The Ontario Securities Commission

OSC Bulletin

January 4, 2013

Volume 36, Issue 1

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

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

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

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M1T 3V4

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2075 Kennedy Road
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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

January 4, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- - - - - - - - - - - - - - - - - - - -

Temporary Change of Location of Ontario Securities Commission Proceedings

All hearings scheduled to be heard between November 22, 2012 and March 15, 2013 will take place at the following location:

ASAP Reporting Services Inc.
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333 Bay Street
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Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

January 7, 2013 10:00 a.m.	**Ernst & Young LLP** s. 127 and 127.1 A. Clark in attendance for Staff Panel: MGC
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 11, 2013 11:00 a.m.	**Newer Technologies Limited, Ryan Pickering and Rodger Frey** s. 127 and 127.1 B. Shulman in attendance for staff Panel: JEAT
January 14, 2013 9:00 a.m.	**Global RESP Corporation and Global Growth Assets Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
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 15, 2013 3:00 p.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
January 15, 2013 3:00 p.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 C. Watson in attendance for Staff Panel: PLK/JNR
January 17, 2013 9:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (also known as Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 H. Craig/C. Rossi in attendance for Staff Panel: MGC
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: MGC
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: MGC
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: MGC
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: JEAT
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: MGC
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 5, 2013 9:00 a.m.	**Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus** s. 60 and 60.1 of the *Commodity Futures Act* T. Center in attendance for Staff Panel: TBA
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 14-15 and February 20, 2013 10:00 a.m.	**Northern Securities Inc., Victor Philip Alboini, Douglas Michael Chornoboy and Frederick Earl Vance** s. 21.7 and 8 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
February 28, 2013 10:00 a.m.	**Children's Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
March 1, 2013 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

March 5, 2013 10:00 a.m.	**New Hudson Television LLC & Dmitry James Salganov** s. 127 C. Watson in attendance for Staff Panel: MGC
March 6, 2013 10:00 a.m.	**Blackwood & Rose Inc., Steven Zetchus and Justin Kreller (also known as Justin Kay)** s. 127 C. Rossi in attendance for Staff Panel: JEAT
March 13, 2013 10:00 a.m.	**New Found Freedom Financial, Ron Deonarine Singh, Wayne Gerard Martinez, Pauline Levy, David Whidden, Paul Swaby and Zompas Consulting** s. 127 A. Heydon/S. Horgan in attendance for Staff Panel: JDC
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
March 21, 2013 9:00 a.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
March 21, 2013 9:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
March 25, March 27-28, April 8, April 10-12, April 17, April 19, May 13-17, May 22 and June 24-28, 2013 10:00 a.m.	**Bernard Boily** s. 127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA
April 2, 2013 10:00 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
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: JDC
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
June 6, 2013 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
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
October 15-21, October 23-29, 2013 10:00 a.m.	**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
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 **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 **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

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: TBA

TBA

Systematech Solutions Inc., April Vuong and Hao Quach

s. 127

D. Ferris 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 OSCB Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments

OSC STAFF NOTICE 11-739 (REVISED)

POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of December 31, 2012 has been posted to the OSC Website at www.osc.gov.on.ca.

Table of Concordance

Item Key
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous

Reformulation

Instrument	Title	Status
	None	

New Instruments

Instrument	Title	Status
21-706	Marketplaces' Initial Operations and Material System Changes	***Published October 4, 2012***
11-739	Policy Reformulation Table of Concordance and List of New Instruments (Revised)	***Published October 11, 2012***
11-737	Securities Advisory Committee Vacancies (Revised)	***Published October 11, 2012***
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	***Published for comment October 25, 2012***
23-103	Electronic Trading – Amendments	***Published for comment October 25, 2012***
21-401	CSA Staff Consultation Paper – Real-Time Market Data Fees	***Published for comment November 8, 2012***
11-320	Notice of Local Amendments – Nova Scotia and Yukon	***Published November 15, 2012***
51-720	Issuer Guide for Companies Operating in Emerging Markets	***Published November 15, 2012***
23-701	Electronic Trading Risk Analysis	***Published November 15, 2012***
31-103	Registration Requirements, Exemptions and Ongoing Registrant Obligations – Amendments	***Published for comment November 15, 2012***
33-738	2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers	***Published November 22, 2012***
54-101	Communication with Beneficial Owners of Securities of a Reporting Issuer – Amendments	***Commission approval published November 29, 2012***
51-102	Continuous Disclosure Obligations – Amendments (tied to 54-101)	***Commission approval published November 29, 2012***
33-739	Termination of the Ontario Contingency Trust Fund	***Published December 6, 2012***

New Instruments

Instrument	Title	Status
91-301	Model Provincial Rules – Derivatives Product Determination and Trade Repositories and Derivatives Data Reporting	***Published December 6, 2012***
23-313	Blanket Orders Exempting Marketplace Participants from Certain Provisions of NI 23-103 Electronic Trading and Related OSC Staff Position	***Published December 13, 2012***
81-407	Mutual Fund Fees	***Published for comment December 13, 2012***
13-315	Securities Regulatory Authority Closed Dates 2013 (Revised)	***Published December 20, 2012***
23-314	Frequently Asked Questions about National Instrument 23-103 Electronic Trading	***Published December 20, 2012***
13-502	Fees – Amendments	***Commission approval published December 20, 2012***
13-503	(Commodity Futures Act) Fees - Amendments	***Commission approval published December 20, 2012***
45-710	Considerations for New Capital Raising Prospectus Exemptions	***Published for comment December 20, 2012***

For further information, contact:

Darlene Watson
Project Coordinator
Ontario Securities Commission
416-593-8148

January 4, 2013

1.2 Notices of Hearing

1.2.1 Blackwood & Rose Inc. et al. – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
BLACKWOOD & ROSE INC.,
STEVEN ZETCHUS AND JUSTIN KAY

NOTICE OF HEARING
(Subsections 127(7) and (8) of the Securities Act)

WHEREAS on December 18, 2012, the Ontario Securities Commission (the "Commission") issued a temporary order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O., c. S.5., as amended (the "Act"), ordering the following (the "Temporary Order"):

(a) all trading by Blackwood & Rose Inc. ("Blackwood") shall cease;

(b) all trading by Steven Zetchus ("Zetchus") shall cease; and

(c) all trading by Justin Kay ("Kay") shall cease.

AND WHEREAS IT WAS FURTHER ORDERED that pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to any of Blackwood, Zetchus or Kay;

TAKE NOTICE THAT the Commission will hold a hearing pursuant to subsections 127(7) and (8) of the Act at the temporary offices of the Commission, 333 Bay Street, Suite 900, Toronto, ON, M5H 2T4 on December 31, 2012 at 10:00 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission:

(a) to extend the Temporary Order, pursuant to subsections 127(7) and (8) of the Act, until the final disposition of this matter or until such time as the Commission considers appropriate; and

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

BY REASON of the recitals set out in the Temporary Order and such allegations and evidence as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 18th day of December, 2012.

"John Stevenson"
Secretary to the Commission

1.2.2 Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus – ss. 60, 60.1 of the CFA

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

AND

IN THE MATTER OF
FAWAD UL HAQ KHAN and
KHAN TRADING ASSOCIATES INC.
carrying on business as MONEY PLUS

NOTICE OF HEARING
(Sections 60 and 60.1 of the Commodity Futures Act)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 60 and 60.1 of the *Commodity Futures Act*, R.S.O. 1990, Ch. C.20, as amended (the "*CFA*") at the offices of ASAP Reporting Services Inc., Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto, ON, M5H 2T4 on February 5, 2013 at 9:00 a.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is to consider whether, in the Commission's opinion, it is in the public interest for the Commission to make the following orders:

(a) to make an order pursuant to clause 3 of section 60(1) of the *CFA* that any exemptions contained in Ontario commodity futures law do not apply to the respondents permanently or for such period as is specified by the Commission;

(b) to make an order pursuant to clause 6 of section 60(1) of the *CFA* that the respondents be reprimanded;

(c) to make an order pursuant to clause 7 of section 60(1) of the *CFA* that Khan resign any position that he holds as a director or officer of an issuer;

(d) to make an order pursuant to clause 8 of section 60(1) of the *CFA* that Khan be prohibited from becoming or acting as a director or officer of any issuer;

(e) to make an order pursuant to clause 9 of section 60(1) of the *CFA* that the respondents each pay an administrative penalty for each failure to comply with Ontario commodity futures law;

(f) to make an order pursuant to clause 10 of section 60(1) of the *CFA* that the respondents each disgorge to the Commission any amounts obtained as a result of their noncompliance with Ontario commodity futures law;

(g) to make an order pursuant to section 60.1 of the *CFA* that the respondents pay the costs of the investigation and the hearing; and

(h) such other orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated December 19, 2012 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel, if that party attends or submits evidence at the hearing;

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

DATED at Toronto this 20th day of December, 2012

"John Stevenson"

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

AND

IN THE MATTER OF
FAWAD UL HAQ KHAN and
KHAN TRADING ASSOCIATES INC.
carrying on business as MONEY PLUS

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding relates to unregistered trading and advising in commodity futures by Fawad Ul Haq Khan ("Khan") and Khan Trading Associates Inc. carrying on business as Money Plus ("KTA"), in breach of the *Commodity Futures Act*, R.S.O. 1990, Ch. C.20, as amended (" *CFA*") and in a manner that was contrary to the public interest.

2. Staff allege that the Respondents' course of conduct commenced in June 2006 and was ongoing as late as July 2012 (the "Material Time").

II. THE RESPONDENTS

3. KTA is an Ontario company incorporated on November 3, 2010 under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44.

4. Khan is an individual residing in Mississauga, Ontario, and is one of two directors of KTA. Khan's brother is the other director of KTA.

5. Neither Khan nor KTA have ever been registered with the Commission in any capacity.

III. UNREGISTERED ADVISING AND TRADING

The Trading School

6. Khan operates a trading school located in Mississauga, Ontario. Through radio and newspaper advertisements, as well as the Money Plus website, Khan offers to teach the public how to trade commodity futures contracts (the "contracts"), including foreign exchange and indices. After teaching students trading strategies, Khan directs and assists his students to open trading accounts at specific brokerage firms where, unbeknownst to his students, he and/or KTA receive referral fees for trades made in the accounts being referred.

7. After his students open trading accounts, Khan advises his students, and in some cases, trades on behalf of his students, without being registered, contrary to Ontario commodity futures law and contrary to the public interest.

The Brokerages

8. On April 7, 2006, Khan entered into a "Consulting Agreement for Foreign Consultant" with Global Futures Exchange & Trading Co., Inc. ("Global Futures"), an introducing brokerage firm based in California, U.S.A. Khan referred approximately 600 accounts (the "Referred Accounts") to Global Futures and the majority of these accounts realized a loss over the lifetime of the account. The Consulting Agreement was terminated by Global Futures effective June 30, 2011.

9. Between June 2006 and March 2011, Khan received approximately $345,000 in referral fees from Global Futures. Further, between June 2006 and June 2011, in excess of $5 million was deposited into the Referred Accounts and aggregate net losses from trading totalled in excess of $3 million.

10. On February 4, 2011, KTA entered into a "Cooperation (Brokerage) Agreement" with Mirus Futures, LLC ("Mirus"), a brokerage firm based in Illinois, U.S.A. Mirus terminated the agreement on April 5, 2012. Between September 2011 and April

2012, Khan referred approximately 60 accounts to Mirus and KTA received referral fees from Mirus totalling approximately $25,000.

11. In or about September 2011, KTA entered into a Referring Agreement with Forex Capital Markets Ltd. ("FXCM"), located in London, United Kingdom. As of July 2012, Khan was still acting in this capacity and being compensated by FXCM for referring clients to them. Khan referred at least 19 accounts to Mirus and KTA received referral fees from Mirus.

Unregistered Advising

12. Khan and KTA have been providing trading advice to their students, including advising students with respect to which particular contracts to buy or sell, and at which prices to do so. Khan and LTA have also been advising by exercising discretionary trading authority in the accounts of others in a number of cases (see "Unregistered Trading" below).

13. Further, Khan has instructed and invited students to follow and copy his trading. Some students follow Khan's trading live via an audio link he provides online while others trade in person at the trading school.

14. Based on this conduct, Khan and KTA are acting as advisors without being registered in accordance with Ontario commodity futures law, in breach of subsection 22(1)(b) of the *CFA*.

Unregistered Trading

15. Khan has exercised discretionary trading authority in approximately 25 of the accounts of his students by obtaining a Power of Attorney ("POA") on the account or by opening a joint trading account with the individual(s). Where Khan had a POA, he made all of the trades in the accounts and entered into agreements entitling him to share in his students' profits, but not in the losses.

16. Based on this conduct, Khan and KTA traded in contracts without being registered in accordance with Ontario commodity futures law, in breach of subsection 22(1)(a) of the *CFA*.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

17. Khan and KTA have engaged in conduct contrary to the public interest by making statements that they knew or reasonably ought to have known were misleading or untrue while advising their students in commodity trading. In particular, Khan and KTA made the following misleading representations to their students, through advertisements, presentations and/or on Money Plus' web site:

(a) that they would make $200 to $500 per day, as long as they followed Khan's advice, notwithstanding the fact that his students did not make such returns;

(b) that Khan had a proven track record of generating high rates of return for his students, notwithstanding the fact that a large majority of his students sustained losses; and

(c) that Khan was an expert in day trading, notwithstanding that he has no formal securities training and has never been registered with the Commission.

18. Khan also failed to disclose his compensation arrangements with various brokerages (including Global Futures, Mirus and FXCM) to his students. In particular, his students were not aware that whether their trades generated profits or losses, Khan received the same per-trade compensation. While his students were losing the majority of their funds, unbeknownst to them, Khan was receiving referral fees from the trades made in their accounts.

19. Further, on January 5, 2010, Staff obtained a written undertaking from Khan and Money Plus undertaking "not to receive commissions from the public or trade Derivatives/Forex/ Futures/Options from the public unless registered as required and in compliance with the Commodities Futures Act". Khan and KTA's ongoing conduct is in contravention of the Undertaking.

V. MISLEADING THE COMMISSION

20. Khan also made statements to Staff that in a material respect and at the time and in the light of the circumstances under which the statements were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading. In particular, Khan misled Staff about:

(a) the nature of the compensation Khan was receiving from Global Futures: Khan denied receiving compensation based on the trading of the accounts he referred when in fact he was compensated in this manner;

(b) the process of Khan's students opening brokerage accounts: Khan stated that he was not involved in that process when in fact he was, and instructed students to make misrepresentations in their applications; and

(c) Khan's success rate: Khan advised Staff that his students were successful in their trading when in fact the large majority of them sustained losses.

21. Based on this conduct, Khan and KTA have violated subsection 55(1)(a) of the *CFA* and engaged in conduct contrary to the public interest.

VI. CONDUCT CONTRARY TO ONTARIO COMMODITY FUTURES LAW AND CONTRARY TO THE PUBLIC INTEREST

22. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario commodity futures law and/or was contrary to the public interest. In particular:

(a) The respondents engaged in unregistered trading and advising in commodity futures, in breach of sections 22(1)(a) and (b) of the *CFA* and contrary to the public interest;

(b) The respondents made misrepresentations to Staff and misled the Commission, in breach of section 55(1)(a) of the *CFA* and contrary to the public interest; and

(c) The respondents engaged in conduct contrary to the public interest by:

(i) making statements that they knew or reasonably ought to have known were misleading or untrue while advising in commodity trading;

(ii) failing to disclose the compensation arrangements with various brokerages to their students; and

(iii) engaging in conduct in contravention of the Undertaking.

23. The course of conduct engaged in by the Respondents as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.

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

Dated at Toronto this 19th day of December, 2012

1.3 News Releases

1.3.1 OSC Adopts Amendments to Fee Model

FOR IMMEDIATE RELEASE
December 20, 2012

OSC ADOPTS AMENDMENTS TO FEE MODEL

TORONTO – The Ontario Securities Commission (OSC) today published final amendments to OSC Rules 13-502 and 13-503 and their companion policies, which set the OSC's funding model for the next three fiscal years.

This follows careful consideration of the public feedback received on the proposal published in August 2012. In response, the OSC revised its proposal while ensuring that fees are aligned more closely with costs to the OSC in meeting its evolving regulatory responsibilities. As a result, the OSC has reduced the percentage increases in participation fees for both reporting issuers and registrants, and has removed the component of these increases designed to build a surplus.

"The OSC's new funding model strikes the right balance between feedback from market participants and the Commission's responsibility to respond to evolving capital market demands," said Maureen Jensen, the OSC's Executive Director and Chief Administrative Officer. "We have responded appropriately with a funding model that will enable us to continue to carry out our important regulatory work for the benefit of investors, while recognizing the difficult environment for market participants."

The new fee model better aligns the fees paid by market participants with the resources employed by the OSC in regulating their activities. Under the new fee model, fees will remain unchanged or decrease for 45% of issuers and 55% of registrants.

Although the OSC acknowledges that many of the entities under its jurisdiction face difficult economic conditions, it has become increasingly more costly for securities regulators to oversee the capital markets. Additionally, enforcement actions have grown rapidly in scope and complexity, requiring more resources in order to investigate and prosecute.

The rule amendments have been delivered for approval to the Minister of Finance. If approved by the Minister of Finance by February 19, 2013, they come into force on April 1, 2013.

The new model is expected to be in effect for a three-year period, starting April 1, 2013. Copies of the proposed amendments and the OSC's response to the comments received are available on the OSC's website: www.osc.gov.on.ca.

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

Carolyn Shaw-Rimmington
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 Notices from the Office of the Secretary

1.4.1 Rezwealth Financial Services Inc. et al.

FOR IMMEDIATE RELEASE
December 19, 2012

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

AND

IN THE MATTER OF
REZWEALTH FINANCIAL SERVICES INC.,
PAMELA RAMOUTAR, JUSTIN RAMOUTAR,
TIFFIN FINANCIAL CORPORATION, DANIEL TIFFIN,
2150129 ONTARIO INC., SYLVAN BLACKETT,
1778445 ONTARIO INC. AND WILLOUGHBY SMITH

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

1. the hearing date scheduled for December 19, 2012 is vacated;

2. on or before February 4, 2013, Staff shall serve and file with the Commission final written submissions with respect to allegations against the Respondents;

3. on or before February 11, 2013, the Respondents shall serve and file with the Commission final written submissions, if any; and

4. the hearing on the merits shall continue on March 1, 2013 at 10:00 a.m. at the office of ASAP Reporting Services Inc. at the Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto in order for the parties to make closing oral submissions, if any.

A copy of the Order dated December 17, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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 American Heritage Stock Transfer Inc. et al.

FOR IMMEDIATE RELEASE
December 20, 2012

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

AND

IN THE MATTER OF
AMERICAN HERITAGE STOCK TRANSFER INC.,
AMERICAN HERITAGE STOCK TRANSFER, INC.,
BFM INDUSTRIES INC.,
LIQUID GOLD INTERNATIONAL CORP.
(aka LIQUID GOLD INTERNATIONAL INC.),
NANOTECH INDUSTRIES INC., SANDY WINICK,
ANDREA LEE MCCARTHY, KOLT CURRY,
LAURA MATEYAK AND GREGORY J. CURRY

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

(i) that pursuant to Rules 1.5.3(3) and 4.3 Staff shall effect service by sending copies of Staff's Written Materials, not including the Exhibits, to the email addresses of Winick and Curry;

(ii) that pursuant to Rule 4.3 Staff shall advise Curry and Winick by email that the Disclosure and the Exhibits are available for pickup at the offices of the Commission by counsel retained to act in this matter, subject to a written undertaking that such counsel will not remove the Disclosure or the Exhibits from Canada in any form, nor allow anyone to do so, and shall not use the Exhibits or Disclosure, nor allow them to be used, for any collateral or ulterior purpose.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.3 Blackwood & Rose Inc. et al.

FOR IMMEDIATE RELEASE
December 20, 2012

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

AND

IN THE MATTER OF
BLACKWOOD & ROSE INC.,
STEVEN ZETCHUS AND JUSTIN KAY

TORONTO – The Office of the Secretary issued a Notice of Hearing on December 18, 2012 setting the matter down to be heard on December 31, 2012 at 10:00 a.m. to consider whether it is in the public interest for the Commission:

(1) to extend the Temporary Order pursuant to subsections 127(7) and (8) of the Act until the conclusion of the hearing, or until such further time as considered necessary by the Commission; and

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

A copy of the Notice of Hearing dated December 18, 2012 and Temporary Order dated December 18, 2012 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

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

FOR IMMEDIATE RELEASE
December 21, 2012

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

AND

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

TORONTO – Following the hearing held on December 19, 2012, the Commission issued an Order in the above named matter with certain provisions. The Merits Hearing will be reconvened on April 2, 2013 for the purpose of hearing oral closing submissions of Staff and Medra.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.5 Northern Securities Inc. et al.

FOR IMMEDIATE RELEASE
December 21, 2012

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

AND

IN THE MATTER OF
NORTHERN SECURITIES INC.,
VICTOR PHILIP ALBOINI,
DOUGLAS MICHAEL CHORNOBOY AND
FREDERICK EARL VANCE

AND

IN THE MATTER OF
DECISIONS OF A HEARING PANEL OF THE
INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA DATED
JULY 23, 2012 and NOVEMBER 10, 2012

TORONTO – The Commission issued an Order in the above named matter, which provides that (1) the Hearing and Review is scheduled for February 14, 15 and 20, 2013; and (2) pursuant to section 21.7 and subsection 8(4) of the Act, the sanctions and penalties imposed by the IIROC Hearing Panel are stayed until February 22, 2013, or further order of the Commission.

A copy of the Order dated December 17, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.6 Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus

FOR IMMEDIATE RELEASE
December 21, 2012

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

AND

IN THE MATTER OF
FAWAD UL HAQ KHAN and
KHAN TRADING ASSOCIATES INC.

TORONTO – The Office of the Secretary issued a Notice of Hearing on December 20, 2012 setting the matter down to be heard on February 5, 2013 at 9:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated December 20, 2012 and Statement of Allegations of Staff of the Ontario Securities Commission dated December 19, 2012 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.7 Normand Gauthier et al.

FOR IMMEDIATE RELEASE
December 21, 2012

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

AND

IN THE MATTER OF
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

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

(1) a confidential pre-hearing conference shall take place on March 7, 2013 at 10:00 a.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties;

(2) a confidential pre-hearing conference shall take place on August 15, 2013 at 10:00 a.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties; and

(3) the hearing on the merits shall commence on October 15, 2013 and will continue until October 29, 2013 except for October 22, 2013.

A copy of the Order dated December 18, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.8 Shallow Oil & Gas Inc. et al.

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

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

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

A copy of the Reasons and Decision on Sanctions and the Order dated December 21, 2012 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.9 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

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

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

The Commission also issued an Order which provides that (1) the parties shall appear before the Commission on January 15, 2013, at 3:00 p.m. at the offices of ASAP Reporting Services Inc., Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto, ON, for the purpose of scheduling dates for a sanctions and costs hearing; and (2) for the sake of clarity, the Temporary Order, as it pertains to Global Energy, New Gold, Tsatskin, Harper, Groberman, Bajovski, Cohen and Shiff is extended until the conclusion of the sanctions and costs hearing.

A copy of the Reasons and Decision and the Order dated December 21, 2012 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.10 Bernard Boily

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

IN THE MATTER OF
BERNARD BOILY

TORONTO – The Commission issued an Order in the above named matter which provides that (1) the dates set for the hearing on the merits of this matter which had been scheduled for November 21, 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012 be vacated; and (2) the hearing on the merits shall commence on March 25, 2013 at 10:00 a.m. and shall continue thereafter on March 27 and 28, April 8, 10, 11, 12, 17 and 19, May 13, 14, 15, 16, 17 and 22, and June 24, 25, 26, 27 and 28, 2013.

A copy of the Order dated December 21, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.11 New Hudson Television LLC and James Dmitry Salganov

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the status hearing shall continue on March 5, 2013 at 10:00 a.m. or such other date and time as set by the Office of the Secretary.

A copy of the Order dated December 20, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.12 New Hudson Television Corporation et al.

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

IN THE MATTER OF
NEW HUDSON TELEVISION CORPORATION,
NEW HUDSON TELEVISION L.L.C. &
JAMES DMITRY SALGANOV

TORONTO – The Commission issued an Order in the above named matter which provides that the Amended Temporary Order is extended to June 13, 2013 at 10:00 a.m., and the hearing to consider any further extension of the Amended Temporary Order is to be held on June 6, 2013 at 10:00 a.m., or such other date and time as set by the Office of the Secretary.

A copy of the Temporary Order dated December 20, 2012 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.13 Knowledge First Financial Inc.

FOR IMMEDIATE RELEASE
December 24, 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 with certain provisions pursuant to section 127 of the Act. The Temporary Order is extended to March 22, 2013 or until such further order of the Commission and the hearing is adjourned to March 21, 2013 at 9:00 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 December 20, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.14 Heritage Education Funds Inc.

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

IN THE MATTER OF
HERITAGE EDUCATION FUNDS INC.

TORONTO – The Commission issued an Order in the above named matter with certain provisions pursuant to section 127 of the Act. The Temporary Order is extended to March 22, 2013 or until such further order of the Commission and the hearing is adjourned to March 21, 2013 at 9:00 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 December 20, 2012 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.15 Colby Cooper Capital Inc. et al.

FOR IMMEDIATE RELEASE
December 24, 2012

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

AND

IN THE MATTER OF
COLBY COOPER CAPITAL INC.
COLBY COOPER INC.,
PAC WEST MINERALS LIMITED
JOHN DOUGLAS LEE MASON

TORONTO – The Commission issued an Order in the above named matter which provides that a confidential pre-hearing conference shall take place on March 25, 2013 at 9:00 a.m. or on such other date or at such other time as set by the Office of the Secretary and agreed to by the parties.

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

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
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)

1.4.16 Blackwood & Rose Inc. et al.

FOR IMMEDIATE RELEASE
January 2, 2013

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

AND

IN THE MATTER OF
BLACKWOOD & ROSE INC., STEVEN ZETCHUS
and JUSTIN KRELLER (also known as JUSTIN KAY)

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

(i) the style of cause of this proceeding and the terms of the Temporary Order shall be amended to reflect that "Justin Kay" is a name used by Justin Kreller;

(ii) the Temporary Order, as amended, is extended to March 7, 2013 or until further order of the Commission; and

(iii) the hearing is adjourned until March 6, 2013 at 10:00 a.m. or such other date or time as provided by the Office of the Secretary and agreed to by the parties.

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

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 HollyFrontier Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Foreign issuer applying for a "not a reporting issuer" decision – Issuer generally meets the criteria under the modified approach for foreign issuers set out in CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer – Relief granted.

Applicable Legislative Provisions

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

Citation: HollyFrontier Corporation, Re, 2012 ABASC 532

December 18, 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
HOLLYFRONTIER CORPORATION
(THE FILER)

DECISION

Background

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

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

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

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

Interpretation

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

Representations

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

1. Pursuant to an agreement and plan of merger dated as of February 21, 2011 among Holly Corporation (**Holly**), North Acquisition, Inc. (a wholly-owned subsidiary of Holly formed for the sole purpose of effecting the Merger (as defined below)) and Frontier Oil Corporation (**Frontier**), Holly indirectly acquired all of the outstanding common stock of Frontier (the **Merger**) on July 1, 2011. Pursuant to the Merger, Frontier shareholders received 0.4811 shares of Holly common stock for each share of Frontier common stock held. As a result of the Merger, Frontier became a wholly-owned subsidiary of Holly and Holly changed its name to HollyFrontier Corporation. Subsequent to the Merger, on July 1, 2011, Frontier merged with and into the Filer, with the Filer surviving the merger. Frontier was previously a reporting issuer in Alberta and Ontario and, as a result of the Merger, the Filer became a reporting issuer in Alberta and Ontario but is not a reporting issuer in any other jurisdiction of Canada.

2. The Filer is a corporation organized and existing under the laws of Delaware.

3. The Filer is headquartered in Dallas, Texas and is an independent petroleum refiner and marketer that produces high value light products such as gasoline, diesel fuel, jet fuel and other specialty products.

4. The common stock of the Filer trades on the New York Stock Exchange (the **NYSE**) under the symbol "HFC" and prior to delisting, the common stock of Frontier previously traded on the NYSE under the symbol "FTO" and the common stock of Holly previously traded on the NYSE under the symbol "HOC".

5. The Filer is a Securities and Exchange Commission (**SEC**) foreign issuer that is subject to the reporting requirements of the *Securities Exchange Act of 1934*, as amended (the **U.S. Legislation**). The Filer qualifies as a "SEC foreign issuer" under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*.

6. The Filer files all continuous disclosure reports required under U.S. securities laws with the SEC on Electronic Data-Gathering Analysis and Retrieval (**EDGAR**), where such information is publicly available. The Filer is not in default of any reporting or other requirement under any jurisdiction of Canada or the U.S. Legislation.

7. The Filer has never been a reporting issuer in any other Canadian jurisdiction apart from Alberta and Ontario. The Filer has never publicly issued any securities in Canada other than in connection with or pursuant to the Merger.

8. The Filer is not subject to the requirement to create an issuer profile supplement on SEDI by reason that it is a "foreign issuer (**SEDAR**)" as defined in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval*. The Filer has never filed a notice of election to become an electronic filer on the System for Electronic Document Analysis and Retrieval.

9. As of July 31, 2012, the Filer had 203,553,780 shares of common stock outstanding.

10. As of June 30, 2012, the Filer had the following securities outstanding:

    (a) USD $286.8 million principal amount of 9.875% Senior Notes maturing June 2017 (the **9.875% Senior Notes**);

    (b) USD $150 million principal amount of 6.875% Senior Notes maturing November 2018 (the **6.875% Senior Notes**); and

    (c) USD $200 million principal amount of 8.5% Senior Notes maturing September 2016 (the **8.5% Senior Notes**).

    In addition, the Filer owns a 42% interest in Holly Energy Partners, L.P. (**HEP**). As of June 30, 2012, HEP had the following securities outstanding, which remain outstanding:

    (a) USD $300 million principal amount of 6.5% Senior Notes maturing March 2020 (the **6.5% Senior Notes**); and

    (b) USD $150 million principal amount of 8.25% Senior Notes maturing March 2018 (the **8.25% Senior Notes**).

11. Other than the foregoing, neither the Filer nor any of its subsidiaries or affiliates including HEP have any other securities outstanding.

12. The 6.875% Senior Notes and 8.5% Senior Notes were issued in a registered public offering under the *Securities Act of 1933* (the **1933 Act**). The 9.875% Senior Notes were issued in a private placement conducted pursuant to Rule 144A and Regulation S under the 1933 Act. These notes do not trade on any stock exchange; however, they do trade through the PORTAL Market.

13. The 6.5% Senior Notes were sold in a private placement under Rule 144A of the 1933 Act and subsequently registered. The 8.25% Senior Notes were sold in a private placement under Rules 144A and Regulation S of the 1933 Act. These notes do not trade on any stock exchange; however, they do trade through the PORTAL Market.

14. There are 561 beneficial holders of the issued common stock (**Common Shares**) of the Filer resident in Canada. These individuals (the **Shareholders**) reside throughout Canada and hold 705,592 Common Shares, representing 0.3% of Common Shares outstanding worldwide and representing 1.2% of the total number of beneficial holders of Common Shares worldwide. There are approximately 48,000 beneficial holders of Common Shares worldwide.

15. There are no beneficial holders of the issued 9.875% Senior Notes resident in Canada.

16. There is one beneficial holder of the issued 6.875% Senior Notes resident in Canada. This individual (the **6.875% Holder**) resides in Ontario and holds 6.875% Senior Notes having a principal amount of $217,000 (USD), representing 0.1% of the aggregate principal amount of the 6.875% Senior Notes outstanding worldwide and representing 0.3% of the total number of beneficial holders of the 6.875% Senior Notes worldwide. There are 362 beneficial holders of the 6.875% Senior Notes worldwide.

17. There are six beneficial holders of the issued 8.5% Senior Notes resident in Canada. These individuals (the **8.5% Holders**) reside in Ontario and hold 8.5% Senior Notes having a principal amount of $2.7 million (USD), representing 1.4% of the aggregate principal amount of the 8.5% Senior Notes outstanding worldwide and representing 0.8% of the total number of beneficial holders of the 8.5% Senior Notes worldwide. There are 758 beneficial holders of the 8.5% Senior Notes worldwide.

18. There is one beneficial holder of the issued 6.5% Senior Notes of HEP resident in Canada. This individual (the **6.5% HEP Holder**) resides in

Ontario and holds 6.5% HEP Senior Notes having a principal amount of $380,000 (USD), representing 0.1% of the aggregate principal amount of the 6.5% HEP Senior Notes outstanding worldwide and representing 0.4% of the total number of beneficial holders of the 6.5% HEP Senior Notes worldwide. There are 273 beneficial holders of the 6.5% HEP Senior Notes worldwide.

19. There is one beneficial holder of the issued 8.25% Senior Notes of HEP resident in Canada. This individual (the **8.25% HEP Holder**) resides in Ontario and holds 8.25% HEP Senior Notes having a principal amount of $141,000 (USD), representing 0.1% of the aggregate principal amount of the 8.25% HEP Senior Notes outstanding worldwide and representing 0.8% of the total number of beneficial holders of the 8.25% HEP Senior Notes worldwide. There are 129 beneficial holders of the 8.25% HEP Senior Notes worldwide.

20. The 9.875% Holder, 6.875% Holder and 8.5% Holders are, collectively, the "**Filer Debt Holders**" and the 6.5% HEP Holder and 8.25% HEP Holder are, collectively, the "**HEP Debt Holders**".

21. The principal amount of debt securities of the Filer held by the Filer Debt Holders represent only 0.5% of the aggregate principal amount of the Filer's outstanding debt securities worldwide.

22. The Filer Debt Holders represent only 0.6% of the total number of beneficial holders of the Filer's issued debt securities worldwide (there are 1,121 beneficial holders of such securities).

23. The principal amount of debt securities of HEP held by the HEP Debt Holders represent only 0.1% of the aggregate principal amount of HEP's outstanding debt securities worldwide.

24. The HEP Debt Holders represent only 0.5% of the total number of beneficial holders of HEP's issued debt securities worldwide (there are 402 beneficial holders of such securities).

25. The information regarding the beneficial holders of the Filer's and HEP's securities was obtained through Broadridge Financial Solutions, Inc. (**Broadridge**) which conducted geographical surveys of all beneficial holders using the CUSIP identifier for each security issued by the Filer and HEP.

26. Based upon the information and diligent inquiries set out above, the Filer has concluded that residents of Canada do not:

    (a) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the Filer worldwide; and

    (b) directly or indirectly comprise more than 2% of the total number of securityholders of the Filer worldwide.

27. No securities of the Filer, Frontier or Holly have ever been listed, traded, or quoted on a marketplace in Canada as defined in National Instrument 21-101 *Marketplace Operation*.

28. In the 12 months before applying for the decision, none of the Filer, Holly or Frontier has taken any steps that indicate there is a market for its securities in Canada. The Filer has no plans to seek a public offering of its securities in Canada and does not intend to have any of its securities listed or maintained on a Canadian marketplace or exchange.

29. The Filer has provided advance notice to Canadian resident securityholders in a press release that it has applied to the securities regulatory authorities for a decision that it cease to be a reporting issuer in the Jurisdictions and the Filer has not received any complaints from Canadian securityholders in connection with it no longer being a reporting issuer in any jurisdiction in Canada.

30. The Filer is not eligible to file under the simplified procedure in CSA Staff Notice 12-307 *Applications for a Decision that an issuer is not a Reporting Issuer* (**CSA Notice 12-307**) as the Filer is a reporting issuer whose outstanding securities at the date hereof are beneficially owned, directly or indirectly, by more than 50 persons.

31. The Filer otherwise meets the conditions of CSA Notice 12-307 as they apply to foreign issuers.

32. The Filer is not in default of any of the requirements of the Legislation of the Jurisdictions.

33. The Filer is subject to the reporting requirements of the U.S. Legislation applicable to corporations.

34. All of the Filer's securityholders resident in each of the Jurisdictions will continue to have immediate access to the same continuous disclosure documents through the EDGAR database maintained by the SEC that are currently being provided to the securities regulatory authorities in each of the Jurisdictions.

35. The Filer undertakes to concurrently deliver to its Canadian securityholders, all disclosure documents the Filer would be required under U.S. securities law or exchange requirements to deliver to U.S. resident securityholders.

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 Filer is deemed to have ceased to be a reporting issuer.

"Blaine Young"
Associate Director, Corporate Finance

2.1.2 Sierra Metals Inc. (formerly Dia Bras Exploration Inc.)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1 – National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 4.5 – National Instrument 52-110 Audit Committees, s. 8.1 – National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1 – General – Filer seeks relief from the requirement in s. 1.1 definition of "venture issuer", that a reporting issuer not have any of its securities listed or quoted on a marketplace outside of Canada and the United States of America, in order to become listed on the Risk Capital Segment of the Lima Stock Exchange Segmento de Capital de Riesgo da la Bolsa de Valores de Lima) (the Exchange).

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1.

December 18, 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
SIERRA METALS INC.
FORMERLY DIA BRAS EXPLORATION INC.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for relief from the requirement in the definition of "venture issuer" in section 1.1 of each of National Instrument 51-102 – *Continuous Disclosure Obligations*, National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, National Instrument 52-110 – *Audit*

Committees and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* that a reporting issuer not, at the relevant time, have any of its securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc (the "**Exemption Sought**").

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* is intended to be relied upon in each of Alberta, British Columbia and Quebec (collectively with the Jurisdiction, the "**Reporting Jurisdictions**").

Interpretation

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

Representations

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

1. The Filer exists pursuant to articles of incorporation dated April 11, 1996, as amended, filed in accordance with the *Canada Business Corporations Act*.

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

3. The Filer's common shares (the "**Shares**") are listed on the TSX Venture Exchange (the "**TSXV**") under the trading symbol "DIB".

4. The Filer is a reporting issuer in each of the Reporting Jurisdictions.

5. The Filer is a junior exploration company with its principal assets located in Mexico and Peru.

6. The Shares have also been listed on the *Segmento de Capital de Riesgo* of the Lima Stock Exchange (Bolsa de Valores de Lima S.A.) (the "**Lima Venture Exchange**") in Peru since February 29, 2012. The Filer decided to list the Shares on the Lima Venture Exchange due to the Filer's connection to Peru and to facilitate the sale and transfer of the Shares in Peru. However, the Filer was unaware that listing on the Lima Venture Exchange would affect its status as a "venture issuer".

7. The Filer discovered the effect of the Lima listing on its status as a "venture issuer" in connection with a review when preparing its third quarter interim period financial statements.

8. The Lima Venture Exchange is a junior market.

9. The Lima Venture Exchange is similar to the TSXV in terms of its requirements as the requirements of the Lima Venture Exchange were modeled after those of the TSXV, among other reputable venture exchanges.

10. The Lima Venture Exchange requires the Filer to comply with TSXV requirements in order to maintain its listing; the Lima Venture Exchange also requires that the Filer file with the Lima Venture Exchange copies of all public disclosure documents filed with Canadian securities regulators.

11. The information that the Filer has provided about the Lima Venture Exchange (and its status as a junior market) herein is accurate as at the date of this decision.

12. The Filer confirms that, as of the date of this decision, it has filed its interim period financial statements within the time period prescribed for a "venture issuer" and the Filer is not otherwise in default of securities legislation in any of the Reporting Jurisdictions.

Decision

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

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

(a) the Lima Venture Exchange is not restructured in a manner that makes it unreasonable to conclude that it is still a junior market;

(b) the representations listed in sections 8 to 11 above continue to be true;

(c) the Filer continues to have the Shares listed on the TSXV; and

(d) the Filer does not have any securities listed or quoted on any of the Toronto Stock Exchange, a U.S. marketplace or a marketplace outside of Canada and the United States of America other than the Lima Venture Exchange, the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

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

2.1.3 Legumex Walker Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from the requirement to file a business acquisition report (BAR) under Part 8 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) in connection with the acquisition of a business – Acquisition is significant under the profit and loss significance test in section 8.3 of NI 51-102 – Filer submitted that if pro forma financial statements included in a BAR for an acquisition made earlier in the fiscal year are included for calculating significance, the Acquisition would not be a significant acquisition – Filer's business has remained significantly intact and has not been significant reorganized since the earlier acquisition, including by the transfer of significant assets or liabilities to other entities – assessing significance based on the Pro Forma Financial Statements recognizes the growth of the Filer as a result of the prior acquisition, and the actual size of the Filer's business at the time of the Acquisition more accurately than does assessing significance based on the most recent annual or interim financial statements of the Filer – taking into account the Pro Forma Financial Statements the acquisition should not be considered as a significant acquisition.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, Part 8 and s. 13.1.

December 14, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
MANITOBA AND ONTARIO
(THE JURISDICTIONS)

AND

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

AND

IN THE MATTER OF
LEGUMEX WALKER INC.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an order under Section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) exempting the Filer from the requirements of section 8.2 of NI 51-102

for the Acquisition (as defined below) (the **Exemption Sought**).

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

(a) the Manitoba Securities Commission is the principal regulator for this application (the **Principal Regulator**);

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

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

Interpretation

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 incorporated under the laws of Canada. The registered and head office of the Filer is located at 1345 Kenaston Boulevard, Winnipeg, Manitoba, R3P 2P2.

2. The Filer is a reporting issuer in every province and territory in Canada, other than Quebec. The Filer is currently not in default of any applicable requirements under the securities legislation of any of the provinces or territories of Canada.

3. The Common Shares of the Company are listed and posted for trading on the Toronto Stock Exchange under the symbol “LWP”.

4. On October 1, 2012, the Filer acquired all of the shares of Keystone Grain Ltd. from a group of arm's length vendors (the **Acquisition**).

5. The Acquisition constitutes a "significant acquisition" of the Filer for the purposes of NI 51-102, as determined in accordance with the profit and loss significance tests set out in section 8.3 of NI 51-102. These tests calculate significance based on the most recent annual or interim financial statements of an issuer, depending upon the test that is used. The Filer is therefore required to file a business acquisition report within 75 days of October 1, 2012 pursuant to section 8.2 of NI 51-102.

6. The Filer's financial statements for the period ended December 31, 2011 are not reflective of the current size of the Filer. In particular, the specified profit or loss for the Filer using these financial statements would be a profit of $170,219. The Filer’s interim financial statements for the three-month period ended March 31, 2012 reflect a specified loss for the Filer of $1,500,399 and the Filer’s interim financial statements for the six-month period ended June 30, 2012 reflect a specified loss for the Filer of $1,398,000.

7. A business acquisition report filed by the Filer, dated April 30, 2012, includes pro forma financial statements (the **Pro Forma Financial Statements**) that take into account the recent acquisition of St. Hilaire Seed Company, Inc. by the Filer and reflect the operations of that acquisition. The Pro Forma Financial Statements reflect a specified profit for the Filer of $2,395.598 for the period stated therein. The results of St. Hilaire Seed Company, Inc. are not reflected in the Filer’s most recent interim financial statements for the full period ended June 30, 2012.

8. The Filer’s business has remained significantly intact and has not been not significantly reorganized since the acquisition of St. Hilaire Seed Company, Inc., including by the transfer of significant assets or liabilities to other entities.

9. Assessing significance based on the Pro Forma Financial Statements recognizes the growth of the Filer as a result of the prior acquisition, and the actual size of the Filer’s business at the time of the Acquisition, more accurately than does assessing significance based on the most recent annual or interim financial statements of the Filer. The Acquisition would not be significant if the significance tests were applied using the Pro Forma Financial Statements.

10. Based on the specified profit and loss for the Filer from the Pro Forma Financial Statements for the period stated therein, the result of the profit and loss significance test under paragraph 8.3(4)(c) of NI 51-102 for the Acquisition would be approximately 18.5%.

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.

“Robert Bouchard”
Director
The Manitoba Securities Commission

2.1.4 Chieftain Metals Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 43-101 Standards of Disclosure for Mineral Projects, s. 9.1 – requirement to file technical report with AIF – An issuer wants relief from the timing requirements for filing a technical report – The issuer has disclosed a revised reserve and resource estimate prepared by an independent qualified person; the updated estimate will form the basis of the disclosure about the property in the issuer's AIF – the issuer will file the supporting technical report within 45 days of the news release announcing the updated estimate and will file a revised AIF within the following five days – the AIF will include appropriate cautionary language.

Applicable Legislative Provisions

National Instrument 43-101 Standards of Disclosure for Mineral Projects, ss. 4.2(1)(f), 9.1.

December 18, 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
CHIEFTAIN METALS INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the Filer is exempt from the requirement in paragraph 4.2(1)(f) and subsection 4.2(4) of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (**NI 43-101**) that the Filer file a supporting technical report (the **Feasibility Study**) not later than the time it files its annual information form (the **AIF**) in respect of its financial year ended September 30, 2012, which contains new material scientific or technical information that was also disclosed in the Press Release (as defined below) (the **Requested Relief**).

