparty 2.

Conflict of Interest

26. In the interest of maintaining a service that is fundamental for the Fund to achieve its investment objective of generating tax-efficient returns, without having to necessarily incur increased costs for the Fund and its securityholders, the Filer wishes to retain CIBC as additional counterparty under the Fund's Forward Contracts.

27. But for the Exemption Sought, section 4.2 of NI 81-102 would prohibit the Fund from purchasing a security from, or selling a security to, an affiliate or associate of the Filer, unless the conditions of section 4.3 of NI 81-102 are met.

28. On settlement of the Forward Contracts, the Fund will sell to CIBC the Canadian equity securities for a price that is different from the price prescribed in the exception available under paragraph 4.3(1)(b).

29. The Filer will only enter into the Forward Contracts with CIBC if the pricing terms offered by CIBC under the Forward Contracts are at least as favourable as the pricing terms the Filer can get from third party counterparties for similar size exposure and at least as favourable as the pricing terms committed by CIBC to managers of third party funds of similar size to the Fund.

30. The benefit of the transaction to CIBC is the forward fee that CIBC will receive on the transaction.

31. The Filer has established policies relating to the use of a related party as a counterparty in derivative transactions with the Fund.

32. The entering into of the Forward Contracts with CIBC by the Fund will represent the business judgment of the Filer uninfluenced by considerations other than the best interests of the Fund.

Prior Decision

33. The Prior Decision granted the Exemption Sought subject to a number of conditions, including that the mark-to-market value of the exposure of the Fund under the Forward Contracts with CIBC not exceed 33?% of the net asset value of the Fund. That condition imprecisely stated how the Fund's exposure to CIBC as counterparty was to be calculated and must be clarified.

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:

(a) the Exemption Sought is granted provided that:

I. the Filer , in accordance with subsection 5.2(1) of National Instrument 81-107 Independent Review Committee for Investment Funds (NI 81-107), obtain the approval of the Fund's Independent Review Committee (IRC) before it may use CIBC as counterparty under the Forward Contracts with the Fund, and the IRC provides such approval in accordance with subsection 5.2(2) of NI 81-107;

II. the Filer complies with section 5.1 of NI 81-107, and the Filer and the IRC of the Fund comply with section 5.4 of NI 81-107 for any standing instructions the IRC provides in connection with the Fund's use of CIBC as counterparty under the Forward Contracts;

III. the underlying market exposure of the Forward Contracts with CIBC does not exceed 33?% of the net asset value of the Fund on a daily mark-to-market basis;

IV. the pricing terms of the Forward Contracts offered by CIBC to the Fund are at least as favourable as the pricing terms the Filer can get from arm's length counterparties for similar size exposure and at least as favourable as the pricing terms committed by CIBC to managers of third party funds of similar size to the Fund;

V. the Filer's policy in relation to the Forward Contracts with CIBC will be reviewed and assessed on a quarterly basis by the IRC in accordance with section 4.2 of NI 81-107; and

VI. the simplified prospectus of the Fund discloses in the Investment Strategy section of the prospectus:

(i) the fact that subject to the Exemption Sought being granted, the Fund may enter into the Forward Contracts with CIBC;

(ii) the relationship that exists between the Fund, the Filer and CIBC; and

(ii) the extent to which the Fund may be exposed to CIBC, in accordance with condition III above; and

(b) the Prior Decision is revoked and replaced by this decision.

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

2.1.2 Credit Suisse Securities (USA) LLC

Headnote

Multilateral Instrument 11-102 subsection 4.7(1) – US broker-dealer registered as exempt market dealer – Variation of prior relief granted to filer permitting it to file SEC Form X-17a-5 (FOCUS Report) in lieu of Form 31-103F1 – Condition that the filer not guarantee any debt of a third party removed – Representation that the filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the requirements of SEC Rule 15c3-1 – Exemption granted from requirement to prepare financial statements on an audited unconsolidated basis – Exemption granted from requirements to provide annual financial statements on a comparative basis and that at least one director sign the statement of financial position – Filer to deliver the annual financial statements that it files with the SEC and FINRA – Filer must append audited supplemental information to annual audited financial statements that corresponds with line 3480 through to and including line 3910 "Computation of Net Capital" in the FOCUS Report and the auditor's report relating to the Filer's financial statements expresses an unmodified opinion on the supplemental information – Exemption Sought shall expire when Filer's registration as an exempt market dealer is terminated or revoked or on December 31, 2013.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 14-101 Definitions.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 12.1, 12.10, 15.1.
National Instrument 52-107 Acceptable Accounting Principles and Accounting Standards, ss. 3.15, 5.1.

November 16, 2012

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

AND

IN THE MATTER OF

THE PROCESS FOR EXEMPTIVE RELIEF
APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CREDIT SUISSE SECURITIES (USA) LLC
(the Filer)

DECISION

BACKGROUND

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

(a) to vary the decision (the **Previous Decision**) it granted to the Filer on February 3, 2012 (the **FOCUS Relief**) which permits the Filer to deliver the Form X-17a-5 (the **FOCUS Report**) that it files with the United States (**U.S.**) Securities and Exchange Commission (**SEC**) and the Financial Industry Regulatory Authority (**FINRA**) regarding the calculation of its net capital in lieu of delivering Form 31-103F1 *Calculation of Net Working Capital* (**Form 31-103F1**) as required by NI 31-103 by removing condition (e) which reads "the Filer does not guarantee any debt of a third party" and, instead, adding the following representation:

> "SEC Rule 15c3-1 requires that the Filer account for any guarantee or debt of a third party in calculating its excess net capital. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the requirements of SEC Rule 15c3-1."

(the **FOCUS Variation Relief**)

(b) exempting the Filer from:

(i) the requirements of subsection 3.15(b) *Acceptable Accounting Principles for Foreign Registrants* of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements be prepared in accordance with U.S. GAAP, except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Consolidated and Separate Financial Statements* (**IAS 27**); and

(ii) the requirements of section 12.10 *Annual financial statements* of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) that the Filer prepare a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position for the financial year immediately preceding the most recently completed financial year and that at least one director of the Filer sign the Filer's statement of financial position;

so long as the Filer delivers to the regulator the annual audited financial statements that it files with the SEC and FINRA (the **Financial Statements Relief**)

(collectively, the **Exemptions 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 each of the other provinces of Canada (the Passport Jurisdictions, and together with the Jurisdiction, the Jurisdictions).

INTERPRETATION

Terms defined in National Instrument 14-101 *Definitions*, National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

REPRESENTATIONS

This decision is based on the facts set out in paragraphs 1 to 11 under "Representations" in the Previous Decision, as well as the following additional facts represented by the Filer:

Financial Statements Relief

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

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

3. The Filer is registered as a broker-dealer with the SEC, and is a member of the FINRA. The Filer is a member of major securities exchanges, including the NASDAQ OMX, the Chicago Stock Exchange, NYSE Euronext, and the Philadelphia Stock Exchange.

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

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

6. The Filer is relying on the international adviser exemption under s. 8.26 of NI 31-103 (**International Adviser Exemption**) in all of the provinces of Canada. The Filer is also relying on the international dealer exemption under s. 8.18 of NI 31-103 (**International Dealer Exemption**) in all of the provinces of Canada, except for in British Columbia.

7. The Filer is registered as an exempt market dealer (**EMD**) in all of the provinces of Canada. In Manitoba, the Filer will no longer rely on the International Dealer Exemption if so required.

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

9. The Filer has obtained relief from the principal regulator on September 28, 2010 exempting it from the requirement contained in section 13.12 of NI 31-103 that a registrant must not lend money, extend credit or provide margin to a client (the **Margin Relief**).

10. The Filer has also obtained the FOCUS Relief on February 3, 2012.

11. The Filer is subject to certain U.S. reporting requirements under Rule 17a-5 *Reports to Be Made by Certain Brokers and Dealers* of the *Securities and Exchange Act, 1934* (**SEA Rule 17a-5**), including the requirement to prepare and file annual audited financial statements. SEA Rule 17a-5 requires that the annual audited financial statements of the Filer be filed with the SEC and FINRA.

12. The SEC currently permits the Filer to file audited consolidated annual financial statements that are prepared in accordance with U.S. GAAP.

13. Section 12.10 of NI 31-103 provides that annual financial statements delivered to the regulator must include a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and a statement of financial position for the most recently completed financial year and the financial year immediately preceding the most recently completed financial year, along with notes thereto. Further, section 12.10 of NI 31-103 also requires that the statement of financial position be signed by at least one director of the registered firm.

14. The annual audited financial statements that the Filer prepares and files with the SEC and FINRA are not required to include the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the statement of financial position for the financial year immediately preceding the most recently completed financial year, nor is a signature of at least one director of the Filer for the statement of financial position required. These are requirements under section 12.10 of NI 31-103.

15. The accounting principles and methods used to prepare the FOCUS Reports that the Filer delivers in lieu of Form 31-103F1 are consistent with the accounting principles and methods used to prepare the annual audited financial statements that the Filer files with the SEC and FINRA.

16. Audited supplemental information to the Filer's annual audited financial statements, as required by SEA Rule 17a-5, which includes supplemental information that corresponds with line 3480 through to and including line 3910 "Computation of Net Capital" in the FOCUS Report, along with the auditor's report which expresses an unmodified opinion on this supplemental information, would allow the regulator to assess the capital position of the Filer and, therefore, achieve the same regulatory outcomes as the requirements for annual audited financial statements prepared in accordance with subsection 3.15(b) of NI 52-107 and section 12.10 of NI 31-103. Accordingly, it would be burdensome and costly for the Filer, if it were required to prepare and file unconsolidated annual audited financial statements.

Focus Variation Relief

17. The Filer obtained relief from the principal regulator on February 3, 2012 permitting it to deliver the Form X-17a-5 (the **FOCUS Report**) that it files with the SEC and FINRA regarding the calculation of its net capital in lieu of delivering Form 31-103F1 *Calculation of Net Working Capital* (**Form 31-103F1**) as required by NI 31-103.

18. The Previous Decision was granted with the condition that the Filer not guarantee any debt of a third party.

19. SEC Rule 15c3-1 *Net Capital Requirements for Brokers or Dealers* requires that the Filer account for any guarantee or debt of a third party in calculating its excess net capital. Accordingly, the Filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the required treatment of such guarantee under Form 31-103F1.

DECISION

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

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

(a) the Filer will, in the event that it provides a guarantee of any debt of a third party, deduct the total amount of the guarantee from its excess net capital on the FOCUS Report, consistent with the requirements of SEC Rule 15c3-1.

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

(c) by virtue of the registration referred to in paragraph (b), including required membership in one or more self-regulatory organizations, the Filer is subject to SEA Rule 17a-5 for the preparation of annual financial statements;

(d) the Filer delivers to the principal regulator no later than the 90th day after the end of its respective financial year its annual financial statements prepared in accordance with U.S. GAAP as permitted by SEA Rule 17a-5;

(e) the Filer gives prompt written notice to the principal regulator if the Filer has received written notice from the SEC or FINRA of any material non-compliance in the preparation and filing of its annual financial statements pursuant to the requirements of SEA Rule 17a-5;

(f) the Filer continues to be able to rely on the relief previously obtained permitting it to deliver the unconsolidated FOCUS Report that it files with the SEC and FINRA regarding the calculation of its net capital in lieu of delivering Form 31-103F1 as required by NI 31-103 and the Filer selects Box 199 ("Unconsolidated") on the FOCUS Report;

(g) the Filer appends audited supplemental information to its annual audited financial statements, as required by SEA Rule 17a-5, which includes supplemental information that corresponds with line 3480 through to and including line 3910 “Computation of Net Capital” in the FOCUS Report; and

(h) the auditor’s report relating to the Filer’s financial statements expresses an unmodified opinion on the supplemental information referred to in (g).

It is further the decision of the principal regulator that the Margin Relief, the FOCUS Relief and the Exemptions Sought shall expire on the date that is the earlier of:

(a) the date that the Filer’s registration as an EMD is terminated or revoked; and

(b) December 31, 2013.

“Marrianne Bridge”
Deputy Director, Compliance & Registrant Regulation
Ontario Securities Commission

2.1.3 True North Apartment Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from provisions of section 8.4 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) permitting filer to include alternative financial disclosure in business acquisition report pursuant to section 13.1 of NI 51-102 – filer acquired properties that have been owned by multiple owners over previous two years – comparative period financial statements impractical to prepare and potentially confusing to investors – recent audited interim financial statements for properties provided.

Applicable Legislative Provisions

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

November 8, 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
TRUE NORTH APARTMENT
REAL ESTATE INVESTMENT TRUST
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an order under Section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) exempting the Filer from the requirements of subsection 8.4(1) of NI 51-102 provided that the business acquisition report (**BAR**) for the Acquisition (as defined below) includes the Proposed Financial Disclosure (as defined below) (the **Exemption Sought**).

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

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

(ii) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The Filer is an unincorporated open-end real estate investment trust established under the laws of the Province of Ontario. The Filer's registered and head office is located at 401 The West Mall, Suite 1100, Toronto, Ontario, M9C 5J5.

2. On June 5, 2012, Wand Capital Corporation completed its capital pool company qualifying transaction by way of a plan of arrangement under the *Business Corporations Act* (Ontario) with the Filer.

3. The Filer is a reporting issuer in each of the Jurisdictions and is currently not in default of any applicable requirements under the securities legislation in each of the Jurisdictions.

3. The units of the Filer are listed and posted on the TSX Venture Exchange under the symbol "TN.UN".

4. On October 1, 2012, the Filer acquired a 76% equity interest in Blue-Starlight LP (**Blue LP**), the owner of 26 properties (the **Properties**), for a purchase price of approximately $138.95 million (the **Acquisition**).

5. Blue LP recently acquired the Properties from TransGlobe Apartment Real Estate Investment Trust (**TGA REIT**) in connection with the privatization of TGA REIT. TGA REIT previously acquired the Properties on different occasions:

   (a) 6 properties (the **IPO Properties**) were acquired by TGA REIT concurrently with its initial public offering on May 14, 2010 (comprising approximately 26% of the value of the Acquisition),

   (b) 1 property (the **Vend-In Property**) was acquired by TGA REIT on January 28, 2011 (comprising approximately 8% of the value of the Acquisition),

(c) 3 properties (the **Eagle Properties**) were acquired by the TGA REIT on September 1, 2011 (comprising approximately 14% of the value of the Acquisition),

(d) 15 properties (the **Homburg Properties**) were acquired by TGA REIT on October 18, 2011 (comprising approximately 49% of the value of the Acquisition), and

(e) 1 property (the **Charlie Grace Property**) was acquired by TGA REIT on April 20, 2012 (comprising approximately 3% of the value of the Acquisition).

6. The Acquisition may be considered an "acquisition of related businesses" pursuant to section 8.1 of NI 51-102 and as a result constitutes a "significant acquisition" of the Filer for the purposes of NI 51-102, as determined in accordance with section 8.3 of NI 51-102. The Filer is therefore required to file a BAR within 75 days of the completion of the Acquisition pursuant to Section 8.2 of NI 51-102.

7. As the Acquisition was considered a "related party transaction" under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**), the Filer was required to comply with Part 5 of MI 61-101, including the requirement to obtain prior approval of the Acquisition by a "majority of the minority" of unitholders of the Filer at a special meeting of the unitholders. The special meeting was held on Friday, September 28, 2012. During the meeting, among other things, the Acquisition received the requisite approval of unitholders. The Filer was exempt from the formal valuation requirements in section 5.4 of MI 61-101 by virtue of the exemption in paragraph 5.5(b) of MI 61-101.

8. The Acquisition was also approved by a committee of independent trustees of the Filer, which was established by the Filer for the purposes of supervising the process to be carried out by the Filer and its professional advisors in connection with the Acquisition, making recommendations to the trustees in respect of matters that it considered relevant with respect to the Acquisition, and ensuring that the Filer completed the Acquisition in compliance with the requirements of MI 61-101, the applicable policies of the TSX Venture Exchange and applicable law.

9. Pursuant to section 8.4 of NI 51-102, a BAR must include the following for each business or related business that is acquired:

(i) audited financial statements (*i.e.*, a statement of financial position, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows) for the most recently completed financial year of the business acquired;

(ii) unaudited financial statements for the financial year immediately preceding the most recently completed financial year of the business acquired; and

(iii) unaudited interim financial statements for the most recently completed interim period that started the day after the most recently completed financial year for the business acquired,

(collectively, the **BAR Financial Statement Requirement**s).