Under the process of Exemptive Relief Applications in Multiple Jurisdictions:

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

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

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

Interpretation

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

Representations

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

1. the Filer was incorporated under the *Business Corporations Act* (Ontario) on November 16, 2009;

2. the Filer's head and registered office is located at 2 Bloor Street West, Suite 2000, Toronto, ON M4W 3E2;

3. the Filer is a reporting issuer in Alberta, British Columbia, Manitoba, Nova Scotia, Ontario and Saskatchewan;

4. the Filer's common shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "CFB";

5. the Filer is not in default of the securities legislation in any of the jurisdictions in which it is reporting;

6. the Filer's sole mineral property is the Tulsequah Project, which it acquired on September 29, 2010 (the **Tulsequah Project**);

7. in its September 19, 2011 press release, the Filer announced that it had retained Tetra Tech to complete the Feasibility Study with respect to the Tulsequah Chief Deposit at the Tulsequah Project to update the reserve estimate, principal mine design, project execution plan, mill and infrastructure design and financial modelling;

8. in its October 16, 2012 press release, the Filer announced that it had appointed a feasibility optimization team (the **Optimization Team**) led by JDS Energy and Mining Inc. (**JDS**) and including Tetra Tech among others, with a plan to complete the Feasibility Study by the end of 2012;

9. on December 12, 2012, the Filer issued a press release announcing the results of the Feasibility Study (the **Press Release**);

10. the Optimization Team has notified the Filer that the completed Feasibility Study will be filed on SEDAR as soon as practicable, but in any event, not later January 26, 2013;

11. the Filer will be unable to file the Feasibility Study at the time the AIF is filed, which will be no later than December 29, 2012;

12. the Optimization Team has notified the Filer that the final Feasibility Study cannot be completed by December 29, 2012 for various logistical reasons;

13. the Filer believes that in order to provide up-to-date, full true and plain disclosure, it is necessary that the information in the Feasibility Study form the basis of the mineral property disclosure in its upcoming AIF. Accordingly, the Filer's AIF will reflect the results of Feasibility Study and the related supporting disclosure contained in the Press Release. The AIF will not, however, contain the full updated scientific and technical disclosure supporting such estimate, since such disclosure will only become available once the Feasibility Study is complete in January 2013;

14. under paragraph 4.2(1)(j) and subsection 4.2(5) of NI 43-101, the Filer would have 45 days following the issuance of the Press Release to file the supporting completed Feasibility Study. Under paragraph 4.2(1)(f) and subsection 4.2(4) of NI 43-101, this 45-day period would be truncated when the Filer files its AIF on or before December 29, 2012;

15. the AIF will contain the following statement (the **Cautionary Language**) in close proximity to the information regarding the Feasibility Study:

> "Certain technical disclosure in this annual information form relating to the mineral resource and mineral reserve estimate for the Tulsequah Project and the disclosure supporting such estimate, including quality assurance/quality control disclosure, has not been supported by a technical report prepared in accordance with NI 43-101. The technical report is being prepared by qualified persons as defined in NI 43-101 and it will be available on the SEDAR website located at www.sedar.com under the Corporation's profile on or before January 26, 2013. Readers are advised to refer to that technical report when it is filed.";

16. the Filer has no reason to believe that the information in the Feasibility Study will be materially different from the information disclosed in the AIF; and

17. the Filer will revise its AIF to give effect to the completed Feasibility Study (the **Revised AIF**) and the Filer will file the Revised AIF on SEDAR within five business days of filing the Feasibility Study on SEDAR.

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 Requested Relief is granted, provided that:

(a) the AIF includes the Cautionary Language;

(b) the Filer files the Feasibility Study as soon as practicable but, in any event, not later than January 26, 2013; and

(c) the Filer files the Revised AIF within five business days of filing the Feasibility Study.

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

2.1.5 Aston Hill Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of manager of labour sponsored investment fund for the purpose of 5.5(1)(a) – change of manager is not detrimental to investors or the public interest – investors have received adequate disclosure regarding the change of manager.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(a), 5.7, 19.1.

December 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
ASTON HILL ASSET MANAGEMENT INC.
(Aston Hill) AND
LAWRENCE ENTERPRISE FUND INC.
(the Fund) AND
CAMBRIDGE ASSET MANAGEMENT INC.
(Cambridge, together with Aston Hill, the Filers)

DECISION

Background

The principal regulator in Ontario (the **Principal Jurisdiction**) has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) approving, pursuant to section 5.5(1)(a) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**), the change in the manager of the Fund from Aston Hill to Cambridge (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 (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 the province of Nova Scotia.

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 Filers:

Aston Hill and the Fund

1. Aston Hill is:

   (a) a corporation amalgamated under the laws of Ontario with its head office located at Suite 2110, 77 King Street West, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8;

   (b) registered as a dealer in the category of exempt market dealer, as an adviser in the category of portfolio manager and as an investment fund manager with the Principal Regulator (among others); and

   (c) the manager of the Fund.

2. The Fund is a corporation formed under the *Canadian Business Corporations Act* by articles of incorporation dated October 31, 2001, registered as a labour sponsored investment fund corporation under Part III of the *Community Small Business Investment Funds Act* (Ontario) (the **Ontario Act**) and as a prescribed labour sponsored venture capital corporation under the *Income Tax Act* (Canada) and the *Equity Tax Credit Act* (Nova Scotia).

3. The share capital of the Fund consists of Class A shares (the **Class A Shares**), owned by the public (the **Shareholders**), and Class B shares (the **Class B Shares**), which are owned by the Canadian Air Traffic Control Association, CAW Local 5454 (the **Sponsor**). The Shareholders and the Sponsor are referred to collectively in this decision as the **Securityholders**. The Class A Shares were offered for sale in Ontario and Nova Scotia pursuant to prospectuses dated January 8, 2007, December 29, 2005, December 20, 2004, December 15, 2003, December 5, 2002 and December 14, 2001. Accordingly, the Fund is a reporting issuer in the Principal Jurisdiction and in Nova Scotia. The Fund is not currently offering securities to the public.

4. Neither Aston Hill nor the Fund is in default of securities legislation in any of the jurisdictions of Canada.

Cambridge

5. Cambridge is:

   (a) a Canadian investment management firm incorporated in 2011 under the laws of Ontario with its head office located at Suite 1202, 70 York Street, Toronto, Ontario, M5J 1S9;

   (b) registered as a dealer in the category of exempt market dealer, as an adviser in the category of portfolio manager and as an investment fund manager with the Principal Regulator; and

   (c) not in default of securities legislation in any of the jurisdictions of Canada.

6. Cambridge was founded as a closed-end fund manager. Its current business is to invest and manage its current assets as well as to review and pursue other investment funds that might propose strategic opportunities. Cambridge currently has no assets under management as it is a newly registered portfolio manager.

7. The management team at Cambridge, comprised of principals Larry Guy, Chief Executive Officer (**CEO**) and Director, Andrew Bentley, President and Director, and Hugh John MacLean, Chief Compliance Officer (**CCO**), is highly experienced, with over 40 years of combined investment management and financial services expertise, as well as experience in founding, building and managing asset management firms.

8. The management team at Cambridge has previous experience in managing the Fund. While at Navina Asset Management Inc. (**Navina**), the principals of Cambridge were directly responsible for portfolio management, administration and accounting functions related to the Fund. Larry Guy, previously Chief Financial Officer (**CFO**) and a portfolio manager with Aston Hill, was CFO, a Director and co-founder of Navina, which was acquired in 2010 by Aston Hill Financial Inc., Aston Hill's parent company. Andrew Bentley was President, a Director and co-founder of Navina. Hugh John MacLean was CCO and Vice President of Operations and Trading at Navina.

9. The management team at Cambridge, through their experience at Navina and previous employment, have organized, distributed and managed numerous investment fund offerings to investors across Canada raising in excess of $1 billion.

10. Cambridge has a qualified portfolio manager, Larry Guy, who has considerable experience in managing investment portfolios, including experience in managing the Fund in the past.

The Proposed Change of Manager of the Fund

11. Cambridge wishes to acquire and manage the Fund because the Fund represents a strategic opportunity that the principals of Cambridge believe fits with their areas of expertise and experience.

12. On November 5, 2012, Cambridge signed a purchase agreement with Aston Hill with respect to the purchase (the **Proposed Transaction**) of the right to manage the Fund (the **Acquired Assets**). The Acquired Assets include all of the rights, title and interest in and to the management contract dated December 14, 2001, as amended and restated as of December 15, 2003, pursuant to which Aston Hill acts as the manager (within the meaning of such term in NI 81-102) of the Fund; thus closing the Proposed Transaction would result in a change of the manager of the Fund from Aston Hill to Cambridge.

13. A press release and material change report were filed on November 5, 2012 and November 6, 2012, respectively, announcing the Proposed Transaction. A press release and material change report for the Fund will be filed immediately following closing of the Proposed Transaction.

14. Pursuant to section 5.1(b) of NI 81-102, the approval of the Securityholders of the Fund is required to change the manager of the Fund. The Securityholders approved the Proposed Transaction at an annual and special meeting of the Securityholders that was held on December 13, 2012 (the **Meeting**). Securityholders of record as at November 20, 2012 were entitled to attend and vote at the Meeting.

15. Cambridge possesses all registrations under the OSA and National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-10**3) to allow it to manage the Fund after the closing of the Proposed Transaction.

16. Cambridge has the appropriate personnel, policies and procedures and systems in place to assume the management of the Fund on closing of the Proposed Transaction.

17. Larry Guy and Andrew Bentley will be appointed CEO, and President and Treasurer, of the Fund, respectively, should the Proposed Transaction receive all necessary approvals. In addition, Greg Myles, Robert Turner, Michael J. Killeen, Larry Guy, John Crow and Aris Kaplanis, the previous directors of the Fund, will continue on as directors of the Fund as a result of having been re-elected by Securityholders at the Meeting. The current directors and officers of Cambridge, and the directors and current officers of the Fund have the integrity and experience to manage the Fund

contemplated by sub-paragraph 5.7(1)(a)(v) of NI 81-102.

18. Cambridge has hired a CCO, Hugh John MacLean, who will assist in properly integrating and supervising the personnel involved in managing the Acquired Assets. In addition, Cambridge may engage experienced regulatory consultants if it determines this would assist it in assessing and enhancing its compliance systems to address any additional business risks associated with the Proposed Transaction. Accordingly, Cambridge has not identified, and does not believe that there will be, any aspects of the Proposed Transaction or the subsequent management of the Acquired Assets that would hinder its compliance with securities regulation in any way.

19. The Filers believe that the Proposed Transaction will be beneficial to the Securityholders of the Fund for the following reasons:

    (a) The principals of Cambridge have prior experience providing management and investment management services to the Fund and have been officers and/or directors of the Fund both currently and in the past. Many of the remaining private investments of the Fund were entered into during their prior period of managing the Fund and the principals of Cambridge have remained active at a board capacity with companies still held as investments by the Fund. This additional familiarity with the Fund's private investments should be beneficial to the future performance of the Fund.

    (b) Larry Guy has previous experience in managing the portfolio of the Fund. Accordingly, Cambridge has not identified any investor protection concerns that would arise from the change of manager as it relates to the portfolio management of the Fund. Mr. Guy has had a continuing involvement with the Fund since 2010 as portfolio manager and/or as a director and he has intimate knowledge of each of the portfolio investments of the Fund. It is expected that these private investments will require the preponderance of the work over the coming few years to maximize returns to Securityholders. The Filers believe that Mr. Guy's unique role with the Fund will permit him to best position the Fund for success in the future. The Fund's net asset value as at November 19, 2012 was $7,507,350 (versus $23,130,536 as at August 31, 2009). In light of the decreasing size of the Fund, there are not expected to be any investments in private companies in the future. Cambridge does not intend for the Fund to recommence offering its securities to the public in the future and intends to manage the Fund with a view to responsibly winding up the Fund's operations.

    (c) The Proposed Transaction will not result in a change to the fundamental investment objectives or strategies of the Fund. Operational changes are expected to be modest as the proposed officers have all had extensive involvement with the Fund during their tenure as officers and directors of the Fund. No fees or expenses will be incurred by the Securityholders as a result of the Proposed Transaction.

20. Aston Hill, as current manager of the Fund, has determined that the Proposed Transaction is not a conflict of interest matter pursuant to section 5.1 of National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**) and that, as a result, the Proposed Transaction will not require the approval or the recommendation of the Fund's independent review committee (**IRC**) pursuant to sections 5.2 and 5.3 of NI 81-107. The Fund itself has its own board of directors, a majority of whom are independent of the manager, and as such an independent board has approved the Proposed Transaction.

21. On November 8, 2012, the Fund announced the calling of the Meeting. On November 22, 2012, the Fund filed the notice of the Meeting, the annual report for the year ended August 31, 2012, the management information circular and the forms of proxy relating to the Meeting on SEDAR (collectively, the **Meeting Materials**). The Meeting Materials were mailed to Securityholders on November 22, 2012.

22. Cambridge intends to reconstitute the IRC for the Fund as required, in accordance with the provisions of Part 3 of NI 81-107. The members of the IRC constituted by Cambridge for the Fund are expected to be the same members that compose the Fund's current IRC. Each member has been requested and has agreed to serve as a member of the IRC for the Fund following the Proposed Transaction.

23. The Filers have determined that the Proposed Transaction does not trigger the need to give notice under section 11.9 of NI 31-103 because Cambridge is not proposing to acquire securities of Aston Hill or Aston Hill Financial Inc. and the Acquired Assets do not constitute all or a substantial part of Aston Hill's assets.

24. There is no current intention to change the operations of the Fund, including, in particular, no current intention to change investment objectives or strategies of the Fund, directors, fee structure or auditor of the Fund.

Decision

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

The decision of the Principal Regulator under the Legislation is that the Approval Sought is granted.

"Vera Nunes"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.6 Triangle Petroleum Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer requests relief from the requirements of National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities – Issuer has less than 10% of its securityholders resident in Canada – Less than 10% of the issuer's issued and outstanding securities are held by resident of Canada – Issuer exempt from requirement of NI 51-101 provided that the issuer complies with the oil and gas disclosure requirements of the SEC and NYSE.

Applicable Legislative Provisions

National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, s. 8.1.

Citation: Triangle Petroleum Corporation, Re, 2012 ABASC 526

December 14, 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
TRIANGLE PETROLEUM CORPORATION
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer be exempted from the requirements of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* (**NI 51-101**).

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 the Province of British Columbia; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and CSA Staff Notice 51-324 – *Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities* have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

1. The Filer is a corporation governed by the laws of the State of Delaware, with its head office in Denver, Colorado. The Alberta Securities Commission was selected as principal regulator because the registered office of the Filer's Canadian subsidiary, Elmworth Energy Corporation, is located in Calgary, Alberta.

2. The Filer is engaged in the business of exploration and production of oil and natural gas, with the significant majority of its assets and operations located outside of Canada.

3. The Filer is a reporting issuer or equivalent in the Province of British Columbia, Alberta and Ontario and is not in default of securities legislation in any of such provinces.

4. The Filer's authorized capital stock consists of 140,000,000 shares of common stock of the Filer (**Common Stock**). In addition, the Filer has issued a convertible promissory note with an initial principal amount of US$120,000,000 (**Convertible Note** and, together with shares of Common Stock, **Securities**).

5. Shares of the Filer's Common Stock are registered under the United States Securities Exchange Act of 1934 (**1934 Act**). Shares of the Filer's Common Stock are listed on the New York Stock Exchange MKT (NYSE MKT) under the symbol "TPLM".

6. The Filer is subject to and is in compliance with all requirements applicable to it imposed by the United States Securities and Exchange Commission, the United States *Securities Act 1933,* as amended, the 1934 Act, the United States *Sarbanes-Oxley Act of 2002* and the rules of the NYSE MKT (the **US Rules**).

7. The Filer prepares disclosure with respect to its oil and natural gas activities (the **Oil and Gas Disclosure**) in accordance with both the US Rules and pursuant to NI 51-101.

8. The Filer qualifies as an "SEC foreign issuer" under National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* (**NI 71-102**) and relies on and complies with the exemptions from Canadian continuous disclosure requirements afforded to SEC foreign issuers under Part 4 of NI 71-102.

9. The Filer has made a good faith investigation to confirm the residency of the holders of its outstanding securities. Based on this investigation, the Filer has concluded that residents in Canada: (a) do not directly or indirectly beneficially own more than 10% of the aggregate number of Securities; and (b) do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of Securities.

10. None of the Securities are listed or posted for trading on any "marketplace" in Canada (as such term is defined in National Instrument 21-101 *Marketplace Operation*), and the Filer has no present intention to list the Securities on any stock exchange or market in Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted for so long as:

(a) residents of Canada do not directly or indirectly beneficially hold more than 10% of the aggregate number of outstanding Securities;

(b) residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of Securities;

(c) residents of Canada do not directly or indirectly beneficially hold more than 10% of the aggregate outstanding number of any new class or series of securities issued by the Filer or any subsidiary thereof;

(d) residents of Canada do not directly or indirectly comprise more than 10% of the aggregate number of beneficial holders of any new class or series of securities issued by the Filer or any subsidiary thereof;

(e) the Filer is subject to and complies with the US Rules in connection with its oil and natural gas activities;

(f) the Filer issues in Canada, and files on SEDAR, a news release stating that it will provide the Oil and Gas Disclosure in accordance with the US Rules rather than in accordance with NI 51-101; and

(g) the Filer files the Oil and Gas Disclosure with the securities regulatory authority or regulator in each of the provinces of Canada as soon as practicable after the Oil and Gas Disclosure is filed pursuant to the US Rules.

"Blaine Young"
Associate Director, Corporate Finance

2.1.7 GrowthWorks Wv Management Ltd. and GrowthWorks Commercialization Fund Ltd.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual funds for extension of lapse date of prospectus for 30 days – Extension of lapse date will not affect the currency or accuracy of the information contained in the prospectus – Securities Act (Ontario).

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

November 27, 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
GROWTHWORKS WV MANAGEMENT LTD.
(the "Filer") and
GROWTHWORKS COMMERCIALIZATION FUND LTD.
(the "Fund")

DECISION

The principal regulator in the Jurisdiction has received an application from the Filer and the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator ("**Legislation**") that the time limits pertaining to filing a renewal prospectus with respect to the distribution of Class A Shares of the Fund be extended as if the lapse date of the prospectus of the Filer dated November 17, 2011 (the "**Current Prospectus**") was December 27, 2012 (the "**Requested Relief**").

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

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

(b) the Filer has provided notice that Section 4.7(1) of Multilateral Instrument 11-202 – *Passport System* is intended to be relied upon in each of Manitoba, Saskatchewan and Alberta (together with Ontario, the "**Jurisdictions**").

Interpretation

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

Representations

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

1. The Fund was incorporated under the laws of Canada on May 13, 2004 and is a reporting issuer in the Provinces of Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. The Current Prospectus was filed in each of these Provinces other than the Province of British Columbia.

2. The Fund is registered as a labour-sponsored venture capital corporation under the *Income Tax Act* (Canada) and under the *Labour-Sponsored Venture Capital Corporations Act* (Manitoba) and as a labour-sponsored investment fund under the *Community Small Business Investment Funds Act* (Ontario) and is an approved fund under the *Labour-sponsored Venture Capital Corporations Act* (Saskatchewan).

3. The Fund is a mutual fund under applicable securities legislation. The Fund's securities are not listed on any exchange. The Fund is not in default of securities legislation in any jurisdiction.

4. The authorized capital of the Fund currently consists of: an unlimited number of Class A shares, issuable in series, of which five series are issued and outstanding and two series are qualified under the Current Prospectus, namely 12 Series and 13 Series; and an unlimited number of Class B shares, of which 1,000 shares are issued and outstanding and held by the Fund's labour sponsor, Canadian Federation of Labour; and an unlimited number of non-voting Class C Shares, of which 100 shares are issued and outstanding and held by the Filer as the Fund's manager.

5. Pursuant to the Legislation, the lapse date of the Current Prospectus was November 17, 2012 (the "**Lapse Date**"). Accordingly, under the Legislation, in order to continue distributions of securities of the Fund after the Lapse Date, the Fund is required to (i) file a pro forma prospectus on or before October 19, 2012, (ii) file a final prospectus by November 27, 2012, (the "**Filing Deadline**") and (iii) obtain a receipt for such a final prospectus by December 6, 2012.

6. The Fund filed a preliminary and pro forma prospectus dated October 12, 2012 with respect to Class A Shares, Series 13 (pro forma) and Series 14 (preliminary) (the "**Renewal Prospectus**"). Class A Shares, Series 12 and Series 13 are qualified for distribution under the Fund's Current Prospectus.

7. On October 26, 2012, the Fund received a first comment letter from the Principal Regulator. A response to comments was filed on November 19, 2012, including financial data requested by the Principal Regulator that was reviewed at a meeting of the Board of Directors of the Fund held on November 14, 2012.

8. Given the imminent Filing Deadline, the Filer and the Fund seek an extension to permit the Filer and the Fund time to satisfactorily address any further comments of the Principal Regulator, finalize the Renewal Prospectus, seek necessary approvals of changes to the Renewal Prospectus from directors of the Fund and from the Filer and file the Renewal Prospectus.

9. In the opinion of the Filer and the Fund, there have been no material changes in the affairs of the Fund since the filing of the Current Prospectus, therefore the Current Prospectus represents current information regarding the Fund and the 12 Series and 13 Series; the requested extension will not affect the currency or accuracy of the information contained in the Current Prospectus, and accordingly would not be prejudicial to the public interest.

10. Any material change that occurs prior to the issuance of a receipt for the final Renewal Prospectus will be disclosed by way of an amendment to the Current Prospectus.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

2.1.8 Manulife Securities Investment Services Inc.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Dealer granted relief from requirement under subsection 8.2(4) to obtain client consent to purchase mutual funds managed by a related entity in respect of certain clients resulting from acquisition of a 3rd party dealer – affected clients provided with disclosure document explaining relationship between dealer and related mutual funds.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 8.2(4), 9.1(2).

December 11, 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
MANULIFE SECURITIES INVESTMENT SERVICES 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**) exempting the Filer from the requirement that the Filer obtain written consent from those clients who opened an account with Wellington West Financial Services Inc. (**Wellington West**) on or before October 26, 2012 (**Affected Clients**), prior to the completion of a trade in related mutual funds (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

The Parties

1. The Filer is a corporation amalgamated under the *Canada Business Corporations Act* (**CBCA**) with its head office in Burlington, Ontario.

2. On November 1, 2012, Wellington West was combined with Manulife Securities Investment Services Inc. (**MSISI**) by way of horizontal amalgamation (the **Combination**) to form the Filer.

3. Wellington West, prior to the Combination, was registered as a mutual fund dealer in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and was a member of the Mutual Fund Dealers Association of Canada (**MFDA**).

4. MSISI, prior to the Combination, was registered as a mutual fund dealer in all provinces and territories of Canada except Nunavut, was registered as an exempt market dealer in all provinces and territories of Canada except Nunavut and Northwest Territories, and was a member of the MFDA.

5. As a result of the Combination, the Filer is registered as a mutual fund dealer in all provinces and territories of Canada except Nunavut, is registered as an exempt market dealer in all provinces and territories of Canada except Nunavut and Northwest Territories, and is a member of the MFDA.

6. The Manufacturers Life Insurance Company (**MLI**) is a corporation incorporated under the *Insurance Companies Act* (Canada). MLI is a Canadian life insurance company and a wholly owned subsidiary of Manulife Financial Corporation (**MFC**).

7. MFC is a public company listed on the Toronto Stock Exchange. MFC is a reporting issuer in all provinces and territories of Canada.

8. Manulife Asset Management Limited (**MAML**) is the manager of certain mutual funds known as the Manulife Mutual Funds (the **Funds**).

9. Each of the Filer and MAML are wholly owned subsidiaries of MLI. As a result of this relationship, the Filer is a "member of the organization" (within the meaning of NI 81-105) of the Funds managed by MAML.

The Transaction

10. On August 15, 2012, MLI entered into an agreement to acquire all of the issued and outstanding shares in the capital of Wellington West from National Bank Financial & Co. Inc. (the **Transaction**). The Transaction closed on October 26, 2012, following receipt of all required regulatory approvals.

11. In connection with the closing of the Transaction, Wellington West became a direct wholly owned subsidiary of MLI and an indirect wholly owned subsidiary of MFC and thus Wellington West became a "member of the organization" (within the meaning of NI 81-105) of the Funds managed by MAML.

12. In connection with the Combination, Wellington West was continued under the CBCA, which was the governing statute of MSISI. Following such continuance, Wellington West and MSISI effected a horizontal amalgamation pursuant to the CBCA, with the Filer being the continuing corporation and acquiring all of Wellington West's assets and assuming all of Wellington West's liabilities by operation of law.

13. As a result of the Combination, Wellington West no longer exists as a separate legal entity and therefore no longer requires MFDA membership or registration as a mutual fund dealer and all permitted individuals, registered representatives and business locations that were previously associated with Wellington West's business as a mutual fund dealer have been assumed by the Filer as a result of the Combination. Accordingly, the business and operations of the Filer now consist of the combined business and operations of MSISI and Wellington West.

Relationship with MAML and the Funds

14. The Filer acts as a participating dealer (within the meaning of NI 81-105) in respect of the Funds, as well as for mutual funds managed by unrelated fund managers.

15. The Filer acts independently from MAML and has no connection with MAML, other than through their common ultimate parent company.

16. The Filer is free to choose which mutual funds to recommend to its clients and considers recommending the Funds to its clients in the same way as it considers recommending other third party mutual funds.

17. The Filer complies with its obligations at law and only recommends mutual funds that it believes would be suitable for its clients and in accordance with its clients' investment objectives.

18. MAML provides the Filer with the compensation described in the prospectus of the Funds in the same manner as MAML does for any other participating dealer selling securities of the Funds to its clients.

19. Neither the Filer, nor any sales representatives of the Filer is, or will be, subject to quotas (whether express or implied) in respect of selling the Funds.

20. Except as permitted by NI 81-105, none of the Filer or MAML or any other member of the organization of the Funds provide any incentive (whether express or implied) to any sales representative of the Filer or to the Filer to encourage those sales representatives or the Filer to recommend the Funds over third-party managed mutual funds.

Equity Interest Consent Requirement

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

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

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

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

22. All clients of Wellington West were sent a disclosure document on or about November 16, 2012, which included a link to the Filer's website for purposes of accessing the Filer's "Important Client Information Brochure" free of charge and which set out the ownership of the Filer (i.e. the combined entity resulting from the Combination) and MAML by MLI and the relationship between the Filer and the Funds. In this way, all clients of

Wellington West who remained clients following the closing of the Transaction and completion of the Combination had access to complete information about the relationships between the relevant parties.

23. As described above, each of MAML and the Filer are wholly owned subsidiaries of MLI, which in turn is a wholly owned subsidiary of MFC. Prior to the closing of the Transaction, Wellington West was not under the ownership and control of MLI and as such, section 8.2 of NI 81-105 did not apply to Wellington West or its sales representatives in respect of trades in securities of the Funds to its clients.

24. MSISI complied with the requirements of subsection 8.2 of NI 81-105 by obtaining written consent of its clients (either at the time of account opening or through a separate disclosure document) or by relying upon exemptive relief granted to MSISI by the securities regulators for a specified group of clients pursuant to decision documents dated December 27, 2007 and December 7, 2011.

25. The Filer's current policy is to obtain written consent to the purchase of the Funds from all clients during the account opening process. During the period between closing of the Transaction and completion of the Combination, the Filer adopted a new account opening policy of requiring all new clients to sign a form which included the NI 81-105 consent language to purchase any Fund.

26. As of the closing of the Transaction, the Filer had a total of approximately 21,000 Affected Client accounts. A significant number of these Affected Clients trade in mutual funds.

27. Certain Affected Clients have preauthorized purchase plans which instruct the Filer (as successor to Wellington West) to buy the Funds for the Affected Clients at a pre-determined amount and frequency. Without the Exemption Sought, the Filer would be forced to suspend these plans until such time as it receives the necessary written consent from these Affected Clients.

28. The Filer has developed a procedure for Affected Clients to obtain written consent to trade in securities of the Funds on an "as needed" basis. However, the Filer is concerned that the procedure creates a disincentive for many of the Affected Clients and sales representatives from trading in securities of the Funds and potentially creates trade delays.

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

30. The Filer has considered alternatives to the "as needed" approach, such as re-documenting all Affected Clients' accounts. This would involve a mail-out to all Affected Clients, tracking whether or not the Affected Client has executed a consent form and following up with any Affected Client who failed to return the form prior to any such Affected Client trading in securities of the Funds. The initial printing and mailing costs for this approach, including staff resources and time necessary to effect the mailing (but not including staff resources and time to track receipt of the signed consent form or follow up with any Affected Client who failed to return the form), amount to an estimated $85,000.

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.

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

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.9 Arbor Memorial Services Inc. – s. 1(10)

Headnote

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

Ontario Statutes

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

December 21, 2012

Arbor Memorial Services Inc.
c/o Goodmans LLP
Bay Adelaide Centre
333 Bay Street, Suite 3400
Toronto, ON M5H 2S7

Attention: Jamie van Diepen

Dear Sirs/Mesdames:

Re: Arbor Memorial Services Inc. (the Applicant) – application for a decision under the securities legislation of Saskatchewan, Ontario, Québec, and New Brunswick (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.10 NAV Canada

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 (rather than IFRS) for periods relating to the issuer's financial year beginning on September 1, 2013 and ending on August 31, 2014 (the issuer's deferred financial year) – In particular, the issuer is seeking relief from the requirements in Part 3 of National Instrument 52-107 that would apply to financial statements for periods relating to the issuer's deferred financial year – The issuer is also seeking relief from the IFRS-related amendments to the continuous disclosure, prospectus, certification and audit committee rules (collectively, the rules) that came into force on January 1, 2011 and that would apply to periods relating to the issuer's deferred financial year – The issuer is an "rate regulated entity" as defined in Accounting Guideline 19 Disclosures by entities subject to rate regulation (AcG-19) in the Handbook of the Canadian Institute of Chartered Accountants – At its meeting on September 2012, the Canadian Accounting Standards Board decided that rate regulated entities, as defined in and applying AcG-19, will only be required to adopt IFRS for annual periods beginning on or after January 1, 2014 – 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 entities with rate-regulated activities subject to NI 52-107 and the rules, the issuer has applied for the relief – Relief granted, subject to a number of conditions.

Applicable Legislative Provisions

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

December 20, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO

AND

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

AND

IN THE MATTER OF
NAV CANADA
(THE "FILER")

DECISION

Background

1. The Filer has obtained exemptive relief under Ontario securities legislation (the "**Legislation**") from the Ontario Securities Commission in the decision of the Ontario Securities Commission dated July 4, 2012 that, subject to certain conditions, provided an exemption from and a deferral of:

   (a) the requirements in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**") that apply to financial statements, financial information, operating statements and pro forma financial statements for periods relating to the Filer's financial year beginning on September 1, 2012 and ending on August 31, 2013 (the "**Filer's deferred financial year**");

   (b) the amendments to National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") related to International Financial Reporting Standards ("**IFRS**") that came into force on January 1, 2011 and that apply to

documents required to be prepared, filed, delivered, or sent under NI 51-102 for periods relating to the Filer's deferred financial year;

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

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

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

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

(g) the IFRS-related amendments to National Instrument 52-110 *Audit Committees* ("**NI 52-110**") that came into force on January 1, 2011 and that apply to periods relating to the Filer's deferred financial year (collectively, such exemptions and deferrals represent the "**Granted Relief**").

2. The Ontario Securities Commission has received an application from the Filer under Section 144(1) of the Act for a variation of the Granted Relief such that: (i) the exemption from and deferral of the mandatory changeover date to IFRS under NI 52-107 and the Rules (as defined below) will be extended for one additional year to include the Filer's financial year beginning on September 1, 2013 and ending on August 31, 2014; and (ii) the Filer will be required to adopt IFRS for annual periods beginning on or after January 1, 2014 (the "**Variation Sought**").

3. 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 the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador and in the Yukon Territory, the Northwest Territories and Nunavut.

Interpretation

4. 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

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

1. The Filer was incorporated under Part II of the *Canada Corporations Act* (Ontario) on May 26, 1995 and will be continued under the *Canada Not-for-profit Corporations Act*.

2. The head office of the Filer is located in Ottawa, Ontario.

3. The Filer is a non-share capital corporation.

4. The Filer is a "reporting issuer" within the meaning of applicable securities legislation in each of the provinces and territories of Canada.

5. The Filer has $1.9 billion of outstanding bonds and notes. These debt instruments do not trade on any exchange.

6. The Filer is not in default of securities legislation in any jurisdiction as at December 12, 2012.

7. The Filer's fiscal year end is August 31.

8. The Filer is an entity whose activities are subject to rate regulation as described in Accounting Guideline 19 – *Disclosures by entities subject to rate regulation* ("**AcG-19**") in the Handbook of the Canadian Institute of Chartered Accountants (the "**Handbook**"). As such, the Filer applies AcG-19 in the preparation of its financial statements in accordance with Part V of the Handbook – Canadian generally accepted accounting principles for public enterprises that is the pre-changeover accounting standards ("**pre-changeover Canadian GAAP**").

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

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

   (b) pre-changeover Canadian GAAP.

10. On October 1, 2010, the AcSB published amendments to Part 1 of the Handbook that provided a one-year deferral of the transition to IFRS for entities with qualifying rate-regulated activities. The amendments required such entities, as defined in and applying AcG-19, to adopt IFRS for annual periods beginning on or after January 1, 2012.

11. On December 10, 2010, the Ontario Securities Commission and the Canadian Securities Administrators, as applicable, published "IFRS-Related Amendments to Securities Rules and Policies" (the "**2010 Amendments**") as part of the changeover to IFRS. As part of this changeover, 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;

   (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; and

   (c) Section 5.4 permits qualifying rate-regulated entities to defer transition to IFRS for one year. Such entities are required to transition to IFRS for periods relating to financial years beginning on or after January 1, 2012 pursuant to NI 52-107.

12. The 2010 Amendments also made amendments 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 2010 Amendments replace 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, for most entities, on or after January 1, 2011. Thus, 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 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.

13. The 2010 Amendments to the Rules are consistent with the exception for rate-regulated entities in Section 5.4 of NI 52-107, permitting rate-regulated entities to defer transition to IFRS until financial years beginning on or after January 1, 2012.

14. In March 2012, the AcSB decided to extend the deferral of the mandatory changeover date to IFRS for an additional year, such that entities with qualifying rate-regulated activities, as defined in and applying AcG-19, would only be required to adopt IFRS for annual periods beginning on or after January 1, 2013.

15. On July 4, 2012, the Decision Maker issued a decision that, subject to the conditions contained therein, provided the Filer with the Granted Relief.

16. In September 2012, the AcSB announced a further extension of the deferral of the mandatory changeover date to IFRS for an additional year, such that entities with qualifying rate-regulated activities, as defined in and applying AcG-19, are only required to adopt IFRS for annual periods beginning on or after January 1, 2014.

17. The March 2012 and September 2012 decisions of the AcSB, each to extend by one year the deferral of the mandatory changeover date to IFRS for entities with qualifying rate-regulated activities, are not currently reflected in NI 52-107 and the Rules.

18. NI 52-107 and the Rules apply to the Filer. Since Part 3 of NI 52-107 and the 2010 Amendments to the Rules do not have a provision providing for a three-year deferral of the transition to IFRS for entities with rate-regulated activities subject to NI 52-107 and the Rules, the Filer has applied for the Variation Sought.

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

20. The Filer acknowledges that if the Variation Sought is granted, the Filer:

    (a) will be subject to Part 3 of NI 52-107 and the 2010 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 Ontario Securities Commission is satisfied that the decision meets the test set out in the Legislation.

The decision of the Ontario Securities Commission under the Act is that the Variation Sought is granted provided that:

(a) the Filer continues to be an entity with qualifying rate-regulated activities, as defined in and applying AcG-19;

(b) the Filer provides the communication as described and in the manner set out in paragraph 19 above;

(c) the Filer complies with the requirements in Section 5.4 of NI 52-107 for all financial statements (including interim financial statements), financial information, operating statements and pro forma financial statements for periods relating to the Filer's deferred financial years, as if the expression "January 1, 2012" in Section 5.4 were read as "January 1, 2014";

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

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

(f) the Filer complies with the version of NI 44-101 that was in effect on December 31, 2010 (together with any amendments to NI 44-101 that are not related to IFRS and that come into effect after January 1, 2011) for any

preliminary short form prospectus, amendment to a preliminary short form prospectus, final short form prospectus or amendment to a final short form prospectus of the Filer which includes or incorporates by reference financial statements of the Filer in respect of periods relating to the Filer's deferred financial years;

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

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

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

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

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

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

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

(i) restate, in accordance with IFRS, 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 decision; and

(ii) file a restated interim financial report prepared in accordance with IFRS for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109. For greater certainty, any restated interim financial report for a Previous 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 a deferred financial year must include the opening IFRS statement of financial position at the date of transition to IFRS.

"Cameron McInnis"
Chief Accountant, Chief Accountant's Office
Ontario Securities Commission

2.1.11 Granite Real Estate Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

Securities Act (Ontario), s.74(1) – real estate investment trust and corporation want relief from the prospectus requirement in respect of certain trades and/or distributions and possible trades and/or distributions in their securities – relief required in connection with proposed reorganization – relief granted but conditional upon each unit of real estate investment trust being stapled to a unit of the corporation and to trade as a stapled unit – the first trade of any security acquired as a result of any such trade shall be deemed to be a distribution under the legislation of the jurisdiction where the trade takes place unless applicable resale conditions in National Instrument 45-102 Resale of Securities are satisfied – relief will terminate if units of real estate investment trust are not stapled to units of corporation and vice versa.

Securities Act (Ontario), s.1(11)(b) – application related to conversion transaction – units of both real estate investment trust and corporation will be "stapled units" trading together on the TSX – each issuer requesting to be deemed a reporting issuer by virtue of its units being stapled and units of each trading together as stapled units on the TSX – relief granted.

NI 51-102 Continuous Disclosure Obligations, s.13.1 – real estate investment trust and corporation want relief from Parts 4 and 5 of NI 51-102 in order to prepare, file and deliver combined financial statements – corporation wants relief from Parts 4 and 5 of NI 51-102 – corporation wants relief from Parts 6 and sections 9.1(1), 9.1(2)(a) and 11.6 of NI 51-102 – corporation analogous to credit support issuer (because continuous disclosure required under stapled structure similar to continuous disclosure required in credit supporter structure) – similar statutory exemptions are available to credit support issuers under section 13.4 of NI 51-102 – exemption granted subject to conditions substantially similar to conditions in section 13.4(2) of NI 51-102 – real estate investment trust and corporation want relief from sections 8.4 and 8.4 of NI 51-102 in order to assess significance based on, and file as part of business acquisition report, combined financial statements – exemption granted subject to conditions.

NI 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6 – real estate investment trust and corporation want relief from certification requirements – exemption granted subject to conditions.

NI 58-101 Corporate Governance, s. 3.1 – corporation wants relief from reporting obligations – exemption granted subject to conditions including that real estate investment trust and corporation continue to comply with conditions of continuous disclosure relief.

NI 44-101 Short Form Prospectus Distributions, s.8.1 – real estate investment trust and corporation want relief from basic qualification criteria – exemption granted subject to conditions including that real estate investment trust and corporation continue to comply with conditions of continuous disclosure relief.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(11)(b), 74(1).

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6.
National Instrument 58-101 Corporate Governance, s. 3.1.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.

December 21, 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
GRANITE REAL ESTATE INC. (the Filer)
ON ITS OWN BEHALF AND ON BEHALF OF
GRANITE REAL ESTATE INVESTMENT TRUST
(Granite REIT) AND GRANITE REIT INC.
(Granite GP)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on its own behalf and on behalf of Granite REIT, a new real estate investment trust, and Granite GP, a new corporation, each formed in connection with the proposed reorganization of the Filer by way of a plan of arrangement under section 414 of the *Business Corporations Act* (Québec) (the **QBCA**) to form a "stapled unit" real estate investment trust structure (the **Conversion Transaction**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the following relief (the **Exemption Sought**):

(a) pursuant to section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), that Granite REIT be exempted from the obligations in Parts 4 and 5 of NI 51-102 relating to the filing of annual and interim financial statements, along with the accompanying annual or interim management's discussion and analysis (**MD&A**), on a stand-alone basis, and relating to the delivery of the same to the holders (the **Granite REIT Unitholders**) of trust units (**Granite REIT Units**) of Granite REIT (the **Granite REIT Financial Disclosure Requirements**);

(b) pursuant to section 13.1 of NI 51-102, that Granite GP be exempted from the obligations in Parts 4 and 5 of NI 51-102 relating to the filing of annual and interim financial statements and MD&A, respectively, on a stand-alone basis, and relating to the delivery of the same to the holders (**Granite GP Shareholders**) of common shares (**Granite GP Common Shares**) of Granite GP (the **Granite GP Financial Disclosure Requirements**);

(c) pursuant to section 13.1 of NI 51-102, that Granite GP be exempted from: (i) the disclosure obligations in Parts 6 and 7 of NI 51-102 relating to annual information forms (**AIFs**) and material change reports respectively; and (ii) the disclosure obligations in sections 9.1(2)(a) and 11.6 of NI 51-102 relating to disclosure in management information circulars (collectively, the **Specified Continuous Disclosure Requirements**);

(d) pursuant to section 3.1 of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (**NI 58-101**), that Granite GP be exempted from the corporate governance disclosure requirements of NI 58-101 (the **Corporate Governance Disclosure Requirements**);

(e) pursuant to section 13.1 of NI 51-102, that Granite REIT and Granite GP be exempted from the requirements of Part 8 of NI 51-102 to (i) determine whether an acquisition or probable acquisition is a significant acquisition with reference to stand-alone financial statements, and (ii) present stand-alone historical and pro forma financial statements in a business acquisition report (the **BAR Requirements**);

(f) pursuant to section 8.6 of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**), that Granite REIT and Granite GP be exempted from the requirements of sections 4.2 and 5.2 of NI 52-109 in respect of filing the chief executive officer (**CEO**) and chief financial officer (CFO**)** certificates that Granite REIT and Granite GP would normally have to file if they prepared annual and interim financial statements and MD&A on a stand-alone basis and if Granite GP prepared its own AIF (the **Certificate Form Requirement**);

(g) pursuant to section 8.1 of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**), that Granite REIT be exempted from certain of the basic qualification criteria contained in sections 2.2(d)(i) and 2.2(e) of NI 44-101 for eligibility to file a short form prospectus, in particular the requirement that Granite REIT have current annual financial statements for any period for which Granite REIT files Combined Financial Statements (as defined below) and that Granite REIT have equity securities listed and posted for trading on a short form eligible exchange (collectively, the **Granite REIT Short Form Criteria**);

(h) pursuant to section 8.1 of NI 44-101, that Granite GP be exempted from certain of the basic qualification criteria contained in sections 2.2(d) and 2.2(e) of NI 44-101 for eligibility to file a short form prospectus, in particular the requirements that Granite GP have current annual financial statements, a current annual information form (**AIF**) and equity securities listed and posted for trading on a short form eligible exchange (the **Granite GP Short Form Criteria**); and

(i) that Granite GP and Granite REIT be exempted from the requirement under the Legislation to file a prospectus in connection with the distribution of Stapled Units (as defined below), and rights, options or other securities that confer

the right to acquire Stapled Units or are convertible into or exercisable or exchangeable for Stapled Units, to a director, trustee, officer, employee or consultant (or a former director, trustee, officer, employee or consultant) of Granite GP, Granite REIT or a related entity (as defined under National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**")) or to a permitted assign (as defined under NI 45-106) thereof (including under the Filer's executive share unit plan, as amended from time to time (which is anticipated to become a plan of Granite GP and/or Granite REIT following completion of the Conversion Transaction)) (the **Prospectus Requirements**).

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of Granite REIT and Granite GP, for a decision under the Legislation that Granite REIT and Granite GP be designated, as of the effective time of the Conversion Transaction, as a reporting issuer in the Jurisdiction (the **Reporting Issuer Designation**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is currently a corporation continued under the laws of the Province of Québec. The head office of the Filer is located in Toronto, Ontario. On June 13, 2012, the Filer changed its name from MI Developments Inc. to Granite Real Estate Inc. following approval of the name change by the holders (**Granite Common Shareholders**) of common shares (**Granite Common Shares**) of the Filer. The Filer has called and held a special meeting of Granite Common Shareholders (the **Granite Special Meeting**) on November 15, 2012 for the purpose of voting on a special resolution to approve the Conversion Transaction. At the Granite Special Meeting, the special resolution to approve the Conversion Transaction was approved by the Granite Common Shareholders.

2. The Filer is a reporting issuer or the equivalent under the securities legislation of each of the provinces and territories of Canada and is not in default of securities legislation of any such jurisdiction.

3. The Filer also has securities registered under section 12 of the U.S. Securities Exchange Act of 1934, as amended (the **1934 Act**). As such, the Filer is an "SEC issuer" as that term is defined under NI 51-102 and National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standard*s (**NI 52-107**).

4. The Granite Common Shares are listed on the Toronto Stock Exchange (**TSX**) under the symbol "GRT" and on the New York Stock Exchange (**NYSE**) under the symbol "GRP".

5. The Filer is a Canadian-based real estate company engaged, directly and through its subsidiaries, primarily in the acquisition, development, construction, leasing, management and ownership of a predominantly industrial rental portfolio of properties in North America and Europe.

6. As at November 7, 2012, there were approximately 46,832,908 Granite Common Shares outstanding.

7. The Filer is also the issuer of $265 million of 6.05% Senior Unsecured Debentures Series 1 due December 22, 2016 (the **Debentures**), which were issued in Canada under a base shelf prospectus dated March 19, 2004 and a prospectus supplement dated December 16, 2004.

The Conversion Transaction

8. On June 30, 2011, the Filer completed a reorganization (the **2011 Reorganization**) pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) that resulted in (i) the transfer to the Filer's former controlling shareholder (a company controlled by the Stronach Trust) of the horseracing, gaming and certain related assets formerly held by the Filer, in return for the purchase and cancellation of the shares of the Filer held by such shareholder, and (ii) the elimination of the Filer's former dual-class share structure. Following the 2011 Reorganization,

an entirely new board of directors took office and new senior management (including the chief executive officer and chief financial officer) was appointed.

9. On October 25, 2011 the Filer announced that, as part of its newly developed strategic plan following the 2011 Reorganization, it intends to convert to a real estate investment trust (a **REIT**). The purpose of the Conversion Transaction is to complete the conversion of the Filer from a corporate structure to a REIT. The Conversion Transaction will adopt the "stapled unit structure" described below in order to avoid an acquisition of control of the Filer for Canadian income tax purposes.

10. In connection with or as part of the Conversion Transaction, the Filer formed Granite GP as a new corporation under the *Business Corporations Act* (British Columbia) and Granite REIT as a new trust under the laws of Ontario, and it is proposed that, among other things, the following transactions will occur:

    (a) Granite GP (as general partner) and the Filer (as initial limited partner) have formed a new limited partnership, Granite REIT Holdings Limited Partnership (**Granite LP**) under the laws of Québec;

    (b) the Filer will transfer the equity of its Canadian and United States subsidiaries, and indebtedness owed to it by one or more United States subsidiaries (the **U.S. Debtor Subsidiaries**) to Granite LP, and will transfer indebtedness owed to it by certain European subsidiaries (the **Euro Debtor Subsidiaries**) to Granite Europe Limited Partnership (**Finance LP**), a limited partnership that will be controlled indirectly by the Filer, in which the Filer will own the general partner (having a 0.01% economic interest) and an approximate 19.99% voting limited partnership interest, and Granite LP will own an approximate 80% non-voting limited partnership interest;

    (c) (i) Granite LP and Finance LP will agree to be bound by the terms of the trust indenture and of the Debentures as co-principal debtors in place of the Filer, and the Filer will guarantee all amounts payable under the Debentures, in accordance with the trust indenture, and Granite LP will (except as otherwise agreed with the Filer) assume substantially all of the other indebtedness and liabilities of the Filer, (ii) the Filer will agree to remain bound by the trust indenture and the Debentures as co-principal debtor, as permitted by the trust indenture, and (iii) each of Granite GP and Granite REIT will provide guarantees of all amounts payable under the Debentures, as permitted by the trust indenture;

    (d) through a series of steps, Granite Common Shareholders will exchange their Granite Common Shares for Granite REIT Units and Granite GP Common Shares on a one-for-one basis;

    (e) all of the Granite Common Shares will become owned by Granite LP; and

    (f) all of the limited partnership units of Granite LP (which will represent approximately 99.99% of the economic entitlement in Granite LP) will become held by Granite REIT, with the general partnership interest (which will represent not more than approximately 0.01% of the economic entitlement in Granite LP) remaining held by Granite GP.

11. Subject to required approvals and satisfaction of closing conditions, it is expected that the Conversion Transaction will be completed in late December 2012 or early January 2013.

12. At the conclusion of the Conversion Transaction, each Granite REIT Unit will be stapled to a Granite GP Common Share (together, a **Stapled Unit**) and the two securities will, subject to listing approval, trade together as a Stapled Unit on the TSX and the NYSE (the **Stapled Structure**). Assuming listing approval is granted, it is expected that the Stapled Units will be listed and posted for trading in substitution for the Granite Common Shares, which are currently listed and posted for trading. The Filer anticipates that the Granite REIT Units and Granite GP Common Shares forming the Stapled Units will be separately listed, but not separately posted for trading, on the TSX, as is the case with other stapled unit structures.

13. Upon completion of the Conversion Transaction, Granite REIT and Granite GP will enter into an agreement (the **Support Agreement**) that will facilitate the Stapled Structure, including providing for the simultaneous issue of Granite REIT Units and Granite GP Common Shares, coordination of the declaration and payment of dividends and distributions, and other relevant matters.

14. The Granite REIT Units and the Granite GP Common Shares will only become unstapled (a) in the event that holders of Granite REIT Units vote in favour of the unstapling of Granite REIT Units and Granite GP Common Shares, such that the two securities will trade separately, or (b) at the sole discretion of the trustees of Granite REIT or the directors of Granite GP upon an event of bankruptcy or insolvency of either Granite REIT or Granite GP.

15. Immediately following completion of the Conversion Transaction, the authorized capital of Granite GP will include an unlimited number of Granite GP Common Shares, and all of the issued Granite GP Common Shares will be held by the former Granite Common Shareholders in the form of Stapled Units.

16. Immediately following completion of the Conversion Transaction, the authorized capital of Granite REIT will be an unlimited number of Granite REIT Units, and all of the issued Granite REIT Units will be held by the former Granite Common Shareholders in the form of Stapled Units.

17. Immediately upon completion of the Conversion Transaction, (a) the only material assets of Granite REIT will be the limited partnership interests in Granite LP, (b) the only significant asset of Granite GP will be its relatively nominal general partner interest in Granite LP, and (c) Granite REIT will not own any equity securities of Granite GP and Granite GP will not own any equity securities of Granite REIT.

18. Pursuant to the QBCA, the Granite Common Shareholders are required to approve the Conversion Transaction by at least two-thirds of the votes cast by Granite Common Shareholders at the Granite Special Meeting and such approval was obtained at the Granite Special Meeting held on November 15, 2012.

Governance and Management

19. Immediately upon completion of the Conversion Transaction, the initial directors of Granite GP are expected to be the individuals who are the directors of the Filer at the time of completion of the Conversion Transaction. Immediately upon completion of the Conversion Transaction, the initial trustees of Granite REIT are expected to be the individuals who are the directors of Granite GP or a smaller group of individuals, all of whom will be directors of Granite GP. Thereafter, the directors of Granite GP and the trustees of Granite REIT will be elected or appointed by the holders of Granite GP Common Shares and the holders of Granite REIT Units, respectively. It is expected that the chief executive officer and chief financial officer of Granite REIT will be the same as the chief executive officer and chief financial officer of Granite GP, and will initially be the individuals who are the chief executive officer and chief financial officer of the Filer at the time of completion of the Conversion Transaction.

20. Following the Conversion Transaction, the business and interests of Granite REIT and Granite GP (carried on through Granite LP and its subsidiaries) will effectively be one and the same. The economic interest of a holder of Stapled Units will be in Granite REIT and Granite GP together. Granite GP will have authority to act as the general partner of Granite LP, and Granite REIT and Granite GP will together own all of the partnership interests in Granite LP, which will own, directly and indirectly, all the shares of the (reorganized) Filer and all of the subsidiaries, business and assets previously held by the Filer. The Conversion Transaction does not contemplate the acquisition of any additional operating assets from third parties or the disposition of any existing operating assets to third parties.

Financial Reporting

21. Granite REIT and Granite GP: (i) will become reporting issuers by operation of law in all provinces and territories other than Ontario following the completion of the Conversion Transaction; (ii) have applied to be designated as reporting issuers in Ontario following the completion of the Conversion Transaction; and (ii) expect to register securities under section 12 of the 1934 Act following the Conversion Transaction and as such will be "SEC issuers" as that term is defined under NI 51-102 and NI 52-107.

22. The Filer has determined, in consultation with its auditors Ernst & Young LLP, that under both United States generally accepted accounting principles and International Financial Reporting Standards (Canadian GAAP applicable to publicly accountable enterprises, as set forth in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants), (a) the financial statements of Granite REIT would consolidate the financial position and results of Granite LP and its subsidiaries, (b) in its own, stand-alone, financial statements, Granite GP would equity account for its relatively nominal general partner interest in Granite LP, and (c) Granite REIT and Granite GP will be able to prepare combined financial statements, so long as the Stapled Structure exists. If the Conversion Transaction is completed, Granite REIT and Granite GP will account for the transaction on a continuity of interests basis from the Filer.

23. Following completion of the Conversion Transaction, so long as the Stapled Units are not unstapled, the financial information most relevant to holders of Stapled Units will be that of Granite REIT and Granite GP together, on a combined basis.

Auditors and Audit Committee

24. It is anticipated that, initially, the auditors of Granite REIT will be the same as the auditors of Granite GP. Thereafter, auditors will be appointed by Granite REIT Unitholders and Granite GP Shareholders, respectively, but it would be expected that the same firm of auditors would be nominated and appointed for both while the Stapled Structure exists.

Granite REIT and Granite GP will each appoint an audit committee consisting of at least three independent trustees or directors, as applicable, in compliance with NI 52-110.

Raising of Additional Capital

25. If Granite REIT wishes to raise capital following the Conversion Transaction, including pursuant to a public offering qualified by a short form prospectus or a shelf prospectus, Granite GP will be required, under the Support Agreement, to issue the same number of Granite GP Common Shares as the number of Granite REIT Units issued in connection with such financing concurrently with the issue of such Granite REIT Units. Any such Granite REIT Units and Granite GP Common Shares will trade as Stapled Units except in the circumstances described in paragraph 14. The net proceeds of any offering of Stapled Units will be allocated between Granite REIT and Granite GP pro rata in proportion to the relative values of Granite REIT and Granite GP at the time of the offering.

26. If Granite REIT and Granite GP rely on the requested relief from the Granite REIT Short Form Criteria and the Granite GP Short Form Criteria to distribute Stapled Units, they will file a single short form prospectus qualifying the distribution of securities of each issuer (a **Joint Prospectus**), which will incorporate by reference the following documents:

(a) Granite REIT's then current AIF (**Granite REIT's Current AIF**);

(b) the then most recent audited annual Combined Financial Statements (as defined below), together with the related MD&A;

(c) if, at the date of the Joint Prospectus, Granite REIT or Granite GP have filed or have been required to file interim Combined Financial Statements (as defined below) for a period subsequent to the then most recent financial year-end, such interim financial statements together with the related interim MD&A;

(d) any applicable segmented financial information referred to in Section 2(a)(iv), below;

(e) the content of any news release or other public communication that is disseminated by Granite REIT or Granite GP prior to the filing of the Joint Prospectus and that contains historical financial information about one or both of Granite REIT and Granite GP for a period more recent than the end of the most recent period for which financial statements are required under paragraphs (b) and (c) above;

(f) any material change report of Granite REIT or Granite GP, other than a confidential material change report, filed by Granite REIT under Part 7 of NI 51-102 or by Granite GP in accordance with this decision since the end of the financial year in respect of which Granite REIT's Current AIF is filed;

(g) any business acquisition report filed by Granite REIT or Granite GP under Part 8 of NI 51-102 and in accordance with this decision for acquisitions completed since the beginning of the financial year in respect of which Granite REIT's Current AIF is filed, unless:

(i) the business acquisition report is incorporated by reference in an AIF that is itself incorporated by reference in the Joint Prospectus; or

(ii) at least nine months of the relevant business operations are reflected in annual financial statements that are incorporated by reference in the Joint Prospectus;

(h) any information circular filed by Granite REIT under Part 9 of NI 51-102, or by Granite GP in accordance with this decision, since the beginning of the financial year in respect of which Granite REIT's Current AIF is filed, other than an information circular prepared in connection with an annual general meeting of either Granite REIT or Granite GP if it has filed and incorporated by reference in the Joint Prospectus an information circular for a later annual general meeting; and

(i) any other disclosure document which Granite REIT or Granite GP has filed pursuant to an undertaking to a provincial and territorial securities regulatory authority, or pursuant to an exemption from any requirement of securities legislation of a Canadian jurisdiction, since the beginning of the financial year in respect of which Granite REIT's Current AIF is filed.

Decision

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

2. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that the Conversion Transaction is implemented in substantially the manner contemplated by the representations set forth above in this Decision, and subject to the further conditions specified below:

   (a) in respect of the Granite REIT Financial Disclosure Requirements and the Granite GP Financial Disclosure Requirements:

      (i) Granite REIT and Granite GP continue to satisfy the conditions set out in paragraph (b) of this section 2;

      (ii) Granite REIT files, under its profile on the System for Electronic Document Analysis and Retrieval (**SEDAR**), one set of financial statements prepared on a combined basis (**Combined Financial Statements**) using the accounting principles applicable to Granite REIT and Granite GP pursuant to the securities legislation of the Jurisdiction (**Applicable Accounting Principles**) to reflect the financial position and results of Granite REIT and Granite GP on a combined basis;

      (iii) any Combined Financial Statements filed by Granite REIT include the components specified in sections 4.1(1) of NI 51-102 (for annual financial reporting periods) and 4.3(2) of NI 51-102 (for interim financial reporting periods);

      (iv) the Combined Financial Statements filed by Granite REIT provide in the notes thereto segmented financial information for each of Granite GP and Granite REIT if and to the extent required under Applicable Accounting Principles;

      (v) the annual Combined Financial Statements filed by Granite REIT are audited;

      (vi) prior to filing its unaudited Combined Financial Statements for each interim period during its financial year ending December 31, 2013 Granite REIT and its auditor have concluded that the preparation of Combined Financial Statements is acceptable under Applicable Accounting Principles;

      (vii) the Combined Financial Statements filed by Granite REIT are accompanied by the fee, if any, applicable to filings of annual financial statements;

      (viii) the MD&A of Granite REIT is prepared with reference to the Combined Financial Statements;

      (ix) Granite GP files a notice under its SEDAR profile indicating that it is relying on the financial statements and related MD&A filed by Granite REIT and directing readers to refer to Granite REIT's SEDAR profile;

      (x) Granite REIT and Granite GP continue to satisfy the requirements set out in NI 52-110;

      (xi) the audit committee of Granite REIT and Granite GP is responsible for:

         (A) overseeing the work of the external auditors engaged for the purposes of auditing the Combined Financial Statements under Applicable Accounting Principles; and

         (B) resolving disputes between the external auditors and management of both Granite REIT and Granite GP regarding financial reporting; and

      (xii) Granite REIT continues to satisfy the requirements of section 4.6 of NI 51-102, except that for each financial reporting period in respect of which Combined Financial Statements are prepared, Granite REIT shall only be required to send to Granite REIT Unitholders copies of the Combined Financial Statements and related MD&A;

   (b) in respect of the Specified Continuous Disclosure Requirements and the Corporate Governance Disclosure Requirements:

      (i) Granite REIT is a reporting issuer in a designated Canadian jurisdiction (as defined in section 13.4 of NI 51-102), complies with NI 51-102 or the conditions of any exemptions therefrom and is an electronic filer under National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* that has filed all documents it is required to file under NI 51-102 or under the conditions of any exemptions therefrom

(ii) Granite GP does not issue, and has no outstanding, securities other than the Granite GP Common Shares, debt securities that are stapled to debt securities of Granite REIT, securities issued to or held by directors, trustees, officers, employees or consultants (or former directors, trustees, officers, employees or consultants) of Granite GP, Granite REIT or a related entity (as defined under NI 45-106)) or a permitted assign (as defined under NI 45-106), including options, rights or other securities under equity compensation plans that are convertible into or exercisable or exchangeable for Granite GP Common Shares and/or Granite REIT Units that will form Stapled Units, and the securities listed in sections 13.4(2)(c)(iii) and (iv) of NI 51-102;

(iii) an AIF, management information circular or statement of executive compensation filed by Granite REIT contains all information that would be required in an AIF, management information circular or statement of executive compensation, as applicable, filed by Granite GP for the same reporting period;

(iv) Granite GP files a notice under its SEDAR profile indicating that it is relying on the AIF, management information circular, material change reports and statements of executive compensation (if applicable) filed by Granite REIT and directing readers to refer to Granite REIT's SEDAR profile;

(v) Granite GP issues a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of Granite GP that is not also a material change in the affairs of Granite REIT;

(vi) Granite REIT continues to satisfy the requirements set out in NI 58-101;

(vii) each Granite GP Common Share is stapled to a Granite REIT Unit and they trade together as a Stapled Unit; and

(viii) if the Granite GP Common Shares and the Granite REIT Units become unstapled and trade separately, Granite GP will comply with the requirements of sections 9.1(1) and 9.1(2)(a) of NI 51-102 in respect of any meeting for which it gives notice to any registered holder of securities of Granite GP;

(c) in respect of the Certificate Form Requirement:

(i) Granite REIT and Granite GP continue to satisfy the conditions set out in paragraph (a) of this section 2;

(ii) the certificates filed by Granite REIT and Granite GP in accordance with section 4.1 of NI 52-109, in connection with the filing of Combined Financial Statements prepared under Applicable Accounting Principles for each annual financial reporting period in respect of which the Granite GP Common Shares are stapled to the Granite REIT Units, are substantially in the form required by section 4.2 of NI 52-109, except that the certificates refer to and certify matters in respect of the filing of Granite REIT's AIF and the Combined Financial Statements and related MD&A; and

(iii) the certificates filed by Granite REIT and Granite GP in accordance with section 5.1 of NI 52-109, in connection with the filing of Combined Financial Statements prepared under Applicable Accounting Principles for each interim financial reporting period in respect of which the Granite GP Common Shares are stapled to the Granite REIT Units, are substantially in the form required by section 5.2 of NI 52-109, except that the certificates refer to and certify matters in respect of the filing of Combined Financial Statements and related MD&A;

(d) in respect of the BAR Requirements:

(i) Granite REIT and Granite GP continue to satisfy the conditions set out in paragraph (a) of this section 2;

(ii) Granite REIT and Granite GP apply the significance tests under Part 8 of NI 51-102 with reference to the Combined Financial Statements; and

(iii) if a BAR is required to be filed, the BAR includes, with respect to Granite REIT and Granite GP, pro forma combined financial statements, prepared using the Applicable Accounting Principles used in the Combined Financial Statements of Granite REIT and Granite GP;

(e) in respect of the Granite REIT Short Form Criteria:

(i) each Granite GP Common Share is stapled to a Granite REIT Unit and they trade together as a Stapled Unit

(ii) each Stapled Unit is listed and posted for trading on a short form eligible exchange, as defined in NI 44-101 (an **Exchange**);

(iii) Granite REIT and Granite GP continue to satisfy the conditions set out in paragraph (a) of this section 2; and

(iv) each Joint Prospectus filed by Granite REIT and Granite GP incorporates by reference any applicable documents listed in paragraph 26 above; and

(f) in respect of the Granite GP Short Form Criteria:

(i) each Granite GP Common Share is stapled to a Granite REIT Unit and they trade together as a Stapled Unit;

(ii) each Stapled Unit is listed and posted for trading on an Exchange;

(iii) Granite REIT and Granite GP continue to satisfy the conditions set out in paragraph (a) of this section 2; and

(iv) each Joint Prospectus filed by Granite REIT and Granite GP incorporates by reference any applicable documents listed in paragraph 26 above.

As to the Exemption Sought (other than from the Prospectus Requirements):

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

As to the Prospectus Requirements and the Reporting Issuer Designation, provided that, in respect of the Prospectus Requirements:

(i) each Stapled Unit is listed and posted for trading on an Exchange; and

(ii) the first trade of any Granite REIT Unit acquired as a result of any such trade shall be deemed to be a distribution under the securities legislation of the Canadian jurisdictions where the trade takes place unless the conditions in section 2.6(3) of National Instrument 45-102 Resale of Securities are satisfied.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.12 Granite Real Estate Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application from corporation (Filer) for an order exempting Filer and two limited partnerships from continuous disclosure requirements, certification requirements, audit committee requirements, corporate governance disclosure requirements and insider reporting requirements – real estate investment trust and corporation will provide full and unconditional guarantees of debentures which will become obligations of limited partnerships following transaction – entities unable to rely on exemptions for credit support issuers in applicable securities legislation – relief granted on condition that stapled structure remain in place and on conditions substantially analogous to the conditions contained in section 13.4 of National Instrument 51-102 Continuous Disclosure Obligations – application on behalf of two limited partnerships that will be formed in connection with conversion transaction requesting to be deemed reporting issuers – requested order harmonizes regulatory treatment of applicants across Canada – relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, ss. 1(11)(b), 107, 121(2)(a)(ii).
National Instrument 51-102 Continuous Disclosure Obligations, ss. 13.1, 13.4.
National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, s. 8.6.
National Instrument 52-110 Audit Committees, s. 8.1.
National Instrument 58-101 Disclosure of Corporate Governance Practices, s. 3.1.
National Instrument 55-104 Insider Reporting Requirements and Exemptions, s. 10.1.

December 21, 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
GRANITE REAL ESTATE INC. (the Filer)
ON ITS OWN BEHALF AND ON BEHALF OF
GRANITE REIT HOLDINGS LIMITED PARTNERSHIP (Granite LP)
AND GRANITE EUROPE LIMITED PARTNERSHIP (Finance LP)
FORMED OR TO BE FORMED AS PART OF A CONVERSION OF THE FILER TO A
REAL ESTATE INVESTMENT TRUST STRUCTURE

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on its own behalf and on behalf of Granite LP and Finance LP, new limited partnerships formed in connection with the proposed reorganization of the Filer by way of a plan of arrangement under section 414 of the *Business Corporations Act* (Québec) (the **QBCA**) to form a "stapled unit" real estate investment trust structure (the **Conversion Transaction**), for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for the following relief (the **Exemption Sought**):

(a) pursuant to section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), that Granite LP, Finance LP and the Filer be exempted from the continuous disclosure obligations contained in NI 51-102 (the **Continuous Disclosure Requirements**);

(b) pursuant to section 8.6 of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (**NI 52-109**), that Granite LP, Finance LP and the Filer be exempted from the requirements of NI 52-109 (the **Certification Requirements**);

(c) pursuant to section 8.1 of National Instrument 52-110 *Audit Committees* (**NI 52-110**), that Granite LP, Finance LP and the Filer be exempted from the requirements of NI 52-110 (the **Audit Committee Requirements**);

(d) pursuant to section 3.1 of National Instrument 58-101 *Disclosure of Corporate Governance Practices* (NI 58-101), that Granite LP, Finance LP and the Filer be exempted from the corporate governance disclosure requirements of NI 58-101 (the **Corporate Governance Disclosure Requirements**); and

(e) pursuant to section 121(2) of the *Securities Act* (Ontario) and pursuant to section 10.1 of NI 55-104 *Insider Reporting Requirements and Exemptions* (NI 55-104) (the **Insider Reporting Requirements**) that reporting insiders of Granite LP, Finance LP and the Filer not be required to file insider reports (the **Insider Reporting Exemption**).

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of itself, Granite LP and Finance LP, for a decision under the Legislation that Granite LP and Finance LP be designated, as of the effective time of the Conversion Transaction, as a reporting issuer in the Jurisdiction (the **Reporting Issuer Designation**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is currently a corporation continued under the laws of the Province of Québec. The head office of the Filer is located in Toronto, Ontario. On June 13, 2012, the Filer changed its name from MI Developments Inc. to Granite Real Estate Inc. following approval of the name change by the holders (**Granite Common Shareholders**) of common shares (**Granite Common Shares**) of the Filer. The Filer has called and held a special meeting of Granite Common Shareholders (the **Granite Special Meeting**) on November 15, 2012 for the purpose of voting on a special resolution to approve the Conversion Transaction. At the Granite Special Meeting, the special resolution to approve the Conversion Transaction was approved by the Granite Common Shareholders.

2. The Filer is a reporting issuer or the equivalent under the securities legislation of each of the provinces and territories of Canada and is not in default of securities legislation of any such jurisdiction.

3. The Filer also has securities registered under section 12 of the U.S. Securities Exchange Act of 1934, as amended (the **1934 Act**). As such, the Filer is an "SEC issuer" as that term is defined under NI 51-102 and National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**).

4. The Granite Common Shares are listed on the Toronto Stock Exchange (**TSX**) under the symbol "GRT" and on the New York Stock Exchange (**NYSE**) under the symbol "GRP".

5. The Filer is a Canadian-based real estate company engaged, directly and through its subsidiaries, primarily in the acquisition, development, construction, leasing, management and ownership of a predominantly industrial rental portfolio of properties in North America and Europe.

6. As at November 7, 2012, there were approximately 46,832,908 Granite Common Shares outstanding.

7. The Filer is also the issuer of $265 million of 6.05% Senior Unsecured Debentures Series 1 due December 22, 2016 (the **Debentures**). The Debentures were issued under a trust indenture dated December 22, 2004 (the **Trust Indenture**) between Granite and BNY Trust Company of Canada, and were distributed in Canada under a base shelf prospectus dated March 19, 2004 and a prospectus supplement dated December 16, 2004.

The Conversion Transaction

8. On June 30, 2011, the Filer completed a reorganization (the **2011 Reorganization**) pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario) that resulted in (i) the transfer to the Filer's former controlling shareholder (a company controlled by the Stronach Trust) of the horseracing, gaming and certain related assets formerly held by the Filer, in return for the purchase and cancellation of the shares of the Filer held by such shareholder, and (ii) the elimination of the Filer's former dual-class share structure. Following the 2011 Reorganization, an entirely new board of directors took office and new senior management (including the chief executive officer and chief financial officer) was appointed.

9. On October 25, 2011 the Filer announced that, as part of its newly developed strategic plan following the 2011 Reorganization, it intends to convert to a real estate investment trust (a **REIT**). The purpose of the Conversion Transaction is to complete the conversion of the Filer from a corporate structure to a REIT. The Conversion Transaction will adopt the "stapled unit structure" described below in order to avoid an acquisition of control of the Filer for Canadian income tax purposes.

10. In connection with or as part of the Conversion Transaction, the Filer formed a new corporation ("**Granite GP**") under the *Business Corporations Act* (British Columbia) and a new real estate investment trust ("**Granite REIT**") under the laws of Ontario, and it is proposed that, among other things, the following transactions will occur:

    (a) Granite GP (as general partner) and the Filer (as initial limited partner) have formed Granite LP as a new limited partnership under the laws of Québec;

    (b) the Filer will transfer the equity of its Canadian and United States subsidiaries, and indebtedness owed to it by one or more United States subsidiaries (the **U.S. Debtor Subsidiaries**), to Granite LP, and will transfer indebtedness owed to it by certain European subsidiaries (the **Euro Debtor Subsidiaries**) to Finance LP, in which the Filer will own the general partner (having a 0.01% economic interest) and an approximate 19.99% voting limited partnership interest, and Granite LP will own an approximate 80% non-voting limited partnership interest;

    (c) (i) Granite LP and Finance LP will agree to be bound by the terms of the trust indenture and of the Debentures as co-principal debtors in place of the Filer, and the Filer will guarantee all amounts payable under the Debentures, in accordance with the trust indenture, and Granite LP will (except as otherwise agreed with the Filer) assume substantially all of the other indebtedness and liabilities of the Filer, (ii) the Filer will agree to remain bound by the trust indenture and the Debentures as co-principal debtor, as permitted by the trust indenture, and (iii) each of Granite GP and Granite REIT will provide guarantees of all amounts payable under the Debentures, as permitted by the trust indenture;

    (d) through a series of steps, Granite Common Shareholders will exchange their Granite Common Shares for units of Granite REIT (**Granite REIT Units**) and common shares of Granite GP (**Granite GP Common Shares**) on a one-for-one basis;

    (e) all of the Granite Common Shares will become owned by Granite LP; and

    (f) all of the limited partnership units of Granite LP (which will represent approximately 99.99% of the economic entitlement in Granite LP) will become held by Granite REIT, with the general partnership interest (which will represent not more than approximately 0.01% of the economic entitlement in Granite LP) remaining held by Granite GP.

11. Subject to required approvals and satisfaction of closing conditions, it is expected that the Conversion Transaction will be completed in late December 2012 or early January 2013.

12. At the conclusion of the Conversion Transaction, each Granite REIT Unit will be stapled to a Granite GP Common Share (together, a **Stapled Unit**) and the two securities will, subject to listing approval, trade together as a Stapled Unit on the TSX and the NYSE (the **Stapled Structure**). Assuming listing approval is granted, it is expected that the Stapled Units will be listed and posted for trading in substitution for the Granite Common Shares, which are currently listed and posted for trading. The Filer anticipates that the Granite REIT Units and Granite GP Common Shares forming the Stapled Units will be separately listed, but not separately posted for trading, on the TSX, as is the case with other stapled unit structures.

13. Upon completion of the Conversion Transaction, Granite REIT and Granite GP will enter into an agreement that will facilitate the Stapled Structure, including providing for the simultaneous issue of Granite REIT Units and Granite GP

Common Shares, coordination of the declaration and payment of dividends and distributions, and other relevant matters.

14. The Granite REIT Units and the Granite GP Common Shares will only become unstapled (a) in the event that holders of Granite REIT Units vote in favour of the unstapling of Granite REIT Units and Granite GP Common Shares, such that the two securities will trade separately, or (b) at the sole discretion of the trustees of Granite REIT or the directors of Granite GP upon an event of bankruptcy or insolvency of either Granite REIT or Granite GP.

15. Immediately following completion of the Conversion Transaction, the authorized capital of Granite GP will include an unlimited number of Granite GP Common Shares, and all of the issued Granite GP Common Shares will be held by the former Granite Common Shareholders in the form of Stapled Units.

16. Immediately following completion of the Conversion Transaction, the authorized capital of Granite REIT will be an unlimited number of Granite REIT Units, and all of the issued Granite REIT Units will be held by the former Granite Common Shareholders in the form of Stapled Units.

17. Immediately upon completion of the Conversion Transaction, (a) the only material assets of Granite REIT will be the limited partnership interests in Granite LP, (b) the only significant asset of Granite GP will be its relatively nominal general partner interest in Granite LP, and (c) Granite REIT will not own any equity securities of Granite GP and Granite GP will not own any equity securities of Granite REIT.

18. Pursuant to the QBCA, the Granite Common Shareholders are required to approve the Conversion Transaction by at least two-thirds of the votes cast by Granite Common Shareholders at the Granite Special Meeting and such approval was obtained at the Granite Special Meeting held on November 15, 2012.

The Debentures

19. In connection with the Conversion Transaction, it is proposed that (i) Granite LP and Finance LP will agree to be bound by the terms of the Trust Indenture and of the Debentures as co-principal debtors in place of the Filer, and the Filer will guarantee all amounts payable under the Debentures, in accordance with the Trust Indenture, and Granite LP will (except as otherwise agreed with the Filer) assume substantially all of the other indebtedness and liabilities of the Filer, (ii) the Filer will agree to remain bound by the Trust Indenture and the Debentures as co-principal debtor, as permitted by the Trust Indenture, and (iii) each of Granite REIT and Granite GP will provide guarantees of all amounts payable under the Debentures, as permitted by the Trust Indenture;

Combined Financial Presentation of Granite REIT and Granite GP

20. Following the Conversion Transaction, the business and interests of Granite REIT and Granite GP (carried on through Granite LP and its subsidiaries) will effectively be one and the same. The economic interest of a holder of Stapled Units will be in Granite REIT and Granite GP together. Granite GP will have authority to act as the general partner of Granite LP, and Granite REIT and Granite GP will together own all of the partnership interests in Granite LP, which will own, directly and indirectly, all the shares of the (reorganized) Filer and all of the subsidiaries, business and assets previously held by the Filer. The Conversion Transaction does not contemplate the acquisition of any additional operating assets from third parties or the disposition of any existing operating assets to third parties.

21. Granite REIT and Granite GP: (i) will become reporting issuers by operation of law in all provinces and territories other than Ontario following the completion of the Conversion Transaction; (ii) have applied to be designated as reporting issuers in Ontario following the completion of the Conversion Transaction; and (ii) expect to register securities under section 12 of the 1934 Act following the Conversion Transaction and as such will be "SEC issuers" as that term is defined under NI 51-102 and NI 52-107.

22. The Filer has determined, in consultation with its auditors Ernst & Young LLP, that under both United States generally accepted accounting principles and International Financial Reporting Standards (Canadian GAAP applicable to publicly accountable enterprises, as set forth in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants), (a) the financial statements of Granite REIT would consolidate the financial position and results of Granite LP and its subsidiaries, (b) in its own, stand-alone, financial statements, Granite GP would equity account for its relatively nominal general partner interest in Granite LP and (c) Granite REIT and Granite GP will be able to prepare combined financial statements, so long as the Stapled Structure exists. If the Conversion Transaction is completed, Granite REIT and Granite GP will account for the transaction on a continuity of interests basis from the Filer.

23. The Filer has applied, on behalf of itself and Granite REIT and Granite GP, for exemptive relief (the **Parent CD Relief**) from a number of the continuous disclosure requirements of the securities laws in the Jurisdiction including, in particular, those relating to financial statement and management's discussion and analysis (**MD&A**) disclosure to

permit Granite REIT and Granite GP to prepare, file and deliver one set of financial statements prepared on a combined basis (**Combined Financial Statements**) using the accounting principles applicable to Granite REIT and Granite GP pursuant to the securities legislation of the Jurisdiction (**Applicable Accounting Principles**), and related MD&A, to reflect the financial position and results of Granite REIT and Granite GP on a combined basis, instead of each of them preparing, filing and delivering their own stand-alone financial statements, while the Stapled Structure is in place.

24. An unmodified audit report will be provided on the audited annual Combined Financial Statements.

Granite LP

25. If the required approvals are obtained and the Conversion Transaction is completed, the Debentures will be non-convertible debt securities and will have been guaranteed by Granite GP, the general partner of Granite LP (which is deemed to control Granite LP, Finance LP and the Filer under section 1.1(3) of NI 51-102). However, it is not clear that the Debentures would satisfy the definition of "designated credit support securities" (as defined in NI 51-102), since Granite LP and Finance LP are limited partnerships and it is not clear that they will be a "subsidiary" of Granite GP for this purpose since the term "subsidiary" (which is not defined in NI 51-102) is defined under the Securities Act (Ontario) with reference only to companies.

26. In addition, the requirements of the exemption for credit support issuers provided in section 13.4(2) of NI 51-102 would not be satisfied for a number of reasons, including that

    (a) Granite LP will have issued securities (limited partnership units) to Granite REIT, which would not be an affiliate of Granite GP for purposes of NI 51-102 (a requirement of paragraph (c)(ii) of section 13.4(2) is that equity securities not have been issued other than to the parent credit supporter or an affiliate of the parent credit supporter), and

    (b) Granite GP will not be the only guarantor of the designated credit support securities (a requirement of paragraph (k) of section 13.4(2)), since it is contemplated that Granite REIT and the Filer will also provide guarantees.

27. Granite LP would also not satisfy the requirements of the other exemption for credit support issuers provided in section 13.4(2.1) of NI 51-102 for a number of reasons, including that

    (a) it will not be able to satisfy the conditions in paragraph (2)(c) of section 13.4, as described above (a requirement of paragraph (a) of section 13.4(2.1)), and

    (b) Granite GP and the Filer will not be the only guarantors of the designated credit support securities (a requirement of paragraph (d) of section 13.4(2.1)), since Granite REIT will also provide a guarantee.

28. Similarly, Granite LP, Finance LP and the Filer will not meet the requirements of the exemption from insider reporting in section 13.4(3) of NI 51-102 since the conditions of paragraph 13.4(2)(a) and (c) will not be complied with.

29. If the Exemption Sought is granted, the Filer, Granite LP, Finance LP, Granite REIT and Granite GP will: (i) treat Granite REIT and Granite GP, together, as a parent credit supporter of Granite LP, Finance LP and the Filer, as a credit support issuer, and comply with the conditions in section 13.4(2.1) of NI 51-102 that apply to parent credit supporters, viewing both Granite REIT and Granite GP together as the parent credit supporter for these purposes (including in applying paragraphs 13.4(2)(a) and (c)(ii) and paragraphs 13.4(2.1)(b) and (d)) and (ii) treat the Debentures as designated credit support securities and comply with the conditions in section 13.4(2.1) that apply to designated credit support securities, all in accordance with the terms and conditions of the decision granted.

Decision

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

2. The decision of the principal regulator under the Legislation is that the Exemption Sought is granted, provided that the Conversion Transaction is implemented in substantially the manner contemplated by the representations set forth above in this Decision, and Granite LP, Finance LP and the Filer are bound by the terms of the Trust Indenture and of the Debentures as co-principal debtors, and subject to the further conditions specified below:

(a) in respect of the Continuous Disclosure Requirements, Granite LP, Finance LP, the Filer, and Granite GP and Granite REIT, continue to satisfy the conditions set out in section 13.4(2.1) of NI 51-102, except as modified as follows:

(i) any reference to parent credit supporter in section 13.4 shall be deemed to include both Granite REIT and Granite GP, taken together, and Granite LP, Finance LP and the Filer shall be deemed to be a credit support issuer for these purposes;

(ii) the Parent CD Relief has been granted and Granite REIT and Granite GP are in compliance with the conditions of the Parent CD Relief;

(iii) each Granite GP Common Share is stapled to a Granite REIT Unit and they trade together as a Stapled Unit;

(iv) Granite LP, Finance LP, the Filer, Granite GP and Granite REIT do not have to comply with the conditions of section 13.4(2)(a) and section 13.4(2.1)(b) of NI 51-102 if:

(A) Granite GP and Granite REIT or their subsidiaries (as such term is defined in National Instrument 45-106 *Prospectus and Registration Exemptions*) together own all of the partnership interests in Granite LP;

(B) one of Granite REIT or Granite GP controls, including in the case of Granite GP, through Granite LP, each of Finance LP and the Filer;

(C) the financial statements of Granite LP, Finance LP and the Filer are consolidated into the Combined Financial Statements of Granite REIT and Granite GP; and

(D) Granite REIT and Granite GP are reporting issuers in a Jurisdiction and have filed all documents they are required to file under NI 51-102 and the Parent CD Relief;

(v) Granite LP, Finance LP, the Filer, Granite GP and Granite REIT do not have to comply with the conditions of section 13.4(2)(c) of NI 51-102 if Granite LP does not issue any securities, and does not have any securities outstanding, other than:

(A) designated credit support securities guaranteed by Granite GP and Granite REIT, including the Debentures;

(B) securities issued to and held by Granite GP, Granite REIT or affiliated entities (including non-corporate entities) of Granite GP or Granite REIT;

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

(D) securities issued under the exemptions from the prospectus requirements in section 2.35 of National Instrument 45-106 *Prospectus and Registration Exemptions*; and

(vi) the unaudited summary financial information referred to in section 13.4(2.1)(c) of NI 51-102 will be reconciled to the Combined Financial Statements of Granite REIT and Granite GP;

(b) in respect of the Certification Requirements, the Audit Committee Requirements and the Corporate Governance Disclosure Requirements, Granite REIT, Granite GP, Granite LP, Finance LP and the Filer continue to satisfy the conditions for relief from the Continuous Disclosure Requirements set forth above; and

(c) in respect of the Insider Reporting Requirements:

(i) Granite REIT, Granite GP, Granite LP, Finance LP and the Filer continue to satisfy the conditions for relief from the Continuous Disclosure Requirements set forth above, and

(ii) the insider complies with the conditions in sections 13.4(3)(b) and (c) of NI 51-102.

As to the Exemption Sought (other than from the Insider Reporting Requirements in the Securities Act (Ontario).

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

AND UPON the principal regulator being satisfied that to do so would not be prejudicial to the public interest;

The Exemption Sought from the Insider Reporting Requirements in the *Securities Act* (Ontario) is hereby granted, and

IT IS HEREBY ORDERED pursuant to clause 1(11)(b) of the *Securities Act* (Ontario) that the Reporting Issuer Designation is granted, such that Granite LP and Finance LP will be a reporting issuer for the purposes of Ontario securities law, effective at the effective time of the Conversion Transaction.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.13 Scougall Services Limited Partnership

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the prospectus and registration requirements in connection with distributions of units in a partnership to family trusts, subject to certain conditions.

Applicable Legislative Provisions

Securities Act, R.S.O., 1990, c. S.5, as am., ss. 25, 53, 74(1).

December 21, 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
SCOUGALL SERVICES LIMITED PARTNERSHIP
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the issuance by the Filer of limited partnership units (**Units** and individually, a **Unit**) to Family Trusts (defined below) shall not be subject to the registration and prospectus requirements of the Legislation (the **Requested Relief**).

The Filer obtained a ruling from the principal regulator dated January 9, 1998 (the **1998 Decision**) exempting the distribution of Units from the registration and prospectus requirements of the Legislation. The Filer seeks a further decision under the Legislation to revoke the 1998 Decision effective upon the granting of the Requested Relief.

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

(a) the Ontario Securities Commission is the principal regulator for this application; 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 on in British Columbia.

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. Cassels Brock & Blackwell LLP (**CBB**) is a limited liability partnership of lawyers established under the laws of Ontario with offices in Toronto and Vancouver. As at November 22, 2012, CBB had approximately 106 partners (collectively, **Partners**, and individually, a **Partner**).

2. The Filer is a limited partnership established under the laws of Ontario for the primary purpose of providing secretarial, accounting, administrative, marketing, technology, financial and other services and leasing certain assets to CBB pursuant to a services agreement entered into between the Filer and CBB.

3. The Filer is not a reporting issuer in any jurisdiction in Canada, and has no present intention of becoming a reporting issuer in any jurisdiction in Canada. The Filer is not in default of securities legislation in any jurisdiction in Canada.

4. The general partner of the Filer is Scougall Management (1987) Limited (the **General Partner**), a corporation incorporated under the *Business Corporations Act* (Ontario), the sole beneficial shareholder of which is CBB.

5. The Filer will issue Units from time to time only to trusts (collectively, the **Family Trusts**, and individually, a **Family Trust**) established for the benefit of **Eligible Beneficiaries**, being:

   (a) an individual who is either

      i. an individual Partner, or

      ii. an individual who is the sole voting shareholder of a Professional Corporation (defined below) that is a Partner

      (such individual being the **Eligible Person**);

   (b) an individual who

      i. is the spouse of the Eligible Person, or

      ii. cohabits with the Eligible Person and has lived with the Eligible Person in a relationship akin to a conjugal relationship for a period of not less than two (2) years

      (such individual being the **Qualified Spouse**);

   (c) the living issue of the Eligible Person or of the Qualified Spouse of the Eligible Person;

   (d) the parents of the Eligible Person or of the Qualified Spouse of the Eligible Person;

   (e) the grandparents of such Eligible Person or of the Qualified Spouse of such Eligible Person;

   (f) the siblings of the Eligible Person or of the Qualified Spouse of the Eligible Person; and

   (g) the nieces and nephews of such Eligible Person or of the Qualified Spouse of the Eligible Person.

6. A **Professional Corporation** is a corporation incorporated or continued under the laws of a province of Canada which holds, where required, a valid permit or licence to practice its profession in such province and all of the voting shares of which are held by an individual lawyer who, but for the substitution of such corporation, would be a Partner.

7. Each Eligible Person's Family Trust is, or will be, a discretionary trust and shall, when it acquires a Unit and/or for so long as it holds such Unit, have one or more trustees, one of whom shall be the Eligible Person.

8. All Units have been, and will be, issued to Family Trusts for a subscription price of $100.

9. No beneficiary of the Family Trust, other than the Eligible Person and any other Eligible Beneficiary who may be a trustee, has been, or will be, involved in making any investment decision of the Family Trust in respect of the Units.

10. The Family Trust of an Eligible Person has not been and will not be induced to subscribe for a Unit by expectation of employment or continued employment of the Eligible Person.

11. Units of the Filer are not and will not be transferable except where a Family Trust ceases to be a limited partner of the Filer, in which case the Unit held by such Family Trust will be redeemed by the Filer at a redemption price of $100 per Unit plus the amount of any accrued and undistributed income in respect of such Unit as of the date of the redemption and thereafter cancelled by the Filer. As a result, no market has developed, or will develop, for the resale of the Units.

12. The Limited Partnership Agreement provides that a Family Trust shall cease to be a limited partner of the Filer in the event that (i) the Family Trust has one or more beneficiaries who are not Eligible Beneficiaries; (ii) the Family Trust purports to transfer the Unit held by it; or (iii) the General Partner, in its sole discretion, so determines and such determination has not been revoked by a resolution of the limited partners of the Filer within thirty (30) days thereafter.

13. CBB provides the Partners with annual audited financial statements not later than 120 days after the end of its financial year.

14. Each limited partner of the Filer has been, and will be, provided with audited annual financial statements of the Filer on or before March 31 of each year.

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:

1. The Requested Relief is granted, provided that:

    (a) the Units are not transferrable, assignable or otherwise disposable except in the circumstances described in paragraphs 11 and 12 above; and

    (b) prior to the issuance of Units to a Family Trust, the Filer will deliver to the trustee(s) of the applicable Family Trust:

        (i) a copy of this ruling;

        (ii) the most recent financial statements of the Filer; and

    (c) prior to the issuance of Units to a Family Trust, the Filer will obtain from the trustee(s) on behalf of the applicable Family Trust:

        (i) a written statement acknowledging receipt of a copy of this ruling and the above-noted financial statements and the trustee(s) understanding that the protections of the Legislation, including right to rescission, to make claims for damages and receive continuous disclosure, are not available to the Family Trust in respect of the Units; and

        (ii) a representation to the Filer that no beneficiary of the Family Trust other than an Eligible Person or Qualified Spouse and/or the adult children of such Eligible Person or Qualified Spouse (i) has or will directly or indirectly contribute money or other assets to such Family Trust, (ii) is or will be liable for any loan or form of financing obtained by the Family Trust, or (iii) is or will be involved in making investment decisions by the Family Trust, except to the extent such beneficiary is a trustee.