10. Subsection 8.4(8) of NI 51-102 provides that if a reporting issuer is required to include financial statements for more than one business in a BAR because the significant acquisition involves an acquisition of related businesses, the financial statements must be presented separately for each business, except for the periods during which the businesses have been under common control or management, in which case the reporting issuer may present the financial statements of the business on a combined basis.

11. Although certain of the Properties may be consolidated for the purposes of preparing the required financial statements, to satisfy the BAR Financial Statement Requirements the Filer will nevertheless be required to prepare multiple sets of financial statements for some of the Properties.

12. Comparative period financial statements for some of the Properties have not been previously prepared.

13. The Filer proposes that the BAR for the Acquisition contain the following financial disclosure (the **Proposed Financial Disclosure**), prepared in accordance with Canadian GAAP applicable to publicly accounted enterprises:

(a) audited annual carve-out financial statements of the Properties for the year ended December 31, 2011, reflecting the IPO Properties (and reflecting the purchase of the Vend-In Property, the Eagle Properties and the Homburg Properties) with unaudited comparative financial statements for the IPO Properties for the period from May 1, 2010 and December 31, 2010;

(b) audited financial statements for the Eagle Properties for the period from January 1 to August 31, 2011, with unaudited comparative financial statements for the Eagle Properties for the twelve months ended December 31, 2010;

(c) audited annual financial statements for the Homburg Properties for the period from January 1 to October 18, 2011, with unaudited comparative financial statements for the Homburg Properties for the period from May to December 31, 2010; and

(d) audited stub carve-out financial statements of the Properties for the six month period ending June 30, 2012, reflecting the IPO Properties, the Vend-In Property, the Eagle Properties and the Homburg Properties and, for the period commencing on April 20, 2012, the Charlie Grace Property.

14. The Filer intends to comply with the requirements of subsection 8.4(5) of NI 51-102.

15. For the purposes of the financial statements referred to in subparagraph 11(d) above, the Filer will rely upon the exemption in section 8.9 of NI 51-102, which provides that the Filer is not required to provide comparative information for an interim financial report for an acquired business if:

(i) to a reasonable person it is impracticable to present prior-period information on a basis consistent with the most recently completed interim period of the acquired business,

(ii) the prior-period information that is available is presented, and

(iii) the notes to the interim financial report disclose the fact that the prior-period information has not be prepared on a basis consistent with the most recent interim financial information.

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 BAR for the Acquisition includes the Proposed Financial Disclosure.

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

2.1.4 Celtic Exploration Ltd.

Headnote

Exemption granted from the requirement to include audited financial statements for acquired assets in an information circular for periods for which financial information required to prepare financial statements is not available – financial statements do not exist and the issuer does not have access to information necessary to create the financial statements.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1

Citation: Celtic Exploration Ltd., Re, 2012 ABASC 4826

November 16, 2012

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

AND

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

AND

IN THE MATTER OF
CELTIC EXPLORATION LTD.
(the Filer)

DECISION

Background

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

(a) the requirement under section 14.2 of Form 51-102F5 *Information Circular* (the **Information Circular Form**) to include the Financial Statements (as defined below) in the management information circular (the **Information Circular**) to be prepared by the Filer and delivered to the holders (**Shareholders**) of common shares of the Filer (**Common Shares**) and the holders (**Debentureholders**) of 5.00% convertible unsecured subordinated debentures due 30 April 2017 of the Filer (**Debentures**) in connection with a special meeting (the **Meeting**) of Shareholders and Debentureholders (collectively, **Securityholders**) expected to be held on 14 December 2012 for the purposes of considering the Arrangement (as defined below); and

(b) the requirement under section 14.2 of the Information Circular Form to include disclosure in accordance with item 5.5(1) of Form 41-101F1 *Information Required in a Prospectus* (the **Prospectus Form**) in the Information Circular with an effective date of 31 October 2012.

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

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 Definitions, MI 11-102 and NI 51-102 Continuous Disclosure Obligations (NI 51-102) have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta) (the **ABCA**) on 16 April 2002. The registered and head offices of the Filer are located in Calgary, Alberta.

2. The Filer is engaged in the exploration for, and the development and production of, oil and natural gas in Alberta and British Columbia through its ownership of the SpinCo Assets (as defined below) and other assets which will be retained by the Filer following the completion of the Arrangement.

3. The authorized share capital of the Filer consists of an unlimited number of Common Shares and an unlimited number of preferred shares. As at 16 October 2012, 105,813,396 Common Shares and no preferred shares were issued and outstanding. In addition, as at 16 October 2012, the Filer had $172,500,000 aggregate principal amount of Debentures issued and outstanding.

4. The financial year end of the Filer is 31 December.

5. The Filer is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. The Filer is not, to its knowledge, in default of applicable securities legislation in any jurisdiction in Canada.

6. The Common Shares and Debentures are listed on the Toronto Stock Exchange (the **TSX**). Following completion of the Arrangement, the Filer intends to delist the Common Shares (and if the Debentures participate in the Arrangement, the Debentures) from the TSX.

SpinCo

7. Kelt Exploration Ltd. (formerly 1705972 Alberta Ltd.) (**SpinCo**) is a corporation incorporated under the ABCA on 11 October 2012. On 19 October 2012, SpinCo amended its articles to change its name to “Kelt Exploration Ltd.” The registered and head offices of SpinCo are located in Calgary, Alberta.

8. SpinCo was incorporated for the purposes of participating in the Arrangement and acquiring the SpinCo Assets. SpinCo has not carried on any active business since the date of its incorporation up to the date of this Application, other than in connection with the Arrangement and related matters.

9. SpinCo is a wholly-owned subsidiary of the Filer. The authorized share capital of SpinCo consists of an unlimited number of common shares of SpinCo (**SpinCo Shares**) and an unlimited number of preferred shares. As at 16 October 2012, one SpinCo Share and no preferred shares were issued and outstanding.

10. The financial year end of SpinCo is 31 December.

11. SpinCo is not a reporting issuer or the equivalent under the securities legislation of any jurisdiction in Canada. SpinCo is not, to its knowledge, in default of applicable securities legislation in any jurisdiction in Canada.

12. No securities of SpinCo are listed or posted for trading on any stock exchange or quotation system.

ExxonMobil Canada and the Purchaser

13. ExxonMobil Canada Ltd. (**ExxonMobil Canada**) is a corporation existing under the laws of Canada. The head and registered offices of ExxonMobil Canada are located in Calgary, Alberta.

14. ExxonMobil Canada is an indirect wholly-owned subsidiary of Exxon Mobil Corporation. ExxonMobil Canada, directly and through subsidiaries, is engaged in the business of development and production of oil and gas in Canada.

15. ExxonMobil Celtic ULC (formerly 1690731 Alberta ULC) (the **Purchaser**) is an unlimited liability corporation incorporated under the ABCA. The registered and head offices of the Purchaser are located in Calgary, Alberta.

16. The Purchaser was incorporated for the sole purpose of completing the Arrangement and is an indirect wholly-owned subsidiary of ExxonMobil Canada.

17. Neither ExxonMobil Canada nor the Purchaser is a reporting issuer in any jurisdiction in Canada and are not, to their knowledge, in default of applicable securities legislation in any jurisdiction in Canada. No securities of ExxonMobil Canada or the Purchaser are listed or posted for trading on any stock exchange or quotation system in Canada.

The Arrangement

18. On 16 October 2012, the Filer entered into an arrangement agreement with SpinCo, ExxonMobil Canada and the Purchaser, pursuant to which the Purchaser agreed to acquire all of the issued and outstanding Common Shares for cash consideration of C$24.50 per Common Share (the **Common Share Consideration**). In addition, each Shareholder will receive one-half of one SpinCo Share. The transaction will be carried out by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the **Arrangement**).

19. Under the Arrangement and subject to the approval of the Debentureholders, the Debentures will be converted into that number of Common Shares that a Debentureholder would be entitled to receive upon the conversion of the Debentures in accordance with their terms immediately following the effective time of the Arrangement (including the "make whole premium" provided for in the Debenture Indenture (as defined below)). The Debentureholders would then receive, for each Common Share received upon such conversion, the Common Share Consideration and one-half of one SpinCo Share. The holders of Debentures which have been so converted will also receive for each C$1,000 principal amount of Debentures, a cash amount equal to the sum of: (i) accrued and unpaid interest on such principal amount to, but excluding, the effective date of the Arrangement (the **Effective Date**); and (ii) an amount equal to the amount of interest that would otherwise be payable thereon from and including the Effective Date to, but excluding, the date which is 32 days after the Effective Date, which aggregate amount shall be determined in accordance with the Arrangement.

20. Debentureholders will be asked to vote on the Arrangement; however, completion of the Arrangement is not conditional on their approval. If Debentureholder approval is not obtained, the Debentures will be excluded from the Arrangement and will remain outstanding following completion of the Arrangement and continue to be governed by the terms of the debenture indenture (the **Debenture Indenture**) dated 12 April 2012 between the Filer and Valiant Trust Company.

21. Pursuant to the Arrangement and a conveyance agreement to be entered into on the Effective Date between the Filer and SpinCo, the Filer will transfer certain assets (the SpinCo Assets) to SpinCo.

22. The SpinCo Assets include all of the Filer's right, title, estate and interest in the petroleum, natural gas and related hydrocarbon rights and related personal property interests within, upon or under the lands and leases in the following areas:

    (a) the Inga area of British Columbia (the **Inga Property**);

    (b) the Grande Cache area of Alberta (the **Grande Cache Property**); and

    (c) the Karr area of Alberta lying north-east of the Smoky River (the **Karr Property**). There is no production attributable to the Karr Property.

23. The Arrangement will be submitted for approval by Securityholders at the Meeting, which is currently scheduled to take place on 14 December 2012. In connection therewith, the Filer will prepare and mail the Information Circular to Securityholders which will contain, among other things, detailed information regarding the Arrangement and the business and operations of SpinCo. It is currently expected that the Information Circular will be mailed to Securityholders during the week of 19 November 2012.

24. Following the completion of the Arrangement:

    (a) the Filer will become an indirect wholly-owned subsidiary of ExxonMobil Canada;

    (b) the SpinCo Assets will become the principal business of SpinCo; and

    (c) SpinCo will become a reporting issuer, or the equivalent, in each of the provinces of Canada.

25. The Arrangement will be a "restructuring transaction" under NI 51-102 in respect of the Filer and would therefore require compliance with section 14.2 of the Information Circular Form.

26. The Filer confirms that the acquisition by SpinCo of the SpinCo Assets will not constitute a reverse takeover using the predecessor value method of accounting and does not involve the acquisition by SpinCo of the securities of another issuer.

Disclosure Requirements

Financial Statements

27. As the Arrangement falls within the definition of a "restructuring transaction" under NI 51-102 and Securityholders will have an interest in SpinCo following completion of the Arrangement (as Securityholders will receive SpinCo Shares as partial consideration pursuant to the Arrangement), the Filer must provide "prospectus-level" disclosure in respect of SpinCo in the Information Circular as required by section 14.2(c) of the Information Circular Form.

28. Pursuant to section 14.2 of the Information Circular Form, the disclosure in respect of SpinCo must be the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that SpinCo would be eligible to use immediately prior to the sending and filing of the Information Circular for a distribution of its securities.

29. As SpinCo will not be a reporting issuer in any jurisdiction immediately prior to the sending and filing of the Information Circular, it will at such time be eligible to use the Prospectus Form.

30. Pursuant to section 32.1(b) of the Prospectus Form and section 5.3 of the Companion Policy to NI 41-101, the SpinCo Assets will comprise the "primary business" of SpinCo upon completion of the Arrangement.

31. The Filer is required to include in the Information Circular certain annual and interim financial statements in respect of the SpinCo Assets pursuant to sections 32.1(b), 32.2(1) and 32.3(1) of the Prospectus Form, including:

Annual Financial Statements

(a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for each of the financial years ended 31 December 2011, 2010 and 2009;

(b) a statement of financial position as at 31 December 2011 and 2010;

(c) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the Information Circular comply with IFRS; and

(d) an opening IFRS statement of financial position at the date of transition to IFRS;

Interim Financial Statements

(a) a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for the year-to-date interim period ended 30 September 2012 and the comparative period in the immediately preceding financial year (30 September 2011);

(b) a statement of financial position as at 30 September 2012 and 31 December 2011;

(c) a statement of comprehensive income for the three month period ending on 30 September 2012 and 30 September 2011;

(d) a statement of financial position as at the beginning of the earliest comparative period for which financial statements that are included in the Information Circular comply with IFRS; and

(e) an opening IFRS statement of financial position,

(collectively, the **Financial Statements**).

32. The financial statements for the Grande Cache Property and Inga Property do not exist, and it is impracticable to prepare carve-out financial statements, for periods prior to the acquisition of the Grande Cache Property and the Inga Property by the Filer in November 2011 and September 2010, respectively.

Reserves and Other Oil and Gas Disclosure Requirements

33. Pursuant to section 5.5(1) of the Prospectus Form, the Filer would be required to include reserves and other oil and gas information in the Information Circular in respect of SpinCo as at 31 October 2012 and for the period from the date of incorporation to 31 October 2012.

34. In accordance with its obligation to provide full, true and plain disclosure in respect of SpinCo and the SpinCo Assets, the Filer and SpinCo made the determination to provide the Reserves Information (as defined below) in respect of the SpinCo Assets as at 30 September 2012, being a recent date which coincides with the date of the interim financial statements, described in subparagraphs 35(b)(i) and (ii), below proposed to be included in the Information Circular and which reflects changes to the Reserves Information in respect of the SpinCo Assets that have occurred since 31 December 2011 (being the most recent financial year end for which the Filer has filed Forms 51-101F1, F2 and F3 in accordance with its obligations under NI 51-101).

Proposed Disclosure

35. The Information Circular will include the following alternative financial statements (the **Alternative Financial Statements**):

    (a) an audited statement of financial position of SpinCo as at 31 October 2012 and audited statements of changes in equity and of cash flows for the period from the date of incorporation of SpinCo to 31 October 2012;

    (b) the following financial statements in respect of the SpinCo Assets (Karr Property, Inga Property and Grande Cache Property) but only including the Inga Property and the Grande Cache Property subsequent to their respective acquisitions by the Filer, which will be presented in accordance with IFRS for all periods presented:

        (i) an unaudited statement of financial position as at 30 September 2012 and 2011;

        (ii) unaudited statements of changes in owner's net investment for the nine months ended 30 September 2012 and 2011 and unaudited statements of comprehensive income and cash flows for the three and nine months ended 30 September 2012 and 2011;

        (iii) an audited statement of financial position as at 31 December 2011, 2010 and 2009;

        (iv) audited statements of comprehensive income, changes in owner's net investment and cash flows for the years ended 31 December 2011, 2010 and 2009;

        (v) an unaudited pro forma statement of financial position as at 30 September 2012; and

        (vi) unaudited pro forma statements of comprehensive income for the nine months ended 30 September 2012 and the year ended 31 December 2011; and

    (c) separate audited operating statements for the years ended 31 December 2011, 2010 and 2009 for the Inga Property and the Grande Cache Property (the **Operating Statements**). The Operating statements will:

        (i) present information relating to gross revenue, royalty expenses, production and transportation costs and operating income;

        (ii) provide a statement that the Operating Statements will be prepared using accounting policies that are permitted by IFRS and would apply to those line items and would apply to those line items if those line items were presented as part of a complete set of financial statements;

        (iii) provide a description of the accounting policies used to prepare the operating statements; and

        (iv) include an auditor's report that reflects the fact that the operating statements were prepared in accordance with the basis of presentation disclosed in the notes of the operating statements.

36. The Information Circular will include the following:

    (a) a description of the SpinCo Assets;

(b) disclosure of the annual oil and gas production volumes from the SpinCo Assets (in respect of the Inga Property and the Grande Cache Property);

(c) the estimated reserves and related future net revenue attributable to the SpinCo Assets as at 30 September 2012 and the estimated oil and gas production volumes (in respect of the Inga Property and the Grande Cache Property); and

(d) a statement that the production, gross revenue, royalty expenses, production costs and operating income in respect of the Karr Property were nil for each of the relevant financial periods,

in addition to the Reserves Information (as defined below) and the other disclosure prescribed by the Prospectus Form (collectively, the Proposed Disclosure).