2. The 1998 Decision is revoked.

“Christopher Portner”
Ontario Securities Commission

“Judith N. Robertson”
Ontario Securities Commission

2.1.14 Franchise Services of North America Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption granted from requirement to provide audited financial statements of the acquired business in a BAR and information circular – Filer entered into merger agreement and was informed that the preparation of the carve-out financial statements is impracticable – Filer granted relief to include alternative financial information, comprised of statement of assets acquired and liabilities assumed and statement of operations, as financial statement disclosure for a significant acquisition – The alternative financial information and the other disclosure prescribed by Form 41-101F1 will provide full, true and plain disclosure of all material facts relating to Advantage and will provide information that is sufficient to enable an investor to make an informed decision regarding the merger.

Applicable Legislative Provisions

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

Citation: Franchise Services of North America Inc., Re, 2012 ABASC 531

December 18, 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
FRANCHISE SERVICES OF NORTH AMERICA INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for relief from the obligation to include financial statements in the information circular (**Circular**), as required by item 14.2 of Form 51-102F5 *Information Circular* (**Form 51-102F5**), and in the business acquisition report (**BAR**), required by section 8.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) (the **Exemption Soug**ht).

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* and has its head offices in Alberta.

2. The Filer is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario and Nova Scotia.

3. To its knowledge, the Filer is not in default of securities legislation in any jurisdiction of Canada.

4. The Filer's common shares are listed on the TSX Venture Exchange (TSXV).

5. On 26 August 2012, The Hertz Corporation (**Hertz**) publically announced a merger agreement pursuant to which it would make a tender offer to acquire all of the shares of Dollar Thrifty Automotive Group, Inc. (**DTAG**) (the **DTAG Acquisition**). On 15 November 2012, the United States Federal Trade Commission (the **FTC**) issued a preliminary decision and order (the **FTC Decree**) approving the DTAG Acquisition on the basis that Hertz effects certain prescribed divestitures. Adreca Holdings Corp. (the **Buyer**) is identified in the FTC Decree as an approved "Acquirer" for the prescribed divestitures. The FTC Decree prescribed the divestiture of the Hertz subsidiary Simply Wheelz LLC dba Advantage Rent A Car (**Advantage**). In addition, the FTC Decree prescribed the divestiture of certain concession agreements between DTAG and various airport authorities to permit car rental facilities to operate at such airports and certain related assets (the **Prescribed DTAG Assets**). Under the FTC Decree, the disposition of Advantage by Hertz and the Prescribed DTAG Assets can be transferred by Hertz to an approved Acquirer in separate intervals.

6. In order to facilitate the DTAG Acquisition and compliance with the FTC Decree, Hertz entered into an Amended and Restated Purchase Agreement (the **Advantage Purchase Agreement**) with the Buyer on 10 December 2012 providing for the disposition to the Buyer of Advantage and certain of the Prescribed DTAG Assets. The Buyer is a wholly-owned subsidiary of Boketo LLC (**Boketo**), and both are subsidiaries of Macquarie Capital (USA) Inc. (**Macquarie**), the private equity arm of the Macquarie Group Limited, the Australia-based investment bank. Hertz completed the transfer of Advantage to the Buyer on 12 December 2012 (the **First Closing**).

7. Macquarie does not have the operational capacity or expertise to operate Advantage and the Prescribed DTAG Assets. As a result, the Buyer and the Filer have entered into a Management Services Agreement whereby the Filer will manage and operate Advantage and the Prescribed DTAG Assets for the Buyer until such time that the Filer can obtain all of the consents and approvals required to acquire the Buyer.

8. In order to facilitate the Filer's acquisition of the Buyer, concurrently with the execution of the Advantage Purchase Agreement, the Filer, the Buyer, and Advantage Company Holdings, Inc., a wholly-owned subsidiary of the Filer (**MergerSub**), entered into an Agreement and Plan of Merger on 13 July 2012, and an Amendment to Agreement and Plan of Merger dated 10 December 2012 (together, the **Merger Agreement**). Pursuant to the Merger Agreement the Filer agreed to merge MergerSub with and into the Buyer (the **Merger**) under Delaware law. Boketo entered into the Merger Agreement in consideration for Filer preferred shares that are convertible into 49.76% of the Filer's common shares. In order to facilitate the Merger, the Filer will continue from the *Canada Business Corporations Act* to Delaware by way of a Plan of Arrangement.

9. The Filer confirms that, based on a preliminary analysis based on the facts available, the acquisition by the Filer of Advantage will not constitute a reverse takeover.

10. The majority of the Prescribed DTAG Assets acquired under the Advantage Purchase Agreement will be transferred to the Buyer (or its successor entity depending on whether the Merger has been consummated at the relevant time) on 15 February 2013. The balance of the Prescribed DTAG Assets will be divested by Hertz to the Buyer (or its successor entity depending on whether the Merger has been consummated at the relevant time) in stages occurring on 19 May 2013 and 19 August 2013.

11. In accordance with the rules of the TSXV, the Filer will seek shareholder approval of the Merger and in connection therewith provide to shareholders the Circular, which pursuant to item 14.2 of Form 51-102F5 requires prospectus level disclosure, which requires audited carve-out financial statements for the years ended 31 December 2011, 2010 and 2009 for the Advantage assets pursuant to item 32.2 of Form 41-101F1 *Information Required in a Prospectus*.

12. The Filer has concluded that the Merger will constitute a significant acquisition. Accordingly, the Filer will also be required to file a BAR upon completion of the Merger.

13. The Filer has been informed by Hertz that Hertz has concluded that the preparation of the carve-out financial statements relating to Advantage is impracticable. Specifically, Hertz has informed the Filer of the following facts:

    (a) Advantage's business was purchased by Hertz in 2009 out of bankruptcy through a court supervised auction. No meaningful financial records or accounting systems were conveyed to Hertz with the business (the principal asset acquired was the Advantage brand name) and Hertz does not have access to financial information previous to the bankruptcy;

    (b) Hertz does not maintain general ledger sub-accounts for Advantage or an alternative form of financial information that would permit Hertz to prepare comprehensive financial statements;

    (c) Advantage owns no rental vehicles and its primary operating assets and liabilities (cash, accounts receivables and accounts payables) are commingled balances, managed by Hertz on a combined basis. Since its acquisition in 2009, Advantage has been largely dependent upon Hertz to supply Advantage's non-customer facing operations and vehicles from the Hertz owned and financed fleet. Advantage has not maintained its own administrative support functions. These functions are instead provided by Hertz at the corporate level, and the related costs are not allocated to Advantage;

    (d) Advantage does not constitute a material portion of Hertz's business. For the year ended 31 December 2011, it is estimated that Advantage accounted for approximately 2% of Hertz's consolidated operating revenues and less than 1% of total assets. Advantage's key operating assets and liabilities are integrated with the Hertz business;

    (e) Hertz's systems and procedures do not provide sufficient information for the preparation of stand-alone income tax and interest/capital cost provisions for Advantage; and

    (f) Hertz did not prepare or maintain, and was not required to prepare or maintain under applicable corporate or tax laws, stand-alone financial statements that were specific to Advantage.

14. Following the Merger, the Filer expects to integrate Advantage into its existing organization structure which will by necessity have a different cost structure than that within Hertz. Advantage will also enter into lease and sub-lease agreements with Hertz for up to approximately 24,000 rental cars.

15. The Filer will provide the following financial information in the Circular and the BAR (collectively, the **Alternative Financial Statements**):

    (a) an audited statement of Advantage's revenues and operating expenses excluding any allocation of (i) Hertz's corporate expenses (such as accounting, treasury, legal, risk management and human resources) and (ii) income taxes prepared in accordance with IFRS (**Statement of Revenues and Operating Expenses**) for the years ended 31 December 2011 and 2010 that:

        (i) provides a statement that the operating statements are prepared using accounting policies that are permitted by IFRS and would apply to those line items if those line items were presented as part of a complete set of financial statements;

        (ii) provides a description of the accounting policies used to prepare the operating statements; and

        (iii) includes 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 to the operating statements;

    (b) an audited schedule of the Advantage assets to be acquired and liabilities assumed by the Filer/Buyer for the years ended 31 December 2011 and 2010 (the **Schedule**) that:

        (i) includes all the assets and liabilities acquired;

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

        (iii) provides a description of the accounting policies used to prepare the Schedule; and

        (iv) includes an auditor's report that reflects the fact that the Schedule was prepared in accordance with the basis of presentation disclosed in the notes to the Schedule;

(c) an unaudited comparative statement of Advantage's revenues and operating expenses as of Advantage's then most recently completed interim period, reporting revenues and expenses in a manner consistent with the Statement of Revenues and Operating Expenses referred to in clause (a) above, as well as an unaudited schedule of the Advantage assets to be acquired and liabilities to be assumed as of 30 September 2012, reporting in a manner consistent with the Schedule referred to in clause (b) above;

(d) *pro forma* operating statements for the year ended 30 September 2012, which will include the Filer's income statements and the Statement of Revenues and Operating Expenses; and

(e) a *pro forma* balance sheet as of 30 September 2012.

16. The Alternative Financial Statements and the other disclosure prescribed by Form 41-101F1 will provide full, true and plain disclosure of all material facts relating to Advantage and will provide information in respect of Advantage that is sufficient to enable an investor to make an informed decision regarding the Merger.

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 for the purpose of the Merger provided that the Filer includes the Alternative Financial Statements in the Circular and BAR.

"Blaine Young"
Associate Director, Corporate Finance

2.1.15 Scotiabank Subordinated Notes Trust – s. 1(10)

Headnote

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

Ontario Statutes

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

December 27, 2012

Scotiabank Subordinated Notes Trust
C/O Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Dear Sirs/Mesdames:

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

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.16 United Corporations Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act (Ontario) – Application to vary a decision of the Commission – Reporting issuer seeking relief so that it can continue to file financial statements in accordance with old Canadian GAAP (rather than IFRS) – Issuer previously granted relief for periods relating to the issuer's financial year beginning on April 1, 2011 and ending on March 31, 2012 and the issuer's financial year beginning on April 1, 2012 and ending on March 31, 2013 (collectively, the issuer's deferred financial years) – Issuer applied for a variation to extend the issuers deferred financial years for one additional year to include the Filer's financial year beginning April 1, 2013 and ending on March 31, 2014 – In particular, the issuer is seeking relief from the requirements in Part 3 of National Instrument 52-107 that would apply to financial statements for periods relating to the issuer's deferred financial years – The issuer is also seeking relief from the IFRS-related amendments to the continuous disclosure, prospectus, certification and audit committee rules (collectively, the rules) that came into force on January 1, 2011 and that would apply to periods relating to the issuer's deferred financial years – The issuer is an "investment company" as defined in Accounting Guideline 18 Investment Companies (AcG-18) in the Handbook of the Canadian Institute of Chartered Accountants – 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 – Relief granted, subject to a number of conditions.

Applicable Legislative Provisions

Securities Act,R.S.O. 1990, c. S.5, as am., s. 144.
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, Parts 3 and 4.
National Instrument 51-102 Continuous Disclosure Obligations.
National Instrument 41-101 General Prospectus Requirements.
National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.
National Instrument 52-110 Audit Committees.

December 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
UNITED CORPORATIONS LIMITED
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for a variation of a decision dated February 8, 2011 (the "**Prior Exemption Order**") which exempted the Filer from:

(a) the requirements in Part 3 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* ("**NI 52-107**") that apply to financial statements, financial information, operating statements and pro forma financial statements for periods relating to the Filer's financial year beginning on April 1, 2011 and ending on March 31, 2012 and the Filer's financial year beginning on April 1, 2012 and ending on March 31, 2013 (the "**Filer's deferred financial years**");

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

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

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

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

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

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

The Filer applies to the principal regulator for a variation of the Prior Exemption Order such that the Filer's deferred financial years be extended to include the Filer's financial year beginning April 1, 2013 and ending March 31, 2014 (the "**Variation 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 the application, and

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

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, in support of the Prior Order, that:

1. The Filer is a corporation governed by the *Canada Business Corporation Act*, with its registered and head office address located at 165 University Avenue, 10th Floor, Toronto, Ontario M5H 3B8.

2. The Filer is a reporting issuer in Ontario and Quebec and is not in default of securities legislation in any jurisdiction. Although the Filer is not currently qualified to file a short form prospectus under NI 44-101 or a shelf prospectus under NI 44-102, it may wish to become qualified in the future.

3. The Filer is a closed-end investment company whose common shares trade on the Toronto Stock Exchange ("**TSX**") under the symbol "UNC" and whose preferred shares trade on the TSX under the symbols "UNC.PR.B" and "UNC.PR.C".

4. The Filer's fiscal year end is March 31.

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

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

7. 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 most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

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

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

8. On October 1, 2010, the AcSB published amendments to Part 1 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. The AcSB amended Part 1 of the Handbook so that investment companies, as defined in and applying AcG-18, will only be required to adopt IFRS for annual periods beginning on or after January 1, 2013.

9. 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.

10. Also a 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 replaced 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. Thus, during the IFRS transition period,

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

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

11. On October 8, 2010, the Canadian Securities Administrators (CSA) published CSA Staff Notice 81-320 *Update on International Financial Reporting Standards for Investment Fun*ds which indicated that, given the October 1, 2010 amendments to the Handbook that provided for a deferral of the transition to IFRS for investment companies, the CSA would defer finalizing IFRS-related amendments to rules related to investment funds.

12. NI 52-107 and the Rules apply to the Filer. Since Part 3 of NI 52-107 and the IFRS-related amendments to the Rules do not have a provision providing for a two-year deferral of the transition to IFRS for investment companies subject to NI 52-107 and the Rules, the Filer applied for the original exemption granted in the Prior Exemption Order.

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

The Filer has represented the following additional facts in support of the Variation Sought:

14. Consistent with the terms of the Prior Exemption Order, for the years ended March 31, 2012 and for the current year ending March 31, 2013, the Applicant has applied, and continues to apply, AcG-18 in the preparation of its financial statements.

15. The AcSB has again deferred the transition to IFRS for investment companies. On February 29, 2012, the AcSB issued amendments to the CICA Handbook to further defer the adoption of IFRS by investment companies from January 1, 2013 to January 1, 2014.

16. On March 30, 2012, the CSA published CSA Staff Notice 81-320 (Revised) *Update on International Financial Reporting Standards for Investment Funds*, which indicates that the CSA intend to defer the adoption of IFRS by investment funds under NI 81-106 until January 1, 2014.

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

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

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

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

2. the Filer provides the communication as described and in the manner set out in paragraph 13 above;

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

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

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

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

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

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

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

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

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

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

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

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

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

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.17 Sino-Forest Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer under applicable securities laws – issuer cannot avail itself of the simplified procedure under CSA Staff Notice 12-307 – issuer has obtained court order approving plan of compromise and arrangement (Plan) of issuer pursuant to Companies' Creditors Arrangement Act (Canada) – issuer's issued and outstanding securities will be cancelled pursuant to implementation of the Plan – requested relief granted effective immediately before the effective time on the date of implementation of the Plan – requested relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

December 21, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND AND NEWFOUNDLAND AND LABRADOR
(the "Jurisdictions")

AND

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION
(the "Filer")

DECISION

Background

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

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation existing under the *Canada Business Corporation Act* ("**CBCA**") having its registered and principal Canadian office in the Province of Ontario and its principal executive office in Hong Kong.

2. The Filer is a reporting issuer under the Legislation in each of the Jurisdictions.

3. The Filer is in default of its obligations under the Legislation as a reporting issuer for the failure to file:

   (a) its interim financial statements and interim management's discussion and analysis for the period ended September 30, 2011 as required by National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") and the interim certificates as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**");

   (b) its annual financial statements and annual management's discussion and analysis for the period ended December 31, 2011, as required by NI 51-102 and the annual certificates as required by NI 52-109;

   (c) its applicable form and fees under OSC Rule 13-502 *Fees* in respect of its year ended December 31, 2011;

   (d) its annual information form for the fiscal year ended December 31, 2011, as required by NI 51-102;

   (e) its interim financial statements and interim management's discussion and analysis for the period ended March 31, 2012, as required by NI 51-102 and the interim certificates as required by NI 52-109;

   (f) its interim financial statements and interim management's discussion and analysis for the period ended June 30, 2012, as required by NI 51-102 and the interim certificates as required by NI 52-109; and

   (g) its interim financial statements and interim management's discussion and analysis for the period ended September 30, 2012, as required by NI 51-102 and the interim certificates as required by NI 52-109.

4. The authorized capital of the Filer consists of an unlimited number of common shares (the "**Common Shares**") and an unlimited number of preference shares issuable in series (the "**Preferred Shares**").

5. As at the date hereof, there are 246,095,926 issued and outstanding Common Shares, outstanding stock options to purchase 2,913,064 Common Shares (the "**Options**"), outstanding deferred share units to purchase 28,932 Common Shares (the "**DSUs**") and no issued or outstanding Preferred Shares.

6. As at the date hereof, the Filer has the following notes outstanding:

   (a) 6.25% guaranteed senior notes due 2017 in the principal amount of U.S. $600 million (the "**2017 Notes**");

   (b) 4.25% convertible senior notes due 2016 in the principal amount of U.S. $460 million (the "**2016 Notes**");

   (c) 10.25% guaranteed senior notes due 2014 in the principal amount of U.S. $399,517,000 (the "**2014 Notes**"); and

   (d) 5.00% convertible senior notes due 2013 in the aggregate principal amount of U.S. $345 million (the "**2013 Notes**" and together with the 2017 Notes, the 2016 Notes and the 2014 Notes, the "**Notes**". Holders of the Notes are referred to herein as the "**Noteholders**").

7. The Filer has no securities issued and outstanding other than as set out in paragraphs 5 and 6 above.

8. The Common Shares were previously listed and posted for trading on the Toronto Stock Exchange (the "TSX"). The TSX delisted the Common Shares on May 9, 2012.

9. The Notes are not and have never been listed on any exchange in Canada. All of the Notes were initially sold by way of private placement.

10. As at the date hereof, no securities of the Filer, including debt securities, are traded in Canada on a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation* ("**NI 21-101**") or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

11. The Filer and its agents have (a) obtained a list of all registered shareholders of the Filer as of September 21, 2012, and (b) obtained geographical searches from Broadridge Financial Solutions Inc. ("**Broadridge**") of its broker/dealer databases relating to the Common Shares as of January 25, 2012. Although the non-registered shareholder search results have been compiled from sources believed by Broadridge to be reliable, the accuracy and completeness of the results are not guaranteed. Based on the foregoing searches, the Filer has identified a total of 3,664 Canadian holders of Common Shares representing 94.77% of the registered holders of Common Shares and holding 91.62% of the issued and outstanding Common Shares held by registered holders of Common Shares. In addition, based on the foregoing searches, the Filer has identified a total of 33,350 Canadian non-registered holders of Common Shares representing 97.5% of non-registered holders of Common Shares and holding 35.4% of the issued and outstanding Common Shares held by non-registered holders of Common Shares.

12. The registered holder of all of the Notes is DTC, which is a nominee for certain "participants" that are financial intermediaries that hold securities on behalf of their ultimate beneficial owners. The Filer retained Broadridge to conduct a geographic survey of the beneficial holders of Notes as of August 10, 2012. The Filer has been advised that these searches were based on securityholders' addresses of record identified in the data files provided to Broadridge by financial intermediaries that hold the securities on behalf of their clients. Although the search results have been compiled from sources believed by Broadridge to be reliable, the accuracy and completeness of the results are not guaranteed. In particular, the total amount of Notes reported on by Broadridge does not match the total amount of Notes outstanding by series in some cases, reflecting the failure of some participants to respond to Broadridge and some to respond with more holdings than there are outstanding. The number of Noteholders in total (across all series of Notes) in each jurisdiction is also overstated to some extent as the Filer has been advised by counsel to the Initial Consenting Noteholders (as defined below) that (a) certain individual Noteholders that have signed the Support Agreement (as defined below) hold Notes in more than one series, and (b) a number of investment managers hold securities in more than one legal entity, but have common management and control. Based on the information obtained by and reported to Broadridge, residents of Canada directly or indirectly beneficially own, in the aggregate, approximately 2.0% of the outstanding Notes of the Filer worldwide and directly or indirectly comprise, in the aggregate, approximately 16% of the total number of Noteholders worldwide.

Temporary Cease Trade Order

13. On August 26, 2011, the OSC made a Temporary Order (the "**Temporary Order**"), effective for a 15-day period, that the trading in the securities of the Filer cease.

14. The Temporary Order was extended on September 8, 2011, January 23, 2012, April 13, 2012, July 12, 2012, October 10, 2012 and most recently on October 26, 2012, at which time the Temporary Order was extended to January 21, 2013.

CCAA Proceedings

15. On March 30, 2012, the Filer and members of an ad hoc committee of Noteholders (the "**Initial Consenting Noteholders**") entered into a restructuring support agreement (the "**Support Agreement**"), which provided for, among other things, the material terms of the restructuring of the Filer contemplated by the Plan.

16. On March 30, 2012, the Filer also applied for and obtained an initial order under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") from the Superior Court of Justice (Ontario) (the "**Court**") granting a CCAA stay of proceedings against the Filer and certain of its subsidiaries (the "**CCAA Proceedings**") and appointing FTI Consulting Canada Inc. as the monitor in the CCAA Proceedings (the "**Monitor**"). The Monitor is an officer of the court, and its role is to oversee the business of the Filer and be an impartial observer of the restructuring of the Filer's business pursuant to the CCAA Proceedings.

17. The CCAA stay of proceedings against the Filer and certain of its subsidiaries was subsequently extended several times, most recently on November 23, 2012, at which time the stay of proceedings was extended to February 1, 2013.

Resignation of Independent Auditor

18. On April 4, 2012, Ernst & Young LLP notified the Filer that it had resigned as the Filer's auditor effective on that date. In its resignation letter to the Filer, Ernst & Young LLP noted that the Filer had not prepared its annual financial statements for the year ended December 31, 2011 for audit and that, in the Filer's March 30, 2012 filing under the CCAA, the Filer stated that it remained unable

to satisfactorily address outstanding issues in relation to its annual financial statements for the year ended December 31, 2011.

OSC Enforcement Proceedings

19. On April 5, 2012, the Filer announced that it had received an Enforcement Notice from staff of the OSC. The Filer also learned that Enforcement Notices were received that day by six of its former officers, Allen Chan, Albert Ip, Alfred Hung, George Ho, Simon Yeung and David Horsley.

20. On May 23, 2012, the Filer announced that staff of the OSC commenced proceedings before the OSC against the Filer and Messrs. Chan, Ip, Hung, Ho, Yeung and Horsley (collectively, the "**Individual Respondents**"). In the notice of hearing and statement of allegations, OSC staff allege that the Filer breached Ontario securities laws and acted in a manner that is contrary to the public interest by (i) providing information to the public in documents required to be filed or furnished under Ontario securities laws which was false or misleading in a material respect contrary to section 122 of the *Securities Act* (Ontario) (the "**Securities Act**") and (ii) engaging or participating in acts, practices or a course of conduct related to its securities which it knows or reasonably ought to know perpetuate a fraud on any person or company contrary to section 126.1 of the Securities Act. In OSC staff's statement of allegations, staff has made allegations against the Individual Respondents, other than Mr. Horsley, consistent with those noted above. In addition, OSC staff has made certain additional allegations against each of the Individual Respondents, including Mr. Horsley.

21. On September 26, 2012, the Filer announced that it had received a second Enforcement Notice from staff of the OSC. The second Enforcement Notice adds a further allegation similar in nature to the allegations in the original statement of allegations in relation to the Filer and the Individual Respondents.

CCAA Meeting

22. On August 31, 2012, the Court granted an order in the CCAA Proceedings (the "**Meeting Order**") relating to the calling of a meeting of the Filer's creditors (the "**Meeting**") to consider a Plan of Compromise and Reorganization under the CCAA and the CBCA (as amended, supplemented or restated from time to time, the "**Plan**").

23. Holders of Notes who are parties to the Support Agreement determined that the restructuring transaction contemplated by the Plan is the best alternative available to recover the maximum value of the Filer's assets and agreed to the vote in favour of the Plan.

24. On September 18, 2012, the OSC granted an order pursuant to section 144(1) of the Securities Act varying the Temporary Order to the extent necessary to allow the Filer to distribute the CCAA Materials (as defined below) to all potential creditors, including the Noteholders.

25. On or about October 24, 2012, the Filer and the Monitor distributed various meeting materials to the creditors of the Filer as contemplated by the Meeting Order, which materials include a Notice of Meeting and Information Statement along with proxy materials and any amendments and supplements thereto (collectively, the "**CCAA Materials**"). The Filer also concurrently filed the Information Statement on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

26. The Information Statement discloses that the Filer has applied to cease to be a reporting issuer under the securities laws of each province of Canada in which it is a reporting issuer immediately prior to 8:00 a.m. (Toronto time) on the Plan Implementation Date (as defined below) (or such other time on such date as the Filer, the Monitor and the Initial Consenting Noteholders may agree) (the "**Effective Time**"). The Information Statement also discloses that it is a condition of the Plan that Newco shall not be a reporting issuer (or equivalent) in any province of Canada or any other jurisdiction.

27. On October 26, 2012, the OSC granted an order pursuant to section 144(1) of the Securities Act varying the Temporary Order to the extent necessary to allow the Filer to hold the Meeting and implement the Plan, subject to certain conditions and other than in respect of trades required to give effect to an Alternative Sale Transaction (as defined below).

28. On November 21, 2012, the Filer also issued and filed a news release which, among other things, indicated that the Filer had applied to the Decision Makers for a decision that the Filer is not a reporting issuer as of the Plan Implementation Date and that, if granted, the decision would result in the Filer and Newco not being reporting issuers in any province of Canada following the Plan Implementation Date.

The CCAA Plan

29. The Plan contemplates, among other things, that:

    (a) a new company ("**Newco**") will be incorporated under the laws of the Cayman Islands or another jurisdiction acceptable to the Filer and the Initial Consenting Noteholders. Upon the implementation of the Plan, the Filer will transfer substantially all of its assets to

Newco, including all of the Filer's direct and indirect interests in all of the Filer's subsidiaries. Newco will subsequently transfer substantially all of its assets to a wholly-owned subsidiary of Newco (referred to in the Plan as "Newco II");

(b) shares of Newco ("**Newco Shares**") and notes of Newco ("**Newco Notes**") will be distributed to certain creditors of the Filer, being primarily the Noteholders, as consideration for the compromise of the obligations owed to them by the Filer and its subsidiaries. Accordingly, the Noteholders will hold substantially all of the Newco Shares and Newco Notes on the Plan Implementation Date. All claims relating to the Notes will be discharged pursuant to the Plan and all Note certificates and the indentures governing the Notes will be cancelled;

(c) certain litigation claims of the Filer against third parties will be transferred to a litigation trust established to pursue such claims for the benefit of creditors of the Filer, including the Noteholders; and

(d) on the date that is 31 days after the Plan Implementation Date (or such earlier date as may be agreed to by the Filer, the Monitor and the Initial Consenting Noteholders) all of the outstanding Common Shares, Options and DSUs of the Filer will be cancelled. Following such date, the Filer will have no outstanding securities other than one Class A Share to be held by a litigation trustee or such other person as may be agreed to by the Monitor and the Initial Consenting Noteholders.

30. The Plan also provides that, at any time prior to the implementation of the Plan, the Filer may, with the consent of the Initial Consenting Noteholders, complete a sale of all or substantially all of the assets of the Filer on terms that are acceptable to the Initial Consenting Noteholders (an "**Alternative Sale Transaction**"), provided such Alternative Sale Transaction has been approved by the Court pursuant to section 26 of the CCAA on notice to the service list.

31. The approval and implementation of the Plan involves the following steps:

(a) obtaining approval of the Plan by the required majorities (pursuant to the CCAA) of creditors at the Meeting;

(b) obtaining an order of the Court approving the Plan (the "Sanction Order"); and

(c) the satisfaction or waiver of all conditions precedent to the implementation of the Plan.

32. Pursuant to the CCAA, in order for the Plan to be approved, a resolution to approve the Plan must be presented at the Meeting, and it must receive an affirmative vote of a majority in number of Affected Creditors (as defined in the Plan) with Proven Claims (as defined in the Plan) who are entitled to vote on the Plan in accordance with its terms and two-thirds in value of the Proven Claims held by such Affected Creditors, in each case who vote on the Plan at the Meeting.

33. On December 3, 2012, the Plan was approved by the required majorities of Affected Creditors at the Meeting. The Plan was approved by 99% of Affected Creditors with Proven Claims who voted on the Plan and by over 99% in value of the Proven Claims held by Affected Creditors who voted on the Plan.

34. Having obtained approval of the Plan by the required majorities of Affected Creditors, the Filer applied to the Court for the Sanction Order. The hearing for the Sanction Order was held on December 7, 2012.

35. The Court granted the Sanction Order on December 10, 2012.

36. Based on the CCAA and the applicable case law, the Filer was required to establish the following in order to obtain the Court's approval of the Plan:

(a) there has been strict compliance with all statutory requirements of the CCAA and adherence to previous orders of the Court;

(b) nothing has been done or purported to be done that is not authorized by the CCAA; and

(c) the plan is fair and reasonable.

37. The third criterion, the "fairness test", provides the Court with broad discretion to assess the terms of the Plan. When considering whether a plan is fair and reasonable, the Court must consider the equities and balance the relative degrees of prejudice that would flow to various stakeholders from approving or refusing to approve the Plan. The Filer was required to demonstrate to the Court that the Plan fairly balances the interests of all stakeholders generally. The hearing for the Sanction Order provided the Filer's stakeholders (including shareholders) with an opportunity to object to the Plan if they believed the Plan treated them unfairly, having regard to their legal rights and interests.

38. The Filer believes its shareholders and others with Equity Claims (as defined in the Plan) are treated fairly by the Plan. The interests of shareholders of the Filer have been represented in the CCAA Proceedings by class action counsel. The CCAA specifically provides that persons with Equity Claims may not receive any recovery under a CCAA plan until all other creditors have been paid in full. In the Filer's circumstances, the recovery of other creditors will be impaired, so it is not possible under the CCAA to provide a recovery for Equity Claims. The Plan does, however, preserve the ability of Equity Claimants (as defined in the Plan) to pursue recoveries from the Third Party Defendants (as defined in the Plan), including certain of the Filer's former auditors and underwriters.

39. If a party wishes to appeal the Sanction Order, it may do so only with leave of the Court or the Ontario Court of Appeal. Any application for leave to appeal must be brought within 21 days (unless the Court grants an extension). The leave application does not stay the CCAA proceeding, so the Filer can proceed toward the implementation of the Plan even if leave to appeal has been sought.

40. The required creditor approval of the Plan has been achieved and the Sanction Order has been granted, so once the other conditions precedent to Plan implementation have been satisfied or waived, the Monitor will deliver a certificate indicating that Plan implementation has occurred (the date such certificate is delivered being the "**Plan Implementation Date**"), and the Plan will become binding in accordance with its terms.

The Filer Following the Plan Implementation Date

41. The Filer is applying for a decision that it is not a reporting issuer in all the jurisdictions of Canada in which it is currently a reporting issuer.

42. Upon the granting of the Exemptive Relief Sought, the Filer will not be a reporting issuer in any jurisdiction of Canada.

43. On the Plan Implementation Date, all claims relating to the Notes will be discharged pursuant to the Plan and all Note certificates and the indentures governing the Notes will be cancelled. On the date that is 31 days after the Plan Implementation Date (or such earlier date as may be agreed to by the Filer, the Monitor and the Initial Consenting Noteholders) all of the outstanding Common Shares, Options and DSUs of the Filer will be cancelled.

44. Following implementation of the Plan, the Filer will have no outstanding securities other than one Class A Share to be held by the litigation trustee or such other person as may be agreed to by the Monitor and the Initial Consenting Noteholders.

45. Following the implementation of the Plan, no securities of the Filer, including debt securities, will be traded in Canada or another country on a "marketplace" as defined in NI 21-101 or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

46. The Filer will not seek financing by way of a public offering of its securities in Canada or elsewhere.

47. The Exemptive Relief Sought will not have any effect on existing or future OSC enforcement proceedings that have been taken or may be taken against the Filer or any other parties by staff of the Commission. The Filer confirms that it will remain under the jurisdiction of the Commission after the Exemptive Relief Sought has been granted.

Newco Following the Plan Implementation Date

48. It is a condition precedent to implementation of the Plan that Newco is not a reporting issuer (or equivalent) in any province of Canada or any other jurisdiction. As a result of the transactions described in paragraph 29 above, under the definition of "reporting issuer" in the securities legislation of certain of the provinces of Canada, Newco would otherwise become a reporting issuer by operation of law and would be subject to the continuous disclosure requirements under the securities legislation of certain of the provinces of Canada.

49. If the Exemptive Relief Sought is granted, the Filer would not be a reporting issuer immediately before the Effective Time on the Plan Implementation Date and, as a result, Newco would not become a reporting issuer by operation of law.

50. The Filer has been advised by counsel to the Initial Consenting Noteholders that following the Plan Implementation Date, Newco will have no offices or assets in Canada, few (if any) Canadian directors, officers or employees and an underlying business that will be conducted entirely outside of Canada.

51. On the Plan Implementation Date, Newco Shares and Newco Notes will be distributed *pro rata* in accordance with the Plan to Affected Creditors of the Filer with Proven Claims, being primarily the Noteholders, as consideration for the compromise of the obligations owed to them by the Filer and its subsidiaries. The Plan contemplates that certain other Affected Creditors with Unresolved Claims (as defined in the Plan) as at the Plan Implementation Date will have an amount of Newco Shares and Newco Notes in respect of their claims placed into escrow pending final determination of whether their Unresolved Claims become Proven Claims. To the knowledge of the Filer as at the date hereof, of the other Affected

Creditors with Unresolved Claims that may be entitled to distributions of Newco securities under the Plan only two of such persons are resident in Canada.

52. Until such time as the claims of Affected Creditors with Unresolved Claims are disallowed or determined to be Proven Claims pursuant to the CCAA process (which will be after the Plan Implementation Date in many cases), it is not possible to determine all of the securityholders of Newco and their respective percentage holdings of Newco Shares and Newco Notes. The maximum amount of Newco Shares and Newco Notes that may be issued in respect of Unresolved Claims if they become Proven Claims is equal to approximately 7.9% of the Newco Shares and Newco Notes.

53. A very substantial majority of Newco's securities will be held by non-Canadians on implementation of the Plan. Based on searches of beneficial holders of the Notes obtained by the Filer and assuming no current Unresolved Claims become Proven Claims prior to the Plan Implementation Date, on the Plan Implementation Date, to the Filer's knowledge, Newco will have only approximately 75 resident Canadian securityholders (representing approximately 16% of Newco's total securityholders) holding in the aggregate approximately 2% of the Newco Shares and Newco Notes on the Plan Implementation Date.

54. The Newco Shares and Newco Notes to be issued upon implementation of the Plan will not be qualified for distribution to the public under any applicable Canadian securities laws and will be subject to restrictions on transfer in Canada. The Newco Shares and Newco Notes will be distributed to Affected Creditors who are resident Canadians pursuant to the prospectus exemption in section 2.11 of National Instrument 45-106 *Prospectus and Registration Exemptions* and such securities held by such persons will be subject to the transfer and resale restrictions specified subsection 2.6(3) of National Instrument 45-102 *Resale of Securities*.

55. The Filer has been advised by counsel to the Initial Consenting Noteholders that immediately following the implementation of the Plan, no securities of Newco, including debt securities, will be traded in Canada or elsewhere on a "marketplace" as defined in NI 21-101 or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported. As a result, the Filer believes that the likelihood of any securities of Newco flowing back into Canada following implementation of the Plan to be low given the lack of any substantive connection to Canada.

56. The Filer has been advised by counsel to the Initial Consenting Noteholders that Newco does not currently intend to seek financing by way of a public offering of its securities in Canada or elsewhere.

57. As described in the Information Statement sent to Affected Creditors in connection with the Meeting, Newco's articles will require that Newco deliver to each shareholder: (a) copies of Newco's annual financial statements within 180 days of each fiscal year end; and (b) copies of Newco's semi-annual financial statements within 90 days of the end of each financial half-year. The board of directors of Newco will have the discretion to decide whether or not to obtain an audit of the annual financial statements. Upon reasonable request, Newco will also deliver to any shareholder, at the cost and expense of such shareholder, such tax-related information, reports and statements relating to Newco and its subsidiaries as are reasonably necessary for the filing of any tax return or the making or implementing of any election related to taxes.

58. The Filer will promptly issue a news release upon the occurrence of the Plan Implementation Date. The news release will specify that the Filer is no longer a reporting issuer as of the Effective Time on the Plan Implementation Date.

59. The Filer acknowledges that, in granting the Exemptive Relief Sought, the Decision Makers are not expressing any opinion or approval as to the terms of the Plan.

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 Exemptive Relief Sought is granted effective immediately before the Effective Time on the Plan Implementation Date, provided that:

(a) an Alternative Sale Transaction does not occur; and

(b) the Plan Implementation Date occurs on or before January 31, 2013.

"Mary Condon"
Commissioner
Ontario Securities Commission

"James Turner"
Commissioner
Ontario Securities Commission

2.2 Orders

2.2.1 Rezwealth Financial Services Inc. et al. – s. 127

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

AND

IN THE MATTER OF
REZWEALTH FINANCIAL SERVICES INC.,
PAMELA RAMOUTAR, JUSTIN RAMOUTAR,
TIFFIN FINANCIAL CORPORATION, DANIEL TIFFIN,
2150129 ONTARIO INC., SYLVAN BLACKETT,
1778445 ONTARIO INC. AND WILLOUGHBY SMITH

ORDER
(Section 127 of the Securities Act)

WHEREAS on January 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by a Statement of Allegations dated January 24, 2011 issued by Staff of the Commission ("Staff"), with respect to Rezwealth Financial Services Inc. ("Rezwealth"), Pamela Ramoutar ("Ms. Ramoutar"), Justin Ramoutar ("Mr. Ramoutar"), Tiffin Financial Corporation ("Tiffin Financial"), Daniel Tiffin ("Tiffin"), 2150129 Ontario Inc. ("215 Inc."), Sylvan Blackett ("Blackett"), 1778445 Ontario Inc. ("177 Inc.") and Willoughby Smith ("Smith") (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for March 16, 2011;

AND WHEREAS the Commission ordered on March 16, 2011 that the hearing of this matter be adjourned to June 16, 2011 for a pre-hearing conference and that the Amended Temporary Order in this matter be extended to the conclusion of the hearing on the merits;

AND WHEREAS the Commission ordered on June 16, 2011 that the hearing of this matter be adjourned to August 16, 2011 for a continued pre-hearing conference;

AND WHEREAS the Commission ordered on August 16, 2011 that the hearing of this matter be adjourned to March 30, 2012 for a continued pre-hearing conference, and that the hearing on the merits commence on April 30, 2012 and continue until May 25, 2012 inclusive, with the exception of May 8, May 21 and May 22, 2012 (the "Hearing Dates");

AND WHEREAS on January 24, 2012, the Commission issued an Amended Notice of Hearing pursuant to sections 127 and 127.1 of the Act, accompanied by an Amended Statement of Allegations dated January 24, 2012 issued by Staff, with respect to the Respondents;

AND WHEREAS the Commission ordered on March 30, 2012 that the pre-hearing conference be adjourned to April 5, 2012 to consider a request by Ms. Ramoutar for an adjournment of the Hearing Dates;

AND WHEREAS the Commission ordered on April 5, 2012 that the Hearing Dates be vacated and that the hearing on the merits commence on October 31, 2012, peremptory to the Respondents, and continue until November 9, 2012, with the exception of November 6, 2012, and continue from December 3 to 19, 2012 inclusive, with the exception of December 4 and 18, 2012 (the "Amended Hearing Dates");

AND WHEREAS the Commission further ordered on April 5, 2012 that the hearing of this matter be adjourned to September 25, 2012 for a continued pre-hearing conference;

AND WHEREAS the Commission ordered on September 25, 2012 that this matter be continued to the hearing on the merits;

AND WHEREAS the Commission conducted the hearing on the merits on the Amended Hearing Dates;

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

IT IS ORDERED THAT:

1. the hearing date scheduled for December 19, 2012 is vacated;

2. on or before February 4, 2013, Staff shall serve and file with the Commission final written submissions with respect to allegations against the Respondents;

3. on or before February 11, 2013, the Respondents shall serve and file with the Commission final written submissions, if any; and

4. the hearing on the merits shall continue on March 1, 2013 at 10:00 a.m. at the office of ASAP Reporting Services Inc. at the Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto in order for the parties to make closing oral submissions, if any.

Dated at Toronto this 17th day of December, 2012.

"Edward P. Kerwin"

2.2.2 American Heritage Stock Transfer Inc. et al. – Rules 1.5.3 and 4.3

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

AND

IN THE MATTER OF
AMERICAN HERITAGE STOCK TRANSFER INC.,
AMERICAN HERITAGE STOCK TRANSFER, INC.,
BFM INDUSTRIES INC.,
LIQUID GOLD INTERNATIONAL CORP.
(aka LIQUID GOLD INTERNATIONAL INC.),
NANOTECH INDUSTRIES INC., SANDY WINICK,
ANDREA LEE MCCARTHY, KOLT CURRY,
LAURA MATEYAK AND GREGORY J. CURRY

ORDER
(Rules 1.5.3 and 4.3)

WHEREAS on January 27, 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") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on January 27, 2012, and on November 2, 2012, Staff filed an Amended Statement of Allegations and Amended Notice of Hearing, to consider whether it is in the public interest to make certain orders against Sandy Winick ("Winick"), Andrea Lee McCarthy, Kolt Curry, Laura Mateyak, Gregory J. Curry ("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. (collectively, the "Respondents");

AND WHEREAS on October 17, 2012, the Commission ordered that this matter should proceed by way of a Hearing in Writing, pursuant to Rule 11.5 and set out a schedule for the filing of written legal submissions and written evidence from the parties (the "Hearing on the Merits");

AND WHEREAS Staff have filed a Notice of Motion in writing submitting that it is in the public interest to grant the relief set out in this order;

AND WHEREAS none of the Respondents have made submissions in respect of Staff's motion, though properly served;

AND WHEREAS Staff have delivered the documentary disclosure (the "Disclosure") in this matter to all Respondents who advised they wished to receive it;

AND WHEREAS the disclosure in this matter is comprised of over 30,000 pages of documents, the majority of which include personal and private investor information (the "Disclosure");

AND WHEREAS the Disclosure is comprised of over 30,000 pages of documents, the majority of which include personal and private investor information;

AND WHEREAS Winick and Curry have not made arrangements to receive the Disclosure, despite being advised by Staff that they may do so;

AND WHEREAS Staff have prepared written legal submissions and written evidence for the Hearing on the Merits ("Staff's Written Materials");

AND WHEREAS Staff's written evidence consists of the Affidavits of Lori Toledano and Daniela Kozovski, appended to which are exhibit documents contained in 12 volumes, consisting of several thousand pages of documents derived from the Disclosure containing personal and private investor information (the "Exhibits");

AND WHEREAS Staff have not delivered Staff's Written Materials to Curry and Winick;

AND WHEREAS Staff have an email address, but no mailing address for Winick and are not aware of his current country of residence;

AND WHEREAS Winick has never replied to any correspondence from Staff or participated in this proceeding;

AND WHEREAS Staff have email and mailing addresses for Curry, who is believed to be a resident of Bangkok, Thailand;

AND WHEREAS Curry has never participated in this proceeding;

AND WHEREAS due to the volume of information contained in the Disclosure and the Exhibits the materials cannot be delivered by email;

AND WHEREAS the Amended Statement of Allegations in this matter contains allegations of fraud involving the abuse of personal and private investor information;

AND WHEREAS the Commission cannot maintain control of the Disclosure and the Exhibits if they leave Canada;

AND WHEREAS it is in the public interest for the Commission to prevent potential abuses of the personal and private investor information contained in the Disclosure and the Exhibits;

IT IS HEREBY ORDERED that:

(i) that pursuant to Rules 1.5.3(3) and 4.3 Staff shall effect service by sending copies of Staff's Written Materials, not including the Exhibits, to the email addresses of Winick and Curry;

(ii) that pursuant to Rule 4.3 Staff shall advise Curry and Winick by email that the Disclosure and the Exhibits are available for pickup at the offices of the Commission by counsel retained to act in this matter, subject to a written undertaking that such counsel will not remove the Disclosure or the Exhibits from Canada in any form, nor allow anyone to do so, and shall not use the Exhibits or Disclosure, nor allow them to be used, for any collateral or ulterior purpose.

DATED at Toronto, Ontario this 19th day of December, 2012.

"James D. Carnwath"

2.2.3 Blackwood & Rose Inc. et al. – ss. 127(1), 127(5)

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

AND

IN THE MATTER OF
BLACKWOOD & ROSE INC.,
STEVEN ZETCHUS AND JUSTIN KAY

TEMPORARY ORDER
Sections 127(1) and 127(5)

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

1. Blackwood & Rose Inc. ("Blackwood") is a Canadian corporation with a business address in Ontario;

2. Steven Zetchus ("Zetchus") is an Ontario resident and the sole director of Blackwood;

3. Justin Kay ("Kay") is an Ontario resident and a representative of Blackwood;

4. Blackwood, Zetchus and Kay may have engaged in or held themselves out as engaging in the business of trading in securities;

5. None of Blackwood, Zetchus or Kay (the "Respondents") are registered in accordance with Ontario securities law as a dealer or are exempt under Ontario securities law from the requirement to comply with subsection 25(1) of the Act; and

6. Staff are continuing to investigate the conduct described above;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

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

IT IS ORDERED that pursuant to clause 2 of subsection 127(1) of the Act, that:

(a) all trading by Blackwood shall cease;

(b) all trading by Zetchus shall cease; and

(c) all trading by Kay shall cease.