37. The Information Circular will include reserves and other oil and gas disclosure in respect of the SpinCo Assets in Forms 51-101F1, F2 and F3 (the Reserves Information) with an effective date of 30 September 2012.

38. The Alternative Financial Statements and the Proposed Disclosure will provide full, true and plain disclosure of all material facts relating to SpinCo and the SpinCo Assets and will provide information in respect of the SpinCo Assets that is sufficient to enable an investor to make an informed decision regarding the Arrangement and SpinCo.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Information Circular includes the Alternative Financial Statements and the Proposed Disclosure.

"Cheryl McGillivray"
Manager, Corporate Finance

2.1.5 Faircourt Gold Income Corp. and Faircourt Asset Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Relief granted to the Fund to complete the Exchange Offering under its short form prospectus dated October 22, 2012, to receive, in exchange for its securities, securities of another fund managed by the Fund's manager.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, s. 13.5(2)(a).
National Instrument 81-107 Independent Review Committee for Investment Funds, s. 6.2.

November 7, 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
FAIRCOURT GOLD INCOME CORP.
(the Fund)

AND

FAIRCOURT ASSET MANAGEMENT INC.
(the Manager)
(collectively, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) granting relief, for the purpose of completing an exchange offering, from the prohibition in Subsection 13.5(2)(a) of National Instrument 31-103 – R*egistration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) against a registered adviser knowingly causing an investment portfolio managed by it, including an investment fund for which it acts as an adviser, from purchasing a security of an issuer in which a responsible person or associate of a responsible person is a partner, officer or director (a **Related Issuer**) unless this fact is disclosed to the client and the written consent of the client is obtained before the investment is made (the **Relief 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**);

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

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102, National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) 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. The Fund is a closed-end investment fund established as a mutual fund corporation under the laws of the Province of Ontario. Its head office is located at Suite 1402, 141 Adelaide Street West, Toronto, Ontario M5H 3L5;

2. The Fund is a reporting issuer in each of the provinces of Canada and is not in default of securities legislation in any jurisdiction;

3. The investment objective of the Fund is to provide security holders with monthly distributions and the opportunity for capital appreciation through investment in a portfolio comprised primarily of common shares of gold companies. In order to generate additional returns and to reduce risk, the Fund employs an option strategy whereby it writes covered call options on securities held in its portfolio and cash secured put options on securities desired to be held in the portfolio;

4. The Manager is the investment fund manager of the Fund. The Manager was incorporated pursuant to the *Business Corporations Act* (Ontario) on August 23, 2002. The Manager performs management, investment advisory and administrative services for the Fund pursuant to a management agreement. Its head office is located at 141 Adelaide Street West, Suite 1402, Toronto,

Ontario, M5H 3L5. The Manager is registered as an Investment Fund Manager, an Exempt Market Dealer and a Portfolio Manager;

5. The Manager is not a reporting issuer in any jurisdiction of Canada and is not in default of securities legislation of any jurisdiction of Canada;

The Offering

6. The Filers propose to undertake an offering (the **Exchange Offering**) of Class A Shares of the Fund (the **Offered Shares**) by short form prospectus dated October 22, 2012. The Offered Shares will be issued (a) in exchange for securities (the **Exchange Option**) of certain eligible issuers (**Exchange Eligible Issuers**); or (b) in exchange for cash, in each case at the price per Offered Share of $8.45;

7. The number of Offered Shares issuable for each class of security of an Exchange Eligible Issuer (the **Exchange Ratio**) pursuant to the Exchange Option will be determined by dividing (a) by (b):

   (a) the weighted average trading price of such security on the TSX (or such other exchange or market on which such security is then listed) during the period of three consecutive trading days ending on the day the Exchange Option will no longer remain open for acceptance, as adjusted to reflect distributions declared by Exchange Eligible Issuers that will not be received by the Fund,

   (b) $8.45;

8. Metals Plus Income Corp. (**MPI**) is among the Exchange Eligible Issuers whose securities may be accepted by the Fund pursuant to the Exchange Option. Shares of MPI are listed and traded on the TSX;

9. MPI is a closed-end investment fund established as a mutual fund corporation under the laws of the Province of Ontario;

10. The investment objectives of MPI are to provide holders of its shares with (i) monthly distributions and (ii) the opportunity for capital appreciation, through investment in an actively managed portfolio consisting primarily of equity securities of metals and materials companies. In order to generate additional returns and to reduce risk, MPI employs an option strategy whereby it writes covered call options on securities held in its portfolio and cash secured put options on securities desired to be held in the portfolio;

11. MPI's actively managed portfolio of metals and materials companies includes the equity securities of some gold companies;

12. MPI is a reporting issuer in each of the provinces of Canada and is not in default of securities legislation in any jurisdiction. The head office of MPI is located at Suite 1402, 141 Adelaide Street West, Toronto, Ontario M5H 3L5;

13. The Manager is the investment fund manager of MPI and performs management, investment advisory and administrative services for MPI pursuant to a management agreement;

14. Mr. Charles Taerk serves as President, Chief Executive Officer and Director of MPI, while Mr. Douglas Waterson serves as Chief Financial Officer of MPI;

Restrictions on Investments in Securities of Related Issuers

15. According to Subsection 13.5(2)(a) of NI 31-103, a registered adviser such as the Manager may not knowingly cause an investment portfolio managed by it, including an investment fund for which it acts as an advisor, to purchase the securities of a Related Issuer unless this fact is disclosed to the client and the written consent of the client is obtained before the purchase (the **Investment Restriction**). As a result of the Investment Restriction, the Manager is prohibited from knowingly causing the Fund to purchase the securities of MPI;

16. National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) applies to the Fund as it is a reporting issuer. Section 6.2 of NI 81-107 provides the Fund with an exemption (the **Exemption**) from the Investment Restriction if (i) the investment fund's independent review committee has approved the investment under Section 5.2(2) of NI 81-107 and (ii) the purchase is made on the exchange on which the securities are listed and traded. However the Exemption cannot apply to the Fund's acquisition of MPI securities by way of the Exchange Option as the Fund will acquire securities of MPI through the Exchange Option by investors depositing securities of MPI with the Exchange Agent through CDS and not through the facilities of a stock exchange, as required by Section 6.2 of NI 81-107;

17. Accordingly, in the absence of the Requested Relief, the Filers may not knowingly cause the Fund to purchase the securities of MPI pursuant to the Exchange Option, as the purchases will not occur through the facilities of a stock exchange. This is so even though the remaining requirements set out in the Exemption provided by Section 6.2 of NI 81-107 will have been met. More particularly, the Fund's independent review committee will have approved the investment under Section 5.2(2) of NI 81-107.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Relief Sought is granted provided that:

(a) the purchase and holding of MPI securities pursuant to the Exchange Option is consistent with, or is necessary to meet, the investment objective of the Fund;

(b) the Fund's independent review committee approves the purchase of MPI securities pursuant to the Exchange Option, in accordance with Section 5.2 of NI 81-107, prior to the Fund's purchase of MPI securities pursuant to the Exchange Option;

(c) the price of the MPI securities acquired by the Fund pursuant to the Exchange Option will be based on the weighted average trading price of MPI on the TSX during the period of three consecutive trading days ending on the day the Exchange Option will no longer remain open for acceptance, as adjusted to reflect distributions declared by MPI that will not be received by the Fund;

(d) holders of MPI securities, who deposit their MPI securities under the Exchange Option, are independent and at arm's-length from the Fund, MPI and the Manager; and

(e) no later than the 90th day after the end of this financial year, the Fund will file with the applicable securities regulatory authorities the particulars of any MPI securities that were purchased through the Exchange Option pursuant to the Relief Sought.

"Raymond Chan"
Manager, Investment Funds
Ontario Securities Commission

2.1.6 Difference Capital Funding Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Reporting issuer seeking relief so that it can continue to file financial statements in accordance with pre-changeover Canadian GAAP (in place of the required, IFRS) for periods relating to the Applicant's financial year beginning on January 1, 2011 and ending on December 31, 2011 and the Applicant's financial year beginning on January 1, 2012 and ending on December 31, 2012 and the Applicant's financial year beginning on January 1, 2013 and ending on December 31, 2013 (collectively, the "Applicant's Deferred Financial Years"). In particular, the Applicant is seeking relief from the requirements in Part 3 of National Instrument 52-107 that would apply to financial statements for periods relating to the Applicant's Deferred Financial Years. The Applicant is also seeking relief from the IFRS-related amendments to the continuous disclosure, prospectus, certification and audit committee rules (collectively, the "Rules") that came into force on January 1, 2011 and that would apply to periods relating to the Applicant's Deferred Financial Years. The Applicant is an "investment company" as defined in Accounting Guideline 18 Investment Companies (AcG-18) in Part V of the Handbook of the Canadian Institute of Chartered Accountants. At its meeting on February 29, 2012, the Canadian Accounting Standards Board decided that investment companies, as defined in and applying AcG-18, will only be required to adopt IFRS for annual periods beginning on or after January 1, 2014. Since Part 3 of National Instrument 52-107 and the IFRS-related amendments to the Rules do not contain a provision providing for a three-year deferral of the transition to IFRS for investment companies subject to NI 52-107 and the Rules, the Applicant has applied for the relief. Relief is granted subject to a number of conditions.

Applicable Legislative Provisions

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

November 20, 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
DIFFERENCE CAPITAL FUNDING INC.
(the "Applicant")

DECISION

Background

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

(i) the requirements of Part 3 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**") that apply to financial statements, financial information, operating statements and pro forma financial statements for periods relating to the Applicant's financial year beginning on January 1, 2011 and ending on December 31, 2011, the Applicant's financial year beginning on January 1, 2012 and ending on December 31, 2012 and the Applicant's financial year beginning on January 1, 2013 and ending on December 31, 2013 (collectively, the "**Applicant"s Deferred Financial Years**");

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

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

(iv) the IFRS-related amendments to National Instrument 44-101 – *Short Form Prospectus Distributions* ("**NI 44-101**") that came into force on January 1, 2011 and that apply to a preliminary short form prospectus, an amendment to a preliminary short form prospectus, a final short form prospectus or an amendment to a final short form prospectus of the Applicant which includes or incorporates by reference financial statements of the Applicant in respect of periods relating to the Applicant's Deferred Financial Years;

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

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

(vii) the IFRS-related amendments to National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") that came into force on January 1, 2011 and that apply to periods relating to the Applicant's Deferred Financial Years.

Under National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a passport application):

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

(b) The Applicant has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "**Passport Jurisdictions**").

Interpretation

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

Representations

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

1. The Applicant is a corporation existing under the laws of Canada. The Applicant's head office is located at The Exchange Tower, 130 King Street West, Suite 2950, Toronto, Ontario M5X 1C7.

2. The Applicant is a reporting issuer in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

3. The Applicant's authorized capital consists of an unlimited number of common shares (the "**Common Shares**") of which there are 116,031,945 issued and outstanding and an unlimited number of preferred shares, of which none have been issued or are outstanding. The Common Shares trade on the TSX Venture Exchange under the symbol "DCF".

4. The Applicant is a publicly listed investment company focused on creating shareholder value through strategic investment in, and advisory services for, growth companies.

5. The Applicant's financial year end is December 31.

6. The Applicant is an "investment company" as defined in Accounting Guideline 18 -- Investment Companies ("**AcG-18**") in Part V of the Handbook of the Canadian Institute of Chartered Accountants (the "**Handbook**"). The Applicant applies AcG-18 in the preparation of its financial statements in accordance with Part V of the Handbook – Canadian GAAP for public enterprises that is the pre-changeover accounting standards ("**pre-changeover Canadian GAAP**").

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

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

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

   (b) Part V of the Handbook – pre-changeover Canadian GAAP.

9. On October 1, 2010, the AcSB published amendments to Part I of the Handbook that provided a one-year deferral of the transition to IFRS for investment companies. The amendments required investment companies, as defined in and applying AcG-18, to adopt IFRS for annual periods beginning on or after January 1, 2012. Subsequently, at its meeting on January 12, 2011, the AcSB decided to extend the deferral for an additional year and in March 2011, issued amendments to Part I of the Handbook so that investment companies, as defined in and applying AcG-18, would only be required to adopt IFRS for annual periods beginning on or after January 1, 2013. On February 29, 2012, the deferral was extended for a third time by amendments to Part I of the Handbook issued by the AcSB requiring investment companies, as defined in and applying AcG-18, to adopt IFRS for annual periods beginning on or after January 1, 2014.

10. As part of the changeover to IFRS, NI 52-107 was repealed and replaced effective January 1, 2011. In the new version of NI 52-107, (a) Part 3 contains requirements based on IFRS and applies to financial statements, financial information, operating statements and pro forma financial statements for periods relating to financial years beginning on or after January 1, 2011, and (b) Part 4 contains requirements based on pre-changeover Canadian GAAP and applies to financial statements, financial information, operating statements and pro forma financial statements for periods relating to financial years beginning before January 1, 2011.

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

12. On October 8, 2010, the Canadian Securities Administrators ("**CSA**") published CSA Staff Notice 81-320 – Update on International Financial Reporting Standards for Investment Funds, as revised on March 23, 2011 and March 30, 2012, which indicated that, given the October 1, 2010, March 2011 and February 29, 2012 amendments to the Handbook providing for a deferral of the transition to IFRS for investment companies, the CSA would defer finalizing IFRS-related amendments to the rules related to investment funds, with the stated goal of having the necessary IFRS-related amendments for investment funds in force by January 1, 2014.

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

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

15. The Applicant's interim financial reports for periods ending March 31, 2011 through to June 2012 (the "**Prior Interim Financial Reports**") were not prepared in accordance with IAS 34 Interim Financial Reporting (the "**IAS 34**") pursuant to Part 3 of NI 52-107.

16. The Applicant's annual financial statements for the year ending December 31, 2011 (the "**Prior Annual Financial Statements**") were not prepared in accordance with IFRS pursuant to Part 3 of NI 52-107.

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

18. The Applicant acknowledges that if the Exemption Sought is granted, the Applicant:

    (a) will be subject to Part 3 of NI 52-107 and the IFRS-related amendments to the Rules for periods relating to financial years beginning on or after January 1, 2014, and

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

Decision

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

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

(i) the Applicant continues to be an investment company, as defined in and applying AcG-18;

(ii) the Applicant provides the communication as described and in the manner set out in paragraph 14 above;

(iii) the Applicant complies with the requirements in Part 4 of NI 52-107 for all financial statements (including interim financial statements), financial information, operating statements and pro forma financial statements for periods relating to the Applicant's Deferred Financial Years, as if the expression "January 1, 2011" in subsection 4.1(2) were read as "January 1, 2014";

(iv) the Applicant complies with the version of NI 51-102 that was in effect on December 31, 2010 (together with any amendments to NI 51-102 that are not related to IFRS and that came into force after January 1, 2011) for all documents required to be prepared, filed, delivered, or sent under NI 51-102 for periods relating to the Applicant's Deferred Financial Years;

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

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

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

(viii) the Applicant complies with the version of NI 52-109 that was in effect on December 31, 2010 (together with any amendments to NI 52-109 that are not related to IFRS and that came into effect after January 1, 2011) for all annual filings and interim filings for periods relating to the Applicant's Deferred Financial Years;

(ix) the Applicant complies with the version of NI 52-110 that was in effect on December 31, 2010 (together with any amendments to NI 52-110 that are not related to IFRS and that came into effect after January 1, 2011) for periods relating to the Applicant's Deferred Financial Years;

(x) if, notwithstanding this order, the Applicant decides not to rely on the Relief Sought and files an interim financial report prepared in accordance with IAS 34 for an interim period in a deferred financial year, the Applicant must, at the same time:

(a) restate, in accordance with IAS 34, any interim financial statements for any previous interim period in the same deferred financial year (each, a "**Previous Interim Period**") that were originally prepared in accordance with pre-changeover Canadian GAAP and filed pursuant to this order, and

(b) file a restated interim financial report prepared in accordance with IAS 34 for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109. For greater certainty, any restated interim financial report for a Previous Interim Period must comply with applicable securities legislation (including Part 3 of NI 52-107 and the amendments to Part 4 of NI 51-102 that came into force on January 1, 2011) and any restated interim financial report for the first interim period in the deferred financial year must include the opening IFRS statement of financial position at the date of transition to IFRS; and

(xi) if, notwithstanding this order, the Applicant decides not to rely on the Relief Sought and files annual financial statements prepared in accordance with IFRS for a deferred financial year, the Applicant must, at the same time (unless previously done pursuant to paragraph (x) immediately above):

(a) restate, in accordance with IAS 34, any interim financial statements for any Previous Interim Period that were originally prepared in accordance with pre-changeover Canadian GAAP and filed pursuant to this order, and

(b) file a restated interim financial report prepared in accordance with IAS 34 for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109. For greater certainty, any restated interim financial report for a Previous Interim Period must comply with applicable securities legislation (including Part 3 of NI 52-107 and the amendments to Part 4 of NI 51-102 that came into force on January 1, 2011) and any restated interim financial report for the first interim period in the deferred financial year must include the opening IFRS statement of financial position at the date of transition to IFRS.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.7 ING Direct Asset Management Limited et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – approval granted for change of control of mutual fund manager under s. 5.5(2) of NI 81-102 and relief for abridgement of the related 60 day notice requirement to 57 days under s.5.8(1)(a) of NI 81-102 – revoking and replacing previous decision granting approval for change of control of mutual fund manager due to changed closing date – conditional on at least 57 days' notice to securityholders and no change being made to the management, administration or portfolio management of the funds for at least 60 days after the notice is delivered – the filer has no plans to change the manager of the funds or to amalgamate or to merge the current manager with any other entity in the immediate or foreseeable future.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(2), 5.8(1)(a), 19.1.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 144.

November 8, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE JURISDICTION)

AND

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

AND

IN THE MATTER OF
ING DIRECT ASSET MANAGEMENT LIMITED
(THE FILER OR MANAGER)

AND

ING DIRECT STREETWISE BALANCED INCOME FUND
ING DIRECT STREETWISE BALANCED FUND
ING DIRECT STREETWISE BALANCED GROWTH FUND
ING DIRECT STREETWISE EQUITY GROWTH FUND
(THE FUNDS)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Manager for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for:

(a) approval of an indirect change of control of the Manager (the **Change of Control of Manager**) of the Funds in accordance with Section 5.5(2) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Approval Sought**);

(b) an abridgment of the 60 day notice period prescribed by Section 5.8(1)(a) of NI 81-102 for delivering notice of the Change of Control of Manager to the securityholders of the Funds to 57 days (the **Notice Requirement**) (the **Exemption Sought**); and

(c) a revocation of the prior decision dated October 15, 2012 (the **Original Decision**) granting the Approval Sought.

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

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

(b) the Manager 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 province and territory of Canada other than Ontario (collectively, with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Manager

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

2. The Manager is the manager, portfolio advisor and trustee of the Funds.

3. The Manager is registered as an investment fund manager (**IFM**) and as a portfolio manager (PM) in Ontario.

4. The Funds are reporting issuers in all of the Jurisdictions. The Funds are offered by means of a simplified prospectus in accordance with the requirements of Form 81-101F1 and are marketed and distributed through ING Direct Funds Limited, a registered mutual fund dealer in all of the Jurisdictions.

5. The Manager and the Funds are not in default of applicable securities legislation in any of the Jurisdictions.

The Transaction

6. The Manager is a direct, wholly-owned subsidiary of ING Bank of Canada (**ING Bank Canada**). ING Bank Canada is a Schedule II Canadian chartered bank and is an indirect, wholly-owned subsidiary of ING Groep N.V. (**ING Group**).

7. In a press release dated August 29, 2012, ING Group announced that an agreement was reached to sell all of the issued and outstanding shares of ING Bank Canada to The Bank of Nova Scotia (**Scotiabank**) (the **Transaction**).

8. The Transaction is subject to regulatory approvals and is expected to close on November 15, 2012, but in any event, no later than December 31, 2012 (the **Closing**).

9. Following the Closing, while Scotiabank will become the new owner of the Manager, no substantive changes are expected in the operation or management of the Funds by the Manager.

Scotiabank

10. Scotiabank is a Schedule I Canadian chartered bank having assets of approximately $670 billion as at July 31, 2012.

11. Scotiabank is a reporting issuer in all of the Jurisdictions and its shares are listed and posted for trading on the Toronto Stock Exchange and the New York Stock Exchange under the symbol “BNS”.

Change of Control of Manager

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

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

        (i) to make any substantive changes as to how the Manager operates or manages the Funds;

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

        (iii) immediately following the Closing, to change the Manager to Scotiabank or an affiliate of Scotiabank; and

(iv) within a foreseeable period of time, to change the Manager to Scotiabank or an affiliate of Scotiabank.

(b) Scotiabank currently intends to maintain the Funds as a separately managed fund family with the Manager as their IFM and PM;

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

(d) following the Closing, the directors and officers of the Manager will be unchanged and the Manager will retain the management teams and supervisory personnel that were in place immediately prior to the Closing, and from and after the Closing, the compliance activities of the Manager will be subject to oversight by Scotiabank's compliance group;

(e) it is not expected that there will be any change in the management of the Funds, including investment objectives and strategies of the Funds, or the expenses that are charged to the Funds as a result of the Closing;

(f) there is no current intention to change the name of the Manager or the names of the Funds as a result of the Transaction immediately after the Closing;

(g) the Closing will not adversely affect the Manager's financial position or its ability to fulfill its regulatory obligations; and

(h) upon the Change of Control of Manager, the members of the Manager's Independent Review Committee (IRC) will cease to be IRC members by operation of section 3.10(1)(c) of National Instrument 81-107 Independent Review Committee for Investment Funds. Immediately following the change of control, the IRC will be reconstituted.

Notice Requirement

13. The notice to the securityholders of the Funds with respect to the Transaction in accordance with Section 5.8(1)(a) of NI 81-102 (the **Notice**) was provided electronically or by mail to such securityholders on September 19, 2012 (the **Notice Date**), which means that if the Closing occurs on November 15, 2012 such securityholders will have received the Notice 57 days in advance of the Change of Control of Manager.

14. The Filer submits that it would not be prejudicial to the securityholders of the Funds to abridge the notice period prescribed by Section 5.8(1)(a) of NI 81-102 from 60 days to not less than 57 days for the following reasons:

(a) while the Transaction will result in the Change of Control of Manager, as noted above, there is not expected to be any change in how the Manager administers or manages the Funds;

(b) the Transaction will not have any impact on the securityholders' interest in the Funds;

(c) the securityholders of the Funds will still be able to redeem their securities of the Funds prior to the Closing; and

(d) the Transaction has been well publicized since August 29, 2012 such that most securityholders of the Funds are probably already aware of the Transaction.

15. The Original Decision issued on October 15, 2012 stated that the securityholders would receive the Notice more than 60 days prior to the Closing. Subsequent to the Original Decision, the Closing date for the Transaction was changed from by or prior to December 14, 2012 to November 15, 2012. As a result of changing the Closing date to November 15, 2012, the securityholders would receive the Notice only 57 days prior to the Closing. Thus, the Filer requires exemptive relief from the Notice Requirement in addition to approval of the Change of Control of Manager.

16. As of the date of this decision, the Filer will no longer rely on the Original Decision.

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:

(a) the Approval Sought is granted;

(b) the Exemption Sought is granted provided that:

a. the securityholders of the Funds are given at least 57 days notice of the Change of Control of Manager; and

b. no material changes will be made to the management, operations or portfolio management of the Funds for at least 60 days following the Notice Date; and

(c) the Original Decision is revoked and replaced by this decision.

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

2.1.8 Versatile Systems Inc.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, s. 5.1 – The auditors must issue an auditor's report that contains a reservation due to a limitation of scope – The limitation of scope is not imposed by, and could not be reasonably eliminated by management – The scope issue will not recur in future – The audit report will be unmodified except for the reservation related to the limitation of scope.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles, Auditing Standards and Reporting Currency, ss. 3.3(a), 5.1.

November 20, 2012

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

AND

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

AND

IN THE MATTER OF
VERSATILE SYSTEMS INC.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that the requirement that financial statements that are required by securities legislation to be audited be accompanied by an auditor's report that expresses an unmodified opinion does not apply to the annual consolidated financial statements of the Filer for the years ended June 30, 2012 and June 30, 2013 (the Exemption Sought).

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

(a) the British Columbia Securities Commission is the principal regulator for this application,

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, and

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

Interpretation

2 Terms defined in National Instrument 14-101 *Definitions* 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 Filer:

1. the Filer was incorporated under the *Companies Act* (British Columbia) on September 28, 1955 under the name Alice Lake Mines Limited N.P.L., before changing its name to Alice Lake Mines Limited on December 20, 1982; on October 29, 1993, the Filer changed its name to Consolidated Alice Lake Mines Limited, then to International Sales Information Systems Inc. on June 1, 1994 and finally to Versatile Mobile Systems (Canada) Inc. on September 20, 2000 before being continued under the *Business Corporations Act* (Yukon) on February 15, 2004; the Filer was continued under the *Business Corporations Act* (British Columbia) on November 15, 2005 under its current name Versatile Systems Inc.; the principal office of Filer is located at Suite 910-355 Burrard Street, Vancouver, BC V6C 2G8;

2. the Filer is a reporting issuer in British Columbia, Alberta and Ontario, and its common shares are listed on the TSX Venture Exchange under the symbol "VV";

3. the Filer is not in default of securities legislation in any jurisdiction of Canada other than its obligation to file, on or before October 28, 2012, audited financial statements and management's discussion and analysis for the year ended June 30, 2012 as required under National Instrument 51-102 *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 *Certificate of Disclosure in Issuer's Annual and Interim Filings*;

4. the Filer's core business is developing solutions that solve customers' problems in the storage, security, transmission and collection of mission critical data; the Filer also holds an investment of common stock of Equus Total Return, Inc. (Equus);

5. the Filer's auditor is Deloitte & Touche LLP (Deloitte or the Auditor);

6. commencing in 2009, the Filer (through its subsidiary Mobiquity Investments Limited) began acquiring shares in Equus Total Return Inc. (Equus) in the open market; as at June 30, 2012, the Filer indirectly held 970,087 shares in Equus, representing approximately 9.2% of Equus' issued and outstanding shares (the Equus Investment);

7. Equus is a company that exists under the laws of Delaware that has elected to be treated as a business development company under the United States Investment Company Act of 1940;

8. Equus is a closed-end investment management company that in the ordinary course of business, indirectly acquires, holds and disposes of investments in various portfolio entities;

9. the shares of common stock of Equus (Equus Shares) trade on the New York Stock Exchange under the symbol "EQS";

10. effective May 10, 2010, four directors of the Filer were elected to the nine member board of directors of Equus; on June 9, 2010 Equus announced the appointment of John Hardy as the Executive Chairman of Equus; John Hardy is also the Chief Executive Officer and Chairman of the Filer;

11. the financial statements of Equus are prepared in accordance with accounting principles generally accepted in the United States (US GAAP) and in accordance with the requirements of reporting on Form 10-Q and Article 10 of Regulation S-X (Regulation S-X), under the United States Securities Act of 1933 and the United Securities Exchange Act of 1934, each as amended; in accordance with Article 6 of Regulation S-X, Equus does not consolidate any of its portfolio company investments, including those in which Equus has a controlling interest;

12. as of June 30, 2010, Equus held controlling interests in the following four investments:

    (a) 100% interest in Equus Media Development Company, LLC (Equus Media), incorporated by Equus in January 2007;

    (b) 64.6% investment in Riptide Entertainment, LLC, (Riptide) made in December 2005;

    (c) 64.6% investment in Sovereign Business Forms, Inc., (Sovereign) made in August 1996; and

    (d) 79% investment in Spectrum Management, LLC, (Spectrum) made in December 1999;

13. as of June 30, 2010, Equus also held a 32.2% interest in ConGlobal Industries Holding, Inc. (ConGlobal) through an investment that was made in February 1997;

14. some of Equus' investments represented indirect investments in several additional operating businesses; for example, Riptide is a holding company with investments in several operating businesses, including Big Apple Entertainment Partners (Big Apple), London Bridge Entertainment (London Bridge), and DCAB Entertainment;

15. in the case of Riptide, Equus had also made cash advances to certain associated entities of Riptide pursuant to promissory notes issued by each of 1848 Capital Partners LLC (1848) for $3,731,000, Big Apple for $3,233,000, and London Bridge for $2,816,000;

16. during 2011 and 2012, Equus disposed of its investments in Riptide (including the associated investments in 1848, Big Apple and London Bridge), Sovereign and ConGlobal (the Disposed Portfolio Entities);

17. as at June 30, 2012, the only investments in which Equus held a controlling interest were its investments in Equus Media and Spectrum, together with a 100% interest in a new entity, Equus Energy, LLC;

18. for the quarter ended September 30, 2009, during which the Filer first made its investment in Equus, the Filer recorded its investment in Equus as a short term investment;

19. at June 30, 2010, under Canadian GAAP – Part V (as hereinafter defined), the Filer recorded the Equus Investment at $2,203,043, representing the fair value thereof; the Filer also disclosed that the investment was available for sale; during the year ended June 30, 2010, the net change in the fair value of the Equus Investment was -$519,670, which was recorded as an Accumulated Other Comprehensive Loss;

20. as at June 30, 2011, under Canadian GAAP – Part V, the Filer recorded the Equus Investment at $2,311,109, representing the fair value thereof; during the year ended June 30, 2011 the net change in the fair value of the Equus Investment was -$201,490, which was recorded as an Accumulated Other Comprehensive Loss; the total cumulative losses on the Equus Investment through to June 30, 2011 was $721,160;

21. the Canadian Accounting Standards Board (AcSB) has incorporated International Financial Reporting Standards into the Handbook as Canadian GAAP for most publicly accountable enterprises; as a result, the Handbook contains two sets of standards for public companies:

    (a) Part I of the Handbook – Canadian GAAP for most publicly accountable enterprises which is International Financial Reporting Standards incorporated into the Handbook, that applies for financial years beginning on or after January 1, 2011 (IFRS); and

    (b) Part V of the Handbook – Canadian GAAP for public enterprises that applies for financial years beginning before January 1, 2011 (Canadian GAAP – Part V);

22. each of the Disposed Portfolio Entities are private entities such that their securities are not registered under applicable securities laws and are not trading on any stock exchange or public market and, accordingly, such entities were not required to publicly file audited financial statements;

23. the investment agreements that Equus entered into with portfolio entities did not generally require the portfolio entities to provide audited financial statements to Equus; in the case of Riptide, Riptide was only obligated to provide Equus with tax returns for Riptide and its associated entities;

24. in accordance with US GAAP Equus recorded its investments in its portfolio entities as trading or mark-to-market basis with gains and losses recorded in the statement of operations; in accordance with Article 6 of Regulation S-X, Equus does not consolidate portfolio company investments, including those in which it has a controlling interest; portfolio investments are carried at fair value with the net change in unrealized appreciation or depreciation included in the determination of net assets; valuations of portfolio securities are performed in accordance with US GAAP and the financial reporting policies of the United States Securities and Exchange Commission; Equus did not require audited financial statements for its portfolio entities to establish the fair value of its investments;

25. Equus has advised the Filer that it does not have audited financial statements for the Disposed Portfolio Entities for all of the periods in which Equus held investments in such entities; Equus no longer exerts any control over the Disposed Portfolio Entities so is not in a position to require that these be prepared;

26. Equus does not have audited financial statements for any period for Riptide; furthermore, Equus does not have audited financial statements for any of the equity investments held by Riptide, including its 25% member's interest in Big Apple Entertainment Advisors LLC, its 25% member's interest in Big Apple Entertainment Management LLC, its 23.18% members interest in London Bridge Entertainment Partners LLP,

its 40% member's interest in DCAB Entertainment Advisors LLC and its 40% member's interest in DCAB Entertainment Management LLC; Equus only received tax returns for some of these investee entities; the investment agreement did not require that Riptide produce audited financial statements or allow Equus to demand that these be produced; now that the investment in Riptide has been disposed of, Equus does not have any access to Riptide's financial information;