IT IS FURTHER ORDERED that pursuant to clause 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to any of the Respondents; and

IT IS FURTHER ORDERED that pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by Order of the Commission.

DATED at Toronto this 18 day of December, 2012.

"Mary G. Condon"

2.2.4 The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. – s. 144

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.

ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated July 4, 2012 recognizing each of The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2 of the ("Current Recognition Order");

AND WHEREAS CDS Ltd. filed an application dated November 23, 2012 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect the change of the fiscal year-end for CDS Ltd. and CDS Clearing from October 31 to December 31 (Application);

AND WHEREAS based on the Application and the representations made by CDS Ltd. and CDS Clearing, the Commission has determined that it is not prejudicial to the public interest to issue this order which varies and restates the Current Recognition Order;

IT IS ORDERED, pursuant to section 144 of the Act, the Current Recognition Order be varied and restated as follows:

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.

ORDER
(Sections 21.2 and 144 of the Act)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated February 25, 1997 ("1997 Order"), which became effective on March 1, 1997, recognizing The Canadian Depository for Securities Limited ("CDS Ltd.") as a clearing agency pursuant to subsection 21.2(1) of the Act and designating CDS Ltd. As a recognized clearing agency pursuant to Part VI of the Ontario Business Corporations Act, which order has been amended from time to time;

AND WHEREAS the Commission issued an order in connection with a corporate reorganization of CDS Ltd. dated July 12, 2005 varying and restating the 1997 Order, as amended, recognizing CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency and continuing to recognize CDS Ltd. as a clearing agency (CDS Ltd. And CDS Clearing collectively "CDS");

AND WHEREAS the Commission issued a varied and restated order, dated October 24, 2011 ("2011 Order"), in connection with CDS's conversion to International Financial Reporting Standards, continuing to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND WHEREAS on June 10, 2011 Maple Group Acquisition Corporation ("Maple") commenced a transaction, consisting of a take-over bid ("Offer") and a subsequent arrangement, the result of which was the acquisition by Maple of all of the issued and outstanding voting securities of TMX Group Inc. ("TMX Group"), the holding company parent of TSX Inc.;

AND WHEREAS Maple concurrently with the initial take-up of shares of TMX Group pursuant to the Offer or as soon as possible thereafter acquired CDS Ltd. and, indirectly, CDS Clearing, by way of an amalgamation ("Amalgamation") of CDS Ltd. and 8090599 Canada Inc. a wholly-owned subsidiary of Maple, whereby the amalgamated company continued as CDS Ltd.; the result of which was the acquisition by Maple of all of the issued and outstanding voting securities of CDS Ltd;

AND WHEREAS the Commission issued an order dated July 4, 2012 recognizing CDS Ltd. and CDS Clearing as clearing agencies pursuant to section 21.2 of the Act to reflect the changes resulting from the Amalgamation (Current Recognition Order);

AND WHEREAS the 2011 Order was replaced by the Current Recognition Order and therefore was revoked;

AND WHEREAS the Commission also granted an order recognizing Maple as an exchange pursuant to section 21 of the Act;

AND WHEREAS the Commission issued an order dated December 7, 2012 varying the Current Recognition Order by replacing the definition of "original Maple shareholder" in Part 1 of Schedule B with a new definition of "original Maple shareholder" which includes 1802146 Ontario Limited, an affiliate of TD Securities Inc.;

AND WHEREAS CDS Ltd. filed an application dated November 23, 2012 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect the change of the fiscal year-end for CDS Ltd. and CDS Clearing from October 31 to December 31 in order to be aligned with TMX Group's year-end ("Application");

AND WHEREAS the Commission considers the proper operation of a clearing agency as essential to investor protection and maintaining a fair and efficient capital market, and the Commission may recognise a clearing agency, pursuant to section 21.2 of the Act, if it is satisfied that it is in the public interest to do so:

AND WHEREAS the Commission considers the operation of a clearing agency in the public interest to include, among other things, appropriate governance arrangements, fair access and services to all market participants, adequate management of risk, including systemic risk, and operational reliability, fair and non-discriminatory fees, and appropriate rules and procedures to foster competition in the Canadian financial markets;

AND WHEREAS the Commission adopted a program of enhanced regulatory oversight with respect to Maple and CDS;

AND WHEREAS CDS Ltd., CDS Clearing and Maple have each agreed to the respective terms and conditions as set out in Schedule "B" to this order;

AND WHEREAS the terms and conditions set out in "Schedule B" may be varied or waived by the Commission;

AND WHEREAS based on the Application and the representations made to the Commission, the Commission has determined that:

(a) CDS satisfies the criteria for recognition set out in Schedule "A" to this order;

(b) it is not prejudicial to the public interest to vary and restate the Current Recognition Order; and

(c) it is in the public interest to continue to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to section 21.2 of the Act, subject to terms and conditions that are set out in Schedule "B" to this order;

IT IS HEREBY ORDERED that:

(a) pursuant to section 21.2 of the Act, CDS Ltd. continues to be recognized as a clearing agency; and

(b) pursuant to section 21.2 of the Act, CDS Clearing continues to be recognized as a clearing agency; and

provided CDS Ltd., CDS Clearing and Maple comply with the terms and conditions set out in Schedule "B", as applicable.

DATED this 4th day of July, 2012 and effective upon completion of the Amalgamation; as varied and restated on December 21, 2012.

"James E. Turner" "Judith N. Robertson"

SCHEDULE "A" – CRITERIA FOR RECOGNITION

PART 1 GOVERNANCE

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

(a) effective oversight of the clearing agency;

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

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

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

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

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

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

PART 2 FEES

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

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

PART 3 ACCESS

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

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

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

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

PART 4 RULES AND RULEMAKING

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

(a) are not inconsistent with securities legislation;

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

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

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

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

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

PART 5 DUE PROCESS

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

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

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

PART 6 RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its settlement services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with paragraph 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 The clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B" – TERMS AND CONDITIONS

PART I – Definitions

For the purposes of this schedule:

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*, except that in the case of AIMCo "affiliated entity" means an AIMCo Affiliate;

"AIMCo" means the Alberta Investment Management Corporation;

"AIMCo Affiliate" means each AIMCo Client, any person directly or indirectly controlled by one or more AIMCo Clients, any investment pool managed by AIMCo, and any affiliated entity of any of the foregoing, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"AIMCo Clients" means Her Majesty the Queen in right of Alberta and certain Alberta public sector pension plans, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"associates" has the meaning ascribed to it in subsection 1(1) of the Act;

"CDS Clearing" means CDS Clearing and Depository Services Inc.;

"CDS Ltd." Means The Canadian Depository for Securities Limited;

"criteria for recognition" means the criteria for recognition set out in Schedule "A" to this order;

"financial risk model" means the mechanisms adopted by CDS to manage the risk of potential loss in the provision of clearing, settlement and depository services for securities and derivatives transactions in the event of the failure of a Participant to fulfill its settlement obligations, but for greater certainty does not include business risk or operational risk;

"FMI Principles" means the principles contained in the CPSS-IOSCO *Principles for Financial Market Infrastructures*, as amended from time to time, or any successor principles or recommendations;

"IT Systems" means CDS's information technology systems supporting the services or the business operations of CDS;

"Maple" means Maple Group Acquisition Corporation;

"Maple nomination agreement" means a nomination agreement provided for under Section 12(h) of the Amended and Restated Acquisition Governance Agreement of June 10, 2011 of Maple, as amended;

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act;

"original Maple shareholder" means each of the AIMCo, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., National Bank Financial Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., TD Securities Inc. and 1802146 Ontario Limited;

"Participant" means a user of the services offered by CDS which are governed by the CDS Participant Rules;

"recognized clearing agency" means each of CDS Ltd. And CDS Clearing;

"rule" has the meaning ascribed to it in section 2 of the Rule Protocol at Appendix "A" to this schedule; and

"significant Maple shareholder" means a person or company that:

(i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of Maple provided, however, that the ownership of or control or direction over additional Maple shares in connection with the following activities shall not be included for the purposes of determining whether the 5% threshold has been exceeded:

(A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its

fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly invested and which is managed by a third party who has not been provided with confidential, undisclosed information about Maple,

(B) acting as a custodian for securities in the ordinary course,

(C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about Maple,

(D) the acquisition of Maple shares in connection with the adjustment of index-related portfolios or other "basket" related trading,

(E) making a market in securities to facilitate trading in shares of Maple by third party clients or to provide liquidity to the market in the person or company's capacity as a designated market maker for shares of Maple securities, in the person or company's capacity as designated market maker for derivatives on Maple shares, or in the person or company's capacity as market maker or "designated broker" for exchange traded funds which may have investments in shares of Maple, in each case in the ordinary course, (which, for greater certainty, shall include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, Maple shares), or

(F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about Maple,

and subject to the conditions that the ownership of or control or direction over Maple shares by a person or company in connection with the activities listed in (A) through (F) above:

(G) is not intended by that person or company to facilitate evasion of the 5% threshold set out in clause (i), and

(H) does not provide that person or company the ability to exercise voting rights over more than 5% of the voting shares of Maple in a manner that is solely in the interests of that person or company as it relates to that person or company's ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 5% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company shall not exercise its voting rights with respect to those excess voting shares;

(ii) is an original Maple shareholder that is a party to a Maple nomination agreement, for as long as its Maple nomination agreement is in effect, or

(iii) is an original Maple shareholder:

(A) whose obligations under Schedule 6 to the Maple order issued pursuant to section 21.11 of the Act (21.11 Order) on [date] have not terminated pursuant to section 50 of the 21.11 Order thereof, and

(B) that has a partner, director, officer or employee who is a director on the Maple board of directors other than pursuant to a Maple nomination agreement, for so long as such partner, officer, director or employee remains a member of the Maple board of directors.

PART II – Terms and Conditions Applicable to CDS Ltd. and CDS Clearing

1 OWNERSHIP OF CDS LTD.

1.1 The recognized clearing agency shall not make any changes to its ownership structure without the prior approval of the Commission.

2 PUBLIC INTEREST RESPONSIBILITY

2.1 The recognized clearing agency shall conduct its business and operations in a manner that is consistent with the public interest.

2.2 The mandate of the board of directors of the recognized clearing agency shall expressly include the public interest responsibility of the recognized clearing agency.

2.3 The board of directors of the recognized clearing agency shall provide a written report to the Commission at least annually, or as required by the Commission, describing how the recognized clearing agency is meeting its public interest responsibility.

3 CRITERIA FOR RECOGNITION

3.1 The recognized clearing agency shall continue to meet the criteria for recognition.

4 GOVERNANCE

4.1 The recognized clearing agency's governance arrangements shall be designed to fulfill its public interest requirements and to balance the interests of its shareholders and its Participants and other users of its services.

4.2 The recognized clearing agency shall ensure that:

(a) at least 33% of its board of directors are independent as that term is defined in paragraph 4.3;

(b) at least 33% of its board of directors are representatives of Participants, of which;

(i) one representative shall be nominated by the Investment Industry Regulatory Organization of Canada,

(ii) one representative shall be nominated by Maple from the five largest Participants (with the Participant and its affiliated entities aggregated for this purpose),

(iii) at least one representative nominated by Maple shall, for so long as a Maple nomination agreement remains in effect, be unrelated to original Maple shareholders, and

(iv) the representatives of Participants should represent a diversity of Participants;

(c) one director is a representative of a marketplace unaffiliated with Maple and nominated by the marketplaces unaffiliated with Maple;

(d) at least 50% of the directors have expertise in clearing and settlement; and

(e) a quorum of the board of directors shall have at least two thirds of the number of directors.

4.3 For the purpose of paragraph 4.2:

(a) a director is independent, if the director is not;

(i) an associate, partner, director, officer or employee of a significant Maple shareholder,

(ii) an associate, partner, director, officer or employee of a Participant of the recognized clearing agency or such Participant's affiliated entities or an associate of such director, partner, officer or employee,

(iii) an associate, partner, director, officer or employee of a marketplace or such marketplace's affiliated entities or an associate of such partner, director, officer or employee, or

(iv) an officer or employee of the recognized clearing agency or its affiliated entities or an associate of such officer or employee; and

(b) a person is unrelated to original Maple shareholders, if the individual;

(i) is not an officer, partner or employee of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that officer, partner or employee,

(ii) is not nominated under a Maple nomination agreement,

(iii) is not a director of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that director, and

(iv) does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the governance committee of the recognized clearing agency having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized clearing agency.

4.4 The recognized clearing agency governance structure shall provide for the use of Participant committees to provide advice, comment and recommendations to assist the board of directors of the recognized clearing agency and such committees shall meet the following requirements:

(a) membership on Participant committees is open to all Participants and marketplaces that access the services provided by the recognized clearing agency;

(b) the Participant committee may on any matters that the committee deems appropriate, and shall if requested by the Commission, report directly to the Commission without first requiring board approval or notification of such reporting; and

(c) a staff representative of the Commission may attend any meetings of the Participant committees as an observer.

4.5 The recognized clearing agency's board of directors shall:

(a) as required by the Commission and in any event annually, provide a written report to the Commission that contains:

(i) the recommendations made by each of its Participant committees commencing from the date of this order and whether and why any of the recommendations were rejected or only partially implemented, and

(ii) a response from each Participant committee regarding whether and why they agree or disagree with the recognized clearing agency's report; and

(b) file such report and the Participant committees' responses with the Commission within 45 days after each fiscal year-end of the recognized clearing agency or within 60 days of a request made by the Commission.

4.6 The recognized clearing agency shall obtain prior Commission approval before making changes to the structure of its board of directors, changes to the structure of any of its board committees and their mandates, changes to the structure of any of its Participant committees or their mandates, or changes to its constating documents.

4.7 The recognized clearing agency shall establish and maintain a Risk Management and Audit Committee of its board of directors, whose mandate includes, at a minimum, the following:

(a) providing advice and recommendations to the board of directors to assist it in fulfilling its risk management responsibilities, including reviewing and assessing CDS's risk management policies and procedures, the adequacy of the implementation of appropriate procedures to mitigate and manage such risks and CDS's participation standards and collateral requirements;

(b) monitoring the financial performance of CDS and providing financial management oversight and direction to the business and affairs of CDS;

(c) advising the board of directors on the fairness, reasonableness and competitiveness of its pricing and fees in the context of the Canadian capital market and trends relating to comparable services offered by clearing houses worldwide; and

(d) ensuring fair and equitable resources are dedicated to development projects for unaffiliated marketplaces.

4.8 The Risk Management and Audit Committee's composition shall be as follows:

(a) a total of five directors;

(b) an independent chair; and

(c) at least two industry directors that, for so long as a Maple nomination agreement remains in effect, are unrelated to original Maple shareholders as defined in paragraph 4.3 and who represent a diversity of Participants, and which may include the nominee of the Investment Industry Regulatory Organization of Canada.

4.9 In the event that the recognized clearing agency fails to meet the requirements of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

5 FITNESS

5.1 The recognized clearing agency shall take reasonable steps to ensure that each director and officer of the recognized clearing agency is a fit and proper person. The recognized clearing agency shall, among other things, consider whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform his or her duties with integrity and in a manner that is consistent with the public interest responsibility of the recognized clearing agency.

6 ACCESS

6.1 The recognized clearing agency shall not unreasonably prohibit, condition or limit, directly or indirectly, access by a person or company to services offered by it.

6.2 The recognized clearing agency shall not, directly or indirectly:

(a) permit unreasonable discrimination among existing and potential Participants and marketplaces; or

(b) impose any burden on competition that is not reasonably necessary or appropriate.

6.3 The recognized clearing agency shall accept clearing of trades in securities that are eligible under its rules on a non-discriminatory basis, regardless of the marketplace of execution.

6.4 The recognized clearing agency shall promptly notify the Commission of receipt of any applications for access or connection from potential Participants and marketplaces.

6.5 The recognized clearing agency shall complete the granting or denial of access within 60 days and shall promptly notify the Commission of any applications for access that are outstanding for more than 60 days and the reasons for such delay or denial.

6.6 The recognized clearing agency shall allow any person or company, including other third party post-trade service providers, to interface or connect to any of its services or systems on a commercially reasonable basis, for the purposes of facilitating post-trade processing of securities transactions by Participants.

6.7 The rules and procedures of the recognized clearing agency shall be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to remove impediments to the prompt and accurate clearance and settlement of securities transactions. The rules of the recognized clearing agency and any arrangements between the recognized clearing agency and its Participants or other market participants shall not unreasonably create an impediment to competition including in respect of other third party post-trade service providers. Without limiting the generality of the foregoing, the rules or arrangements shall not unreasonably prohibit, limit or impede, directly or indirectly, the ability of Participants to engage other third party post-trade service providers, or the provision of their services.

6.8 The recognized clearing agency shall provide its services and products, including any interface or connection to its services or systems, to any person or company, including a third party service provider, on a non-discriminatory basis and at service level or performance standards comparable to that which would be provided to its affiliated entities.

7. FEES, FEE MODELS AND INCENTIVES

7.1 The recognized clearing agency's fees shall not have the effect of unreasonably creating barriers to access the recognized clearing agency's services or discriminating between users of the recognized clearing agency's services or marketplaces, and shall be balanced with the criterion that the recognized clearing agency has sufficient revenues to satisfy its responsibilities.

7.2 The recognized clearing agency shall not, through any fee schedule, fee model or any contract with any Participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the recognized clearing agency that is conditional upon the purchase of any other service or product offered by the recognized clearing agency or any affiliated entity.

7.3 The fees shall be charged on a per transaction basis and shall not provide a discount, rebate, allowance or similar price concession based on a Participant's level of activity.

7.4 The recognized clearing agency's process for setting fees for any of its services shall provide for meaningful input from the relevant Participant committees and the Risk Management and Audit Committee of its board of directors.

7.5 The recognized clearing agency shall operate under the fee setting process and the fee and rebate model described in Appendix "B" to this schedule, as amended from time to time with prior Commission approval.

7.6 The recognized clearing agency shall obtain prior Commission approval before implementing any amendments to the fees set out in the fee schedule at Appendix "C", any new fees, any other fees for services or products designated by the Commission from time to time, or any change to the fee and rebate model, and for greater clarification, fees means all fees whether for core or non-core services as defined by the recognized clearing agency from time to time.

7.7 If the Commission considers that it would be in the public interest, the Commission may require the recognized clearing agency to submit a fee, fee model or incentive that has previously been approved by the Commission for re-approval by the Commission. In such circumstances, if the Commission decides not to re-approve the fee, fee model or incentive, the previous approval for the fee, fee model or incentive shall be revoked.

7.8 The recognized clearing agency shall file with the Commission all fees and fee models, and any amendments thereto, referred to in paragraphs 7.5, 7.6 or 7.7, for approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

7.9 Commencing for the fiscal year beginning January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the approved fee and rebate model. The recognized clearing agency shall provide the independent auditor's report to the Commission within 90 days of its fiscal year-end. The first annual report due shall cover a 14-month period from November 1, 2012 to December 31, 2013.

8 INTERNAL COST ALLOCATION MODEL AND TRANSFER PRICING

8.1 The recognized clearing agency shall establish and maintain an internal cost allocation model and policy or policies with respect to the allocation of costs or transfer of prices between the recognized clearing agency and its affiliated entities. The recognized clearing agency shall file with the Commission for approval the internal cost allocation model and policy or policies initially established in connection with this requirement within 9 months of the effective date of this order.

8.2 The recognized clearing agency shall obtain prior Commission approval before making any amendments to the internal cost allocation model and policy or policies established and required to be maintained under paragraph 8.1.

8.3 Commencing for the fiscal year beginning January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding compliance by the recognized clearing agency and its affiliated entities with the approved internal cost allocation model and transfer pricing policies. The recognized clearing agency shall provide the independent auditor's report to its board promptly after the report's completion and then to the Commission within 90 days of its fiscal year-end. The first annual report due shall cover a 12-month period from January 1, 2013 to December 31, 2013.

8.4 The fees, costs or expenses borne by the recognized clearing agency, and indirectly by the users of the recognized clearing agency's services, for each of the services provided by the recognized clearing agency, shall not reflect any cost or expense incurred by the recognized clearing agency in connection with an activity carried on by the recognized clearing agency that is not related to that service.

9 CPSS-IOSCO STANDARDS

9.1 The recognized clearing agency shall observe the FMI Principles as soon as possible.

10 RISK CONTROLS

10.1 The recognized clearing agency shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of the recognized clearing agency and its Participants.

10.2 The recognized clearing agency shall:

(a) design its clearing and settlement system and the associated financial risk model to meet industry best practices, Ontario securities laws and without limiting the generality of the foregoing, as soon as practicable after the publication of the final FMI Principles by CPSS-IOSCO, observe the FMI Principles;

(b) conduct a self-assessment against the applicable FMI Principles every two years or as requested by the Commission, and prepare a report on the findings, conclusions and recommendations for rectifying any deficiencies. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board; and

(c) every fourth year, or at other times required by the Commission, engage an independent qualified party, acceptable to the Commission, to conduct an assessment of the recognized clearing agency's financial risk model and prepare a report on the findings, conclusions and any recommendations. The Commission would have the ability to provide input into the scope of such assessment, and may include an assessment of how the recognized clearing agency's financial risk model balances the need for appropriate risk management and maintenance of fair and open access. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

11 OUTSOURCING

11.1 The recognized clearing agency shall obtain prior Commission approval before entering into, or amending, any outsourcing arrangement related to, any of its key services or systems with a service provider, which includes affiliated entities of the recognized clearing agency.

11.2 Where the recognized clearing agency outsources any of its key services or systems, the recognized clearing agency shall proceed in accordance with best practices. Without limiting the generality of the foregoing, the recognized clearing agency shall:

(a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements;

(b) identify any conflicts of interest between the recognized clearing agency and the service provider to which key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest;

(c) prior to entering into the outsourcing arrangement, assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by the recognized clearing agency;

(d) enter into a contract with the service provider to which key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures;

(e) maintain access to the books and records of the service providers relating to the outsourced activities;

(f) ensure that the Commission has access to all data, information and systems maintained by the service provider on behalf of the recognized clearing agency, for the purposes of determining the recognized clearing agency's compliance with Ontario securities laws;

(g) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan;

(h) take appropriate measures to ensure that the service providers protect Participants' confidential information; and

(i) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement.

12 OPERATIONAL RELIABILITY

12.1 The recognized clearing agency shall obtain prior approval of the Commission before integrating any of its IT systems, clearing, settlement or depository systems, or operations with any affiliated entities (other than any integration of systems or operations between CDS Ltd. and CDS Clearing).

12.2 The recognized clearing agency shall meet the performance standards attached as Appendix "D" to this schedule, as amended by the recognized clearing agency and approved by the Commission from time to time.

12.3 The recognized clearing agency shall obtain prior Commission approval before changing its performance standards attached as Appendix "D" to this schedule.

12.4 Commencing for the fiscal year beginning on January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the performance standards. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board. The first annual report due would cover a 17-month period from August 1, 2012 to December 31, 2013.

13 RULES

13.1 The recognized clearing agency's rules and the process for adopting new rules or amending existing rules shall be transparent to Participants and the general public.

13.2 The recognized clearing agency shall file with the Commission all rules and amendments to the rules and comply with the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

14 ENFORCEMENT OF RULES AND DISCIPLINE

14.1 The rules of the recognized clearing agency shall set out appropriate sanctions in the event of non-compliance by Participants.

14.2 The recognized clearing agency shall reasonably monitor Participant activities and impose sanctions to ensure compliance by Participants with its rules.

15 CONFIDENTIALITY OF INFORMATION

15.1 The recognized clearing agency shall not release Participants' confidential information to a person or company other than the Participant, a securities regulatory authority or a regulation services provider unless:

(a) the Participant has consented in writing to the release of the information;

(b) the release of the information is required by Ontario securities law or other applicable law; or

(c) the information has been publicly disclosed by another person or company, and the recognized clearing agency reasonably believes that the disclosure was lawful.

15.2 The recognized clearing agency shall implement reasonable safeguards and procedures to protect Participants' information, including limiting access to such Participant information to employees of the recognized clearing agency, or persons or companies retained by the recognized clearing agency to operate the system.

15.3 The recognized clearing agency shall implement adequate oversight procedures to ensure that the safeguards and procedures established under paragraph 15.2 are followed.

16 PROVISION OF INFORMATION

16.1 The recognized clearing agency shall, and shall cause CDS Clearing to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of the recognized clearing agency or any of its affiliates, without limitations, restrictions or conditions, including, without limiting the generality of the foregoing:

(a) data, information and analyses relating to all its or their businesses; and

(b) data, information and analyses of third parties in its or their custody and control.

16.2 The recognized clearing agency shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.

16.3 The disclosure or sharing of information by the recognized clearing agency pursuant to paragraphs 16.1 or 16.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

16.4 The recognized clearing agency shall make available to all Participants any reports required under paragraph 7.2 of Schedule “A” and paragraphs 2.3, 4.5, 7.9, 8.2, 12.4 and 20.1 of this Schedule, subject to redaction of any information that the recognized clearing agency reasonably believes is competitively sensitive.

16.5 The recognized clearing agency shall continue to provide to Participants an annual report containing substantially the same financial and other information that was included in the annual reports issued by CDS prior to the date of this Order.

17 REPORTING OBLIGATIONS

17.1 The recognized clearing agency shall comply with Appendix "E" to this Schedule setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

18 COMPLIANCE

18.1 The recognized clearing agency shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions applicable to it in this order and describe in detail:

(a) the steps taken to require compliance;

(b) the controls in place to verify compliance; and

(c) the names and titles of employees who have oversight of compliance.

18.2 If the recognized clearing agency, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to the recognized clearing agency under this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Risk Management and Audit Committee of the breach or possible breach. The director, officer or employee of the recognized clearing agency shall provide to the Risk Management and Audit Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

18.3 The Risk Management and Audit Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 18.4 below.

18.4 The Risk Management and Audit Committee shall promptly cause an investigation to be conducted of the breach of possible breach reported under paragraph 18.2. Once the Risk Management and Audit Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to the recognized clearing agency under this order, the Risk Management and Audit Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient

to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

19 REVIEW

19.1 The recognized clearing agency shall engage an independent qualified party, acceptable to the Commission, to conduct a review of the clearing agency's rules within 9 months of the effective date of this order to assess whether such rules and the arrangements thereunder continue to be appropriate in light of change in ownership structure and for-profit business model and prepare a report on the finding, conclusions and recommendations. The Commission would have the ability to provide input into the scope of such review which may include a process for stakeholder consultation. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

PART III – Terms and Conditions Applicable to CDS Ltd.

20 FEES

20.1 Within three years of the effective date of this order and every three years subsequent to that date, or at other times required by the Commission, CDS Ltd. shall:

(a) conduct a review of its fees and fee models and the fees and fee models of its affiliated entities that are related to clearing, settlement, depository, data and other services specified by the Commission that includes, among other things, a benchmarking or other comparison of the fees and fee models against the fees and fee models of similar services in other jurisdictions; and

(b) provide a written report on the outcome of such review to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

21 ALLOCATION OF RESOURCES

21.1 CDS Ltd. shall, subject to paragraph 21.2 and for so long as CDS Clearing carries on business as a clearing agency, allocate sufficient financial and other resources to CDS Clearing to ensure that CDS Clearing can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

21.2 CDS Ltd. shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial or other resources to CDS Clearing as required under paragraph 21.1.

22 FINANCIAL VIABILITY

22.1 For the purpose of monitoring its financial viability, CDS Ltd. shall calculate, on a separate basis, the following financial ratios and metric:

(a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;

(b) a financial leverage ratio, being the ratio of total assets to shareholders' equity; and

(c) working capital.

22.2 If CDS Ltd. fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1;

(b) a financial leverage ratio less than or equal to 4/1; or

(c) working capital to cover 6 months operating expenses (excluding from such operating expenses the amount of shared services fees charged to CDS Clearing);

it shall immediately notify the Commission. If CDS Ltd. fails to maintain either of the debt to cash flow ratio, the financial leverage ratio, or the working capital metric for a period of more than three months, its Chief Executive Officer shall

deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

22.3 On a quarterly basis or on filing CDS Ltd. financial statements as required under paragraph 22.4 (together with the financial statements required to be filed pursuant to paragraph 22.4), CDS Ltd. shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 22.1.

22.4 From the fiscal year commencing on January 1, 2013, CDS Ltd. shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises ("CGAAP"). The quarterly and annual financial statements of CDS Ltd. shall be provided on a separate and consolidated basis. Any annual report provided to shareholders shall be concurrently filed by CDS Ltd. with the Commission. CDS Ltd. shall file with the Commission financial statements excluding note disclosure for the period of November 1 to December 31, 2012 by April 15, 2013.

22.5 From the fiscal year commencing on January 1, 2013, CDS Ltd. shall file with the Commission (a) unaudited quarterly financial statements of each of its subsidiaries, other than CDS Clearing, within 60 days of the end of quarters one through three, and (b) audited annual financial statements of each of its subsidiaries, other than CDS Clearing, within 90 days of each year end, all prepared in accordance with CGAAP**.**

23 COMPLIANCE

23.1 CDS Ltd. shall do everything within its control to cause CDS Clearing to:

(a) carry out its activities as a clearing agency recognized under section 21.2 of the Act and in accordance with Ontario securities law; and

(b) as soon as practicable after the effective date of this order observe the FMI Principles.

PART IV – Terms and Conditions Applicable to CDS Clearing

24 FEES

24.1 CDS Clearing shall cause CDS Securities Management Solutions Inc. to provide the Commission with a schedule of fees for all the products or services offered by CDS Securities Management Solutions that is in effect within 30 days of the effective date of this order.

24.2 CDS Clearing shall cause CDS Securities Management Solutions Inc. to obtain prior Commission approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time, before implementing any amendments to the fees in the schedule filed pursuant to paragraph 24.1 above and any new fees.

25 FINANCIAL VIABILITY

25.1 For the purpose of monitoring its financial viability, CDS Clearing shall calculate the following financial ratios and metric:

(a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, amounts due to Participants, customer deposits, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;

(b) a financial leverage ratio, being the ratio of adjusted total assets to shareholders' equity, where adjusted total assets is calculated as total assets less customer deposits, Participant cash collateral and any other assets held by CDS Clearing on behalf of a Participant all of which are recognized on CDS Clearing's statement of financial position. CDS Clearing shall notify the Commission, in advance, of the nature of any other assets held on behalf of a Participant that will be deducted from total assets; and

(c) working capital.

25.2 If CDS Clearing fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1;

(b) a financial leverage ratio less than or equal to 4/1; or

(c) working capital to cover 6 months operating expenses.

it shall immediately notify the Commission. If CDS Clearing fails to maintain either of the debt to cash flow ratio, the financial leverage ratio or the working capital metric for a period of more than three months, its Chief Executive Officer shall deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

25.3 On a quarterly basis or on filing CDS Clearing financial statements as required under paragraph 25.4 (together with the financial statements required to be filed pursuant to paragraph 25.4), CDS Clearing shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 25.1.

25.4 From the fiscal year commencing on January 1, 2013, CDS Clearing shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with CGAAP. CDS Clearing shall file with the Commission financial statements excluding note disclosure for the period of November 1 to December 31, 2012 by April 15, 2013.

PART V – Terms and Conditions Applicable to Maple

26 PUBLIC INTEREST RESPONSIBILITY

26.1 Maple shall, and shall ensure that the recognized clearing agencies, conduct their business and operations in a manner that is consistent with the public interest.

27 FEES

27.1 Maple shall ensure that any of its affiliated entities do not, through any fee schedule, fee model or any contract with any marketplace participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the affiliated entity that is conditional upon the purchase of any service or product provided by the recognized clearing agency.

28 ALLOCATION OF RESOURCES

28.1 Maple shall, for so long as the recognized clearing agencies carry on business as clearing agencies, allocate sufficient financial and other resources to the recognized clearing agencies to ensure that the recognized clearing agencies can carry out their functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

28.2 Maple shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to the recognized clearing agencies, as required under paragraph 28.1.

29 PROVISION OF INFORMATION

29.1 Maple shall, and shall cause the recognized clearing agencies, to promptly provide the Commission, on request, any and all data, information and analysis in the custody or control of the recognized clearing agencies, without limitations, restrictions or conditions, including data, information and analysis relating to all of the recognized clearing agencies' businesses.

29.2 Maple shall, and shall cause the recognized clearing agencies to, share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.

29.3 The disclosure or sharing of information by Maple and the recognized clearing agencies pursuant to paragraph 29.1 and 29.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

30 CONFLICTS OF INTEREST

30.1 Maple shall establish, maintain, and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in CDS, and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the operations of CDS and the services and products provided by CDS.

30.2 Maple shall regularly review compliance with the policies and procedures established in accordance with paragraph 30.1, and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing the review(s) conducted shall be provided to the Commission on an annual basis.

30.3 The policies established in accordance with paragraph 30.1 shall be made publicly available on Maple's website.

31 COMPLIANCE

31.1 Maple shall promote fair access to the recognized clearing agencies and shall not unreasonably prohibit, condition or limit access by a person or company to any services provided by the recognized clearing agencies.

31.2 Maple shall promote within the recognized clearing agencies a corporate governance structure that minimizes the potential for any conflict of interest between any marketplace owned or operated by Maple or Maple's affiliated entities and the recognized clearing agencies that could adversely affect the clearance and settlement of trades in securities or the effectiveness of the recognized clearing agencies' risk management policies, controls and standards.

31.3 Maple shall do everything within its control to cause the recognized clearing agencies to carry out their activities as clearing agencies recognized under section 21.2 of the Act and in compliance with Ontario securities law, and to observe the FMI Principles as soon as possible after the publication of the final FMI Principles by CPSS-IOSCO.

31.4 Maple shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that Maple is in compliance with the terms and conditions applicable to it in this order and describe in detail:

(a) the steps taken to require compliance;

(b) the controls in place to verify compliance; and

(c) the names and titles of employees who have oversight of compliance.

31.5 If Maple, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to Maple in this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of Maple of the breach or possible breach. The director, officer or employee of Maple shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

31.6 The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 31.7 below.

31.7 The Regulatory Oversight Committee shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph 31.5. Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Maple in this order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual or anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX "A"

RULE PROTOCOL REGARDING THE REVIEW AND APPROVAL OF CDS CLEARING AND DEPOSITORY SERVICES INC. RULES BY THE ONTARIO SECURITIES COMMISSION

1. Purpose of the Protocol

On July 4, 2012 the Ontario Securities Commission ("Commission") issued a recognition order ("Recognition Order") with terms and conditions governing the recognition of each of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2(1) of the *Securities Act* (Ontario). To comply with the Recognition Order, CDS Clearing shall file, among other things, its rules with the Commission for approval. This protocol sets out the procedures for the submission of a rule by CDS Clearing and the review and approval of the rule by the Commission.

2. Definitions

In this protocol:

"rule" means a proposed new or amendment to or deletion of a participant rule, operating procedure, user guide, manual or similar instrument or document of CDS Clearing which contains any contractual term setting out the respective rights and obligations between CDS Clearing and participants or among participants.

All other terms have the respective meanings ascribed to them in the Recognition Order and in securities legislation as that term is defined in NI 14-101.

3. Classification of Rules

CDS Clearing shall classify a rule as either "material" or "technical/housekeeping" for the purposes of the approval process set out in this protocol.

(a) Technical/Housekeeping Rules

For the purpose of this protocol, a rule shall be classified as "technical/housekeeping" if the rule involves only:

(i) matters of a technical nature in routine operating procedures and administrative practices relating to the CDS Services;

(ii) consequential amendments intended to implement a material rule that has been published for comment pursuant to this protocol which only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule;

(iii) amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement;

(iv) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing; or

(v) stylistic formatting, including changes to headings or paragraph numbers.

(b) Material Rules

A rule that is not a technical/housekeeping rule, as defined above, would be classified as a "material" rule.

4. Procedures for Review and Approval of Material Rules

(a) Prior Notice of a Significant Material Rule

If CDS Clearing is developing a material rule that it anticipates will result in a significant change in its policy, will require amendments to a significant number of rules or may be the subject of significant public comment as a result of publication, then CDS Clearing shall notify Commission staff in writing at least 30 calendar days prior to submitting such a significant material rule. The purpose of such prior notification is to enable the Commission to react in a timely manner to the material rule upon filing. Prior notification shall not be interpreted as an opportunity for Commission staff to participate in CDS Clearing policy development. Commission staff will not begin a formal review of the material rule until all relevant documents have been filed.

(b) Documents to be Filed

For a material rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification and includes a statement that the rule is not contrary to the public interest;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule;

(iii) a notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a description of the rule,

B. a concise statement, together with supporting analysis, of the nature and purpose of the rule,

C. a description and analysis of the possible effects of such rule on CDS Clearing, participants and other market participants and the securities and financial markets in general, including but not limited to any impact on competition, risks and the costs of compliance borne by any of the foregoing parties or within any market, and where applicable, a comparison of the rule to international standards promulgated by Committee on Payment and Settlement Systems of the Bank for International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty,

D. a description of the rule drafting process, including a description of the context in which the rule was developed, the process followed, the issues considered, consultation done, the alternative approaches considered, the reasons for rejecting the alternatives and a review of the implementation plan,

E. where the rule requires technological systems changes to be made by participants, other market participants or CDS Clearing, CDS Clearing shall provide a description of the implications of the rule on such systems and, where possible, an implementation plan, including a description of how the rule will be implemented and the timing of the implementation,

F. where CDS Clearing is aware that another clearing agency has a counterpart to the rule, CDS Clearing shall include a reference to the rules of the other clearing agency, including an indication as to whether that clearing agency has a comparable rule or has made or is contemplating making a comparable rule, and a comparison of the rule to same,

G. a statement that CDS Clearing has determined that the rule is not contrary to the public interest, and

H. an explanation that all comments should be sent to CDS Clearing with a copy to the Commission, and that CDS Clearing will make available to the public on request all comments received during the comment period.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (b).

(d) Publication of a Material Rule by the Commission

As soon as practicable, Commission staff will publish in the OSC Bulletin the notice and rule filed by CDS Clearing under subsection (b) for a comment period of 30 calendar days ("comment period"), commencing on the date on which the notice first appears in the OSC Bulletin or website.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their initial review of the material rule and provide comments to CDS Clearing during the comment period. However, there will be no restriction on the amount of time necessary to complete the review of the material rule.

(f) CDS Clearing Responses to Commission Staff's Comments

(i) CDS Clearing shall respond to any comments received to Commission staff in writing.

(ii) CDS Clearing shall provide to Commission staff a summary of all public comments received and CDS Clearing's responses to the public comments, or confirmation of having received no public comments.

(iii) If CDS Clearing fails to respond to comments from Commission staff within 120 calendar days after receipt of their comment letter, CDS Clearing shall be deemed to have withdrawn the material rule unless Commission staff otherwise agree.

(g) Approval by the Commission

Commission staff will use their best efforts to prepare the material rule for approval within 30 calendar days of the later of (a) receipt of written responses from CDS Clearing to staff's comments or requests for additional information, and (b) receipt of the summary of public comments and CDS Clearing's response to the public comments, or confirmation from CDS Clearing that there were no comments received. If at any time during the review period, Commission staff determine that they have further comments or require further information from CDS Clearing in order to prepare the materials for Commission approval, the review period will be extended by an additional period of 30 calendar days commencing on the day that Commission staff receive responses to the comments or the information requested. Commission staff will notify CDS Clearing of the Commission's approval of the material rule within 5 business days.

(h) Publication of Notice of Approval

Commission staff will prepare and publish in the OSC Bulletin and on its website a short notice of approval of the material rule within 15 business days of delivery of the notification to CDS Clearing of the decision. CDS Clearing shall provide the following information to accompany the publication of the notice of approval:

(i) a short summary of the material rule;

(ii) CDS Clearing's summary of public comments and responses received, if applicable; and

(iii) if changes were made to the version published for public comment, a blacklined copy of the revised material rule.

(i) Effective Date of a Material Rule

A material rule shall be effective as of the date of the notification of approval by Commission staff in accordance with subsection (g) or on a date determined by CDS Clearing, if such date is later.

(j) Significant Revisions to a Material Rule

When a material rule is revised subsequent to its publication for comment in a way that Commission and CDS Clearing staff determine has a material effect on the substance of the rule or its effect, the revision shall be published in the OSC Bulletin with a notice for a second 30 calendar day comment period. The request for comment shall include CDS Clearing's summary of comments and responses submitted in response to the previous request for comments, together with an explanation of the revision to the material rule and the supporting rationale for the amendment.

(k) Withdrawal of a Material Rule

If CDS Clearing withdraws or is deemed to have withdrawn a rule that was previously submitted, then it shall provide a notice of withdrawal to be published by the Commission in the OSC Bulletin as soon as practicable.

5. Procedures for Review and Approval of a Technical/Housekeeping Rule

(a) Documents to be Filed

For a technical/housekeeping rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by the Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule; and

(iii) a short notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a brief description of the technical/housekeeping rule,

B. the reasons for the technical/housekeeping classification, and

C. the effective date of the technical/housekeeping rule, or a statement that the technical/housekeeping rule will be effective on a date subsequently determined by CDS Clearing.

(b) Effective Date of Technical/Housekeeping Rules

The technical/housekeeping rule shall be effective upon CDS Clearing filing the documents in accordance with subsection (a) or on a date determined by CDS Clearing. Where CDS Clearing does not receive any communication of disagreement with the classification from Commission staff in accordance with subsection (d) within 15 business days after filing the rule, CDS Clearing may assume that the Commission staff agree with the classification.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (a).

(d) Disagreement with Classification

Where CDS Clearing has classified a rule as "technical/housekeeping" and Commission staff disagree with the classification:

(i) Commission staff will communicate to CDS Clearing, in writing, the reasons for disagreeing with the classification of the rule within 15 business days after receipt of CDS Clearing's filing.

(ii) After receipt of Commission staff's written communication, CDS Clearing shall re-classify the rule as material and the Commission will review and approve the rule under the procedures set out in section 4.

(iii) Commission staff may require that CDS Clearing immediately repeal the technical/housekeeping rule and inform its participants of the reason for the repeal of the rule.

(e) Publication of Technical/Housekeeping Rules

Commission staff will publish the notice filed by CDS Clearing under clause (a)(iii) as soon as practicable.

(f) Comments received on Technical/Housekeeping Rules

If comments are raised in response to the publication of the notice or the implementation of the technical/housekeeping rule, Commission staff may review the rule in light of the comments received. Commission staff may determine that the rule was incorrectly classified and require that the rule be classified as a material rule and reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

6. Immediate Implementation of a Material Rule

(a) Criteria for Immediate Implementation

CDS Clearing may make a material rule effective immediately where CDS Clearing determines that there is an urgent need to implement the material rule because of a substantial and imminent risk of material harm to CDS Clearing, participants, other market participants, or the Canadian capital markets or due to a change in operation imposed by a third party supplying services to CDS Clearing and to its participants.

(b) Prior Notification

Where CDS Clearing determines that immediate implementation is necessary, CDS Clearing shall advise Commission staff in writing as soon as possible but in any event at least 5 business days prior to the implementation of the rule. Such written notice shall include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify CDS Clearing, in writing, of the disagreement, or request more time to consider the immediate implementation, within 3 business days of being advised by CDS Clearing under subsection (b).

(ii) Commission staff and CDS Clearing will discuss and resolve any concerns raised by Commission staff.

(iii) If no notice is received by CDS Clearing by the 3rd business day after Commission staff received CDS Clearing's notification, CDS Clearing may assume that Commission staff does not disagree with their assessment.

(d) Review of Material Rules Implemented Immediately

A material rule that has been implemented immediately shall be published, reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

7. Miscellaneous Provisions

(a) Waiving Provisions of the protocol

Commission staff may waive any part of this protocol upon request from CDS Clearing. Such a waiver shall be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may be amended at any time or times with the agreement of the Commission and CDS Clearing.

APPENDIX "B"

FEE AND REBATE MODEL APPROVED BY THE COMMISSION

1. For the fiscal year commencing on November 1, 2011 (fiscal year 2012) and subsequent fiscal years, fees for services and products offered by the recognized clearing agency shall be the prices on the fees schedule published on CDS's website and effective November 1, 2011 (CDS 2012 Fee Schedule), attached as Appendix C.

2. Maple shall not seek approval for fee increases on clearing and other core CDS services unless there is a significant change from current circumstances.

3. For the fiscal year commencing on November 1, 2012 and subsequent fiscal years starting on January 1, 2013, Maple shall share 50% of any increase in annual revenue on clearing and other core CDS services as compared to annual revenues in the fiscal year ending on October 31, 2012 with Participants. Sharing of revenue on core services for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate by core service category to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants for such core service).

4. For the purposes of paragraphs 2 and 3 above, "clearing and other core CDS services" means services with the codes in the CDS 2012 Fee Schedule highlighted in Appendix "C":

5. Commencing on November 1, 2012 and subsequent 12-month periods, Maple shall rebate an additional amount to Participants each year in respect of clearing services for trades conducted on an exchange or ATS. The aggregate rebate shall be $2.75 million for the period ending October 31, 2013, $3.25 million for the period ending October 31, 2014, $3.75 million for the period ending October 31, 2015, and $4 million for the period ending October 31, 2016 and each 12-month period thereafter. This additional rebate for any 12-month period shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that 12-month period, intra-year discount(s) and a proportionate rebate to Participants at the end of the 12-month period (paid pro rata to Participants in accordance with the fees paid by such Participants in respect of clearing services for trades conducted on an exchange or ATS).