27. Equus does not have audited financial statements for either of ConGlobal or Sovereign at the time that the initial investments were made, being August 1996 for Sovereign and February 1997 for ConGlobal or for some of the subsequent periods for ConGlobal; Sovereign's year-end is December 31st, so Equus only has audited financial statements for the years ended December 31, 2011 but does not have any audited financial statements for the year ended June 30, 2012;

28. with the disposition of its investments in the Disposed Portfolio Entities, the Filer is able to obtain the required information to enable it to consolidate Equus' remaining controlling interests for the purposes of preparing its financial statements as at June 30, 2012 and for future periods;

29. section 3.3(1)(a)(i) of NI 52-107 requires that financial statements, other than acquisition statements, that are required by securities legislation to be audited must be accompanied by an auditor's report that expresses an unmodified opinion;

30. in September 2012, following discussions with the Auditor, the Filer determined that the election of four of the Filer's directors to the nine member board of directors of Equus in May 2010 and the appointment of the Filer's Chief Executive Officer as Executive Chairman of Equus thereafter were indicia of the Filer's significant influence over Equus, thus requiring the Filer to account for the Equus Investment as an associate and apply the equity method of accounting under International Accounting Standard 28 (IAS 28) from the date significant influence was obtained;

31. in order to determine the IFRS-compliant amount of the carrying value of the Filer's investment in Equus and the related equity method income (loss) that the Filer should have recorded from the date significant influence was first acquired, the financial results of Equus would be required to be converted to IFRS compliant amounts; the Filer identified some key differences between the US GAAP basis of accounting applied by Equus and IFRS requirements;

32. under International Accounting Standard 27 (IAS 27), Equus would be obligated to apply consolidation accounting to the investments in which it held a controlling interest; under IAS 28, Equus would be obliged to apply the equity method to account for an investment in an entity over which it has significant influence; under US GAAP, Equus accounted for these investments at fair value; these specific investments are described above in paragraphs 12 and 13;

33. as it relates to the accounting for Equus' investments, the Filer has determined that there are no other differences between US GAAP and IFRS other than those described in paragraph 32 above;

34. based on inquiries by the Filer and Equus about financial information related to the Disposed Portfolio Entities, the Filer has concluded that it does not have access to certain financial statements and other information required in order to prepare financial information for Equus that fully reflects the impact of differences between US GAAP and IFRS described in paragraph 32 above on the carrying value of the Filer's investment in Equus as at June 30, 2011 and July 1, 2010 or the equity method income (loss) for the years ended June 30, 2012 and 2011; the required information is not in the possession of either of the Filer or Equus nor do either of the Filer or Equus have access to such information as discussed above in paragraphs 22 to 27; as a result, a reservation will be required in the auditor's report accompanying the Filer's June 30, 2012 financial statements, as follows:

> "Versatile Systems Inc. owns an investment in Equus Total Return, Inc. ("Equus"), a Regulated Investment Company, and has the ability to exercise significant influence over this investment; Equus is carried at [XX] million as at June 30, 2012, [XX] million as at June 30, 2011 and, [XX] million as at July 1, 2010; Equus applies United States of America Generally Accepted Accounting Principles and is not required to consolidate portfolio company investments, including those in which Equus has a controlling interest, however, under International Financial Reporting Standards, Equus would be required to consolidate investments in which it had a controlling interest and equity account for those investments Equus significantly influenced; Versatile Systems Inc. is unable to obtain information for dates prior to June 30, 2012 that would allow the preparation of financial information for Equus that fully reflects the impact of these differences between United

States of America Generally Accepted Accounting Principles and International Financial Reporting Standards; as a result, Versatile Systems Inc. is unable to determine whether any adjustments were necessary to the carrying value of its investment in Equus as at June 30, 2011 and July 1, 2010 or the equity method income (loss) for the years ended June 30, 2012 and 2011; and as a result of this limitation in scope, we were unable to determine whether any adjustments were necessary to the carrying value as at June 30, 2011 and July 1, 2010 or equity income (loss) for the years ended June 30, 2012 and 2011 as required by International Financial Reporting Standards";

35. as a result of the scope limitation described in paragraph 34, a reservation will be required in the auditor's report accompanying the Filer's June 30, 2013 financial statements; the reservation will relate only to comparative information presented for the year ended June 30, 2012;

36. with Equus' disposition of Riptide, Sovereign and ConGlobal, the Filer has concluded that Equus is able to consolidate the remaining control investments as at June 30, 2012 and in future periods;

37. the Filer has requested that Equus provide access to the information that it requires in order for the Auditor to complete its audit and issue the required opinion; however, Equus has advised that it does not have such information, nor does it have access to the current management for any of the Disposed Portfolio Entities to obtain the required information, nor does it have any contractual arrangements whereby it can demand that this information be delivered; in certain cases, the information does not exist, as certain of the Disposed Portfolio Entities did not produce financial statements for the required periods;

38. as the Filer's interim financial reports for the interim periods ended September 30, 2011, December 31, 2011 and March 31, 2012 did not correctly account for the Filer's investment in Equus, the Filer's management's discussion and analysis for the year ended June 30, 2012 will include revised financial information for those interim periods along with an explanation of the restated amounts; the Filer's interim financial reports for the periods ended September 30, 2012, December 31, 2012 and March 31, 2013 will present the restated comparative amounts; and

39. in its annual financial statements for the year ended June 30, 2012, the Filer's IFRS transition note will include disclosure clearly indicating that the change in accounting policy discussed in paragraph 30 is an error correction and not an IFRS transition difference.

Decision

4 Each of the Decision Makers is satisfied that the test set out in the Legislation for the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the only modification in the auditor's report accompanying the Filer's annual financial statements

(a) for the year ended June 30, 2012, relates to a limitation in scope for the inability to determine whether any adjustments were necessary to the carrying value of the Filer's investment in Equus as at June 30, 2011 and July 1, 2010 or equity income (loss) for the years ended June 30, 2012 and 2011; and

(b) for the year ended June 30, 2013, relates to comparative information presented for the year ended June 30, 2012.

"Peter Brady"
Director, Corporate Finance
British Columbia Securities Commission

2.2 Orders

2.2.1 Coventree 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
COVENTREE INC.
(the Filer)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Filer 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 Filer representing to the Commission that:

1. The Filer is a corporation incorporated under the OBCA, and is an "offering corporation" as defined in the OBCA, and its head office is located at 161 Bay Street, 27th Floor, Toronto, Ontario M5J 2S1.

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

3. The Filer currently has 15,157,138 common shares outstanding (the Shares) and has no other securities outstanding.

4. On February 23, 2012, the Filer made an application to the OSC, as principal regulator on behalf of the securities regulatory authorities in each of the provinces of Canada, that the Filer cease to be a reporting issuer in each of the provinces of Canada. The cease to be a reporting issuer Order contains further background details about the Filer.

5. At the annual and special meeting of shareholders of the Filer held on June 30, 2010, the shareholders approved a special resolution authorizing the formal winding up of the Filer and the distribution of its remaining assets to shareholders pursuant to a plan of liquidation and distribution (the Liquidation Plan).

6. The Liquidation Plan provided that it will become effective on a date to be determined by the Filer's board of directors (the Board).

7. By resolution of the Board, the effective date for the commencement of the formal winding up in accordance with the Liquidation Plan was determined to be February 15, 2012 (the Effective Date), and the Filer applied to the Superior Court of Justice (Commercial List) (Ontario) (the Court) for the winding up to be supervised by the Court.

8. On February 15, 2012 the Court granted the Filer's application and approved a final liquidation plan (the Final Liquidation Plan) by issuing a winding up order (the Winding-Up Order).

9. Pursuant to the Final Liquidation Plan:

   (a) Duff & Phelps Canada Restructuring Inc. (being the successor of RSM Richter Inc.) (the Liquidator) was appointed the liquidator of the estate and effects of the Filer for the purpose of winding up its business and affairs and distributing its assets;

   (b) a process established by the Liquidator and approved by the Court was initiated for the identification, resolution and barring of certain claims against the Filer (the Claims Process);

   (c) consistent with Section 221 of the OBCA and Section 3.3 of the Final Liquidation Plan, all of the powers of the board of directors of the Filer have ceased and the directors have been deemed to have resigned; and

   (d) certain former members of the Board, namely Brendan Calder, Geoffrey Cornish and Wesley Voorheis, were appointed inspectors of the Applicant pursuant to Section 194 of the OBCA and Section 6.1 of the Final Liquidation Plan. Brendan Calder resigned as an inspector on February 15, 2012 and his vacancy was filled with the appointment of William Aziz pursuant to Section 6.5 of the Final Liquidation Plan. Subsequently, Geoffrey Cornish resigned as an inspector and his vacancy was filled with the appointment of Joseph Wiley pursuant to Section 6.5 of the Final Liquidation Plan. Accordingly, the current inspectors are Wesley Voorheis, William Aziz and Joseph Wiley.

10. In accordance with the Claims Process the date by which all claims were required to be filed was April 13, 2012.

11. On January 25, 2012, the Filer applied to NEX to have the listing and posting for trading of the Shares maintained during the Claims Process. By email dated February 2, 2012, NEX advised that it would not maintain the listing of the Shares after the Effective Date.

12. As a result of the foregoing, by letter dated February 8, 2012, the Filer applied to voluntarily de-list the Shares from NEX as of the Effective Date.

13. By press release issued on February 3, 2012, the Filer announced that February 14, 2012 was to be the final day for trading in the Shares on the NEX. NEX also issued a bulletin to this effect on February 12, 2012. Pursuant to Section 198 of the OBCA and paragraph 6 of the Winding-Up Order, all Share transfers made after that date are void unless made with the explicit sanction of the Liquidator.

14. On February 15, 2012 the Filer submitted a letter to CDS requesting that they place a restriction on the Shares so that no transfers among participants may occur. On February 17, 2012 CDS published a bulletin announcing that the Shares would be fully restricted in CDS as of opening of business on February 20, 2012, subject to any Liquidator sanctioned transfers.

15. The Filer and CDS have been informed by the Liquidator that the Liquidator will not sanction any share transfers unless, in the opinion of the Liquidator, material extenuating circumstances exist (such as in a deceased's estate matters or certain family law matters) and such circumstances can be evidenced to the Liquidator in a manner satisfactory to the Liquidator. Notwithstanding the foregoing, the Liquidator has maintained and reserved the right not to sanction any share transfers regardless of the circumstances.

16. The Filer's shareholders no longer have the ability to trade in the Shares. As a result, the Filer's shareholders do not receive any further benefit from the Filer continuing to be a public company given that all pertinent information will be disclosed by the Liquidator.

17. No securities of the Filer are listed, traded or quoted for trading on any "marketplace" in Canada or elsewhere (as defined in National Instrument 21-101 *Marketplace Operation*), and the Filer does not intend to have any of its securities listed, traded or quoted on such a marketplace in Canada or any other jurisdiction.

18. The Filer has no current intention to seek public financing by way of offering of securities.

19. The Liquidator is required by the Final Liquidation Plan to report to the Filer's shareholders with respect to all matters relating to the assets, the Filer and such other matters as may be relevant to the Final Liquidation Plan.

20. The Liquidator has established a website in respect of the liquidation where it intends to continue to post information and issue press releases where considered advisable (with the advice of outside counsel) with respect to material claims raised during the Claims Process, the resolution of any material claims and the timing and expected amounts of any distributions to the Filer's shareholders. As a result of the Liquidator being an officer of the Court and the Liquidation being under the supervision of the Court, the Liquidator will report to the Court from time to time with respect to disclosure made to the Filer's shareholders.

21. On February 28, 2012 the Filer filed its financial statements and Management Discussion and Analysis for the first quarter ended December 31, 2011. On May 25, 2012, the Filer filed its financial statements and Management Discussion and Analysis for the second quarter ended March 31, 2012. On August 28, 2012, the Filer filed its financial statements and Management Discussion and Analysis for the third quarter ended June 30, 2012.

22. On October 4, 2012, the Filer issued a press release disclosing that the Filer has made an application for a decision that the Filer is not a reporting issuer under applicable securities laws. The press release was filed on SEDAR on October 4, 2012.

23. The Filer's assets consists primarily of cash.

24. The Filer has ceased exercising commercial activity of any kind and will be dissolved after the Claims Process is complete, all claims are resolved and all assets are distributed. As a result, there is no further need to inform the Filer's shareholders and the public about the business and financial situation of the Filer outside of the requirements of the Final Liquidation Plan.

25. The relief would also alleviate the significant burden and costs associated with being an offering corporation without prejudicing the Filer's shareholders. In fact, such costs would only serve to ultimately diminish the amounts available for distribution to the Filer's shareholders.

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 purposes of the OBCA.

Dated at Toronto, this 13th day of November, 2012.

"James E.A. Turner"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

2.2.2 Knowledge First Financial Inc.

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

AND

IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.

ORDER

WHEREAS on August 10, 2012, the Ontario Securities Commission (the "Commission") ordered pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act") and with the consent of KFFI that the terms and conditions set out in Schedule "A" to the Commission orders (the "Terms and Conditions") be imposed on Knowledge First Financial Inc. ("KFFI") (the "Temporary Order");

AND WHEREAS on August 21, 2012, the Commission extended the Temporary Order against KFFI until November 14, 2012;

AND WHEREAS the Terms and Conditions required KFFI to retain a consultant (the "Consultant") to prepare and assist KFFI in implementing plans to strengthen their compliance systems and to retain a monitor (the "Monitor") to review all applications of New Clients and contact New Clients as defined and set out in the Terms and Conditions;

AND WHEREAS KFFI retained Deloitte & Touche LLP ("Deloitte") as its Monitor and retained Sanford Eprile & Company as its Consultant;

AND WHEREAS KFFI brought an application for directions returnable on September 24, 2012 seeking interpretations of paragraphs 5 and 6 of the Terms and Conditions;

AND WHEREAS by Order dated October 10, 2012, the Commission clarified the process to be followed by the Monitor including the suitability guidelines to be applied, set out the content of the Monitor's bi-weekly reports and extended the time for the Monitor to complete calls to New Clients and, in appropriate cases, to unwind New Clients' plans;

AND WHEREAS Sanford Eprile & Company filed its Consultant's plan with the OSC Manager on October 10, 2012 and will be filing an amended Consultant's plan with the OSC Manager on or before November 16, 2012;

AND WHEREAS Staff has filed an Affidavit of Lina Creta sworn November 12, 2012 setting out the work completed to date by the Monitor and the Consultant;

AND WHEREAS Staff requests that the Temporary Order be extended until December 21, 2012

and counsel for KFFI has advised that KFFI consents to this request;

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

IT IS HEREBY ORDERED pursuant to section 127 of the Act that:

1. The Temporary Order is extended to December 21, 2012 or until such further order of the Commission; and

2. The hearing is adjourned to December 20, 2012 at 11:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant and to consider whether any changes are required to the Terms and Conditions.

DATED at Toronto this 13th day of November, 2012.

"James E. A. Turner"

2.2.3 F. David Radler – s. 127(10) of the Act and Rule 12 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
F. DAVID RADLER

ORDER
(Section 127(10) of the Securities Act and Rule 12 of the Commission's Rules of Procedure)

WHEREAS on March 18, 2005 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") accompanied by a Statement of Allegations (the "Original Proceeding") issued by Staff of the Commission ("Staff") with respect to Hollinger Inc., Conrad M. Black ("Black"), F. David Radler ("Radler"), John A. Boultbee and Peter Y. Atkinson (collectively, the "Respondents");

AND WHEREAS the Respondents brought a series of motions and requests to adjourn the Original Proceeding (the "Adjournment Requests") pending the outcome of certain proceedings in the United States which are described further below;

AND WHEREAS the Respondents tendered undertakings to the Commission in support of the Adjournment Requests which were attached to Orders of the Commission dated March 30, 2006 and April 4, 2007 (the "Current Undertakings");

AND WHEREAS the Current Undertakings remain in effect and require the Respondents to refrain from:

(a) acting or becoming an officer or director of a reporting issuer or an affiliated company of a reporting issuer;

(b) applying to become a registrant and from being an employee, director or officer of a registrant or an affiliated company of a registrant;

(c) engaging directly or indirectly in the solicitation of investment funds from the general public; and

(d) trading in and acquiring securities of Hollinger;

AND WHEREAS by Order dated October 7, 2009 the Commission adjourned the hearing of the Original Proceeding *sine die*, pending the outcome of certain proceedings in the United States;

AND WHEREAS on November 12, 2012 Staff issued a Statement of Allegations against Radler alone (the "New Proceeding");

AND WHEREAS Staff agree to withdraw the Original Proceeding as against Radler on the date of this Order;

AND WHEREAS on November 13, 2012, Radler provided an undertaking to the Commission in the New Proceeding in the form attached to this Order as Schedule "A" (the "New Undertaking");

AND WHEREAS pursuant to section 127(10) of the Act and pursuant to the Settlement Agreement attached to this Order as Schedule "B" (the "Settlement Agreement"), Staff have filed documents evidencing the following facts:

(a) On November 15, 2004, the United States Securities and Exchange Commission (the "SEC") launched a complaint against Black, Radler and Hollinger Inc. (the "SEC Complaint") in the United States District Court for the Northern District of Illinois (the "United States District Court");

(b) On August 18, 2005, a Grand Jury convened in the United States District Court filed an indictment charging Radler, amongst other accused, with seven counts of violating the United States Criminal Code;

(c) On September 20, 2005, Radler signed a plea agreement admitting to one count of mail fraud contrary to Title 18, United States Criminal Code, Section 1341. On December 17, 2007, in the United States District Court he was sentenced to, amongst other terms, 29 months of incarceration and a fine of US$ 250,000; and

(d) On January 30, 2007, Radler signed a consent to the entry of a final judgment (the "Radler Consent Agreement") in the SEC Complaint. In the Radler Consent Agreement, Radler neither admitted nor denied the allegations relating to him contained in the SEC Complaint, but consented to a final order in the proceeding. The final order provided, amongst other terms, that Radler would pay disgorgement and a civil penalty, and would be permanently barred from serving as a director or officer of a reporting issuer in the United States. On April 19, 2007, the United States District Court made the order outlined in the Radler Consent Agreement;

AND WHEREAS the administrative penalties and disgorgement orders set out in section 127(1)9 and 127(1)10 of the Act are not available to the Commission on the facts of this case;

AND WHEREAS on November 14, 2012, the Commission convened a hearing and heard submissions from counsel for Staff and for Radler;

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

IT IS ORDERED THAT:

1. Radler is released from the Current Undertakings; and

2. the Settlement Agreement is approved.

DATED at Toronto this 14th day of November, 2012

"Christopher Portner"

2.2.4 Gram Minerals Corp. – s. 144

Headnote

Section 144 of the Securities Act (Ontario) – Application for variation of cease trade order – Applicant cease traded due to failure to file with the Commission audited annual financial statements – Since June 30, 2001 the Applicant has not filed any documents on SEDAR – Issuer has applied for a variation of the cease trade order to permit the issuer to proceed with a Private Placement with an accredited investor (as such term is defined in National Instrument 45-106 Prospectus and Registration Exemptions) – All trades associated with the Private Placement will take place in Ontario – The Applicant will use the proceeds from the Private Placement to complete its required continuous disclosure document and pay all outstanding regulatory fees owing – The Applicant has undertaken to the Commission to deliver a copy of the information circular related to any transaction – Partial revocation granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF
GRAM MINERALS CORP.

ORDER
(Section 144 of the Act)

WHEREAS the securities of Gram Minerals Corp. (the **Applicant**) are currently subject to a temporary cease trade order made by the Ontario Securities Commission (the **Commission**) dated November 26, 2001 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, which order was extended by a further order of the Commission dated December 10, 2001 (collectively, the **Cease Trade Order**) ordering that trading in the securities of the Applicant cease;

AND WHEREAS additional cease trade orders were issued by the Alberta Securities Commission in December 21, 2001, and by the British Columbia Securities Commission on January 8, 2002 (the **Additional Orders**);

AND WHEREAS notwithstanding the Additional Orders, the Applicant has applied only to the Commission pursuant to Section 144 of the Act for an order partially revoking the Cease Trade Order to permit a private placement to parties resident solely in Ontario;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant was incorporated on September 12, 1996 under the *Canada Business Corporations Act*. The Applicant maintains a registered office at 360 Linden Drive, Cambridge, Ontario N3H 5L5 and a mailing address at 220 Bay Street, Suite 500, Toronto Canada, M5J 2W4. The Applicant's records are currently located at 220 Bay Street, Suite 500, Toronto Canada, M5J 2W4.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares, of which 7,260,852 common shares are issued and outstanding as of January 3, 2012.

3. Other than the common shares, there are no other securities (including debt securities) outstanding.

4. The Applicant has been inactive for many years and has no material assets.

5. The Applicant is a reporting issuer or the equivalent under the securities legislation of the provinces of Ontario, Alberta and British Columbia. The Applicant is not a reporting issuer in any other jurisdiction in Canada.

6. The common shares of the Applicant are not listed or quoted on any exchange or market in Canada or elsewhere.

7. The Cease Trade Order was issued on November 26, 2001 due to the failure by the Applicant to file with the Commission audited annual financial statements for the 3 month period ended June 30, 2001, as required by the Act

(the **Statements**). The Applicant has further failed to file interim financial statements and related MD&A for subsequent periods to date (together with the Statements, the **Financial Statements**).

8. Since that time the Applicant has not filed any documents on SEDAR.

9. The Applicant has not been previously subject to a cease trade order by the Commission.

10. The Applicant was listed on the Canadian Dealing Network on June 3, 1998 and delisted from the TSX Venture Exchange on June 5, 2002.

11. Except for the Cease Trade Order, the Applicant is not in default of any of the requirements of the Act or the rules and regulations made thereunder, other than the Applicant's failure to file the following documents:

    (a) audited annual financial statements for the years ended June 30, 2001 through 2012 inclusive;

    (b) interim financial statements for the interim periods beginning on September 30th, 2001 and ending on March 31, 2012;

    (c) management's discussion and analysis relating to the financial statements referred to in paragraphs (a) and (b) above; and

    (d) certificates required to be filed in respect of the financial statements referred to in paragraphs (a) and (b) above under National Instrument 52-109.

12. The Financial Statements were not filed with the Commission due to a lack of funds to pay for the preparation and, in respect of the annual financial statements, the audit of, year-end Financial Statements.

13. The Applicant is seeking to effect a financing transaction to enable the Applicant to bring itself into compliance with its continuous disclosure obligations and to fund expenses as more properly outlined in paragraph 17 below. The actions associated therewith may constitute a contravention of the Cease Trade Order. More specifically, the Applicant seeks a partial revocation of the Cease Trade Order to allow the Applicant to complete a non-brokered private placement of its securities (the **Private Placement**) with an accredited investor (as such term is defined in National Instrument 45-106 *Prospectus and Registration Exemptions*) resident in the Province of Ontario (the **Potential Investor**) to raise gross proceeds of up to $70,000. The Applicant is proposing to sell a convertible debenture (the **Convertible Debenture**) allowing the holder to convert the amount owing under the debenture into common shares at a price of $0.01 per common share.

14. All trades associated with the Private Placement will take place in Ontario and the Private Placement will be completed in accordance with applicable securities legislation.

15. The Applicant will use the proceeds from the Private Placement to complete the preparation, audit and filing of the Financial Statements, bring its continuous disclosure records up to date and improve the Applicant's financial position. The Applicant further intends to, within a reasonable time following closing of the Private Placement and preparation of continuous disclosure documents, apply to the Commission for a full revocation of the Cease Trade Order and also apply to the Alberta Securities Commission and British Columbia Securities Commission for full revocations of the Additional Orders.

16. The use of proceeds is estimated to be applied as follows:

(a)	Fees and penalties for past late filing of materials:	$30,000
(b)	Accounting fees to produce quarterly financial statements and audited year-end financial statements for March 31, 2000 and subsequent up to December 31st 2011:	$15,000
(c)	Payment of Transfer Agent Fees arrears:	$5,000
(d)	Legal fees to document the convertible debenture, effect the filing of the continuous disclosure materials and review of same, preparation of materials to procure an order from the Commission for the full lifting of the Cease Trade Order:	$20,000
	Total	**$70,000**

17. The Applicant reasonably believes that it will have sufficient resources upon completion of the Private Placement to complete its required continuous disclosure documents, pay all outstanding fees owed to the Commission, pay Transfer Agent Fees arrears and pay all related legal fees.

18. Prior to the completion of the Private Placement, the Potential Investor in the Private Placement will receive:

    (a) a copy of the Cease Trade Order;

    (b) a copy of the partial revocation order; and

    (c) written notice from the Applicant requiring the Potential Investor to acknowledge that all of the Applicant's securities, including the securities issued in connection with the Private Placement will remain subject to the Cease Trade Order until it is revoked, and that the granting of the partial revocation does not guarantee the issuance of a full revocation order in the future.

19. Upon the issuance of the partial revocation from the Commission, the Applicant will:

    (a) issue a press release and file a material change report announcing, among other things, the Private Placement and the partial revocation order;

    (b) market the Private Placement and provide information relating to the Applicant to the Potential Investor in accordance with the provisions of the partial revocation order and in accordance with the Act and the rules and regulations made pursuant thereto; and

    (c) issue securities in connection with the Private Placement.

20. As the Private Placement would involve a trade of securities and acts in furtherance of trades, the Private Placement could not be completed without a partial revocation of the Cease Trade Order.

21. The Applicant undertakes to hold its annual meeting of shareholders within three months of the date that the Cease Trader Order is revoked in full.

22. The Applicant has undertaken to the Commission that, in the event the Applicant convenes a meeting of shareholders within eighteen months of the date of this partial revocation order to consider and approve any transaction, including the Private Placement or any transaction involving a reverse takeover, merger, amalgamation, business combination or other form of combination of transaction similar to any of the foregoing, the Applicant will deliver to the Commission a copy of the information circular relating to such meeting not less than twenty days prior to the date such information circular is delivered to the shareholders.

23. Once the Cease Trade Order is fully lifted, the Potential Investor proposes to purchase all of the debt and 4,132,000 common shares of the Applicant from the controlling shareholder of the Applicant and his former spouse and his colleague.

24. Once the Cease Trade Order is lifted the Applicant proposes to seek a business combination with an unrelated Canadian entity yet to be identified and if such combination so qualifies, the Applicant will apply to the TSX Venture Exchange to list its shares on that exchange.

25. Prior to any application being made to the Commission for a partial lifting of the Cease Trade Order, the Applicant prepared and distributed an information circular in connection with a shareholders' meeting convened to approve the Private Placement. Although the information circular contemplated the revocation of the Cease Trade Order before any securities of the Applicant were issued, the Applicant's actions in holding a shareholders' meeting to approve the proposed Private Placement may have contravened the terms of the Cease Trade Order since they contemplated issuance of the Applicant's securities to Cardon Equities Ltd.

AND UPON considering the application and the recommendation of staff of the Commission;

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

IT IS ORDERED, pursuant to Section 144 of the Act, that the Cease Trade Order be and is hereby partially revoked solely to permit trades and acts in furtherance of trades in connection with the Private Placement as to the issuance of the Convertible Debenture, but not the conversion thereof until a full lifting of the Cease Trade Order has been obtained, nor to permit the issuance of any other securities by the Applicant, provided that:

(a) prior to the Private Placement the Applicant will:

(i) provide to the Potential Investor in the Private Placement a copy of the Cease Trade Order and this Order;

(ii) receive a statement from the Potential Investor in the Private Placement that all of the Applicant's securities, including the Convertible Debenture, will remain subject to the Cease Trade Order until it is revoked; and

(iii) obtain and provide to the Commission a signed and dated acknowledgement from the Potential Investor in the Private Placement which clearly states that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

(b) this Order will terminate on the earlier of:

(i) the closing of the Private Placement; and

(ii) 60 days from the date hereof.

DATED at Toronto on this 19th day of September, 2012.

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

2.2.5 Sage Investment Group 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
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**

**ORDER
(Section 127 of the Securities Act)**

WHEREAS on February 1, 2012, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") accompanied by a Statement of Allegations dated January 27, 2012, issued by Staff of the Commission ("Staff") with respect to Sage Investment Group ("Sage"), C.A.D.E. Resources Group Inc. ("C.A.D.E."), Greenstone Financial Group ("Greenstone"), Fidelity Financial Group ("Fidelity"), Antonio Carlos Neto David Oliveira ("Oliveira"), and Anne Marie Ridley ("Ridley"), (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing stated that a hearing would be held at the offices of the Commission on February 9, 2012;

AND WHEREAS on February 9, 2012, Staff confirmed that the Commission had received the affidavit of Charlene Rochman affirmed February 9, 2012, which indicated that the Notice of Hearing and Statement of Allegations were served on all Respondents personally, or through their counsel;

AND WHEREAS on February 9, 2012, Staff and Ridley attended the hearing and made submissions, and Staff requested that a pre-hearing conference be scheduled in this matter;

AND WHEREAS on February 9, 2012, the Commission ordered that a pre-hearing conference be scheduled for April 26, 2012 at 2:00 p.m.;

AND WHEREAS on April 26, 2012, Staff and counsel for Oliveira, Greenstone and Fidelity attended before the Commission and no-one appeared on behalf of the remaining Respondents;

AND WHEREAS on April 27, 2012, the Commission ordered that the hearing on the merits shall commence on January 23, 2013 and shall continue on January 24, 25, 30 and 31, 2013 from 10:00 a.m. to 4:00 p.m. 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 on April 27, 2012, the Commission further ordered that a status hearing take place on June 13, 2012 at 10:00 a.m.;

AND WHEREAS on June 13, 2012, Staff and Ridley attended before the Commission for a status hearing and no-one appeared on behalf of the remaining Respondents;

AND WHEREAS the Commission ordered that the status hearing continue on September 12, 2012 at 9:00 a.m.;

AND WHEREAS on September 12, 2012, Staff and counsel for Oliveira, Greenstone and Fidelity attended before the Commission and no-one appeared on behalf of the remaining Respondents;

AND WHEREAS Staff advised the Commission that Ridley recently retained counsel and that counsel had requested that the status hearing be adjourned to permit him to familiarize himself with the matter;

AND WHEREAS the Commission ordered that the status hearing continue on October

17, 2012;

AND WHEREAS on October 17, 2012, Staff, Ridley and her counsel and counsel for Oliveira, Greenstone, Fidelity attended before the Commission and no-one appeared on behalf of the remaining Respondents;

AND WHEREAS the parties in attendance consented to the adjournment of the status

hearing until November 15, 2012;

AND WHEREAS on November 15, 2012, Staff, Ridley and her counsel attended before the Commission and made submissions and no-one appeared on behalf of the remaining Respondents;

IT IS HEREBY ORDERED that the status hearing is adjourned sine die.

DATED at Toronto this 15th day of November, 2012.