APPENDIX "C"

CDS' PUBLISHED FEE SCHEDULE EFFECTIVE NOVEMBER 1, 2011

CDS' clearing and other core services are indicated in grey shading.

CDS Clearing and Depository Services Inc.

2012 PRICE SCHEDULE

Effective November 1, 2011 **All Prices Subject to Change**

	CLEARING SERVICES		
6000	Exchange Trade - Reported	Charge per trade reported to both buyer and seller	0.0041*
6010	Trade – Matched Institutional	Charge per trade to both buyer and seller using a virtual matching utility, which generates a confirmed trade in CDSX	0.08
6020	Trade – Other	Charge per trade to both submitter and confirmer for trades that are not exchange or matched institutional trades	0.0852*
6031	FINet® Subscription – Base Fee	Charge per business day to all FINet eligible CUIDs.	25.00
6032	FINet® Subscription – Supplemental Fee	Charge per business day to all FINet eligible CUIDs that net/report at the internal account level. This fee is in addition to 6031.	5.00
6050	FINet® Netting Fee	Charge per original trade that has been netted in the FINet netting processes.	0.09
6060	FINet® Trade Confirmation	Charge to participant when the status of a netted trade moves to confirmed (C).	0.18
6080	Continuous Net Settlement (CNS) Eligible Exchange Trades Netted	Charge per CNS eligible exchange trade submitted for netting to both buyer and seller	0.0041*
6085	CNS Netted and Novated Positions	Charge per CNS netted position after netting and novation to both buyer and seller	0.015
6155	Trade Reconciliation - Exchange/Exchange-type Trades	Charge for each electronic data file processed by CDS related to an exchange or an Alternative Trading System (ATS) for participants and subparticipants	4.85
	SETTLEMENT SERVICES		
6071	FINet® Settlement – Full	Charge to participant when only one transaction is required to fully settle an outstanding netted trade.	0.16
6072	FINet® Settlement – Partial	Charge to participant when more than one transaction is required to fully settle an outstanding netted trade. This fee is only applied on the first partial settlement. All subsequent partial settlements relating to the original netted trade are not subject to billing.	0.18
6076	Batch Net Settlement (BNS) FINet® Settlement	Charge per FINet trade settled fully in the BNS process	0.09
6110	Pledge Entry and Confirmation	Charge per pledge or substitution item to both submitter and confirmer for entry and confirmation, including DK's	1.43
6134	FINet® Buy-in – Pass-Through	Pass-through of FINet buy-in specialist charges.	As per FINet buy-in specialist
6100	Trade-for-Trade (TFT) Intraday Settlement	Charge per TFT trade settled intraday to both buyer and seller	0.1136*

6117	GIC Funds-Only Trade Alert - Email	Charge per addressee on the email (Effective June 4, 2012)	1.00
6118	GIC Funds-Only Trade Alert- Web	Charge per recipient of the web alert (Effective June 4, 2012)	1.00
6119	Pledge Settlement	Charge per pledged position settled intraday to both pledgee and pledgor	0.085
6120	Notice of Intent to Buy-In – Receiver	Charge to participant in a fail-to-receive position for each notice entered through CDSX indicating the intention to buy-in an outstanding trade for a specific security	0.50
6125	Notice of Intent to Buy-In – Deliverer	Charge to participant in a fail-to-deliver position for each notice received through CDSX indicating the intention to buy-in an outstanding trade for a specific security	1.00
6130	Notice of Buy-In Execution – Deliverer	Charge to participant in a fail-to-deliver position on executable date for each notice received through CDSX of the intention by the receiver to execute a buy-in	1.25
6132	Notice of Buy-In Execution – Receiver	Charge to participant in a fail-to-receive position on executable date for each notice entered through CDSX indicating the intention to execute a buy-in	0.25
6137	Buy-In Execution Trade Floor – Deliverer	Charge to participant in a fail-to-deliver position for each buy-in trade order being sent to an exchange for execution	15.00
6140	Certificate Settlement Envelope Service	Charge per envelope to both deliverer and receiver	4.50
6141	BNS TFT Settlement	Charge per TFT trade settled in BNS to both buyer and seller	0.0639*
6190	Detailed/Consolidated Cash Recap Online Report Request	Charge per online request for detailed or consolidated cash recap report	6.70
6196	BNS CNS Batch Settlement	Charge per outstanding CNS position settled in BNS to both buyer and seller	0.03
6197	CNS Real-Time Settlement	Charge per each CNS real-time settlement to both buyer and seller	0.16
	DEPOSITORY, CUSTODIAL AND ENTITLEMENT SERVICES		
6200	Deposit	Charge per deposit transaction	1.90
6231	Eligibility Certificated Non BEO	Charge per issue represented by a definitive certificate and the certificate is deposited with CDS	1,100.00
6232	Eligibility Certificated BEO Global	Charge per issue represented by a BEO global note and the note is deposited with CDS	550.00
6234	Eligibility Request Cancellation Fee	Charge for each cancellation of an eligibility request	33.00
6235	Money Market ISIN Activation Fee	Charge per money market ISIN activated	20.00
6250	Withdrawal	Charge per withdrawal transaction	25.50
6255	Withdrawal - Corporate Action	Charge per withdrawal of matured issues from system	1.94
6260 6261	Strip Bond Adjustment - Debit/Credit	Charge per strip debit (6260) or credit (6261) adjustment transaction processed	6.15
6270	Strip Bond (Physical Strip) Deposit Surcharge	Surcharge, in addition to the normal deposit fee for each deposit of physical strip bonds, of the greater of a) $50 and b) the number of coupons/residuals x $0.50 + the face value in thousands or part thereof (face value/1,000) x $0.30 x the number of years to maturity (i.e., maturity year - 2000 base year)	50.00 or as calculated

6300	Custody - Equity - Position	Charge per daily average of positions held; positions held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.74
6305	Custody - Equity - Volume	Charge per daily average of increments of 100,000 shares; the volumes held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.2532
6310	Custody - Debt - Position	Charge per daily average of positions held	1.62
6320	Custody - Debt - Volume	Charge per daily average of pro rata increments of $100,000 par value	0.019
6330	Custody - Strip Bond - Position	Charge per daily average of positions held	0.75
6350	Bank of Canada Safekeeping Cost	Pass-through of Bank of Canada safekeeping charge per daily average of pro rata increments of $100,000 par value	0.0026
6360	Ledger Reconciliation	Charge per electronic data file processed by CDS	9.15
6370	Ledger Account	Monthly charge per ledger account	235.50
6390	TRAX Entitlements Tracking	Charge per day on all eligible CUIDs that subscribe to the entitlements tracking service	1.75
6400	Corporate Action Transaction – Manual	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring a manual set-up for processing	23.45
6410	Corporate Action Transaction – Auto	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring an automated set-up for processing	4.70
6417	Dividend Transaction – Manual	Charge per credit or debit of a ledger position related to a dividend event requiring a manual set-up for processing	23.74
6418	Dividend Transaction – Auto	Charge per credit or debit of a ledger position related to a dividend event requiring an automated set-up for processing	4.98
6930	Create or Acknowledge Corporate Action Liability record	Charge to participant for each record created or for each record acknowledged	6.55
6947	CALMS[1] Alert Activity – Email	Charge per addressee on the email	1.00
6948	CALMS Alert Activity – Web	Charge per recipient of the web alert	1.00
6982	TRAX Transfer Request – Deleted	Charge per TRAX transaction deleted in the system	1.94
6989	TRAX Transfer Request Alert Activity - Email	Charge per addressee on the email	1.00
6990	TRAX Transfer Request Alert Activity - Web	Charge per recipient of the web alert	1.00
7996	Reconstitution Reservation Extension	Charge per day per reconstitution reservation request extension	32.50
7997	Strip Foreign Market Bond - Incremental	Incremental charge per foreign market bond stripped	75.00
7998	Strip Ineligible Domestic Bond - Incremental	Incremental charge per ineligible domestic bond stripped	65.00
	INTERNATIONAL SERVICES		
5000	International Trade - Entry	Charge per international non-exchange trade transaction entered	0.56

[1] Corporate Action Liability Management Service

5200	International Trade - Settlement	Charge per international non-exchange trade settled within CDSX	2.75
5035	Cross-Border Movement - Pass-Through	Pass-through charge per electronic transfer of security positions between CDS and other foreign securities depositories or custodians	CAD equivalent
5036	ADR Custody Fee – Pass-through	Pass-through of ADR custody fees charged by US depositary banks of ADR	As per ADR depositary banks
5041	U.S. Deposit	Charge per regular U.S. deposit	105.00
5044	U.S. Deposit Reject	Pass-through of DTC charges per U.S. rejected deposit	CAD equivalent
5046	U.S. Withdrawal - Regular	Charge per regular U.S. withdrawal	232.00
5047	U.S. Withdrawal - Instant	Charge per instant U.S. withdrawal (Effective March 1, 2012)	316.00
5048	U.S. Withdrawal Reject	Pass-through of DTC charges per U.S. rejected withdrawal	CAD equivalent
5050	Depository Trust and Clearing Corporation (DTCC) Mark-up - Tier 1	CDS mark-up of NSCC/DTC/Omgeo monthly billing statements for New York and DTC Direct Link users based on previous month's activity; first US$20,000 in monthly billings	USD 20.60%
5051	DTCC Mark-up - Tier 2	monthly billings in USD from $20,000.01 - $35,000 per month	USD 13.60%
5052	DTCC Mark-up - Tier 3	monthly billings in USD above $35,000.00 per month	USD 9.10%
5306	Euroclear UK Direct Access ID	One-time charge for the setup of each Euroclear UK Direct service operator ID and password	100.00
5307	Euroclear UK Direct Surcharge	CDS surcharge per Euroclear UK Direct message request	1.90
5310	Euroclear UK Direct Pass Through	Pass-through of Euroclear UK & Ireland charges. These include transaction charges, custody charges, settlement fines, standing charges and other charges as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5317	Euroclear UK Direct Other	Ad-hoc and miscellaneous charges, as provided by Euroclear UK & Ireland, not included in the pass-through charges summarized under 5310 – Euroclear UK Direct Pass Through. These include charges not specific to transactions entered in Euroclear UK & Ireland's CREST Graphical User Interface (GUI). For example, charges for research, trialing, training, etc.	as per Euroclear UK & Ireland
5321	Euroclear UK Direct Volume Discount	Volume discount amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5322	Euroclear UK Direct Rebate	Rebate amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5331	SWIFT UK – GUI Access Right	One-time charge per Euroclear UK & Ireland's CREST GUI access right, as provided by SWIFT UK	as per SWIFT UK
5332	SWIFT UK – Pass Through	Charges for messaging activity related to the Euroclear UK Direct service, as provided by SWIFT UK	as per SWIFT UK
5335	SWIFT UK PST Recovery	Charge for the recovery of provincial sales tax paid by CDS for applicable Euroclear UK Direct services provided by SWIFT UK.	8% of applicable SWIFT UK charges

5400	International Custody Fee	Charge per $100,000 of the average monthly value of the securities held in safe custody at Euroclear France	0.50
5515	OTC[2] Correction	Charge per correction	10.00
5533	ACT Monthly Subscription Fee	Charge per month for each Market Participant Identifier (MPID)	388.00
5534	ACT Trade Fee – Tier 1	Charge per transaction per month for first 25,000 transactions per MPID	0.068
5535	ACT Trade Fee – Tier 2	Charge per transaction per month over 25,000 up to 50,000 transactions per MPID	0.019
5536	ACT Trade Fee – Tier 3	Charge per transaction per month over 50,000 transaction per MPID	0.01
5560	International Trade Reconciliation Service (ITRS)	Charge per electronic data file processed by CDS; New York Link participants' and DTCC's trade files are compared and exception reports are generated	4.85
5570	International Ledger Reconciliation Service (ILRS)	Charge per electronic data file processed by CDS; New York Link and DTC Direct Link participants' ledger position files are compared to DTC's and an exception report is generated	8.80
5576	New York Link Monitoring Service – Email	Charge per addressee on the email	1.00
5577	New York Link Monitoring Service – Web	Charge per recipient of the web alert	1.00
5580	NYL Soft Cap Alert – Email	Charge per addressee on the email	1.00
5581	NYL Soft Cap Alert – Web	Charge per recipient of the web alert	1.00
5910	Regulation SHO Close-Out Fee	Charge for each close-out initiated due to a Regulation SHO requirement	234.00
	INFORMATION AND SUPPORT SERVICES		
4001	CDSX Security Master File (SMF) Information	Charge per business day for SMF information	3.00
4003	CDSX SMF or Entitlements Information – On Request	Charge per one-time SMF or Entitlement Information transmission upon request	725.00
4006	CDSX Entitlements Information	Charge per business day for entitlements information	1.85
4007	Entitlements Messaging – MT564	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)	13.25
4008	Entitlements Messaging – MT564/568	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)	5.25
2811	SWIFT Network – Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As per SWIFTNet
2812	SWIFT Network – International Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As per SWIFTNet
4015	Dividend Eligibility Reporting Service – Subscription	Annual subscription charge for dividend eligibility information files	1,045.00
4016	Dividend Eligibility Reporting Service – Archive	Charge for each archive file of dividend eligibility information for a specific taxation year	1,045.00

[2] Over-the-Counter

4017	Dividend Eligibility Reporting Service – e-mail Notification	Annual subscription charge for e-mail notification service from January 1 to January 31 informing of changes to dividend eligibility information for dividends paid in the previous taxation year	91.00
4020	Mutual Fund and Limited Partnership Tax Reporting – Subscription	Annual subscription charge for each category of Mutual Fund and Limited Partnership Tax Reporting information files. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	905.00
4021	Mutual Fund and Limited Partnership Tax Reporting – Archive	Charge for each archive file of a category of Mutual Fund and Limited Partnership Tax Reporting information for a specific taxation year. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	905.00
4022	Mutual Fund and Limited Partnership Tax Reporting – e-mail Notification	Annual subscription charge for e-mail notification service on replacement records from January 1 to April 30 related to distributions made in the previous taxation year for one of the categories of Mutual Fund and Limited Partnership Tax Reporting information. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	91.00
4050	Shareholder Meetings	Per meeting published; each publication of meetings (original and updates) in financial press as per National Instrument 54-101 (NI 54-101)	100.00
4120	Bulletins	Charge per month for 10 users (including SEDAR attachments); an additional charge of $50 applies for each additional 10 user IDs	363.00
4125	Bulletin Extraction for Tax Reporting - Subscription	Monthly subscription for receiving updated and consolidated information about wind-up redemptions and other corporate action event types via the bulletin database	75.00
4200	Strip Component Listing Inquiry	Charge per component listing provided	9.00
4220	Strip Bond Monthly Reports - Monthly E-mail	Annual charge for base service subscription by e-mail for up to five users	610.00
4221	Strip Bond Monthly Reports - Additional Users	Annual charge per five additional users added to a base subscription	50.00
4230	Strip Bond Monthly Reports - Extra Hardcopy	Hardcopy version in addition to the base service annual subscription (monthly e-mails)	120.00
4210	Strip Bond Monthly Reports - Single Month	Charge per suite of monthly reports sent to participant non-strip subscribers	100.00
4400	ATON[3] Set-up	One-time charge to set-up ATON profiles and access administration for limited participants	3,175.00
4410	ATON Request for Transfer (RFT)	Charge per RFT to deliverer and receiver; applies to all original RFTs and all residual asset RFTs linked to original RFTs	0.91[1]
4420	ATON Movement	Charge to both deliverer and receiver for a CDSX trade generated by ATON	0.81[1]
4430	ATON Confirmed Asset	Charge to both deliverer and receiver per confirmed asset	0.135[1]

[3] Account Transfer Online Notification

4610	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Serial Bond	Charge per ISIN upon initial set-up	100.00
4620	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Other	Charge per ISIN upon initial set-up	250.00
6186	FINet® Cumulative Transaction Detail file - subscription fee	Charge for each electronic file processed by CDS.	4.85
6170	Outbound File	Charge for each electronic file processed by CDS, that can be retrieved and used as input to participant systems (e.g., for reconciliation, record-keeping, analysis or other purposes)	4.85
7000	InterLink Set-up	One-time set-up fee for InterLink service	5,770.00
7010	InterLink	Daily charge per CUID	1.80
7015	Intraday InterLink Batch File	Charge per batch file	4.85
7030	Data File Transmission	Charge per electronic transmission of data files	4.85
7050	Test Region Fee	Charge per day for access to CDS's test regions within published testing calendar dates. Tests conducted outside of the published testing calendar dates will be considered on a best efforts basis and will incur a premium charge of $1,500 per day.	1,000.00
7990	Research	Charge for research of items per customer request for items over 60 days and includes audit confirmation for participants	50.00
7020	Special Research Request	Charge per archived file accessed at five-month increments (e.g., search for past year's trades are three five-month increments)	100.00

	OTHER SERVICES		
4900	Tax Refund Claim NR7-R - Non-Canadian Claimant	Charge per tax refund claim on Canadian-source income (non-Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	USD 55.00
4910	Tax Refund Claim NR7-R - Canadian Claimant	Charge per tax refund claim on Canadian-source income (Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	60.50
4992	Limited Tender	Flat charge for processing a tender for less than 20 per cent of the outstanding shares of a public company	4,000.00
7306	On-Site Contingency Service - Subscriber Standby	Monthly standby charge	109.00
7307	On-Site Contingency Service - Subscriber Usage	Usage charge (use of any part of a day)	454.00
7308	On-Site Contingency Service - Special Set-up	Special set-up charge for non-subscribing customers	3,175.00
7309	On-Site Contingency Service - Special Usage	Usage charge (use of any part of a day)	454.00
7500	TCP/IP (Frame Relay) Port and Up to 16 LUs	Monthly charge for Logical Units (LUs) of Terminals/Printers per port. Per port LUs should be less than or equal to 16.	54.50
7501	TCP/IP Port and 17-256 LUs	Total per month flat fee per port, if LUs on the port are more than 17 but less than or equal to 256. No charges against first tier will be applied	1,451.25

7502	TCP/IP Port and 257-512 LUs	Total per month flat fee per port, if LUs on the port are more than 257 but less than or equal to 512. No charges against first and second tiers will be applied	2,177.00
7503	TCP/IP Port and 513 LUs and Over	Total per month flat fee per port, if LUs on the port are more than 512. No charges against above tiers will be applied	2,903.00
7530	Enhanced IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,046.00
7531	Enhanced IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,106.00
7532	T1 IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,178.00
7533	T1 IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,238.00
7534	Dual T1 IPVPN + Dual Firewall	Charge per month flat fee per connection	2,174.00
7535	Secured Sockets Layer (SSL)	Charge per month flat fee per connection	20.00
7540	Site-to-site connection	Charge per month flat fee per connection	251.00
7536	Fractional T1 gIPVPN + ADSL + Single Firewall	Charge per month flat fee per connection	1,870.00
7537	Fractional T1 gIPVPN + ADSL + Dual Firewall	Charge per month flat fee per connection	1,930.00
7538	T1 gIPVPN + SDSL + Single Firewall	Charge per month flat fee per connection	2,299.00
7539	T1 gIPVPN + SDSL+ Dual Firewall	Charge per month flat fee per connection	2,359.00
7550	Network and Data Processing Move/Add	Labour charges for physical and logical changes	1,000.00
7965	Transfer Agent Pass-through - CDSX	Pass-through of transfer fees charged by transfer agents	Per TA price
7966	Transfer Fees - Other	Transfer fees submitted by transfer agents where CDS uses an internal CUID to process transactions on behalf of participants	Per TA price
7967	Transfer Fees - Adjustments	Any adjustments in transfer fees submitted by transfer agent	Per TA price
7991	Invoice – Soft copy	Charge per invoice per company per month; the invoice is provided in soft copy (e.g., Excel) on a PC diskette or via email	20.00
7992	Dormant Participant Status	Annual charge for reservation of CUID by participant	4,000.00
7080	Participant Merge	Charge to receiving CUID of merger of ledger positions	13,950.00
7090	Agent Merge	Charge to receiving custodian/paying agent of merger of ledger positions	13,950.00
3010	Courier Services - Taxable	Fee passed through CDS for courier shipments within Canada. See Appendix A - CDS Delivery Services Price List	Per fee schedule
3020	Courier Services - Zero Tax	Fee passed through CDS for courier shipments to or from outside of Canada - GST-free. See Appendix A - CDS Delivery Services Price List	Per fee schedule
	INCIDENTAL FEES		
9900	Late Collateral Delivery	Charge per incident for failure to deliver collateral within required timeframes	1,000.00
9905	Central Counterparty (CCP) Services Failure to Receive	Charge per day for failure to receive delivery of securities to settle an outstanding FINet trade prior to the start of payment exchange or CNS settlement position in the last intra-day CNS cycle	1,000.00

9910	Proper Valuation Not Provided	Charge per unvalued security for failure to provide valuation of all transfers, deposits and withdrawals	10.00
9920	Bank Declaration Not Submitted	Charge per day per share per International Securities Identification Number (ISIN) (daily maximum of $1,000) for non-compliance with Depository Rules regarding the failure to submit a bank declaration	0.001
9925	Failure to Close-out Fails subject to SEC Regulation SHO	Charge of $5,000 against the participant upon the first failure to close out fails. A charge of $10,000 upon the second such occasion within the rolling twelve-month period from the first failure	5,000.00 or 10,000.00
9930	Failure to Provide Compliance Information	Charge for failure to provide required financial, regulatory, or other information within requested timeframe	1,000.00
9950	Envelope Not Picked Up by Close of Business	Charge per envelope per day for failure to pick up envelope before close of business	25.00
9960	Position Not Reconstituted	Charge per million par value (or part thereof) per business day reserved for failure to reconstitute a position reserved for reconstitution	1,000.00
9970	Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation for each of the first four times in a rolling 12-month period	1,000.00
9971	Non-standard Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation more than four times in a rolling 12-month period	10,000.00
9972	Variable Non-compliance Fee – NYL Soft Cap	Fee is calculated based on the difference between the participant's net payment obligation to DTC/NSCC and the amount of the soft cap multiplied by the rate as established for CDS's credit facility per day (total 365 days)	Per CDS rate for credit facility
9990	Delay of CDSX Payment Exchange - Initial 15 Minutes	Charge for first 15-minute extension for participant requesting a delay	2,500.00
9991	Delay of CDSX Payment Exchange - Additional 15 Minutes	Charge for a further 15-minute extension for participant requesting a delay	5,000.00

Applicable taxes are not included.

The service prices listed here cover only those authorized uses that are directly related to a Participant's use of CDS depository and clearing services, and that are authorized in the CDS Participant Agreement and Service Rules and procedures. Additional authorization is required from CDS and additional fees may apply if the Participant uses a service in any other manner.

Notes:

†Prices are in Canadian dollars and are effective November 1, 2011, unless mentioned otherwise in the 'Billing Definition' column. All Trade Clearing & Settlement Services and Depository Custodial & Entitlement Services, except for 7996, 7997 and 7998, are subject to transactional volatility premium

*Discounts may apply to selected services

[1]A minimum monthly charge of $1,000 for total ATON services applies to limited participants after the first three calendar months

CDS Clearing and Depository Services Inc.

APPENDIX A
2012 PRICES FOR DELIVERY SERVICES

Effective November 1, 2011 **All Prices Subject to Change**

CDS SAME – CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Same-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to/from transfer agents in the same city.

Certificate transfers (per envelope)	6.15
New deposit envelopes (per envelope)	1.19
New withdrawal (paper input) envelopes (per envelope)	No charge
Transfer/deposit rejects surcharge (per envelope)	3.99

CDS INTER-CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Inter-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to or from transfer agents located in other CDS centres.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge.**

	Toronto Montreal	Vancouver Calgary
Liability charge (per $1,000 declared value or part thereof)		
➢ Class II (negotiable items)	0.1743	0.2747
➢ Class III (non-negotiable items/registered items)	0.0630	0.1072
Plus weight charge (per 10 grams or part thereof)	0.1489	0.1883
Plus rate per package	33.36	33.83
Minimum charge per shipment	74.12	84.72

BRANCH TO BRANCH AND NEW YORK ENVELOPES

Service Description: Branch-to-Branch and New York Link envelopes are used where a participant drops off a shipment at a CDS branch location for delivery and pick-up at another CDS branch location, the Depository Trust Company (DTC) or Securities Industry Automation Corporation (SIAC).

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge.**

	Toronto Montreal Ottawa	Vancouver Calgary	New York (DTC/SIAC)
Liability charge (per $1,000 declared value or part thereof)			
➢ Class II (negotiable items)	0.1710	0.2742	0.1798
➢ Class III (non-negotiable items/registered items)	0.0622	0.1069	0.0677
Plus weight charge (per 10 grams or part thereof)	0.1486	0.1852	0.1578
Plus rate per package	27.11	27.65	64.18
Minimum charge per shipment	64.91	75.42	103.77

CONSOLIDATED COURIER – DEPOT SERVICE

Service Description:
Outbound: Where the deliverer drops off a shipment at a CDS branch location for delivery by Brink's to the receiver's location.
Inbound: Where Brink's picks up a shipment from the deliverer's location and the receiver picks up the shipment from a CDS branch location.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per $1,000 declared value or part thereof)				
➢ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➢ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment	136.61	203.34	147.31	147.31

Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.

2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

CONSOLIDATED COURIER – DOOR-TO-DOOR SERVICE

Service Description: Brink's picks up a shipment from the deliverer and delivers the shipment to the receiver.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per $1,000 declared value or part thereof)				
➢ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➢ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment				
Regular schedules	162.57	229.30	172.64	172.64

Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.

2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

APPENDIX "D"

CDS PERFORMANCE STANDARDS

Performance Standards	Measurement Criteria
Payment exchange Payment process completed by 5:30 p.m. ET	≥99.6%
CDSX availability 7:00 a.m. – 7:30 p.m. and 12:30 a.m. – 4:00 a.m. during normal business days.	≥99.8%
Operational reliability Execution of 22 daily CDSX systems deliverables.	≥99.6%
Days of disruption A day of disruption is one where: Online service is out for more than one hour between 10 a.m. and 5 p.m. Payment exchange is completed after 5:30 p.m. due to CDS error OR CDS causes a highly visible and significant disruption in the operations of a significant number of Participants (as agreed to by the Governance/HR committee of the board).	0 days
Payments on payable date Income entitlements (interest and dividends) on payable date. AND All corporate actions (re-organizations) on payable date where pre-determined. Where not pre-determined, deemed to be date on which funds are released to CDS. Except in the event where the paying agent was unable to pay CDS prior to payment exchange, due to problems on their end, and CDS successfully claimed interest (use of funds) from the paying agent/issuer or where CDS has done everything possible to obtain payment and the Governance/HR Committee agrees to exclude the payment from the calculation.	≥ 99.9%
Internal Business Process Deliverables	**Measurement Criteria**
"Clean" 3416 Report All control objectives are met for CDS Limited and there are less than 4 control exceptions.	Clean Audit Report
Disaster recovery Two-hour recovery capability from the point of failure for all CDS core services.	Performance as planned

APPENDIX "E"

REPORTING OBLIGATIONS

In addition to the notification, reporting and filing obligations set out in Schedule "B" to the Recognition Order, CDS Ltd. and CDS Clearing shall also comply with the reporting obligations set out below.

1. Prior Notification

1.1 CDS Ltd. and CDS Clearing shall provide to Commission staff prior notification of:

(a) any proposed change to CDS Ltd. and CDS Clearing's corporate governance structure other than significant changes to the governance structure or constating documents for which prior approval is required under item 4.6 of Schedule "B" to the Recognition Order;

(b) a decision to enter into an agreement, memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market; or

(c) a decision to, either directly or through an affiliate, engage in a new type of business activity or cease to engage in a business activity in which CDS Ltd. and CDS Clearing are then engaged.

2. Immediate Notification

2.1 CDS Ltd. and CDS Clearing shall immediately notify the Commission of any event or occurrence that has caused or could reasonably be expected to cause a significant risk to; an adverse material effect on; or a significant or potential disruption to CDS Ltd., CDS Clearing, its participants, any of its services or the Canadian financial markets, including, but not limited to, a participant default; fraudulent activity; or a significant breach of CDS Clearing rules by its participant(s).

2.2 CDS Ltd. and CDS Clearing shall provide to the Commission immediate notice of:

(a) the appointment of any new director or officer, including a description of the individual's employment history; and

(b) the receipt of notice of resignation from, or the resignation of a director or officer or the auditors of CDS Ltd. and CDS Clearing, including a statement of the reasons for the resignation.

2.3 CDS Ltd. and CDS Clearing shall immediately notify the Commission if either organization:

(a) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;

(b) becomes aware that either organization is the subject of a criminal or regulatory investigation; or

(c) becomes, or is aware that either organization will become, the subject of a material lawsuit.

2.4 CDS Clearing shall immediately file with the Commission copies of all notices, bulletins and similar forms of communication that CDS Clearing sends its participants.

2.5 CDS Ltd. and CDS Clearing shall immediately file with the Commission any unanimous shareholder agreements to which it is a party.

2.6 CDS Ltd. and CDS Clearing shall immediately file with the Commission any minutes of the board of directors, board committees, management committees and Participants committees promptly after their approval.

3. Quarterly Reporting

3.1 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of the internal audit reports and risk management reports issued in the previous quarter.

3.2 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of integration of its information technology systems, clearing, settlement or depository systems, or operations with any affiliated entities in the previous quarter that are not subject to the prior approval requirement under term and condition 12.1.

4. Annual Reporting

4.1 CDS Ltd. and CDS Clearing shall provide to the Commission annually:

(a) a list of the directors and officers of CDS Ltd. and CDS Clearing;

(b) a list of the committees of the CDS Ltd. and CDS Clearing boards of directors, setting out the members, mandate and responsibilities of each of the committees;

(c) a list of all participants in each settlement service operated by CDS Clearing;

(d) CDS's strategic plan; and

(e) CDS's assessment of the risks facing CDS and the plans for addressing the risks.

5. General

5.1 CDS Ltd. and CDS Clearing shall continue to comply with the reporting obligations set out in their tailored Automation Review Program document.

2.2.5 White Rock Capital Partners Inc. and Royal Coal Corp. – s. 144

Headnote

Section 144 – Application for partial revocation of cease trade order – Variation of cease trade order to permit certain trades for the purpose of selling securities for a nominal amount solely to establish a tax loss – The securities were acquired prior to the date of the cease trade order – Purchaser of the securities is a sophisticated purchaser who understand that such shares have no market value, the purpose of the proposed trades and the nature of the cease trade order – The purchaser is not aware of any material information that has not been generally disclosed – Partial revocation granted.

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, CHAPTER S.5, AS AMENDED
(the Act)

AND

IN THE MATTER OF
WHITE ROCK CAPITAL PARTNERS INC.

AND

IN THE MATTER OF
ROYAL COAL CORP.

ORDER
(Section 144)

WHEREAS on May 15, 2012 a Director of the Ontario Securities Commission (the "**Commission**") made an order under paragraphs 2 and 2.1 of subsection 127(1) of the Act that all trading in and all acquisitions of securities of ("**Royal Coal**"), whether direct or indirect, shall cease until further order by the Director (the "**Cease Trade Order**");

AND WHEREAS White Rock Capital Partners Inc. (the "**Applicant**") has made an application to the Commission pursuant to section 144 of the Act (the "**Application**") for an order (the "Order") varying the Cease Trade Order to permit the acquisition by the Applicant of, in the aggregate, 4,490,124 common shares of Royal Coal (the "**Royal Coal Shares**") from certain sellers solely for the purpose of establishing a tax loss for those sellers;

AND WHEREAS section 3.2 of National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order* provides that the securities regulatory authority "will generally grant a partial revocation order to permit a security holder to sell securities for a nominal amount solely to establish a tax loss";

AND UPON the Applicant having represented to the Commission that:

1. Royal Coal is an Ontario corporation.

2. Royal Coal is a reporting issuer in the provinces of British Columbia, Alberta, Manitoba and Ontario.

3. Royal Coal has represented to the Applicant that as at October 9, 2012 there were 256,740,671 common shares of Royal Coal issued and outstanding. The last trading price of Royal Coal prior to the Cease Trade Order was $0.005 per common share.

4. The Cease Trade Order was issued by the Commission due to Royal Coal's failure to file the following continuous disclosure documents within the time periods prescribed by applicable securities laws:

   (a) audited financial statements for the year ended December 31, 2011;

   (b) management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2011;

   (c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*.

5. The Applicant is a private holding company incorporated in Ontario.

6. Elia Crespo and Scott Hand (the "**Sellers**") are former directors of Royal Coal.

7. The Sellers acquired common shares of Royal Coal (collectively, the "**Royal Coal Shares**") prior to the effective date of the Cease Trade Order.

8. The Royal Coal Shares were listed on the TSX Venture Exchange. However, as a result of the Cease Trade Order and other factors, the Sellers have determined that there is no market for the Royal Coal Shares.

9. The Applicant will purchase up to an aggregate of 4,490,124 common shares of Royal Coal Shares from the Sellers (the "**Acquisition**") solely for the purpose of allowing the Sellers to establish a tax loss in respect of such Acquisition.

10. The Applicant will pay nominal consideration to the Sellers to effect the Acquisition. The Applicant has agreed to purchase the Royal Coal Shares for an aggregate purchase price of up to $44.90.

11. The Sellers are sophisticated sellers and understand that the Royal Coal Shares have no market value, the nature of the Cease Trade Order and the purpose of the proposed trade.

12. The Applicant is a sophisticated purchaser and understands that the Royal Coal Shares have no market value, the nature of the Cease Trade Order and the purpose of the proposed trade.

13. The Applicant is an "accredited investors" pursuant to paragraph (t) of that definition in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**"). The Sellers are accredited investors pursuant to paragraph (k) of that definition in s. 1.1 of NI 45-106.

14. The Applicant has acknowledged that the issuance of a partial revocation order does not guarantee the issuance of a full revocation order in the future.

15. Each of the Applicant and the Sellers are not aware of any material information concerning the affairs of Royal Coal that has not been generally disclosed.

16. The Applicant will purchase and hold the Royal Coal Shares as principal.

17. The Applicant and the Sellers have been provided with a copy of the Cease Trade Order and, prior to the completion of the Acquisition, a copy of this Order.

18. The Applicant anticipates that the Acquisition will be completed by December 31, 2012.

AND WHEREAS considering the Application and the recommendation of the staff of the Commission;

AND WHEREAS the Director is satisfied that it would not be prejudicial to the public interest to revoke the Cease Trade Order;

IT IS ORDERED under section 144 of the Act that the Cease Trade Order be partially revoked solely to permit the Acquisition.

DATED this18th day of December, 2012.

"Shannon O'Hearn"
Manager, Corporate Finance

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

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

and

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

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS on September 28, 2012, the Panel ordered that the Merits Hearing be reconvened on October 9, 2012, for the purpose of Staff providing the Panel with a status update;

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

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

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

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

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

AND WHEREAS the Panel issued an order dated October 19, 2012, which stated:

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

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

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

AND WHEREAS on October 23, 2012, Staff filed written submissions in support of their request to convert the Merits Hearing to a written hearing, including copies of the affidavits Staff intend to rely on in the proposed written hearing, which written submissions and affidavits were served on Medra on October 19 and 22, 2012 as set out in the Affidavit of Service of Michelle Spain sworn on October 23, 2012 and filed with the Commission;

AND WHEREAS Staff sought, in their written submissions, that the Merits Hearing be continued as a written hearing upon the earlier of the date when Ciccone has completed his testimony in this matter or the date when Staff files an affidavit of Ciccone;

AND WHEREAS on November 8, 2012, Staff appeared before the Panel with no one appearing for Medra, at which time Staff requested that a date be set for the continuation of the Merits Hearing for the purpose of hearing oral evidence from Ciccone;

AND WHEREAS the Panel issued an order dated November 8, 2012, which stated:

1) the Merits Hearing is adjourned to November 29, 2012, commencing at 9:30 a.m., for the purpose of hearing oral evidence from Ciccone, after which the Panel will provide its ruling on the request to convert the remainder of the Merits Hearing to a written hearing; and

2) the Merits Hearing shall, if necessary, continue on November 30, 2012, commencing at 9:30 a.m.

AND WHEREAS on November 29, 2012, Staff appeared before the Panel with no one appearing for Medra, at which time the Panel heard oral testimony from Ciccone, and Staff advised that they may wish to make a minor amendment to the Affidavit of Allister Field which was previously served on Medra and filed with the Commission;

AND WHEREAS the Panel adjourned the Merits Hearing and reserved its decision on Staff's request to convert the Merits Hearing to a written hearing in accordance with Rule 11;

AND WHEREAS the Panel issued an order dated December 3, 2012, which stated that:

1. in accordance with Rule 11, the Merits Hearing is converted to a written hearing for the purposes of taking evidence-in-chief by means of affidavit evidence from the remaining Staff witnesses, namely Allister Field, Michael Ho and Amy Tse ("Staff's Affiants");

2. If Staff wishes to amend any of the affidavits previously served and filed, Staff must serve and file such amendments no later than December 10, 2012;

3. Staff is directed to serve and file, no later than December 10, 2012, written submissions setting out Staff's position with respect to the findings of fact the Panel is asked to make in respect of the evidence from Staff's Affiants;

4. the Merits Hearing will be reconvened on December 19, 2012, at 3:30 p.m. at ASAP Reporting Services Inc., Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto, ON, for the purpose of cross-examination of Staff's Affiants and/or to allow Staff's Affiants to answer any questions from the Panel;

5. a schedule for the filing of evidence by Medra and the filing of final written submissions by both parties will be established when the hearing reconvenes on December 19, 2012; and

6. the Panel may recall Staff's Affiants for further questions on the affidavits if, in the opinion of the Panel, further clarification of the evidence is necessary.

AND WHEREAS on December 10, 2012, Staff filed the affidavit of Allister Field sworn December 10, 2012 and Staff's submissions setting out Staff's position with respect to the findings of fact the Panel is asked to make in respect of the evidence from Staff's Affiants, which submissions and affidavit were served on Medra on December 10, 2012 as set out in the Affidavit of Michelle Spain sworn on December 19, 2012 and filed with the Commission;

AND WHEREAS on December 19, 2012, Staff appeared before the Panel and no one appeared for Medra;

AND WHEREAS Staff made submissions on the affidavits of Staff's Affiants and the scheduling of the filing of evidence by Medra and the filing of final written submissions by both parties;

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

IT IS ORDERED THAT:

1. Medra shall serve and file, no later than January 18, 2013, any evidence Medra seeks to file in this matter;

2. Staff shall serve and file, no later than January 25, 2013, any evidence Staff seeks to file in reply;

3. Staff shall serve and file, no later than February 15, 2013, Staff's written closing submissions;

4. Medra shall serve and file, no later than February 22, 2013, Medra's written closing submissions;

5. Staff shall serve and file, no later than February 28, 2013, Staff's reply submissions, if any;

6. the Merits Hearing will be reconvened on April 2, 2013 for the purpose of hearing oral closing submissions of Staff and Medra; and

7. the Panel may recall Staff's Affiants for further questions on the affidavits if, in the opinion of the Panel, further clarification of the evidence is necessary.

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

"Vern Krishna"

2.2.7 Northern Securities Inc. et al. – s. 21.7 and 8

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

AND

**IN THE MATTER OF
NORTHERN SECURITIES INC.,
VICTOR PHILIP ALBOINI,
DOUGLAS MICHAEL CHORNOBOY AND
FREDERICK EARL VANCE**

AND

**IN THE MATTER OF
DECISIONS OF A HEARING PANEL OF THE
INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA DATED
JULY 23, 2012 and NOVEMBER 10, 2012**

**ORDER
(Sections 21.7 and 8 of the Securities Act)**

WHEREAS on August 20, 2012, the applicants Northern Securities Inc. ("NSI"), Victor Philip Alboini ("Alboini"), Douglas Michael Chornoboy ("Chornoboy") and Frederick Earl Vance ("Vance") (collectively the "Applicants") filed with the Ontario Securities Commission (the "Commission") a notice of application (the "Application"), pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for hearing and review of the decision of a hearing panel (the "Hearing Panel") of the Investment Industry Regulatory Organization of Canada ("IIROC") dated July 23, 2012 (the "Initial Decision");

AND WHEREAS on November 10, 2012, the Hearing Panel issued its final decision (the "Final Decision" and together with the Initial Decision, the "Decision");

AND WHEREAS on November 15, 2012, the Applicants brought a motion for an order granting a stay of the sanctions and penalties imposed on the applicants by the IIROC Hearing Panel in the Decision pending the determination of the Application and such further and other relief as counsel may advise and the Commission may determine is appropriate (the "Stay Motion");

AND WHEREAS on November 19, 2012 the Commission held a hearing to consider the Stay Motion;

AND WHEREAS the Commission heard submissions from counsel for the Applicants, counsel for IIROC Staff and counsel for Commission Staff;

AND WHEREAS the Commission received the Applicants' motion record, memorandum of argument, book of authorities and the affidavit of Alboini sworn November 19, 2012, IIROC Staff's motion record, memorandum of argument and authorities, and the supplementary affidavit of Louis Piergeti sworn November 19, 2012, and Commission Staff's submissions and book of authorities;

AND WHEREAS upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission ordered an interim stay, pursuant to section 21.7 and subsection 8(4) of the Act, of the sanctions and penalties imposed by the Decision, to continue until December 18, 2012 (the "Interim Stay");

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed and the Commission ordered that a further hearing should be scheduled for December 17, 2012 at 11:00 a.m., for the purposes of setting a date for hearing of the Application and, if necessary, considering whether the Interim Stay should be continued or a stay pending disposition of the Application should be granted;

AND WHEREAS on December 7, 2012, the Applicants filed with the Commission an Amended Application for Hearing and Review pursuant to section 21.7 of the Act for hearing and review of the Decision (the "Hearing and Review");

AND WHEREAS on December 17, 2012, the Commission heard submissions from counsel for the Applicants, counsel for IIROC Staff and counsel for Commission Staff;

AND WHEREAS the Commission received the affidavit of Alboini sworn December 17, 2012;

AND WHEREAS upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission is of the opinion that it is in the public interest to continue the Interim Stay;

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed that the Hearing and Review will be heard on February 14, 15 and 20, 2013 and the Interim Stay should be continued until the conclusion of the Hearing and Review;

IT IS HEREBY ORDERED THAT:

1. the Hearing and Review is scheduled for February 14, 15 and 20, 2013; and

2. pursuant to section 21.7 and subsection 8(4) of the Act, the sanctions and penalties imposed by the IIROC Hearing Panel are stayed until February 22, 2013, or further order of the Commission.

DATED at Toronto this 17th day of December 2012.

"James D. Carnwath"

2.2.8 Normand Gauthier 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
NORMAND GAUTHIER,
GENTREE ASSET MANAGEMENT INC.,
R.E.A.L. GROUP FUND III (CANADA) LP, AND
CANPRO INCOME FUND I, LP

ORDER
(Section 127)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 27, 2012 in respect of Normand Gauthier ("Gauthier"), Gentree Asset Management Inc. ("Gentree"), R.E.A.L. Group Fund III (Canada) LP ("RIII") and CanPro Income Fund I, LP ("CanPro") (collectively the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 28, 2012;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the offices of the Commission on April 27, 2012;

AND WHEREAS at the attendance on April 27, 2012, Staff appeared and Gauthier appeared on behalf of himself and each of the other Respondents, and Gauthier confirmed that he and the other Respondents have retained Counsel to represent the Respondents in this proceeding;

AND WHEREAS on April 27, 2012, at the request of Staff and with the agreement of Gauthier, the Commission ordered that a confidential pre-hearing conference take place on June 26, 2012;

AND WHEREAS on June 26, 2012, Staff and Counsel for the Respondents appeared before the Commission for a confidential pre-hearing conference, and at the request of Staff and with the agreement of Counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on August 16, 2012 or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on August 15, 2012, Staff and Counsel for the Respondents having agreed to reschedule the confidential pre-hearing conference to September 10, 2012, the Commission ordered that a further confidential pre-hearing conference take place on September 10, 2012 at 9:00 a.m., or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on September 5, 2012, Staff and Counsel for the Respondents having agreed to reschedule the confidential pre-hearing conference to October 3, 2012, the Commission ordered that a further confidential pre-hearing conference take place on October 3, 2012, at 10:00 a.m., or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on October 3, 2012, Staff appeared before the Commission and Counsel for the Respondents participated via telephone for a confidential pre-hearing conference, and at the request of Staff and with the agreement of Counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on December 18, 2012 at 3:30 p.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on December 18, 2012, Staff and Counsel for the Respondents appeared before the Commission for a confidential pre-hearing conference, and Staff requested that dates be scheduled for the hearing on the merits and for two further confidential pre-hearing conferences, and Counsel for the Respondents agreed;

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

IT IS ORDERED that:

1. a confidential pre-hearing conference shall take place on March 7, 2013 at 10:00 a.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties;

2. a confidential pre-hearing conference shall take place on August 15, 2013 at 10:00 a.m. or such other date or at such other time as set by the Office of the Secretary and agreed to by the parties; and

3. the hearing on the merits shall commence on October 15, 2013 and will continue until October 29, 2013 except for October 22, 2013.

DATED at Toronto this 18th day of December, 2012.

"Edward P. Kerwin"

2.2.9 Shallow Oil & Gas Inc. et al. – ss. 127(1), 127(10)

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
(Subsections 127(1) and 127(10))

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 also known as Allen Grossman ("Grossman"), Marco Diadamo ("Diadamo"), Gordon 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 that matter;

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between Staff and McQuarrie and issued a sanctions order against him;

AND WHEREAS on July 24, 2009, the Commission approved a settlement agreement between Staff and Mankofsky and issued a sanctions order against him;

AND WHEREAS on December 16, 2010, the Commission approved a settlement agreement between Staff and Gahunia and issued a sanctions order against him;

AND WHEREAS on December 9, 2011, the Commission approved a settlement agreement between Staff and Diadamo and issued a sanctions order against him;

AND WHEREAS on May 18, 2011, the Ontario Court of Justice (the "Ontario Court") found Shallow Oil, O'Brien, Da Silva and Grossman (the "Respondents" and individually a "Respondent") guilty on a total of 18 counts of breaching Ontario securities law;

AND WHEREAS on June 15, 2011, the Ontario Court sentenced Grossman to three years in prison, to be served consecutively to any other prison sentences against him;

AND WHEREAS on November 15, 2011, the Ontario Court sentenced each of O'Brien and Da Silva to 27 months in prison, to be served consecutively to any other prison sentences against either of them, respectively;

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 relating to the Respondents in imposing sanctions under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act;

AND WHEREAS on October 29, 2012, Wash entered into an agreed statement of facts in which he admitted to unregistered trading in securities contrary to subsection 25(1)(a) of the Act, illegal distributions 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 November 15, 2012, the Commission conducted a hearing and imposed sanctions on Wash;

AND WHEREAS each of the Respondents has been found by the Ontario Court to have (i) been convicted of an offence arising from a transaction, business or course of conduct related to securities within the meaning of subsection 127(10)1 of the Act, and (ii) contravened the laws of Ontario respecting the buying and selling of securities within the meaning of subsection 127(10)3 of the Act;

AND WHEREAS I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the Act:

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities by any of the Respondents shall cease permanently;

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

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to any of the Respondents permanently;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, each of the Respondents is reprimanded;

(e) pursuant to paragraph 7 of subsection 127(1) of the Act, each of O'Brien, Da Silva and Grossman shall resign any positions that he holds as a director or officer of any issuer;

(f) pursuant to paragraph 8 of subsection 127(1) of the Act, each of O'Brien, Da Silva and Grossman is prohibited permanently from becoming or acting as a director or officer of any issuer;

(g) pursuant to paragraph 8.1 of subsection 127(1) of the Act, each of O'Brien, Da Silva and Grossman shall resign any positions that he holds as a director or officer of any registrant; and

(h) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondents shall disgorge to the Commission, on a joint and several basis, $205,000, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act.

DATED at Toronto this 21st day of December, 2012.

"James E. A. Turner"

2.2.10 Global Energy Group, Ltd. et al. – ss. 127, 127.1

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

AND

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

ORDER
(Sections 127 and 127.1)

WHEREAS on June 8, 2010, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. c. S.5, as amended (the "**Act**") accompanied by a Statement of Allegations dated June 8, 2010, issued by Staff of the Commission ("**Staff**") with respect to Global Energy Group, Ltd. ("**Global Energy**"), New Gold Limited Partnerships ("**New Gold**"),Vadim Tsatskin ("**Tsatskin**"), Christina Harper ("**Harper**"), Michael Schaumer ("**Schaumer**"), Elliot Feder ("**Feder**"), Oded Pasternak ("**Pasternak**"), Alan Silverstein ("**Silverstein**"), Herbert Groberman ("**Groberman**"), Allan Walker ("**Walker**"), Peter Robinson ("**Robinson**") and Vyacheslav Brikman ("**Brikman**"), Nikola Bajovski ("**Bajovski**"), Bruce Cohen ("**Cohen**") and Andrew Shiff ("**Shiff**");

AND WHEREAS on July 10, 2008, the Commission issued a temporary order, pursuant to subsections 127(1) and (5) of the Act, that all trading by Global Energy and New Gold and their officers, directors, employees and/or agents in securities of the New Gold Partnerships shall cease (the "**Temporary Order**");

AND WHEREAS on April 7, 2010, the Commission amended the Temporary Order to add the following individual Respondents: Harper, Howard Rash ("**Rash**"), Schaumer, Feder, Tsatskin, Pasternak, Silverstein, Groberman, Walker, Robinson, Brikman, Bajovski, Cohen and Shiff;

AND WHEREAS on May 3, 2011, the Temporary Order was extended against all named Respondents, except Rash, to the conclusion of the hearing on the merits;

AND WHEREAS Settlement agreements were reached between Staff and each of Robinson, Pasternak, Brikman, Walker, Silverstein, Schaumer, and Feder. As a result of those settlement agreements, the Commission issued the following Orders:

(i) On November 5, 2010, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Robinson;

(ii) On September 1, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Pasternak;

(iii) On September 1, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Brikman;

(iv) On September 1, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Walker;

(v) On November 29, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Silverstein;

(vi) On November 29, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Schaumer; and

(vii) On January 20, 2012, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Feder.

AND WHEREAS the hearing on the merits began on January 23, 2012, and continued on January 24, 25, 26, 30, February 1, 2, 3, 24 and April 17, 2012 (the "**Merits Hearing**");

AND WHEREAS following the Merits Hearing, the Commission issued its Reasons and Decision with respect to the merits on December 21, 2012;

IT IS ORDERED THAT:

1. The parties shall appear before the Commission on January 15, 2013, at 3:00 p.m. at the offices of ASAP Reporting Services Inc., Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto, ON, for the purpose of scheduling dates for a sanctions and costs hearing; and

2. For the sake of clarity, the Temporary Order, as it pertains to Global Energy, New Gold, Tsatskin, Harper, Groberman, Bajovski, Cohen and Shiff is extended until the conclusion of the sanctions and costs hearing.

DATED at Toronto, Ontario this 21st day of December, 2012

"Paulette L. Kennedy"

"Judith N. Robertson"

2.2.11 Bernard Boily – s. 127

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

AND

IN THE MATTER OF
BERNARD BOILY

ORDER
(Section 127)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Staff of the Commission ("Staff") filed a Statement of Allegations in this matter on March 29, 2011 against Bernard Boily (the "Respondent");

AND WHEREAS on April 28, 2011, the Commission ordered that the matter be adjourned to June 29, 2011;

AND WHEREAS on July 5, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on September 13, 2011 and that the following dates be reserved for the hearing on the merits in this matter: April 2, 3, 4, 5, 9, 11, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26 and 27, 2012;

AND WHEREAS on September 13, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on November 10, 2011 and that the hearing on the merits in this matter shall commence on April 2, 2012 at 10:00 a.m. and continue on the following dates: April 3, 4, 5, 9, 11, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26 and 27, 2012;

AND WHEREAS on November 10, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on December 13, 2011 at 9:00 a.m.;

AND WHEREAS on December 13, 2011, the Commission ordered that the matter be adjourned to a confidential pre-hearing conference to be held on January 30, 2012 at 2:00 p.m.;

AND WHEREAS on January 30, 2012, counsel for Staff and the Respondent appeared before the Commission for a pre-hearing conference and the Commission advised counsel for Staff and the Respondent that it would be necessary to postpone the hearing on the merits of this matter until the fall of 2012;

AND WHEREAS on January 30, 2012, the Commission ordered that the hearing on the merits originally scheduled to begin on April 2, 2012 be adjourned to a date in the fall of 2012 to be set by the Secretary's Office in consultation with the parties;

AND WHEREAS on February 17, 2012, the Commission ordered that the hearing on the merits of this matter shall commence on November 21, 2012 at 10:00 a.m. and shall continue on November 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012, each day commencing at 10:00 a.m.;

AND WHEREAS on October 19, 2012, the Commission advised Staff and the Respondent that the Commission was unable to hold the hearing as originally scheduled on November 21, 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012;

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

IT IS ORDERED that

1. the dates set for the hearing on the merits of this matter which had been scheduled for November 21, 22, 23, 26, 27, 28, 29 and 30 and December 3, 5, 6, 7, 10, 11, 12, 13 and 14, 2012 be vacated; and

2. the hearing on the merits shall commence on March 25, 2013 at 10:00 a.m. and shall continue thereafter on March 27 and 28, April 8, 10, 11, 12, 17 and 19, May 13, 14, 15, 16, 17 and 22, and June 24, 25, 26, 27 and 28, 2013.

DATED at Toronto this 21st day of December, 2012.

"James D. Carnwath"

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

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

AND

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

ORDER
(Section 127 of the Securities Act)

WHEREAS on June 8, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in New Hudson Television Corporation ("NHTV Corp.") securities and New Hudson Television L.L.C. ("NHTV LLC") securities shall cease; that NHTV Corp. and NHTV LLC and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to NHTV Corp. and NHTV LLC (the "Temporary Order");

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

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

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

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

AND WHEREAS the Amended Temporary Order was further extended by orders dated December 19, 2011 and June 22, 2012;

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

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

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

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

AND WHEREAS on December 20, 2012, Staff appeared and Salganov appeared on his own behalf and on behalf of NHTV LLC and made submissions, and all parties requested that the status hearing be continued on March 5, 2013 at 10:00 a.m.;

IT IS HEREBY ORDERED that the status hearing shall continue on March 5, 2013 at 10:00 a.m. or such other date and time as set by the Office of the Secretary.

DATED at Toronto this 20th day of December, 2012.

"Mary G. Condon"

2.2.13 New Hudson Television Corporation et al. – ss. 127(1), 127(8)

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

AND

**IN THE MATTER OF
NEW HUDSON TELEVISION CORPORATION,
NEW HUDSON TELEVISION L.L.C. &
JAMES DMITRY SALGANOV**

**TEMPORARY ORDER
(Subsections 127(1) & 127(8))**

WHEREAS on June 8, 2011, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering: that all trading in New Hudson Television Corporation ("NHTV Corp.") securities and New Hudson Television L.L.C. ("NHTV LLC") securities shall cease; that NHTV Corp. and NHTV LLC and their representatives cease trading in all securities; and that any exemptions contained in Ontario securities law do not apply to NHTV Corp. and NHTV LLC (the "Temporary Order");

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

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

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

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

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

AND WHEREAS on June 22, 2011, Staff informed the Commission that Salganov was the sole Director of NHTV Corp. and NHTV LLC and that he consented to a further extension of the Temporary Order in an email dated June 20, 2011;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS on December 20, 2012, Staff appeared and Salganov appeared on his own behalf and on behalf of NHTV Corp. and NHTV LLC and made submissions, and all parties consented to the extension of the Amended Temporary Order to June 13, 2013, and adjournment of the hearing to consider any further extension of the Amended Temporary Order to June 6, 2013 at 10:00 a.m., or such other date and time as set by the Office of the Secretary;

IT IS ORDERED that the Amended Temporary Order is extended to June 13, 2013 at 10:00 a.m., and the hearing to consider any further extension of the Amended Temporary Order is to be held on June 6, 2013 at 10:00 a.m., or such other date and time as set by the Office of the Secretary.

DATED at Toronto this 20th day of December, 2012.

“Mary G. Condon”

2.2.14 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 Knowledge First Financial Inc. ("KFFI") that the terms and conditions set out in Schedule "A" to the Commission orders (the "Terms and Conditions") be imposed on 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 as its Monitor and retained Sanford Eprile & Company as its Consultant;

AND WHEREAS on September 24, 2012, KFFI brought an application for directions 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 clients' plans;

AND WHEREAS Sanford Eprile & Company has filed with the OSC Manager as required by the Terms and Conditions: (i) the Consultant's Plan dated October 10, 2012; (ii) an amended Consultant's Plan dated November 16, 2012; and (iii) Progress Reports dated November 9 and December 10, 2012;

AND WHEREAS Staff has filed an Affidavit of Lina Creta sworn December 19, 2012 setting out the work completed by the Monitor and the Consultant;

AND WHEREAS the parties agree that paragraph 5 of the Terms and Conditions should be amended and replaced with a reduced monitoring regime and that the Temporary Order should be extended until March 22, 2013;

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. Paragraph 5 of the Terms and Conditions be deleted and replaced with paragraphs 5.1 and 5.2 as follows:

   "5.1 As of December 20, 2012, the Monitor will review for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment:

   (a) 100% of all New Client applications by Dealing Representatives that only become registered with KFFI within the last six months;

   (b) 100% of all New Client applications by Dealing Representatives on close supervision including those Dealing Representatives: (i) with terms and conditions on their registration; (ii) with restricted clients; and (iii) whom (A) KFFI or (B) the Monitor and the Consultant or (C) the Consultant have identified as being of concern; and

(c) a random sample of 30% of applications from New Clients of KFFI other than applications covered by subparagraphs (a) and (b) immediately above.

Should the Monitor not be satisfied with the KYC Information for this purpose, the Monitor will contact the New Client.

5.2 As of December 20, 2012, the Monitor will contact the following additional New Clients of KFFI for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment:

(a) 100% of all New Client applications reviewed under paragraph 5.1 with an income less than or equal to $50,000 that were not otherwise contacted under paragraph 5.1;

(b) 20% of all New Client applications reviewed under paragraph 5.1 with an income greater than $50,000 and less than or equal to $70,000 that were not otherwise contacted under paragraph 5.1; and

(c) 10% of all New Client applications reviewed under paragraph 5.1 with an income greater than $70,000 that were not otherwise contacted under paragraph 5.1."

2. The Temporary Order is extended to March 22, 2013 or until such further order of the Commission; and

3. The hearing is adjourned to March 21, 2013 at 9:00 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 20th day of December, 2012.

"James E. A. Turner"

2.2.15 Heritage Education Funds Inc.

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

AND

IN THE MATTER OF
HERITAGE EDUCATION FUNDS INC.

ORDER

WHEREAS on August 13, 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 Heritage Education Funds Inc. ("HEFI") that the terms and conditions set out in Schedule "A" to the Commission orders (the "Terms and Conditions") be imposed on HEFI (the "Temporary Order");

AND WHEREAS on August 21, 2012, the Commission extended the Temporary Order against HEFI until November 23, 2012;

AND WHEREAS the Terms and Conditions required HEFI to retain a consultant (the "Consultant") to prepare and assist HEFI 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 HEFI retained Deloitte & Touche LLP ("Deloitte") as its Monitor and its Consultant;

AND WHEREAS on September 24, 2012, HEFI brought an application for directions 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 clients' plans;

AND WHEREAS Deloitte has filed with the OSC Manager as required by the Terms and Conditions: (i) the Consultant's Plan dated October 12, 2012; (ii) an amended Consultant's Plan dated December 17, 2012; (iii) a Progress Report dated November 10, 2012; and (iv) Monitor Reports dated September 11, October 5, and 19, November 3 and 17, December 1 and 15, 2012;

AND WHEREAS Staff has filed an Affidavit of Lina Creta sworn December 20, 2012 setting out the work completed by the Monitor and the Consultant;

AND WHEREAS the parties agree that paragraph 5 of the Terms and Conditions should be amended and replaced with a reduced monitoring regime;

AND WHEREAS an issue has arisen about whether Deloitte should contact 100% of all New Clients falling under paragraph 5.1 (b) of the Terms and Conditions and the Commission has directed Staff to discuss the need for this additional monitoring with Deloitte and with HEFI and to bring the issue back before the Commission if agreement cannot be reached among the parties;

AND WHEREAS the parties agree that the Temporary Order should be extended until March 22, 2013;

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. Paragraph 5 of the Terms and Conditions be deleted and replaced with paragraphs 5.1 and 5.2 as follows:

   "5.1 As of December 20, 2012, the Monitor will review for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment:

   (a) 100% of all New Client applications processed by Dealing Representatives that only become registered with HEFI within the last six months;

(b) 100% of all New Client applications by Dealing Representatives on close supervision including those Dealing Representatives: (i) with terms and conditions on their registration; (ii) with restricted clients; and (iii) whom (A) HEFI or (B) the Monitor and the Consultant or (C) the Consultant have identified as being of concern; and

(c) a random sample of 30% of applications from New Clients of HEFI other than applications covered by subparagraphs (a) and (b) immediately above.

Should the Monitor not be satisfied with the KYC Information for this purpose, the Monitor will contact the New Client.

5.2 As of December 20, 2012, the Monitor will contact the following additional New Clients of HEFI for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment:

(a) 100% of the New Client applications in the 30% random sample referenced above with an income less than or equal to $55,000 that were not otherwise contacted;

(b) 15% of all New Client applications in the 30% random sample referenced above with an income greater than $55,000 and less than or equal to $70,000 that were not otherwise contacted; and

(c) 10% of all New Client applications in the 30% random sample referenced above with an income greater than $70,000 that were not otherwise contacted."

2. The Temporary Order is extended to March 22, 2013, or until such further order of the Commission; and

3. The hearing is adjourned to March 21, 2013 at 9:00 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 20th day of December, 2012.

"James E. A. Turner"

2.2.16 Colby Cooper Capital Inc. et al. – s. 127

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

AND

IN THE MATTER OF
COLBY COOPER CAPITAL INC.
COLBY COOPER INC.,
PAC WEST MINERALS LIMITED
JOHN DOUGLAS LEE MASON

ORDER
(Section 127 of the Act)

WHEREAS on March 27, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 27, 2012 in respect of Colby Cooper Capital Inc. ("CCCI"), Colby Cooper Inc. ("CCI"), Pac West Minerals Limited ("Pac West") and John Douglas Lee Mason ("Mason") (collectively, the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on March 28, 2012;

AND WHEREAS at the first attendance hearing on April 23, 2012, Staff and counsel for CCCI and Mason appeared, and counsel for CCCI and Mason advised the Commission that it had instructions to also appear on behalf of CCI and Pac West for that attendance;

AND WHEREAS on April 23, 2012, Staff requested that a confidential pre-hearing conference be scheduled, and counsel for the Respondents agreed, and the Commission ordered that a confidential pre-hearing conference take place on June 26, 2012;

AND WHEREAS on June 26, 2012, Staff and counsel for the Respondents appeared before the Commission, and at the request of Staff and with the agreement of counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on August 16, 2012;

AND WHEREAS on August 16, 2012, Staff and counsel for the Respondents appeared before the Commission, and at the request of Staff and with the agreement of counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on October 12, 2012;

AND WHEREAS on October 12, 2012, Staff and counsel for the Respondents appeared before the Commission, and at the request of Staff and with the agreement of counsel for the Respondents, the Commission ordered that a further confidential pre-hearing conference take place on December 19, 2012;

AND WHEREAS on December 19, 2012, Staff and counsel for the Respondents appeared before the Commission, and Staff requested that a further confidential pre-hearing conference be scheduled, and counsel for the Respondents agreed;

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

IT IS ORDERED that a confidential pre-hearing conference shall take place on March 25, 2013 at 9:00 a.m. or on such other date or at such other time as set by the Office of the Secretary and agreed to by the parties.

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

"Edward P. Kerwin"

2.2.17 Ellington Management Group, L.L.C. – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in section 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for certain individual and institutional investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.
Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.26.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the "CFA")

AND

IN THE MATTER OF
ELLINGTON MANAGEMENT GROUP, L.L.C.

ORDER
(Section 80 of the CFA)

UPON the application (the "**Application**") of Ellington Management Group, L.L.C. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others on the Applicant's behalf (the "**Representatives**") be exempt from the requirement to register as an adviser under the CFA, subject to certain terms and conditions;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND WHEREAS for the purposes of this Order;

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption from the OSA Adviser Registration Requirement that is set out in section 8.26 of NI 31-103;

"NFA" means the United States National Futures Association;

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

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA;

"Permitted Client" has the meaning ascribed to that term in section 1.1 [*interpretation*] of NI 31-103 except that for the purposes of the Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

"SEC" means the United States Securities and Exchange Commission; and

"U.S. Advisers Act" means the United States Investment Advisers Act of 1940.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company organized under the laws of the State of Delaware, United States of America. The Applicant's head office and principal place of business are located in Old Greenwich, Connecticut, U.S.A.

2. The Applicant provides investment management services to pooled investment vehicles and institutional managed accounts investing primarily in mortgage-related or mortgage-backed securities, asset-backed securities, or equity securities. The Applicant also offers advice with respect to a broad range of securities, derivatives, and other financial instruments. As of August 31, 2012, the Applicant had approximately USD$4.0 billion in assets under management.

3. The Applicant is registered in the United States with the SEC as an investment adviser under the U.S. Advisers Act.

4. The Applicant is not registered under the OSA and relies on the International Adviser Exemption to provide Permitted Clients in Ontario with advice respecting foreign securities.

5. The Applicant is registered with the CFTC as a commodity trading advisor and a commodity pool operator and is an approved member of the NFA. The Applicant engages in the business of commodity trading advising and commodity pool operation in the United States.

6. The Applicant is not registered in any capacity under the CFA.

7. Permitted Clients seek to engage the Applicant as a discretionary investment manager for purposes of implementing certain specialized investment strategies.

8. The Applicant seeks to act as a discretionary investment manager on behalf of Permitted Clients. The proposed advisory services would include the use of specialized investment strategies employing Foreign Contracts.

9. Were the proposed advisory services limited to securities, the Applicant could rely on the International Adviser Exemption and carry out such activities on behalf of Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement.

10. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients in Ontario as to trading in Foreign Contracts, the Applicant would be required to satisfy the CFA Adviser Registration Requirement and would have to apply for registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

11. The Applicant submits that it would not be prejudicial to the public interest for the Commission to grant the requested relief as:

    a. the Applicant will only advise Permitted Clients as to trading in Foreign Contracts;

    b. Permitted Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice on trading Foreign Contracts;

c. the Applicant meets the prescribed conditions to rely on the International Adviser Exemption in connection with the provision of advice to Permitted Clients with respect to foreign securities; and

d. the Applicant would provide advice to Permitted Clients as to trading in Foreign Contracts on terms and conditions that are analogous to the prescribed terms and conditions of the International Adviser Exemption.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to Section 80 of the CFA that the Applicant and its Representatives are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of the provision of advice to Permitted Clients as to the trading of Foreign Contracts, for a period of five years, provided that:

1. the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise in Canada as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

2. the Applicant's head office or principal place of business remains in the United States;

3. the Applicant remains registered in the United States in a category of registration that permits it to carry on the activities in the United States that registration as an adviser under the CFA Adviser Registration Requirement would permit it to carry on in Ontario;

4. the Applicant continues to engage in the business of adviser, as defined in the CFA, in the United States;

5. as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity futures-related activities);

6. before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

   a. the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph 1 of this Order;

   b. the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

   c. all or substantially all of the Applicant's assets may be situated outside of Canada;

   d. there may be difficulty enforcing legal rights against the Applicant because of the above; and

   e. the name and address of the Applicant's agent for service of process in Ontario;

7. the Applicant has submitted to the Commission a completed Submission to jurisdiction and appointment of agent for service in the form attached as Appendix “A”;

8. the Applicant notifies the Commission of any regulatory action contemplated by the Notice of Regulatory Action attached as Appendix B (the “Notice”), that is initiated in respect of the Applicant only at any time following the date hereof, by completing and filing the Notice in respect of such regulatory action within 10 days of the date on which the regulatory action was initiated; and

9. by December 1 of each year, the Applicant notifies the Commission if it is relying on the exemption from registration granted pursuant to this order.

Dated this 21st of December, 2012

“Christopher Portner”
Commissioner
Ontario Securities Commission

“Judith Robertson”
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   [ ] Section 8.18 [*international dealer*]

   [ ] Section 8.26 [*international adviser*]

   [ ] Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator ,securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

[1] In this Appendix, the term “specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information.*

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature

Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

2.2.18 Economic Investment Trust Limited – s. 144

Headnote

Securities Act (Ontario) – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application to vary a decision of the Commission – Reporting issuer seeking relief so that it can continue to file financial statements in accordance with old Canadian GAAP (rather than IFRS) – Issuer previously granted relief for periods relating to the issuer's financial year beginning on January 1, 2011 and ending on December 31, 2011 and the issuer's financial year beginning on January 1, 2012 and ending on December 31, 2012 (collectively, the issuer's deferred financial years) – Issuer applied for a variation to extend the issuers deferred financial years for one additional year to include the Applicant's financial year beginning January 1, 2013 and ending on December 31, 2013 – In particular, the issuer is seeking relief from the requirements in Part 3 of National Instrument 52-107 that would apply to financial statements for periods relating to the issuer's deferred financial years – The issuer is also seeking relief from the IFRS-related amendments to the continuous disclosure, prospectus, certification and audit committee rules (collectively, the rules) that came into force on January 1, 2011 and that would apply to periods relating to the issuer's deferred financial years – The issuer is an "investment company" as defined in Accounting Guideline 18 Investment Companies (AcG-18) in the Handbook of the Canadian Institute of Chartered Accountants – 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 – Relief granted, subject to a number of conditions.

Statutes Cited

Securities Act,R.S.O. 1990, c.S.5, as am., s. 144.
National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, Parts 3 and 4.
National Instrument 51-102 Continuous Disclosure Obligations.
National Instrument 41-101 General Prospectus Requirements.
National Instrument 44-101 Short Form Prospectus Distributions.
National Instrument 44-102 Shelf Distributions.
National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.
National Instrument 52-110 Audit Committees.

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

AND

IN THE MATTER OF
ECONOMIC INVESTMENT TRUST LIMITED

ORDER
(Section 144 of the Act)

WHEREAS by Order dated February 8, 2011 (the "**Prior Exemption Ord**er"), the Ontario Securities Commission (the "**Commission**") exempted Economic Investment Trust Limited (the "**Applicant**") from:

(a) 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 period 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 (the "**Applicant's deferred financial years**");

(b) the amendments to National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") related to International Financial Reporting Standards ("**IFRS**") that came into force 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;

(c) 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 the preliminary prospectus, and 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;

(d) 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 the preliminary short form prospectus, and 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;

(e) 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 the preliminary base shelf prospectus, and amendment to a preliminary base shelf prospectus, a final base shelf prospectus or an amendment to a final base shelf 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;

(f) 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

(g) 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;

AND WHEREAS the Commission has received an application pursuant to section 144 of the Act for a variation of the Prior Exemption Order of the Commission such that the **Applicant's deferred financial years**, as such term is defined in the Prior Exemption Order, be extended to include the Applicant's financial year beginning January 1, 2013 and ending December 31, 2013 (the "**Variation Sought**").

AND WHEREAS the Applicant represented to the Commission, in support of the Prior Exemption Order, and confirms such representations in support of the Variation Sought, that:

1. The Applicant is a corporation governed by the *Canada Business Corporations Act*, with its registered and head office address located at 165 University Avenue, 10th Floor, Toronto, Ontario, M5H 3B8.

2. The Applicant is a reporting issuer in Ontario and is not on the list of defaulting issuers in Ontario. Although the Applicant is not currently qualified to file a short form prospectus under NI 44-101 or a shelf prospectus under NI 44-102, it may wish to become qualified in the future.

3. The Applicant is a closed-end investment company whose common shares trade on the Toronto Stock Exchange under the symbol "EVT".

4. The Applicant's fiscal year end is December 31.

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

6. The Applicant is not an investment fund as that term is defined in the Act.

7. 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 most publicly accountable enterprises. As a result, the Handbook contains two sets of standards for public companies:

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

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

8. On October 1, 2010, the AcSB published amendments to Part 1 of the Handbook that provided a one-year deferral of the transition to IFRS for investment companies. The amendments require investment companies, as defined in and applying AcG-18, to adopt IFRS for annual periods beginning on or after January 1, 2012. Subsequently, at its meeting on January 12, 2011, the AcSB decided to extend the deferral for an additional year. The AcSB amended Part 1 of the Handbook so that investment companies, as defined in and applying AcG-18, will only be required to adopt IFRS for annual periods beginning on or after January 1, 2013.

9. 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.

10. Also as part of the changeover to IFRS, IFRS-related amendments were made to NI 51- 102, NI 41-101, NI 44-101, NI 44-102, NI 52-109 and NI 52-110 (collectively, the "**Rules**") and these amendments came into force on January 1, 2011. Among other things, the amendments replace 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. Thus, 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.

11. On October 8, 2010, the Canadian Securities Administrators ("**CSA**") published CSA Staff Notice 81-320 *Update on International Financial Reporting Standards for Investment Funds* which indicated that, given the October 1, 2010 amendments to the Handbook that provided for a deferral of the transition to IFRS for investment companies, the CSA would defer finalizing IFRS-related amendments to rules related to investment funds.

12. 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 two-year deferral of the transition to IFRS for investment companies subject to NI 52-107 and the Rules, the Applicant applied for, and was granted in the Prior Exemption Order.

13. During the Applicant's deferred financial years, the Applicant has and will continue to comply with section 1.13 of Form 51-102F1 *Management's Discussion and 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 has and will continue to discuss the expected effect on the financial statements, or state that the effect cannot be reasonably estimated.

AND WHEREAS the Applicant has represented to the Commission, in support of the Variation Sought, that:

14. Consistent with the terms of the Prior Exemption Order, for the years ended December 31, 2011 and for the current year ending December 31, 2012, the Applicant continues to apply AcG-18 in the preparation of its financial statements.

15. The AcSB has again deferred the transition to IFRS for investment companies. On February 29, 2012, the AcSB issued amendments to the CICA Handbook to further defer the adoption of IFRS by investment companies from January 1, 2013 to January 1, 2014.

16. On March 30, 2012, the CSA published CSA Staff Notice 81-320 (Revised) *Update on International Financial Reporting Standards*, which indicates that the CSA intend to defer the adoption of IFRS by investment funds under NI 81-106 until January 1, 2014.

17. The Applicant acknowledges that if the Variation 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 reports 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.

AND UPON considering the application and the recommendation of staff of the Commission;

AND UPON 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 Variation Sought is granted provided that:

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

2. the Applicant provides the communication as described and in the manner set out in paragraph 13 above;

3. 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”;

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

5. 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 come into effect after January 1, 2011) for any preliminary prospectus, amendment to a preliminary prospectus, final prospectus or amendment to a final prospectus of the Applicant which includes or incorporates by reference financial statements of the Applicant in respect of periods relating to the Applicant's deferred financial years;

6. 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 come into effect after January 1, 2011) for any preliminary short form prospectus, amendment to a preliminary short form prospectus, final short form prospectus or amendment to a final short form prospectus of the applicant which includes or incorporates by reference financial statements of the Applicant in respect of periods relating to the Applicant's deferred financial years;

7. 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 come into effect after January 1, 2011) for any preliminary base shelf prospectus, amendment to a preliminary base shelf prospectus, base shelf prospectus, amendment to a base shelf prospectus or shelf prospectus supplement of the Applicant which includes or incorporates by reference financial statements of the Applicant in respect of periods relating to the Applicant's deferred financial years;

8. 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 come into effect after January 1, 2011) for all annual filings and interim filings for periods relating to the Applicant's deferred financial years;

9. 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 come into effect after January 1, 2011) for periods relating to the Applicant's deferred financial years;

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

    (a) restate, in accordance with IFRS, any interim financial statement 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 IFRS for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109.

For greater certainty, any restated interim financial report for a Previous Interim Period must comply with applicable securities legislation (including Part 3 of NI 52-107 and the amendments to Part 4 of NI 51-102 that came into force on January 1, 2011) and any restated interim financial report for the first interim period in the deferred financial year must include the opening IFRS statement of financial position at the date of transition to IFRS; and

11. if, notwithstanding this order, the Applicant decides not to rely on the Variation 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 10 immediately above):

    (a) restate, in accordance with IFRS, any interim financial statements for any previous 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 IFRS for each Previous Interim Period, together with corresponding restated interim MD&A and certificates required by NI 52-109. For greater certainty, any restated interim financial report for a previous 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.

DATED at Toronto February 8, 2011, as varied December 20, 2012.

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.2.19 Security Investors, LLC – s. 78(1) of the CFA

Headnote

Section 78(1) of the Commodity Futures Act (Ontario) – Variation of previous order with respect to section 80 of the CFA exempting from adviser registration requirement in section 22(1)(b) of CFA, as a result of required registration in United States.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 78(1), 80.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C. 20, AS AMENDED
(the "CFA")

AND

IN THE MATTER OF
SECURITY INVESTORS, LLC
(the "Applicant")

ORDER
(Subsection 78(1) of the CFA)

UPON the application (the "**Application**") of the Applicant to the Ontario Securities Commission (the "**Commission**") for an order, pursuant to subsection 78(1) of the CFA, to vary a previous order (the "**Previous Order**") of the Commission dated November 23, 2011, made under subsection 80 of the CFA, *In the Matter of Security Investors, LLC*, a copy of which is attached as Attachment 'A' hereto;

AND WHEREAS the Previous Order provided that the Applicant and its Representatives (as defined in the Previous Order) are exempt from the adviser registration requirements in paragraph 22(1)(b) of the CFA, in respect of providing advice to Permitted Clients (as defined in the Previous Order) as to trading in Foreign Contracts (as defined in the Previous Order), provided that certain conditions are satisfied, including: clause (c) of the Previous Order, which requires that the Applicant continues to be exempt from registration as a commodity trading advisor and commodity pool operator with the Commodity Futures Trading Commission (the "**US CFTC**") on a basis which permits it to carry on the activities in the USA that registration as an adviser under the CFA would permit it to carry on in Ontario;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is required to register with, and is expected to be registered with, the US CFTC as a commodity pool operator by December 31, 2012, or a later date if extended, on a basis which will permit it to carry on the activities in the USA that registration as an adviser under the CFA would permit it to carry on in Ontario, and

2. All of the representations contained in the Previous Order remain unchanged, except representation 4 relating to the Applicant's ability to rely upon an exemption from registration with the US CFTC.

AND UPON the Commission being of the opinion that to make this Order would not be prejudicial to the public interest;

IT IS ORDERED, pursuant to section 78(1) of the CFA, that the Previous Order is varied to delete clause (c) and substitute therefor the following:

> "(c) the Applicant continues to be registered, or operates under an exemption from registration, pursuant to the applicable securities or commodity futures legislation in the USA on a basis which permits it to carry on the activities in the USA that registration as an adviser under the CFA would permit it to carry on in Ontario;"

December 28, 2012

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

Attachment 'A'

Headnote

Foreign adviser exempted from the adviser registration requirement in section 22(1)(b) of the Commodity Futures Act (Ontario) to act as an adviser in respect of commodity futures contracts or commodity futures options for certain institutional investors in Ontario – Clients meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Contracts and options are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a five-year "sunset clause" condition.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.
Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.26.
National Instrument 33-109 Registration Information, Form 33-109F6.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
SECURITY INVESTORS, LLC
(the Applicant)

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of the Applicant to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant's behalf (the Representatives) be exempt, for a period of five years, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND WHEREAS for the purposes of this Order:

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the CFA;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption from the OSA Adviser Registration Requirement set out in section 8.26 of NI 31-103;

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

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA; and

"Permitted Client" means a client in Ontario that is a "permitted client" as that term is defined in section 1.1 of NI 31-103, except that it excludes a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National instrument 33-109 – *Registration Information*; and

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company formed under the laws of Kansas. The Applicant currently carries on business under the names "Security Global Investors", "Guggenheim Investments" and "Rydex Investments". The head office of the Applicant is located in New York, New York, United States of America (**USA** or **US**).

2. The Applicant is a portfolio manager that provides a variety of discretionary advisory services to:

   (i) certain investment companies registered in the USA under the U.S Investment Company Act of 1940, as amended, consisting of approximately 180 series;

   (ii) unregistered non-U.S. investment companies and other investment vehicles;

   (iii) institutions, such as insurance companies, other financial institutions, pension and profit sharing plans, U.S. and non-U.S. governmental entities, colleges, hospitals, charitable organizations, endowment funds and foundations;

   (iv) clients of broker-dealers, investment advisers or other financial intermediaries who offer comprehensive brokerage, custodial and advisory services for a single fee; and

   (v) certain individuals and trusts.

3. As of December 31, 2010, the assets under management by the Applicant were approximately $22 billion.

4. The Applicant is registered with the Securities and Exchange Commission of the USA as an investment adviser, and is exempt from registration with the Commodity Futures Trading Commission ("**CFTC**") of the USA as a commodity pool operator and commodity trading advisor, pursuant to U.S Commodity Exchange Act, Section 4m and CFTC Rules 4.5, 4.6, 4.13 and 4.14. The Applicant's business does not consist primarily of acting as a commodity pool operator or commodity trading advisor. It does, however, provide commodity interest trading advice incidental to its business of providing securities or other investment advice.

5. The Applicant is not registered in any capacity under the CFA or the OSA.

6. Institutional investors that are Permitted Clients seek to engage the Applicant as a discretionary portfolio manager for the purpose of implementing certain specialized investment strategies.

7. The Applicant seeks to act as a discretionary portfolio manager on behalf of prospective institutional investors that are Permitted Clients. The proposed advisory services would include the use of specialized investment strategies employing Foreign Contracts.

8. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients as to trading in Foreign Contracts, in the absence of this Order the Applicant would need to obtain registration as an adviser under the CFA, in the category of "commodity trading manager".

9. The Applicant submits that it would not be prejudicial to the public interest for the Commission to make this Order because:

   (i) the Applicant will only advise Permitted Clients as to trading in Foreign Contracts;

   (ii) Permitted Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice as to trading in Foreign Contracts; and

   (iii) the Applicant would provide advice to Permitted Clients as to trading in Foreign Contracts on terms and conditions that are analogous to the prescribed terms and conditions of the International Adviser Exemption.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to make this Order;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Applicant and its Representatives are exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA, in respect of providing advice to Permitted Clients as to trading in Foreign Contracts, provided that:

(a) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise that Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

(b) the Applicant's head office or principal place of business remains in the USA;

(c) the Applicant continues to be exempt from registration as a commodity trading manager and commodity pool operator with the US CFTC on a basis which permits it to carry on the activities in the USA that registration as an adviser under the CFA would permit it to carry on in Ontario;

(d) the Applicant continues to engage in the business of an adviser, as defined in the CFA, in the USA;

(e) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodities legislation or derivatives legislation in a jurisdiction of Canada) is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

(f) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Clients of all of the following:

  (i) the Applicant is not registered in Ontario to provide the advice described under paragraph (a) of this Order;

  (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

  (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

  (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and

  (v) the name and address of the Applicant's agent for service of process in Ontario;

(g) the Applicant has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A";

(h) the Applicant notifies the Commission of any regulatory action after the date of this Order in respect of the Applicant, or any predecessors or specified affiliates of the Applicant, by completing and filing Appendix "B" within 10 days of the commencement of such action;

(i) by December 1 of each year, the Applicant notifies the Commission of its continued reliance on the exemption from registration granted pursuant to the Order; and

(j) his Order shall expire five years after the date hereof.

November 23, 2011

"Vern Krishna"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

APPENDIX A
SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER
EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ *[Insert name of International Firm]* under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Dealer Team
Telephone: (416) 593-8263
email: dleitch@osc.gov.on.ca

Appendix B
Notice of Regulatory Action

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator ,securities or derivatives exchange, SRO or similar organization:

	Yes	**No**
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

[1] In this Appendix, the term “specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information.*

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Dealer Team
Telephone: (416) 593-8263
email: dleitch@osc.gov.on.ca

2.2.20 Quest Partners LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in section 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for certain individual and institutional investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am.
Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.26.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C. 20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
QUEST PARTNERS LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Quest Partners LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others on the Applicant's behalf (the **Representatives**) be exempt, for a period of five years, from the adviser registration requirements in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND WHEREAS for the purposes of this Order;

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

"NFA" means the United States National Futures Association;

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

"OSA" means the *Securities Act*, R.S.O. 1990, c. S.5, as amended;

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA; and

"Permitted Client" means a client in Ontario that is a "permitted client", as that term is defined in section 1.1. of NI 31-103, except that for purposes of the Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation formed under the laws of the State of New York in the United States. The head office of the Applicant is located in New York, New York, United States.

2. The Applicant is a portfolio manager that manages investments primarily for institutional investors across multiple strategies and financial instruments.

3. The Applicant is registered with the CFTC as a commodity trading advisor and as a commodity pool operator and is an approved member of the NFA. The Applicant engages in the business of commodity trading advising in the United States.

4. The Applicant is not registered in any capacity under the CFA or the OSA.

5. In Ontario, institutional investors that are Permitted Clients seek to engage the Applicant as a discretionary investment manager for purposes of implementing certain specialized investment strategies.

6. The Applicant seeks to act as a discretionary portfolio manager on behalf of prospective institutional investors that are Permitted Clients. The proposed advisory services would primarily include the use of specialized investment strategies employing Foreign Contracts.

7. Were the proposed advisory services limited to securities, the Applicant could rely on the International Adviser Exemption and carry out such activities on behalf of Permitted Clients on a basis that would be exempt from the OSA Adviser Registration Requirement.

8. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients in Ontario as to trading in Foreign Contracts, the Applicant would be required to satisfy the CFA Adviser Registration Requirement and would have to obtain registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

9. The Applicant submits that it would not be prejudicial to the public interest for the Commission to grant the requested relief because:

   (a) the Applicant will only advise Permitted Clients as to trading in Foreign Contracts;

   (b) Permitted Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice as to trading in Foreign Contracts;

   (c) the Applicant meets the prescribed conditions to rely on the International Adviser Exemption in connection with the provision of advice to Permitted Clients with respect to foreign securities; and

   (d) the Applicant would provide advice to Permitted Clients as to trading in Foreign Contracts on terms and conditions that are analogous to the prescribed terms and conditions of the International Adviser Exemption.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

IT IS ORDERED pursuant to section 80 of the CFA that the Applicant and its Representatives are exempt, for a period of five years, from the adviser registration requirements of paragraph 22(1)(b) of the CFA in respect of the provision of advice to Permitted Clients as to the trading of Foreign Contracts, provided that:

1. the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise Permitted Clients as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

2. the Applicant's head office or principal place of business remains in the United States;

3. the Applicant remains registered in the United States in a category of registration that permits it to carry on the activities in the United States that registration as an adviser under the CFA Adviser Registration Requirement would permit it to carry on in Ontario;

4. the Applicant continues to engage in the business of an adviser, as defined in the CFA, in the United States;

5. as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity futures-related activities);

6. before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

   (i) the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph 1 of this Order;

   (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

   (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

   (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and

   (v) the name and address of the Applicant's agent for service of process in Ontario;

7. the Applicant has submitted to the Commission a completed Submission to jurisdiction and appointment of agent for service in the form attached as Appendix “A”;

8. the Applicant notifies the Commission of any regulatory action initiated with respect to the Applicant by completing and filing Appendix “B” within 10 days of the commencement of such action; and

9. by December 1 of each year, the Applicant notifies the Commission if it is relying on the exemption from registration granted pursuant to this order.

Dated this 28th day of December, 2012.

”Paulette Kennedy”
Commissioner
Ontario Securities Commission

”James D. Carnwath”
Commissioner
Ontario Securities Commission

APPENDIX A
SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER
EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 [*international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ *[Insert name of International Firm]* under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: _____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Dealer Team
Telephone: (416) 593-8263
email: dleitch@osc.gov.on.ca

Appendix B
Notice of Regulatory Action

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator ,securities or derivatives exchange, SRO or similar organization:

	Yes	**No**
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

[1] In this Appendix, the term “specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information.*

If yes, provide the following information for each action:

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Dealer Team
Telephone: (416) 593-8263
email: dleitch@osc.gov.on.ca

2.2.21 Blackwood & Rose Inc. et al. – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
BLACKWOOD & ROSE INC., STEVEN ZETCHUS
and JUSTIN KRELLER (also known as JUSTIN KAY)

TEMPORARY ORDER
Sections 127(7) and 127(8)

WHEREAS on December 18, 2012, pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990 c. S.5 as amended (the "Act"), the Ontario Securities Commission (the "Commission") issued the following order (the "Temporary Order") against Blackwood & Rose Inc. ("Blackwood"), Steven Zetchus ("Zetchus") and Justin Kay ("Kay") (collectively, the "Respondents"):

(i) pursuant to clause 2 of subsection 127(1) of the Act, all trading by the Respondents shall cease; and

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

AND WHEREAS on December 18, 2012, the Commission ordered that the Temporary Order take effect immediately and expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on December 18, 2012, the Commission issued a Notice of Hearing to consider the extension of the Temporary Order, to be held on December 31, 2012 at 10:00 a.m.;

AND WHEREAS on December 31, 2012, a hearing was held before the Commission and Staff of the Commission ("Staff") appeared and no one appeared on behalf of any of the Respondents;

AND WHEREAS on December 31, 2012, Staff filed the Affidavit of Wayne Vanderlaan sworn December 27, 2012 (the "Vanderlaan Affidavit") and the Affidavit of Service of Nancy Poyhonen sworn December 28, 2012 (the "Poyhonen Affidavit");

AND WHEREAS on the basis of the Vanderlaan Affidavit and the Poyhonen Affidavit and submissions from Staff, the Commission was satisfied that "Justin Kay" is a name used by an individual named Justin Kreller ("Kreller");

AND WHEREAS on the basis of the Poyhonen Affidavit, the Commission was satisfied that Zetchus and Kreller consented to an extension of the Temporary Order for approximately 60 days and that Kreller consented to amend the Temporary Order to reflect his real name;

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

IT IS ORDERED that:

(i) the style of cause of this proceeding and the terms of the Temporary Order shall be amended to reflect that "Justin Kay" is a name used by Justin Kreller;

(ii) the Temporary Order, as amended, is extended to March 7, 2013 or until further order of the Commission; and

(iii) the hearing is adjourned until March 6, 2013 at 10:00 a.m. or such other date or time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 31st day of December, 2012.