"Edward P. Kerwin"

2.2.6 Shallow Oil & Gas Inc. et al. – s. 127(1)

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

AND

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

ORDER
with respect to Kevin Wash
(ubsection 127(1))

WHEREAS on June 11, 2008, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Shallow Oil & Gas Inc. ("Shallow Oil"), Eric O'Brien ("O'Brien"), Abel Da Silva ("Da Silva"), Gurdip Singh Gahunia also known as Michael Gahunia ("Gahunia"), Abraham Herbert Grossman aka Allen Grossman ("Grossman"), Marco Diadamo ("Diadamo"), Gord McQuarrie ("McQuarrie"), Kevin Wash ("Wash") and William Mankofsky ("Mankofsky");

AND WHEREAS on June 10, 2008, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between the Commission and McQuarrie;

AND WHEREAS on July 24, 2009, the Commission approved a settlement agreement between the Commission and Mankofsky;

AND WHEREAS on December 16, 2010, the Commission approved a settlement agreement between the Commission and Gahunia;

AND WHEREAS on December 9, 2011, the Commission approved a settlement agreement between the Commission and Diadamo;

AND WHEREAS on May 18, 2011, Justice Kenkel of the Ontario Court of Justice found Shallow Oil, O'Brien, Da Silva and Grossman guilty on a total of 18 counts of breaching Ontario securities laws;

AND WHEREAS on June 15, 2011, Justice Kenkel of the Ontario Court of Justice sentenced Grossman to three years in jail, to be served consecutively to any other jail sentence against him;

AND WHEREAS on November 15, 2011, Justice Kenkel of the Ontario Court of Justice sentenced O'Brien and Da Silva each to 27 months in jail, to be served consecutively to any other jail sentence against them;

AND WHEREAS on December 15, 2011, the Commission ordered that the hearing on the merits shall commence on June 18, 2012, and shall continue on June 20, 21, and 22, 2012, or such further or other dates as may be agreed to by the parties and fixed by the Office of the Secretary;

AND WHEREAS on May 14, 2012, the Commission issued an Amended Notice of Hearing and Staff filed an Amended Statement of Allegations to rely upon the decisions of the Ontario Court of Justice involving Shallow Oil, O'Brien, Da Silva and Grossman (collectively, the "Respondents");

AND WHEREAS on May 29, 2012, the Commission ordered that, among other things, the hearing on the merits shall commence on June 18, 2012 at 10:00 a.m., at which time the panel for the hearing on the merits may consider Staff's request that the hearing on the merits be conducted as a written hearing;

AND WHEREAS on June 18, 2012, the Commission vacated the hearing dates commencing June 18, 2012, and ordered that the hearing on the merits shall commence on October 29, 2012 and shall continue on October 30 and 31, 2012;

AND WHEREAS on September 7, 2012, the Commission advised that, due to a scheduling conflict, the hearing date of October 30, 2012 is vacated, and that the hearing on the merits shall commence on October 29, 2012 and shall continue on October 31 and November 1, 2012;

AND WHEREAS on October 29, 2012, Wash entered into an agreed statement of facts (the "Agreed Statement of Facts") in which he admitted to unregistered trading in securities, contrary to subsection 25(1)(a) of the Act, an illegal distribution, contrary to subsection 53(1) of the Act, and perpetrating a fraud on investors in Ontario and elsewhere in Canada, contrary to subsection 126.1(b) of the Act;

AND WHEREAS on October 29, 2012, the Commission ordered that the hearing to determine sanctions in respect of Wash shall commence on November 15, 2012 at 10:00 a.m.;

AND WHEREAS on November 15, 2012, the Commission conducted a hearing with respect to the sanctions to be imposed on Wash and heard submission from Staff and from Wash;

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

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Wash shall cease permanently from the date of this order;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Wash is prohibited permanently from the date of this order;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Wash permanently from the date of this order;

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

(e) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Wash is prohibited permanently from the date of this order from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(f) pursuant to paragraph 9 of subsection 127(1) of the Act, Wash shall pay an administrative penalty in the amount of $4,625, which is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;

(g) pursuant to paragraph 10 of subsection 127(1) of the Act, Wash shall disgorge to the Commission the amount of $9,250, which is designated for allocation or for use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;

(h) pursuant to subsection 37(1) of the Act, Wash is prohibited permanently from the date of this order, from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or in any class of securities; and

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

DATED at Toronto this 15th day of November, 2012.

"James E. A. Turner"

2.2.7 Almonty Industries Inc. – s. 1(11)(b)

Headnote

Subsection 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer already a reporting issuer in Alberta and British Columbia - Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta and British Columbia substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(11)(b).

IN THE MATTER OF
THE SECURITIES ACT,
RSO 1990, C. S. 5, AS AMENDED
(the "Act")

AND

IN THE MATTER OF
ALMONTY INDUSTRIES INC.

ORDER
(Clause 1(11)(b))

UPON the application of Almonty Industries Inc. (the "**Applicant**") Applicant to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant is a corporation continued under the *Canada Business Corporations Act* with its registered and head office at 130 King Street West, Suite 2120, Toronto, Ontario M5X 1C8.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares, of which 37,044,389 common shares are issued and outstanding as of the date hereof.

3. The Applicant is a reporting issuer under the *Securities Act* (British Columbia) (the "**BC Act**") and the *Securities Act* (Alberta) (the "**Alberta Act**").

4. The Applicant is not currently a reporting issuer in any jurisdiction other than British Columbia and Alberta.

5. The Applicant is not on the lists of defaulting reporting issuers maintained pursuant to the BC Act or the Alberta Act and is not in default of any requirement of either the BC Act or the Alberta Act or the rules and regulations made thereunder.

6. The continuous disclosure requirements of the BC Act and the Alberta Act are substantially the same as the continuous disclosure requirements under the Act.

7. The continuous disclosure documents filed by the Applicant under the BC Act and the Alberta Act are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**").

8. The Applicant's common shares are listed and posted for trading on the TSX Venture Exchange (the "**Exchange**") under the trading symbol "AII".

9. The Applicant is not in default of any of the rules, regulations or policies of the Exchange.

10. The Applicant has determined that it has a significant connection to Ontario because residents of Ontario are the registered holders of more than 10% of the Applicant's common shares.

11. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, has:

    (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

12. Neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

    (a) any known ongoing or concluded investigations by:

        (i) a Canadian securities regulatory authority; or

        (ii) a court or regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

13. None of the officers or directors of the Applicant, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

    (a) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

    (b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. As the Applicant has a significant number of non-resident directors (and one non-resident officer), the Applicant has filed with the Commission on SEDAR a “Non-Issuer Submission to Jurisdiction and Appointment of Agent for Service of Process” form executed by each non-resident director and officer of the Applicant.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities laws.

DATED at Toronto on this 19th day of November, 2012.

“Shannon O’Hearn”
Manager, Corporate Finance
Ontario Securities Commission

2.2.8 IIROC v. Roger Carl Schoer – s. 127

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

AND

IN THE MATTER OF
AN APPLICATION FOR A HEARING AND REVIEW
OF A DECISION OF THE ONTARIO COUNCIL OF THE
INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA,
PURSUANT TO SECTION 21.7 OF THE
SECURITIES ACT, R.S.O. 1990, c. S.5, AS AMENDED

AND

IN THE MATTER OF
DISCIPLINE PROCEEDINGS PURSUANT TO THE BY-LAWS OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA AND
THE DEALER MEMBER RULES OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

BETWEEN

STAFF OF THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AND

ROGER CARL SCHOER

ORDER
(Section 127)

WHEREAS on July 24, 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") to hold a hearing pursuant to section 21.7 of the Act to consider the application made by Roger Carl Schoer (the "Applicant") for a review of a decision of the Investment Industry Regulatory Organization of Canada ("IIROC") made May 26, 2011 (the "Application");

AND WHEREAS the Application was scheduled to be heard by the Commission on September 18, 2012 at 10:00 a.m.;

AND WHEREAS on September 16, 2012, the Application was adjourned on consent to November 16, 2012, for the purpose of allowing the Applicant to retain counsel;

AND WHEREAS on November 16, 2012, Staff of the Commission, IIROC Staff and the Applicant appeared before the Commission;

AND WHEREAS the Applicant requested a further adjournment of this matter for the purpose of retaining counsel, IIROC and Commission Staff objected to an adjournment, and all of the parties made submissions regarding the adjournment request;

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

IT IS HEREBY ORDERED THAT the Application shall be adjourned on a peremptory basis to January 14, 2013 at 10:00 a.m. for the purpose of hearing the Application on the merits.

DATED at Toronto this 16th day of November, 2012.

"James E. A. Turner"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 F. David Radler

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

AND

IN THE MATTER OF
F. DAVID RADLER

SETTLEMENT AGREEMENT

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act"), it is in the public interest for the Commission to make an order in respect of F. David Radler ("Radler").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. A proceeding was commenced by Notice of Hearing dated March 18, 2005 naming Hollinger Inc., Conrad M. Black ("Black"), Radler, Peter Y. Atkinson and John A. Boultbee as Respondents (the "Original Proceeding"). Staff agree to withdraw the allegations contained in the Original Proceeding against Radler and to settle the proceeding against Radler commenced by Notice of Hearing dated November 12, 2012 (the "New Proceeding") according to the terms and conditions set out in Part VI of this Settlement Agreement. Radler agrees to the making of an order in the form attached as Schedule "A" based on the facts set out below.

PART III – AGREED FACTS

3. In the Original Proceeding, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act accompanied by a Statement of Allegations with respect to Hollinger Inc., Black, Radler, John A. Boultbee and Peter Y. Atkinson (collectively, the "Respondents").

4. The Respondents brought a series of motions and requests to adjourn the Original Proceeding (the "Adjournment Requests") pending the outcome of certain proceedings in the United States which are described further below (the "US Proceedings").

5. The Respondents tendered undertakings to the Commission in support of the Adjournment Requests which were attached to Orders of the Commission dated March 30, 2006 and April 4, 2007 (the "Current Undertakings").

6. By Order dated October 7, 2009 the Commission adjourned the hearing of the Original Proceeding *sine die*, pending the outcome of the US Proceedings.

7. Pursuant to section 127(10) of the Act, Staff will tender evidence to the Commission of the new facts outlined below.

8. On November 15, 2004, the United States Securities and Exchange Commission (the "SEC") launched a complaint against Black, Radler and Hollinger Inc. (the "SEC Complaint") in the United States District Court for the Northern District of Illinois (the "United States District Court").

9. On August 18, 2005, a Grand Jury convened in the United States District Court filed an indictment charging Radler, amongst other accused, with seven counts of violating the United States Criminal Code.

10. On September 20, 2005, Radler signed a plea agreement admitting to one count of mail fraud contrary to Title 18, United States Criminal Code, Section 1341. On December 17, 2007, in the United States District Court he was sentenced to, amongst other terms, 29 months of incarceration and a fine of US$ 250,000.

11. On January 30, 2007, Radler signed a consent to the entry of a final judgment (the "Radler Consent Agreement") in the SEC Complaint. In the Radler Consent Agreement, Radler neither admitted nor denied the allegations relating to him contained in the SEC Complaint, but consented to a final order in the proceeding. The final order provided, amongst other terms, that Radler would pay disgorgement and a civil penalty, and would be permanently barred from serving as a director or officer of a reporting issuer in the United States. On April 19, 2007, the United States District Court made the order outlined in the Radler Consent Agreement.

PART IV – TERMS OF SETTLEMENT

12. The New Proceeding will be settled on the terms set out below. Radler agrees to provide the Commission with an undertaking in the form attached to this Settlement Agreement as Schedule "B" ("the New Undertaking"). Staff agree to withdraw the Original Proceeding as against Radler on the date that the Order set out in Schedule "A" to this Settlement Agreement is signed by the Commission.

13. If the Commission makes the Order set out in Schedule "A" to this Settlement Agreement (the "Radler Order"), Radler agrees to waive all rights to a full hearing, judicial review or appeal of the New Proceeding, subject to the terms set out in the New Undertaking.

14. If the Commission makes the Radler Order, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

15. Whether or not the Commission makes the Radler Order, Radler will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

16. If the Commission does not approve this Settlement Agreement or does not make the Radler Order:

    i. this Settlement Agreement and all discussions and negotiations between Staff and Radler before the settlement hearing takes place will be without prejudice to Staff and Radler; and

    ii. Staff and Radler will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Original Proceeding or in the New Proceeding. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

17. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not make the Radler Order, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

18. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

19. A fax copy of any signature will be treated as an original signature.

Dated this 13th day of November, 2012

"F David Radler"
F. David Radler

Witness (name not legible)

Dated this 14th day of November, 2012

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

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

AND

IN THE MATTER OF
F. DAVID RADLER

UNDERTAKING TO THE ONTARIO SECURITIES COMMISSION
OF F. DAVID RADLER

I, F. David Radler, am a Respondent to a Notice of Hearing dated November 12, 2012 issued by the Ontario Securities Commission (the "Commission") in this proceeding. I undertake to the Commission to refrain from:

(a) becoming or acting as an officer or director of a reporting issuer or an affiliated company of a reporting issuer, as those terms are defined in the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act");

(b) applying to become or acting as a registrant or an employee, director or officer of a registrant or an affiliated company of a registrant as those terms are defined in the Act; and

(c) trading or acquiring securities of Hollinger Inc. either directly or indirectly.

I undertake that if I initiate an application to the Commission under section 144 of the Act to vary or revoke the Order dated November 14, 2012 in this matter, I will provide at least 90 days' notice of my application to Staff of the Commission.

_____ F. David Radler
Witness (signature not legible) F. David Radler

Date: Date:

Acknowledged as received by

"John Stevenson"
John Stevenson
Secretary to the Commission *"Nov. 14, 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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
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	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/02/2012	3	Abcourt Mines Inc. - Flow-Through Units	389,160.00	3,243,000.00
10/30/2012	45	Amerix Precious Metals Corporation - Units	2,239,380.00	18,661,500.00
10/22/2012	4	Avivagen Inc. - Common Share	355,000.03	5,071,429.00
10/17/2012	1	Bank of Montreal - Note	5,000,000.00	1.00
10/31/2012	19	Bentall Kennedy Prime Canadian Property Fund Ltd. - Common Shares	131,680,434.18	17,419,245.00
02/29/2012	1	Bison Income Trust II - Trust Units	15,000.00	1,500.00
01/23/2012	1	Bison Income Trust II - Trust Units	5,000.00	500.00
10/10/2012	70	BNP Paribas Arbitrage Issuance B.V. - Certificates	427,000.00	427,000.00
10/17/2012	2	Boise Cascade, L.L.C. and Boise Cascade Finance Corporation - Notes	2,938,800.00	2,938,800.00
09/20/2012	2	Calvista Gold Corporation - Warrants	0.00	1,250,000.00
10/25/2012	2	Canadian Horizons First MIC Fund Inc. - Preferred Shares	128,440.00	N/A
10/19/2012	31	Cancana Resources Corp. - Units	932,632.40	4,663,162.00
10/30/2012	11	Cancen Oil Canada Inc. - Debentures	690,000.00	690.00
10/30/2012	10	Cancen Oil Canada Inc. - Units	51,000.00	85,000.00
10/30/2012	1	Carlisle Goldfields Limited - Common Shares	0.00	50,000.00
09/07/2012	4	Conundrum Residential Property Income Fund III - Units	5,100,000.00	5,100,000.00
10/19/2012	1	Costamare Inc. - Common Shares	347,620.00	25,000.00
10/26/2012	6	Covalon Technologies Ltd. - Units	496,600.00	9,550,000.00
10/23/2012 to 10/24/2012	10	Creative Wealth Monthly Pay Trust - Trust Units	463,070.00	46,307.00
10/11/2012	38	Crescent Resources Corp. - Receipts	750,000.00	15,000,000.00
10/19/2012	24	El Tigre Silver Corp. - Units	977,000.00	3,908,000.00
10/22/2012	161	Elkhorn Resources Inc. - Common Shares	31,999,825.00	9,846,100.00
10/12/2012	1	Enssolutions Group Inc. - Common Shares	575,000.00	11,500,000.00
10/22/2012	429	Equitable Group Inc. - Debentures	65,000,000.00	6,500,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/30/2012	8	Ginkgo Mortgage Investment Corporation - Preferred Shares	295,000.00	29,500.00
09/28/2012	23	Ginkgo Mortgage Investment Corporation - Preferred Shares	1,395,000.00	1,395,000.00
08/31/2012	2	GreenOak US Parallel, LP - Limited Partnership Interest	25,643,800.00	25,643,800.00
09/07/2012	3	Hub International Limited - Notes	12,711,400.00	12,711,400.00
10/17/2012	2	IGW Diversified Redevelopment Fund Limited Partnership - Units	50,000.00	50,000.00
10/02/2012 to 10/05/2012	4	IGW Diversified Redevelopment Fund Limited Partnership - Units	8,000.00	8,000.00
03/08/2012	6	IIX Corp. - Preferred Shares	205,000.00	7,884,615.00
11/07/2012	1	Income Strategies Trust - Units	2,000,000.00	200,000.00
10/17/2012	15	Intelimax Media Inc. - Units	282,500.00	1,315,000.00
10/25/2012	13	Intensity Company Inc. - Units	245,000.00	2,450,000.00
09/19/2012	75	JP Morgan Chase & Co. - Notes	1,250,000,000.00	N/A
10/11/2012	66	Kaminak Gold Corporation - Flow-Through Shares	12,025,000.00	4,810,000.00
11/15/2012	1	Legacy Oil + Gas Inc. - Note	200,500,000.00	1.00
10/15/2012	2	Liberty Silver Corp. - Common Shares	1,808,333.10	2,583,333.00
10/05/2012	2	Linc USA GP and Linc Energy Finance (USA), Inc. - Notes	14,644,500.00	14,644,500.00
11/02/2012	34	LoneStar West Inc. - Common Shares	3,042,099.20	2,172,928.00
09/24/2012	1	LPF Private Equity Holdings II L.P. - Limited Partnership Interest	98,010,000.00	1.00
09/28/2012	1	Marquest Asset Management Inc. - Common Shares	250,000.00	447.22
10/18/2012	1	Marquest Asset Management Inc. - Common Shares	150,000.00	268.33
10/23/2012	1	Marquest Asset Management Inc. - Common Shares	100,000.00	178.89
08/31/2012	1	Marquest Asset Management Inc. - Debentures	250,000.00	N/A
11/05/2012 to 11/15/2012	5	MCF Securities Inc. - Common Shares	632,537.32	N/A
10/23/2012	104	Mercator Minerals Ltd. - Common Shares	29,003,000.00	55,775,000.00
10/29/2012	48	Microbix Biosystems Inc. - Units	315,000.00	1,050,000.00
10/02/2012	28	Mines Abcourt Inc. - Units	174,200.00	1,742,000.00
10/12/2012	1	MOAG Copper Gold Resources Inc. - Units	25,000.00	500,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/17/2012	1	MSBAM Commercial Mortgage Securities Trust 2012-CKSV - Certificates	30,639,928.80	N/A
10/23/2012	1	N-Dimension Solutions Inc. - Warrants	-1.00	35,362.00
10/19/2012 to 10/26/2012	6	Newport Balanced Fund - Trust Units	236,842.89	N/A
10/19/2012 to 10/26/2012	19	Newport Canadian Equity Fund - Trust Units	765,964.93	N/A
10/19/2012 to 10/26/2012	20	Newport Fixed Income Fund - Trust Units	1,189,877.84	N/A
10/19/2012 to 10/26/2012	8	Newport Global Equity Fund - Trust Units	291,976.11	N/A
10/19/2012 to 10/26/2012	47	Newport Yield Fund - Trust Units	1,932,940.25	N/A
10/22/2012	4	Noble Mineral Exploration Inc. - Common Shares	0.00	6,000,000.00
10/18/2012	23	Northquest Ltd. - Flow-Through Units	2,743,875.00	3,658,500.00
10/18/2012	22	Northquest Ltd. - Units	2,255,825.00	3,470,500.00
10/22/2012	3	Nuance Communications, Inc. - Notes	1,298,942.19	3.00
10/16/2012	6	Opawica Explorations Inc. - Units	200,000.00	4,000,000.00
10/30/2012	1	Pacific & Western Credit Corp. - Note	2,000,000.00	1.00
10/10/2012	1	Peregrine Diamonds Ltd. - Units	2,499,999.75	3,333,333.00
10/12/2012	1	Phoenix Equity Partners 2001 L.P. Inc. - Limited Partnership Units	65,429,707.55	N/A
10/22/2012 to 10/25/2012	39	Polar Star Mining Corporation - Common Shares	6,391,947.40	6,391,947.00
10/10/2012 to 10/19/2012	4	Poynt Corporation - Common Shares	70,000.00	1,400,000.00
09/26/2012	2	Prosperity Goldfields Corp. - Common Shares	18,755.00	58,250.00
10/25/2012 to 10/31/2012	35	Quia Resources Inc. - Units	1,000,000.35	20,000,007.00
11/01/2012	1	Rainy River Resources Ltd. - Common Shares	275,846.00	50,000.00
11/07/2012	6	Rainy River Resources Ltd. - Common Shares	2,432,467.00	430,000.00
11/01/2012	2	Rainy River Resources Ltd. - Common Shares	41,376.90	7,500.00
11/05/2012	1	Rainy River Resources Ltd. - Common Shares	26,738.70	5,000.00
09/26/2012	40	Rapier Gold Inc. - Flow-Through Units	499,995.85	3,333,305.67
10/16/2012	4	Realogy Holdings Corp. - Common Shares	8,274,403.80	311,000.00
10/24/2012 to 11/02/2012	9	Redstone Investment Corporation - Notes	835,000.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
09/22/2012 to 09/29/2012	4	Redstone Investment Corporation - Notes	165,000.00	N/A
10/12/2012	6	Royal Bank of Canada - Notes	2,175,378.00	22,200.00
10/09/2012	1	Royal Bank of Canada - Notes	1,957,600.00	20,000.00
10/16/2012	10	Search Minerals Inc. - Flow-Through Units	252,000.00	1,400,000.00
10/29/2012 to 11/05/2012	22	SecureCare Investments Inc. - Bonds	812,000.00	N/A
10/16/2012	5	Shutterstock, Inc. - Common Shares	1,323,392.20	79,000.00
10/18/2012	13	SilverWillow Energy Corporation - Flow-Through Shares	4,000,000.00	3,200,000.00
10/17/2012	2	Stillwater Mining Company - Notes	2,940,000.00	2.00
10/18/2012 to 10/26/2012	152	Sunridge Gold Corp. - Units	10,831,690.00	49,234,955.00
10/22/2012	6	Taranis Resources Inc. - Units	84,500.10	563,334.00
10/19/2012	4	The Manitowoc Company Inc. - Notes	5,214,300.00	5,214,300.00
10/25/2012	32	Timbercreek U.S. Multi-Residential Opportunity Fund #1 - Units	16,050,000.00	1,605,000.00
11/02/2012	1	Trevali Mining Corporation - Common Shares	150,000.00	158,127.00
09/24/2012 to 09/28/2012	15	UBS AG, Jersey Branch - Certificates	4,263,532.16	15.00
10/22/2012 to 10/25/2012	36	UBS AG, Jersey Branch - Certificates	16,513,428.42	36.00
10/26/2012	31	United Hydrocarbon International Corp. - Common Shares	2,348,000.00	2,348,000.00
11/01/2012	1	ValueAct Capital International II, L.P. - Limited Partnership Interest	1,341,368.50	N/A
10/10/2012	68	VW Credit Canada, Inc. - Notes	399,588,000.00	400,000,000.00
09/27/2012	29	Walton Suburban DC Land Investment Corporation - Common Shares	616,110.00	61,611.00
10/24/2012	58	Western Potash Corp. - Units	9,600,000.16	20,000,000.00
10/10/2012	3	Zecotek Photonics Inc. - Units	1,540,800.00	4,280,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Agellan Commercial Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 15, 2012
NP 11-202 Receipt dated November 15, 2012
Offering Price and Description:
$ * - * Units
Price $10.00 per Unit
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
Promoter(s):
Diversified Valleywood Limited Partnership
Diversified Magnettawan Industrial, LLC
Diversified Magnettawan HDA Non-REIT LP
Diversified Magnettawan HDA REIT LP
20 Valleywood Drive Limited Partnership
Diversified Bank Limited Partnership
Diversified Parkway L.P.
Diversified Bellehumeur L.P.
Aptus Dallas TX Industrial, L.P.
Aptus Plainfield IN, LLC
Aptus Maryland, LLC
Texas Industrial Non-REIT Portfolio, Limited Partnership
Texas Industrial REIT Portfolio, Limited Partnership
Cinco Properties LLC
NAREP Canadian REIT Holdings I L.P
NAREP Canadian REIT Holdings II L.P.
NAREP II Canadian REIT Holdings I L.P.
NAREP II Canadian REIT Holdings II L.P.
NAREP II Canadian Assets Trust
NAREP II Canadian Corporation
NAREP II Canadian Assets ULC
CMJ/Warrenville, LLC
Project #1983324

Issuer Name:
APMEX Physical - 1 oz. Gold Redeemable Trust
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form PREP Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 19, 2012
Offering Price and Description:
U.S.$ * - * Units
Minimum Subscription: U.S. $1,000.00 - 100 Units
Price: U.S. $10.00 per unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Stifel Nicolaus Canada Inc.
Promoter(s):
APMEX Precious Metals Management Services, Inc.
Project #1949829

Issuer Name:
Black Widow Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated November 13, 2012
NP 11-202 Receipt dated November 14, 2012
Offering Price and Description:
* Units at $ * per Unit and * Flow-Through Units at $ * per Flow-Through Unit
$1,000,000.00 (Minimum Offering)
$2,500,000.00 (Maximum Offering)
Underwriter(s) or Distributor(s):
Jennings Capital Inc.
Promoter(s):
Neil Novak
Carmen Diges
George Duguay
Project #1981323

Issuer Name:
Canadian Apartment Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$160,800,000.00 - 6,700,000 Units
Price: $24.00 per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #1983862

Issuer Name:
CareVest Mortgage Investment Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 13, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Carecana Management Corp.
Project #1981464

Issuer Name:
CareVest Senior Mortgage Investment Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 13, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Carecana Management Corp.
Project #1981444

Issuer Name:
Continental Gold Limited (formerly Cronus Resources Ltd.)
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$75,063,000.00 - 7,860,000 Common Shares
Price: $9.55 per Offered Share
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
CLARUS SECURITIES INC.
GMP SECURITIES L.P.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
Promoter(s):
Robert Allen
Project #1983865

Issuer Name:
FAM Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated November 14, 2012
NP 11-202 Receipt dated November 15, 2012
Offering Price and Description:
$ * - * Units
Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
HUNTINGDON CAPITAL CORP.
Project #1982729

Issuer Name:
IGM Financial Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Shelf Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$2,000,000,000.00
Debt Securities (unsecured)
First Preferred Shares
Common Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1983819

Issuer Name:
KP Tissue Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated November 14, 2012
NP 11-202 Receipt dated November 15, 2012
Offering Price and Description:
$140,000,000.00 - * Common Shares
Price: $ * per Common Share
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:
Power Corporation of Canada
Principal Regulator - Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated November 15, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$1,000,000,000.00 - Debt Securities (unsecured), Subordinate Voting Shares, First Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1983689

Issuer Name:
Power Financial Corporation
Principal Regulator - Quebec
Type and Date:
Preliminary Base Shelf Prospectus dated November 15, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$1,500,000,000.00 - Debt Securities (unsecured), Common Shares, First Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1983687

Issuer Name:
Rainy River Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 19, 2012
NP 11-202 Receipt dated November 19, 2012
Offering Price and Description:
$57,502,500.00 - 10,455,000 Shares
Price: C$5.50 per Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
CASIMIR CAPITAL LTD.
DESJARDINS SECURITIES INC.
PARADIGM CAPITAL INC.
UBS SECURITIES CANADA INC.
Promoter(s):
-
Project #1984449

Issuer Name:
Stinton Exploration Ltd.
Principal Regulator - Manitoba
Type and Date:
Preliminary Long Form Prospectus dated November 9, 2012
NP 11-202 Receipt dated November 14, 2012
Offering Price and Description:
Minimum Offering: $250,000.00 - 2,500,000 Common Shares
Maximum Offering: $275,000.00 - 2,750,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
PI Financial Corp.
Promoter(s):
Wayne Stebbe
S. Mark Francis
Project #1950696

Issuer Name:
Sun Life Dynamic Equity Income Fund
Sun Life Dynamic Strategic Yield Fund
Sun Life Managed Balanced Growth Portfolio
Sun Life Managed Balanced Portfolio
Sun Life Managed Conservative Portfolio
Sun Life Managed Enhanced Income Portfolio
Sun Life Managed Growth Portfolio
Sun Life Managed Income Portfolio
Sun Life Managed Moderate Portfolio
Sun Life Sentry Value Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 12, 2012
NP 11-202 Receipt dated November 13, 2012
Offering Price and Description:
Series A, T5, T8, F and I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sun Life Global Investments (Canada) Inc.
Project #1980845

Issuer Name:
Taseko Mines Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Shelf Prospectus dated November 15, 2012
NP 11-202 Receipt dated November 15, 2012
Offering Price and Description:
$500,000,000.00 - Common Shares, Warrants, Subscription Receipts, Units, Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1983375

Issuer Name:
Western Forest Products Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$75,000,000.00 - 62,500,000 Non-Voting Shares
(to be converted into Common Shares)
Price: $1.20 per Offered Share
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
GOLDMAN SACHS CANADA INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #1984087

Issuer Name:
Aureus Mining Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 13, 2012
NP 11-202 Receipt dated November 13, 2012
Offering Price and Description:
$12,000,000.00 - 15,000,000 Units
$0.80 per Unit
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
CLARUS SECURITIES INC.
Promoter(s):
-
Project #1975813

Issuer Name:
BlueBay Global Convertible Bond Fund (Canada)
RBC QUBE Low Volatility Canadian Equity Fund
RBC QUBE Low Volatility Global Equity Fund
RBC QUBE Low Volatility U.S. Equity Fund
Principal Regulator - Ontario
Type and Date:
Simplified Prospectus dated November 13, 2012
NP 11-202 Receipt dated November 14, 2012
Offering Price and Description:
Series A, Advisor Series, Series H, Series D, Series F, Series I and Series O units
Underwriter(s) or Distributor(s):
RBC Direct Investing Inc.
RBC Global Asset Management Inc.
Royal Mutual Funds Inc.
RBC Global Asset Management Inc.
Promoter(s):
RBC Global Asset Management Inc.
Project #1966941

Issuer Name:
BURCON NUTRASCIENCE CORPORATION
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
Up to 1,437,500 Common Shares Up to $5,750,000.00
Underwriter(s) or Distributor(s):
NCP Northland Capital Partners Inc.
Raymond James Ltd.
Promoter(s):
-
Project #1978317

Issuer Name:
Hudson's Bay Company
Principal Regulator - Ontario
Type and Date:
Final Long Form PREP Prospectus dated November 19, 2012
NP 11-202 Receipt dated November 19, 2012
Offering Price and Description:
$365,000,000.00 - Common Shares
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC
CIBC WORLD MARKETS INC.
MERRILL LYNCH CANADA INC.
J.P. MORGAN SECURITIES CANADA INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
UBS SECURITIES CANADA INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
Hudson's Bay Company (Luxembourg) S. `a r. l.
Project #1969956

Issuer Name:
ING DIRECT Streetwise Balanced Portfolio
ING DIRECT Streetwise Balanced Growth Portfolio
ING DIRECT Streetwise Balanced Income Portfolio
ING DIRECT Streetwise Equity Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated November 14, 2012
NP 11-202 Receipt dated November 19, 2012
Offering Price and Description:
Mutual Fund Units @ Net Asset Value
Underwriter(s) or Distributor(s):
ING Direct Funds Limited
ING Direct Funds Limited
Promoter(s):
ING Direct Asset Management Limited
Project #1966144

Issuer Name:
iShares Alternatives Completion Portfolio Builder Fund
iShares Conservative Core Portfolio Builder Fund
iShares Global Completion Portfolio Builder Fund
iShares Growth Core Portfolio Builder Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated November 12, 2012
NP 11-202 Receipt dated November 15, 2012
Offering Price and Description:
Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
Promoter(s):
-
Project #1968048

Issuer Name:
Paramount Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Final Shelf Prospectus dated November 14, 2012
NP 11-202 Receipt dated November 14, 2012
Offering Price and Description:
$500,000,000.00: Debt Securities, Class A Common Shares, Subscription Receipts, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1979092

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Issuer Name:
The Toronto-Dominion Bank
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated November 16, 2012
NP 11-202 Receipt dated November 16, 2012
Offering Price and Description:
$10,000,000,000.00: Debt Securities (subordinated indebtedness), Common Shares, Class A First Preferred Shares,
Warrants to Purchase Preferred Shares, Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1979806

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Issuer Name:
Sterling Resources Ltd.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 13, 2012
Withdrawn on November 15, 2012
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
Promoter(s):
-
Project #1981179

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Cordiant Capital Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	November 13, 2012
Change in Registration Category	MFS McLean Budden Limited/MFS McLean Budden Limitee	From: Investment Fund Manager, Mutual Fund Dealer and Portfolio Manager To: Exempt Market Dealer, Investment Fund Manager, Mutual Fund Dealer and Portfolio Manager	November 14, 2012
Change in Registration Category	Gestion Cristallin Inc./Crystalline Management Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	November 15, 2012
Change in Registration Category	Cardinal Capital Management Inc.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	November 19, 2012
Change in Registration Category	Jordan Advisory Services Inc.	From: Portfolio Manager To: Portfolio Manager Commodity Trading Manager	November 20, 2012
Change in Registration Category	Longbow Capital Inc.	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Manager	November 20, 2012

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