"James E. A. Turner"

2.3 Rulings

2.3.1 State Street Global Markets, LLC – s. 38 of the Act and s. 6.1 of OSC Rule 91-502 Trades in Recognized Options

Headnote

Application to the Commission pursuant to section 38 of the Commodity Futures Act (Ontario) (CFA) for a ruling that the Applicants be exempted from the dealer registration requirement in paragraph 22(1)(a) and the prohibition against trading on non-recognized exchanges in section 33 of the CFA. Applicants will offer the ability to trade in commodity futures contracts and commodity futures options that trade on exchanges located outside Canada to certain of its clients in Ontario who meet the definition of "permitted client" in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations.

Application to the Director for an exemption, pursuant to section 6.1 of OSC Rule 91-502 Trades in Recognized Options (Rule 91-502), exempting the Applicants and their Representatives from the proficiency requirements in section 3.1 of Rule 91-502 for trades in commodity futures options on exchanges located outside Canada.

Statutes Cited

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 33, 38.
Securities Act, R.S.O. 1990, c. S.5, as am.

Rules Cited

Ontario Securities Commission Rule 91-502 Trades in Recognized Options, ss. 3.1, 6.1.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.18.

December 18, 2012

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

AND

IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S. 25, AS AMENDED
(the OSA)

AND

IN THE MATTER OF
STATE STREET GLOBAL MARKETS, LLC

RULING & EXEMPTION
(Section 38 of the Act and Section 6.1 of Rule 91-502)

UPON the application (the Application) of State Street Global Markets, LLC (the Applicant) to the Ontario Securities Commission (the Commission) for:

(a) a ruling of the Commission, pursuant to section 38 of the Act, that the Applicant be exempted from the dealer registration requirements in the Act and the trading restrictions in the Act in connection with trades (Futures Trades) in contracts (as defined below) on exchanges located outside of Canada (Non-Canadian Exchanges) where the Applicant is acting as principal or agent in such trades to, from or on behalf of Permitted Clients (as defined below);

(b) a ruling of the Commission, pursuant to section 38 of the Act, that a Permitted Client is not subject to the dealer registration requirement or the trade restrictions in the Act in respect of Future Trades on Non-Canadian Exchanges, where the Applicant acts in respect of Future Trades on behalf of the Permitted Client pursuant to the above ruling; and

(c) a decision of the Director, pursuant to section 6.1 of OSC Rule 91-502 – *Trades in Recognized Options* (Rule 91-502), exempting the Applicant and its salespersons, directors, officers and employees (the Representatives) from section 3.1 of Rule 91-502 in connection with Futures Trades.

AND WHEREAS for the purposes of this ruling and exemption (the Decision):

"CFTC" means the United States Commodity Futures Trading Commission;

"contract" means a commodity futures contract or a commodity futures option that trades on one or more organized exchanges located outside of Canada and cleared through one or more clearing corporations located outside of Canada;

"dealer registration requirements in the Act" means the provisions of section 22 of the Act that prohibit a person or company from trading in a contract unless the person or company satisfies the applicable provisions of section 22 of the Act;

"FINRA" means the Financial Industry Regulatory Authority in the United States;

"NFA" means the National Futures Association in the United States;

"Permitted Client" means a client in Ontario that is a "permitted client" as that term is defined in section 1.1. of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"SEC" means the United States Securities and Exchange Commission;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*;

"SSGMC" means State Street Global Markets Canada Inc.; and

"trading restrictions in the Act" means the provisions of section 33 of the Act that prohibit a person or company from trading in a contract unless the person or company satisfies the applicable provisions of section 33 of the Act; and

terms used in the Decision that are defined in the OSA, and not otherwise defined in the Decision or in the Act, shall have the same meaning as in the OSA, unless the context otherwise requires;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON the Applicant having represented to the Commission and the Director as follows:

1. The Applicant is a Delaware limited liability company having its registered office at One Lincoln Street, Boston, MA 02111, United States of America.

2. The Applicant is not a reporting issuer in any of the provinces of Canada.

3. The Applicant is part of the global execution and clearing business of State Street Corporation. The Applicant is a wholly-owned subsidiary of State Street Corporation. State Street Corporation is a leading provider of financial products and services to institutional investors worldwide. The Applicant is State Street Corporation's registered futures commission merchant with the CFTC and provides clearing services to institutional investors in the United States.

4. The Applicant is a broker-dealer registered with the SEC, a member of FINRA, the New York Stock Exchange, the NASDAQ Stock Market, a futures commission merchant registered with the CFTC and a member of the NFA, Chicago Mercantile Exchange and Chicago Board of Trade. Pursuant to its registrations and memberships, the Applicant is authorized to handle customer orders and receive and hold customer margin deposits, and otherwise act as a futures broker, in the United States. Rules of the CFTC and the NFA require the Applicant to maintain adequate capital levels, make and keep specified types of records relating to customer accounts and transactions, and comply with other forms of customer protection rules including know-your-customer obligations, account opening, suitability, anti-money laundering checks, credit checks, delivery of confirmation statements, clearing deposits and initial and maintenance margins. These rules do not permit the Applicant to treat Permitted Clients materially differently from the Applicant's US customers. In order to protect customers in the event of the insolvency or financial instability of the Applicant, the Applicant is required to ensure that customer securities and monies be separately accounted for, segregated at all times from the securities and monies of the Applicant and custodied exclusively with such banks, trust companies, clearing organizations or other licensed futures brokers and intermediaries as may be approved for such purposes

under the U.S. Commodity Exchange Act and the rules promulgated by the CFTC thereunder (the State Street Approved Depositories). The Applicant is also required to obtain acknowledgements from any State Street Approved Depository holding customer funds or securities that such funds and securities are to be separately held on behalf of such customers, with no right of set-off against the Applicant's obligations or debts.

5. The Applicant will shortly file the documents necessary to enable it to rely on the international dealer exemption in section 8.18 of NI 31-103.

6. Like the Applicant, SSGMC is a direct wholly owned subsidiary of State Street Corporation. SSGMC is registered under the OSA as a dealer in the category of investment dealer and is a dealer member of the Investment Industry Regulatory Organization of Canada. SSGMC is not registered as a dealer under the Act and does not act as a broker for Futures Trades.

7. The Applicant proposes to effect Futures Trades as principal or agent in such trades to, from or on behalf of Permitted Clients; and will conduct execution and clearing services with respect to such Futures Trades.

8. The Applicant will not maintain an office, sales force or physical place of business in Ontario.

9. The Applicant will solicit business in Ontario only from persons who qualify as Permitted Clients.

10. Permitted Clients of the Applicant will only be offered the ability to effect Futures Trades on Non-Canadian Exchanges.

11. The contracts to be traded by Permitted Clients will include, but will not be limited to, contracts for equity index, interest rate, energy, currency, bond, agricultural and other commodity products.

12. Permitted Clients in Ontario will be able to execute Futures Trades through the Applicant by contacting the Applicant's global execution desk. Permitted Clients in Ontario may also be able to self-execute Futures Trades electronically via an independent service vendor, a third party broker and/or other electronic trading routing.

13. The Applicant may execute a client's order on the relevant Non-Canadian Exchange in accordance with the rules and customary practices of the exchange, or engage another broker to assist in the execution of orders. The Applicant will remain responsible for the execution of each such trade.

14. The Applicant may perform both execution and clearing functions for Futures Trades or may direct that a Futures Trade executed by the Applicant be cleared through a carrying broker if the Applicant is not a member of the Non-Canadian Exchange or clearing house on which the trade is executed and cleared. Alternatively, the Permitted Client will be able to direct that Futures Trades executed by the Applicant be cleared through third party clearing brokers (each, a Third Party Clearing Broker). In addition, the Applicant may, from time to time, act as a clearing broker under give-up arrangements entered into with third party futures brokers that will execute Futures Trades for the Applicant's client on a Non-Canadian Exchange.

15. If the Applicant performs only the execution of a Permitted Client's contract order and "gives-up" the transaction for clearance to a Third Party Clearing Broker, such broker will also be required to comply with the rules of the exchanges and clearing houses of which it is a member and any relevant regulatory requirements, including requirements under any applicable legislation. Each such Third Party Clearing Broker will represent to the Applicant in an industry standard give-up agreement that it will perform its obligations in accordance with applicable laws, governmental, regulatory, self-regulatory, exchange and clearing house rules and the customs and usages of the exchange or clearing house on which the relevant Permitted Client's contract orders will be executed and cleared. The Applicant will not enter into a give-up agreement with any Third Party Clearing Broker located in the United States unless such broker is registered with the CFTC and/or SEC, as applicable.

16. As is customary for all Futures Trades, a clearing corporation appointed by the exchange or clearing division of the exchange is substituted as a universal counterparty on all Futures Trades and Permitted Client orders are submitted to the exchange in the name of the Third Party Clearing Broker or the Applicant or, on exchanges where the Applicant is not a member, in the name of another carrying broker. Where the Applicant is serving as the Permitted Client's clearing broker, the Permitted Client is responsible to the Applicant for payment of daily mark-to-market variation margin/or proper margin to carry open positions and the Applicant, the carrying broker or the Third Party Clearing Broker is, in turn, responsible to the clearing corporation/division for payment.

17. Permitted Clients that direct the Applicant to give-up transactions in contracts for clearance and settlement by Third Party Clearing Brokers will execute give-up agreements substantially as described above.

18. Permitted Clients will pay commissions for trades to the Applicant or the Third Party Clearing Broker or such commissions may be shared by the Applicant with the Third Party Clearing Broker.

19. The trading restrictions in the Act apply unless, among other things, a contract is traded on a recognized or registered commodity futures exchange and the form of the contract is approved by the Director. To date, no foreign commodity futures exchanges have been recognized or registered under the Act.

20. If the Applicant is exempted from the dealer registration requirements in the Act, the Applicant will be precluded from relying upon the statutory exemptions from the trading restrictions in the Act that the Commission has granted to date.

21. With respect to Ontario residents, the Applicant will offer the ability to trade in contracts exclusively to Permitted Clients.

22. In addition to the sophistication of the Permitted Clients, the Applicant is sophisticated and experienced in this type of trading, and regulated rigorously by securities regulators, self-regulatory organizations and exchanges located in the United States (U.S. Securities Regulators).

23. The Applicant will execute and clear Futures Trades on behalf of clients in Ontario in the same manner that it executes and clears trades on behalf of their U.S. clients. The Applicant will follow the same know-your-customer and client classification procedures that it follows in respect of its U.S. clients, as applicable. Clients will be afforded the benefits of compliance by the Applicant with the statutory and other requirements of the U.S. Securities Regulators.

24. Clients of the Applicant in Ontario will have the same contractual rights against the Applicant as U.S. clients of the Applicant.

25. Section 3.1 of Rule 91-502 states that any person who trades as agent in or gives advice in respect of, a recognized option is required to successfully complete the Canadian Options Course (which has been replaced by the Derivatives Fundamentals Course and the Options Licensing Course).

26. All Representatives who trade in options in the United States have passed the futures and options proficiency examination (i.e., the National Commodity Futures Examination (Series 3)) administered by FINRA.

AND UPON the Commission and Director being satisfied that it would not be prejudicial to the public interest to grant the order requested;

IT IS RULED pursuant to section 38 of the Act that the Applicant be exempted from the dealer registration requirements and the trading restrictions set out in the Act in connection with Futures Trades where Applicant is acting as agent in such trades on behalf of Permitted Clients, provided that:

(a) each client effecting Futures Trades is a Permitted Client and, if using a Third Party Clearing Broker, has executed an industry standard give up agreement, as described above, with respect to such Third Party Clearing Broker;

(b) the Applicant only execute and clear Futures Trades for Permitted Clients on exchanges located outside Canada;

(c) at the time trading activity is engaged, the Applicant:

  (i) has its head office or principal place of business in the United States;

  (ii) is registered as a futures commission merchant with the CFTC in good standing;

  (iii) is a member in good standing with the NFA; and

  (iv) engages in the business of a futures commission merchant in contracts in the United States;

(d) the Applicant has provided to the Permitted Client the following disclosure in writing:

  (i) a statement that the Applicant is not registered in Ontario to trade in contracts as principal or agent;

  (ii) a statement that the Applicant's head office or principal place of business is located in Boston, Massachusetts;

(iii) a statement that all or substantially all of the Applicant's assets may be situated outside of Canada;

(iv) a statement that there may be difficulty enforcing any legal rights against the Applicant because of the above; and

(v) the name and address of the Applicant's agent for service of process in Ontario;

(e) the applicable Applicant has submitted to the Commission a completed Submission to Jurisdiction and Appointment of Agent for Service in the form attached as Appendix "A";

(f) the Applicant notifies the Commission of any regulatory action after the date of this order in respect of the Applicant, or any predecessors or specified affiliates of the Applicant, by completing and filing Appendix "B" hereto with the Commission within 10 days of the commencement of such action; provided that this condition shall not be required to be satisfied for so long as SSGMC remains an investment dealer in good standing under Ontario securities law;

(g) by December 1 of each year, the Applicant notifies the Commission of its continued reliance on the exemption from registration granted pursuant to this Order; and

(h) this Order shall expire five years after the date hereof.

AND IT IS FURTHER RULED, pursuant to section 38 of the Act, that a Permitted Client is not subject to the dealer registration requirement in the Act or the trading restrictions in the Act in respect of Future Trades on Non-Canadian Exchanges, where the Applicant acts in respect of the Future Trades on behalf of the Permitted Client pursuant to the above ruling.

December 18, 2012

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Paulette Kennedy"
Commissioner
Ontario Securities Commission

IT IS THE DECISION of the Director, pursuant to section 6.1 of Rule 91-502, that section 3.1 of Rule 91-502 does not apply to the Applicant and its Representatives in respect of Futures Trades, provided that they maintain their respective registrations with the CFTC and NFA which permit the Applicant and its Representatives to trade commodity futures options in the United States and this Decision shall expire five years after the date hereof.

December 19, 2012

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

APPENDIX A

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   ☐ Section 8.18 [*international dealer*]

   ☐ Section 8.26 *[international adviser*]

   ☐ Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: _____

_____
(Signature of the International Firm or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ [*Insert name of International Firm*] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated:_____

_____
(Signature of the Agent for Service or authorized signatory)

_____
(Name of signatory)

_____
(Title of signatory)

Appendix B

Notice of Regulatory Action

1. Has the firm, or any predecessors or specified affiliates of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes ____

   No ____

   If yes, provide the following information for each settlement agreement:

   Name of entity

   Regulator/organizationDate of settlement (yyyy/mm/dd)

   Details of settlement

   Jurisdiction

2. Has any financial services regulator ,securities or derivatives exchange, SRO or similar organization:

		Yes	No
(a)	Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?	____	____
(b)	Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?	____	____
(c)	Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?	____	____
(d)	Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?	____	____
(e)	Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?	____	____
(f)	Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?	____	____
(g)	Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?	____	____

   If yes, provide the following information for each action:

   Name of Entity

   Type of Action

   Regulator/organization

   Date of action (yyyy/mm/dd)

   Reason for action

3. Is the firm aware of any ongoing investigation of which the firm or any of its designated affiliate is the subject?

Yes ____ No ____

If yes, provide the following information for each investigation:

Name of entity

Reason or purpose of investigation

Regulator/organization

Date investigation commenced (yyyy/mm/dd)

Jurisdiction

*****

Name of firm

Name of firm's authorized signing officer or partner

Title of firm's authorized signing officer or partner

Signature

Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness

Title of witness

Signature

Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Dealer Team
Telephone: (416) 593-8263
email: amcbain@osc.gov.on.ca

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Shallow Oil & Gas Inc. et al. – ss. 127(1), 127(10)

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

REASONS AND DECISION ON SANCTIONS
(Subsections 127(1) and 127(10) of the Act)

Hearing:	October 29 and 31, 2012		
Decision:	December 21, 2012		
Panel:	James E. A. Turner	–	Vice-Chair
Counsel:	Sylvia Schumacher Hugh Craig	–	For Staff of the Commission

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REASONS FOR DECISION

I. OVERVIEW

[1] This was a hearing (the "**Hearing**") before the Ontario Securities Commission (the "**Commission**") held on October 29 and 31, 2012 pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing sanctions against Shallow Oil & Gas Inc. ("**Shallow Oil**"), Eric O'Brien ("**O'Brien**"), Abel Da Silva ("**Da Silva**") and Abraham Herbert Grossman also known as Allen Grossman ("**Grossman**") (collectively, the "**Respondents**").

[2] A Notice of Hearing in this matter was issued by the Commission on June 11, 2008 and a Statement of Allegations was filed by Staff of the Commission ("**Staff**") on June 10, 2008.

[3] The Commission previously approved settlement agreements and imposed sanctions on the following individuals, each of whom had originally been named as a respondent in this proceeding: Gurdip Singh Gahunia also known as Michael Gahunia ("**Gahunia**") (approved on December 16, 2010), Marco Diadamo ("**Diadamo**") (approved on December 9, 2011), Gordon McQuarrie ("**McQuarrie**") (approved on May 12, 2009), and William Mankofsky ("**Mankofsky**") (approved on July 24, 2009).

[4] On May 18, 2011, the Ontario Court of Justice (the "**Ontario Court**" or the "**Court**") released a decision finding Shallow Oil, O'Brien, Da Silva and Grossman guilty of perpetrating a fraud and engaging in unregistered trading and illegal distributions of securities. The Court also found each of O'Brien, Da Silva and Grossman guilty of trading in securities when prohibited from doing so by an order of the Commission. Da Silva and Grossman were also found guilty of making materially misleading statements to the Commission. Lastly, the Court found that O'Brien, Da Silva and Grossman authorized, permitted or acquiesced in acts, practices or courses of conduct which perpetrated fraud (the "**Criminal Judgment**").

[5] O'Brien is appealing his conviction and sentence but he has not yet perfected his appeal. Depending on the outcome of that appeal, the Commission may have to reconsider the terms of any sanctions order made against O'Brien in this proceeding.

[6] In a subsequent decision on June 15, 2011, the Court sentenced Grossman to three years in prison, to be served consecutively to any other prison sentences against him. On November 15, 2011, the Court sentenced O'Brien and Da Silva each to 27 months in prison, to be served consecutively to any other prison sentences against them (the Court decisions sentencing O'Brien, Da Silva and Grossman to prison are referred to collectively as the "**Sentencing Decisions**").

[7] On May 14, 2012, the Commission issued an Amended Notice of Hearing and Staff filed an Amended Statement of Allegations in order to rely upon the Criminal Judgment and the Sentencing Decisions in imposing sanctions on the Respondents in this proceeding.

[8] Based on the Criminal Judgment, Staff alleges that the Respondents breached subsections 25(1)(a), 53(1), 38(2), 38(3), 122(1)(a), 122(1)(c) and 126.1(b) of the Act and acted contrary to the public interest and seeks sanctions against the Respondents permanently barring them from participating in Ontario's capital markets and requiring disgorgement of moneys obtained in contravention of the Act.

[9] Staff relies on subsection 127(10) of the Act, which permits the Commission to make an order under subsections 127(1) or 127(5) in respect of a person or company who has been convicted of an offence arising from a transaction, business or course of conduct relating to securities (subsection 127(10)1) or under a law respecting the buying or selling of securities (subsection 127(10)3).

[10] Staff appeared at the Hearing, made submissions and called one witness, Mr. Wayne Vanderlaan ("**Vanderlaan**"), a member of the Commission's Enforcement Branch and of the Boiler Room Unit.

[11] Kevin Wash ("**Wash**") appeared at the hearing but was not represented and made no submissions on the matters before us. On October 29, 2012, Wash entered into an agreed statement of facts with Staff in which he admitted to unregistered trading in securities contrary to subsection 25(1)(a) of the Act, illegal distributions 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. On November 15, 2012, the Commission held a hearing with respect to the sanctions to be imposed on Wash. Sanctions were imposed on him by order of the Commission dated November 15, 2012.

[12] No one appeared for any of the Respondents.

[13] These are my reasons for sanctions imposed pursuant to subsections 127(1) of the Act in reliance on subsection 127(10) of the Act.

II. ANALYSIS

A. THE CRIMINAL JUDGMENT AND THE SENTENCING DECISIONS

[14] The Ontario Court summarized its findings and conclusions in the Criminal Judgment as follows:

> Salesmen working at Shallow Oil represented that business as an oil exploration company. The evidence at trial shows that in fact the company had no assets and was not engaged in any business other than the sale of shares. Contrary to representations made to the public, there was no underlying business and the shares were worthless.
>
> The Shallow website indicated their business was based on new paraffin wax technology and bore hole casing technology used to retrieve oil from older wells. Both of those technologies are the exclusive property of Avalon Oil and Gas. Avalon has never licensed that technology to any other

> company. Contrary to the representation of the sales staff, Shallow Oil did not and could not operate any business based on that technology.
>
> A high volume of shares were sold to the public in the 39 days that Shallow Oil was in operation. Members of the public were first contacted by "qualifiers" working in the Shallow office who falsely stated that they were from a research or marketing group. The qualifiers were in fact paid from the Shallow Oil account. The qualifiers asked general questions to gauge the interest of potential investors and their risk tolerance. Thousands of persons across Canada were contacted.
>
> Once a qualifier identified a potential investor that person would be called by sales staff who read from prepared scripts in order to induce sales. There were general sales scripts and scripts designed to deal with various concerns or objections that an investor might have. The information conveyed about the company and its supposed operations and the promises as to returns were all false. The high volume, high pressure telemarketing of securities in this manner is known as a "boiler room" operation.
>
> A person or company who wishes to offer securities to the public must register under the Securities Act with the Ontario Securities Commission. Prior to selling shares a company must prepare and register a prospectus which contains important information about the company and the shares being offered for sale. None of the three accused individuals were registered with the OSC. On the contrary, at the time in question all three were prohibited from trading in securities by orders of the OSC in relation to other matters. None of the other persons working at the Shallow office were licensed to sell securities. The corporate accused, Shallow Oil, never registered a prospectus with the OSC.
>
> Sales staff used false names when dealing with prospective customers. Mr. Grossman used the false names "Daniel Rothstein" and "Wayne Matthews" when communicating with persons externally on behalf of Shallow and even when dealing with internal staff. Mr. Da Silva also used the false name "Wayne Matthews" for certain purposes.
>
> (Criminal Judgment, *supra*, at paras. 9-11, & 14-17)

[15] As a result, the Court concluded that:

> The banking records, business records and all of the evidence heard at trial are consistent with only one conclusion – that Shallow Oil and the persons working there were not engaged in any business other than the sale of shares which had no value beyond the paper they were printed on. Shallow Oil was a classic stock fraud "boiler room" operation which generated significant moneys in the short time it operated.
>
> (Criminal Judgment, *supra*, at para. 19)

[16] Considering all of the evidence as a whole, the Court found beyond a reasonable doubt that:

> The only reasonable inference is that Mr. O'Brien, Mr. Da Silva and Mr. Grossman acted in concert to setup and run the Shallow Oil stock fraud operation. They were the directing minds of the operation, received the bulk of the profits and were parties to the offences committed by those they hired and instructed.
>
> (Criminal Judgment, supra, at para. 39)

Accordingly, the Court found that O'Brien, Da Silva and Grossman were the directing minds with respect to the Shallow Oil stock fraud.

[17] The Court found that the prosecution had proven beyond a reasonable doubt that Shallow Oil, O'Brien, Da Silva and Grossman participated in acts relating to securities that they knew perpetrated a fraud. Further, the Court found beyond a reasonable doubt that O'Brien, Da Silva and Grossman authorized, permitted or acquiesced in acts, practices or courses of conduct which perpetrated fraud; were parties to trading in securities of Shallow Oil without registration; authorized, permitted or acquiesced in trades of securities of Shallow Oil without registration; were parties to trading in securities without a prospectus; and authorized, permitted or acquiesced in trades of securities of Shallow Oil where such trading was a distribution of securities without a prospectus.

[18] Further, the Court found that:

> All three accuseds were engaged in acts in furtherance of trading securities as described in s. l(l)(e) of the Securities Act for valuable consideration. The prosecution has tendered documentary evidence proving that all three were subject at that time to prior "Cease Trade Orders" issued by the Ontario Securities Commission.
>
> (Criminal Judgment, *supra*, at para. 55)

[19] The Court also found that Grossman and Da Silva made misleading statements to Staff of the Commission. Grossman made misleading statements on four separate occasions and Da Silva on two separate occasions.

[20] Grossman was sentenced by the Court to three years in prison, to be served consecutively to any other prison sentences against him. O'Brien and Da Silva were each sentenced to 27 months in prison, to be served consecutively to any other prison sentences against them (Sentencing Decisions, *supra*).

B. TESTIMONY OF VANDERLAAN

[21] Vanderlaan testified at the Hearing with respect to the Respondents' convictions and sentences by the Ontario Court. He also testified as to the outstanding freeze order in relation to the Shallow Oil bank account. He stated that approximately $28,000 remained in the account and that all of the funds constituted funds from investors.

C. SUBSECTION 127(10) OF THE ACT

[22] Subsection 127(10) of the Act provides as follows:

> **127 (10) Inter-jurisdictional enforcement** – Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:
>
> 1. The person or company has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities.
>
> 2. The person or company has been convicted in any jurisdiction of an offence under a law respecting the buying or selling of securities.
>
> 3. The person or company has been found by a court in any jurisdiction to have contravened the laws of the jurisdiction respecting the buying or selling of securities.
>
> …

[23] Staff submits that the findings of the Court in the Criminal Judgment give me jurisdiction to impose sanctions under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act.

[24] Subsection 127(10) was added to the Act and became effective on November 27, 2008, after the events that gave rise to the Criminal Judgment (those events occurred between September 24, 2007 and February 27, 2008).

[25] In *Re Euston Capital Corp.* (2009), 32 OSCB 6313 ("***Euston Capital***"), the Commission concluded that subsection 127(10) can be the grounds for an order in the public interest under subsection 127(1) of the Act, based on a decision and order made in another jurisdiction:

> … we conclude that we can make an order against the Respondents pursuant to our public interest jurisdiction under section 127 of the Act on the basis of decisions and orders made in other jurisdictions, if we find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.
>
> (*Euston Capital*, *supra*, at para. 26)

[26] In a recent decision, the Commission found that the respondent's criminal conviction for fraud over $5,000 in the Ontario Superior Court of Justice, pursuant to subsection 380(1) of the *Criminal Code*, R.S.C. 1985, c. C-46, could be relied upon by the Commission, in the circumstances contemplated by subsection 127(10) of the Act, to make an order in the public interest under subsection 127(1) (*Re Lech* (2010), 33 OSCB 4795 ("***Lech***")).

[27] In *Euston Capital*, *supra*, the Commission also concluded that a presumption against retrospectivity does not apply to public interest orders made by the Commission in the circumstances contemplated by subsection 127(10):

> Based on a plain reading of subsection 127(10) in the context of section 127 as a whole, and after taking into account the Supreme Court of Canada's decisions in *Brosseau* and *Asbestos*, we conclude that the purpose of purpose of [*sic*] subsection 127(10) is to protect the public. Hence, the presumption against retrospectivity is not applicable, and subsection 127(10) may operate retrospectively.
>
> While the courts in *Brost* and *Thow* had to consider the retrospective application of a provision which expanded the sanctioning powers of a securities regulator, subsection 127(10) of the Act does no such thing. Rather, subsection 127(10) of the Act simply allows the Commission to consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest.
>
> Moreover, this Commission has considered the conduct of individuals in other jurisdictions in the past when making an order under subsections 127(1) and (5) in the public interest, even before subsection 127(10) came into effect …
>
> (Euston Capital, supra, at paras. 56-58)

[28] A similar finding was made by the Commission in *Lech*, *supra*, at paragraphs 24 to 32 and in *Re Elliott* (2009), 32 OSCB 6931 at paragraphs 16 to 26.

[29] I therefore find that I have the authority to make a public interest order under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act, based on the Criminal Judgment and the Sentencing Decisions, notwithstanding the fact that the relevant events upon which that judgment and decision are based occurred between September 24, 2007 and February 27, 2008.

D. SUBMISSIONS OF THE PARTIES

Staff's Submissions

[30] Staff requests the following sanctions against the Respondents:

(a) a permanent prohibition on the Respondents trading in securities;

(b) a permanent prohibition on the Respondents acquiring securities;

(c) a permanent exclusion from reliance by the Respondents on securities law exemptions;

(d) a reprimand of the Respondents;

(e) an order that O'Brien, Da Silva and Grossman resign any positions held as a director or officer of any issuer;

(f) a permanent prohibition on O'Brien, Da Silva and Grossman becoming or acting as a director or officer of any issuer;

(g) a permanent prohibition on O'Brien, Da Silva and Grossman becoming or acting as a director or officer of any registrant; and

(h) each of the Respondents or any of them, disgorge to the Commission, on a joint and several basis, $155,700.

[31] The disgorgement amount requested by Staff represents the total amount found by the Court to have been obtained by the Respondents from investors ($205,000), minus the amount of the disgorgement orders totaling $49,600 which have previously been made by the Commission against Gahunia, Diadamo, McQuarrie, Mankofsky and Wash.

[32] Staff is not seeking any administrative penalties. Staff submits that an order for an administrative penalty is not warranted in the circumstances because O'Brien, Da Silva and Grossman were sentenced by the Court to a term of imprisonment. Accordingly, I will not consider whether an administrative penalty might have been appropriate in the circumstances.

[33] Staff submits that I am entitled to impose the sanctions requested by Staff based solely on the evidence before me, which consists of the testimony of Vanderlaan, the Criminal Judgment and the Sentencing Decisions.

Respondents' Submissions

[34] None of the Respondents appeared at the Hearing or made submissions.

E. FINDINGS

[35] In imposing sanctions, I rely on the testimony of Vanderlaan and the findings set out in the Criminal Judgment and the Sentencing Decisions.

[36] The Respondents were found in the Criminal Judgment to have breached subsections 25(1)(a), 53(1), 122(1)(a), 122(1)(c) and 126.1(b) of the Act. That constitutes a conviction for an offence arising from a transaction, business or course of conduct related to securities, within the meaning of subsection 127(10)1 of the Act and a contravention of law respecting the buying or selling of securities within the meaning of subsection 127(10)3 of the Act.

[37] I may make an order under subsection 127(1) in this matter if I consider it to be in the public interest to do so. In my view, it is not appropriate in exercising that jurisdiction to revisit or second-guess the Court's findings of fact or legal conclusions. I note in this respect that the Court concluded in the Sentencing Decisions that in 39 days of operation, Shallow Oil received $205,000 in investor funds (see the Criminal Judgment, *supra*, at para. 35).

[38] Based on the Criminal Judgment, I find that the Respondents breached subsections 25(1)(a), 53(1), 122(1)(a), 122(1)(c) and 126.1(b) of the Act and acted contrary to the public interest. I was not satisfied that the Ontario Court made a finding of breach by the Respondents of subsections 38(2) and (3) of the Act. Accordingly, I am not making any finding in that respect.

F. SHOULD AN ORDER FOR SANCTIONS BE IMPOSED?

[39] When exercising the public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. Those purposes, set out in subsection 1.1 of the Act, are:

(a) to protect investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[40] In pursuing these purposes, I must have regard for the fundamental principles described in subsection 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act is restrictions on fraudulent and unfair market practices and procedures.

[41] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that when assessing sanctions, it should be remembered that "participation in the capital markets is a privilege and not a right" (*Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[42] An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 1610-1611:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

[43] The Supreme Court of Canada has also held that the Commission may impose sanctions which have as their objective general deterrence. The Supreme Court of Canada has stated that: "… it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventative" (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60).

[44] Although O'Brien, Da Silva and Grossman have been sentenced by the Ontario Court for their offences, the Commission nonetheless retains jurisdiction to make orders in the public interest under section 127 of the Act relating to the same acts. That is because such orders are protective and preventative in nature and not penal.

[45] I find that it is necessary to protect investors in Ontario and the integrity of Ontario's capital markets to make sanctions orders against the Respondents in the public interest.

G. THE APPROPRIATE SANCTIONS

[46] In determining the nature and duration of the appropriate sanctions, I must consider all of the relevant facts and circumstances before me, including:

(a) the seriousness of the conduct and the breaches of the Act;

(b) the harm to investors;

(c) the respondent's experience in the marketplace;

(d) the level of a respondent's activity in the marketplace;

(e) whether or not there has been recognition by a respondent of the seriousness of the improprieties;

(f) whether or not the sanctions imposed may serve to deter not only those involved in the matter being considered, but any like-minded people, from engaging in similar abuses of the capital markets;

(g) the size of any profit obtained or loss avoided from the illegal conduct;

(h) the size of any financial sanction or voluntary payment;

(i) the effect any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(j) the reputation and prestige of the respondent;

(k) the remorse of the respondent; and

(l) any mitigating factors.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 ("***Belteco***") at paras. 25 and 26.)

[47] The following facts and circumstances are particularly relevant in determining the sanctions that should be ordered against the Respondents:

(a) Shallow Oil, O'Brien, Da Silva and Grossman have been found guilty by the Ontario Court on a total of 18 counts of breaching Ontario securities law;

(b) those counts include findings of fraud against the Respondents;

(c) significant moneys ($205,000) were obtained from investors through the boiler room during the short time it operated;

(d) investors have lost all of the money invested by them;

(e) there were never any payments made or expenses incurred in relation to a legitimate business and the shares sold to the public were and are worthless; and

(f) O'Brien, Da Silva and Grossman have a history of prior contraventions of Ontario securities law in connection with similar schemes and all three were subject to a Commission order prohibiting them from trading in securities at the time of the Shallow Oil stock fraud.

[48] In my view, there are no mitigating factors or circumstances.

[49] I have also considered the fact that Grossman was sentenced by the Court to three years in prison, and O'Brien and Da Silva were each sentenced to 27 months in prison.

[50] I have reviewed the Commission and other decisions on sanctions referred to me by Staff in assessing the sanctions appropriate in this case. In reviewing those decisions, I note that each case depends upon its particular facts and circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at paras. 9 and 10 and *Belteco*, *supra*, at para. 26). It is a matter of judgment in each case as to what the appropriate sanctions should be. Ultimately, the question is whether the overall sanctions imposed are in the public interest in light of all of the circumstances.

[51] I have reviewed the following Commission decisions in coming to a conclusion as to the sanctions to be imposed in this matter: *Re Landen*, (2010) 33 OSCB 9489 ("***Landen***"), *Re Lech*, *supra*, *Re Portus Alternative Asset Management Inc.*, (2012) 35 OSCB 8128, and *Re Maitland Capital Ltd.* (2012), 35 OSCB 1729. Staff also referred me to, and I have reviewed, the decisions of the British Columbia Court of Appeal in *McLean v. British Columbia (Securities Commission)* (2011), BCCA 455 and *Lines v. British Columbia (Securities Commission)*,(2012) BCCA 316.

[52] In *Landen*, the respondent was convicted of insider trading, was sentenced to 45 days imprisonment and was fined $200,000 in circumstances in which a loss of $115,000 was avoided. In that case, the Commission ordered that the respondent be prohibited from trading in securities for 12 years, with carve-outs for trading for his own account, that exemptions would not apply for a period of 12 years, and that the respondent be prohibited from becoming or acting as a director or officer of a reporting issuer, registrant or investment fund manager for 12 years. The actions of the Respondents are far more egregious than those of the respondent in *Landen*.

[53] Because each of the Respondents was found by the Court to be a directing mind of the Shallow Oil stock fraud, it is appropriate to make a disgorgement order against the Respondents on a joint and several basis in respect of all the funds illegally obtained by the Respondents from investors.

[54] Staff suggested that I should deduct from any disgorgement order the amount of $49,600 representing the aggregate amount of the other disgorgement orders made by the Commission against other participants involved in the Shallow Oil stock fraud. I am not prepared to do that. The Respondents obtained $205,000 from investors in contravention of the Act and should, in the circumstances, be ordered to disgorge the full amount so obtained. In my view, in imposing a disgorgement order, I am not required to take account of what the Respondents may have done with the moneys they obtained from investors, including whether the use of such moneys forms the basis for disgorgement orders against other persons involved in the same investment scheme. In my view, that conclusion is consistent with the Commission's decisions in *Re Limelight Entertainment Inc.* (2008), 31 OSCB 12030 and *Re Sabourin* (2010), 33 OSCB 5299. I am not suggesting that in other circumstances it may not be appropriate to reduce the amount of a disgorgement order in light of other relevant orders made by the Commission or other regulatory authorities. That is an issue for determination by the Commission panel imposing the particular sanctions. I am simply deciding in this case that doing so is not legally required and is not appropriate in these circumstances.

[55] It is clear that the Respondents operated a boiler room, preyed on innocent investors and caused them substantial financial losses. By doing so, the Respondents committed fraud and breached key provisions of Ontario securities law. They also breached outstanding Commission orders prohibiting them from trading in securities. The Respondents knowingly and intentionally breached those orders. The Respondents are bad actors of the most despicable kind. There is no doubt that they should be permanently barred from participation in our capital markets.

[56] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing the following sanctions on the Respondents:

(a) each of the Respondents shall be prohibited permanently from trading in securities;

(b) each of the Respondents shall be prohibited permanently from acquiring securities;

(c) the exemptions in Ontario securities law (as defined in the Act) shall not apply to the Respondents permanently;

(d) each of the Respondents shall be reprimanded;

(e) each of O'Brien, Da Silva and Grossman shall be ordered to resign any positions he holds as a director or officer of any issuer;

(f) each of O'Brien, Da Silva and Grossman shall be prohibited permanently from becoming or acting as a director or officer of any issuer or registrant; and

(g) the Respondents shall disgorge to the Commission, on a joint and several basis, $205,000, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act.

[57] The approximately $28,000 of investor funds which remain frozen in the Shallow Oil bank account shall be applied to the payment of the disgorgement order.

III. CONCLUSION

[58] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule “A” hereto.

DATED at Toronto this 21st day of December, 2012.

“James E. A. Turner”

Schedule "A"

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

AND

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

ORDER
(Subsections 127(1) and 127(10))

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 also known as Allen Grossman ("Grossman"), Marco Diadamo ("Diadamo"), Gordon 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 that matter;

AND WHEREAS on May 12, 2009, the Commission approved a settlement agreement between Staff and McQuarrie and issued a sanctions order against him;

AND WHEREAS on July 24, 2009, the Commission approved a settlement agreement between Staff and Mankofsky and issued a sanctions order against him;

AND WHEREAS on December 16, 2010, the Commission approved a settlement agreement between Staff and Gahunia and issued a sanctions order against him;

AND WHEREAS on December 9, 2011, the Commission approved a settlement agreement between Staff and Diadamo and issued a sanctions order against him;

AND WHEREAS on May 18, 2011, the Ontario Court of Justice (the "Ontario Court") found Shallow Oil, O'Brien, Da Silva and Grossman (the "Respondents" and individually a "Respondent") guilty on a total of 18 counts of breaching Ontario securities law;

AND WHEREAS on June 15, 2011, the Ontario Court sentenced Grossman to three years in prison, to be served consecutively to any other prison sentences against him;

AND WHEREAS on November 15, 2011, the Ontario Court sentenced each of O'Brien and Da Silva to 27 months in prison, to be served consecutively to any other prison sentences against either of them, respectively;

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 relating to the Respondents in imposing sanctions under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act;

AND WHEREAS on October 29, 2012, Wash entered into an agreed statement of facts in which he admitted to unregistered trading in securities contrary to subsection 25(1)(a) of the Act, illegal distributions 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 November 15, 2012, the Commission conducted a hearing and imposed sanctions on Wash;

AND WHEREAS each of the Respondents has been found by the Ontario Court to have (i) been convicted of an offence arising from a transaction, business or course of conduct related to securities within the meaning of subsection 127(10)1 of the Act, and (ii) contravened the laws of Ontario respecting the buying and selling of securities within the meaning of subsection 127(10)3 of the Act;

AND WHEREAS I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the Act:

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities by any of the Respondents shall cease permanently;

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

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to any of the Respondents permanently;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, each of the Respondents is reprimanded;

(e) pursuant to paragraph 7 of subsection 127(1) of the Act, each of O'Brien, Da Silva and Grossman shall resign any positions that he holds as a director or officer of any issuer;

(f) pursuant to paragraph 8 of subsection 127(1) of the Act, each of O'Brien, Da Silva and Grossman is prohibited permanently from becoming or acting as a director or officer of any issuer;

(g) pursuant to paragraph 8.1 of subsection 127(1) of the Act, each of O'Brien, Da Silva and Grossman shall resign any positions that he holds as a director or officer of any registrant; and

(h) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondents shall disgorge to the Commission, on a joint and several basis, $205,000, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act.

DATED at Toronto this 21st day of December, 2012.

"James E. A. Turner"

3.1.2 Global Energy Group, Ltd. et al. – s. 127

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

AND

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

REASONS AND DECISION
(Section 127 of the Act)

Hearing: January 23, 24, 25, 26, 27, 30, February 1, 2, 3, 8, 21, 24, and April 17, 2012

Decision: December 21, 2012

Panel:	Paulette L. Kennedy	–	Commissioner and Chair of the Panel
	Judith N. Robertson	–	Commissioner
Counsel:	Cameron Watson, Carlo Rossi and Amanda Ramkissoon	–	For Staff of the Commission
	Andrew Shiff	–	For himself
	Christine Harper	–	For herself
			No one appeared for the other respondents.

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REASONS AND DECISION

I. BACKGROUND

A. OVERVIEW

[1] This was a hearing on the merits before the Ontario Securities Commission (the "**Commission**") pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether Global Energy Group, Ltd. ("**Global Energy**"), New Gold Limited Partnerships ("**New Gold**"), Christina Harper ("**Harper**"), Vadim Tsatskin ("**Tsatskin**"), Herbert Groberman ("**Groberman**"), Nikola Bajovski ("**Bajovski**"), Bruce Cohen ("**Cohen**") and Andrew Shiff ("**Shiff**") (collectively, the "**Respondents**") breached the Act and acted contrary to the public interest.

[2] On June 8, 2010, a Statement of Allegations was filed by Staff of the Commission ("**Staff**") and a Notice of Hearing was issued by the Commission. Staff alleges that between June 1, 2007, and June 25, 2008 (the "**Material Time**"), the Respondents were involved in a scheme to market and issue securities of New Gold Limited Partnerships. New Gold securities were sold to approximately 200 investors raising a total of over US $14.7 million. The investors were primarily located in Canada, but there were also investors in the United Kingdom.

[3] Staff alleges that the Respondents were involved in fraudulent and misleading activities related to the issuance of these securities, for which registration and prospectus requirements were not met, and for which the Respondents did not claim any exemptions under Ontario securities laws relating to the sale and distribution of securities. Staff further alleges that the Respondents' conduct was contrary to the public interest.

B. HISTORY OF PROCEEDINGS

[4] On July 10, 2008, a temporary cease trade order was issued in respect of trading by Global Energy and New Gold and their officers, directors, employees and/or agents in securities of New Gold (the "**Temporary Order**"). The Temporary Order was extended several times and remains in effect as of the date of this Order.

[5] On June 8, 2010, the Commission issued a Notice of Hearing pursuant to sections 37, 127 and 127.1 of the Act accompanied by a Statement of Allegations of the same date issued by Staff with respect to Global Energy, New Gold, Harper, Tsatskin, Groberman, Bajovski, Cohen and Shiff, as well as Michael Schaumer ("**Schaumer**"), Elliot Feder ("**Feder**"), Oded Pasternak ("**Pasternak**"), Alan Silverstein ("**Silverstein**"), Allan Walker ("**Walker**"), Peter Robinson ("**Robinson**") and Vyacheslav Brikman ("**Brikman**").

[6] Settlement agreements were reached between Staff and each of Robinson, Pasternak, Brikman, Walker, Silverstein, Schaumer, and Feder. As a result of those settlement agreements, the Commission issued the following Orders:

(i) On November 5, 2010, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Robinson;

(ii) On September 1, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Pasternak;

(iii) On September 1, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Brikman;

(iv) On September 1, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Walker;

(v) On November 29, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Silverstein;

(vi) On November 29, 2011, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Schaumer; and

(vii) On January 20, 2012, an Order was issued pursuant to sections 37 and 127 of the Act imposing sanctions against Feder.

[7] In addition to the proceedings herein, Staff initiated a prosecution against Tsatskin pursuant to s. 122 of the Act. The Information sworn by Staff described the offence as follows:

> *Between and including June 1, 2007 and June 25, 2008, in the City of Toronto, Toronto Region and elsewhere in the Province of Ontario, Vadim Tsatskin, also known as Victor Tsatskin, engaged or participated in an act, practice or course of conduct relating to securities that he knew or reasonably ought to have known perpetrated a fraud on persons or companies to whom he traded securities of New Gold Limited Partnerships, contrary to section 126.1(b) of the Securities Act and thereby did commit an offence contrary to section 122(1)(c) of the Securities Act.*

[8] On April 4, 2011, Tsatskin appeared before Justice Bigelow of the Ontario Court of Justice and pled guilty to the offence set out above. As part of his guilty plea, Tsatskin and Staff jointly filed a "Statement of Facts for Guilty Plea" which included admission of the facts necessary to support a finding that Tsatskin had committed the offence as charged.

[9] On November 24, 2011, Tsatskin was sentenced to a jail term of three years.

[10] On January 23, 24, 25, 26, 27, 30, February 1, 2, 3, 8, and 24, 2012, we heard evidence on the merits of the allegations brought by Staff. Shiff was the only Respondent present during the evidentiary portion of the hearing. He asked no questions of Staff's witnesses and gave no evidence on his own behalf.

[11] We heard closing submissions on April 17, 2012. Staff presented both written and oral closing submissions. Shiff was present and made a brief oral statement on his own behalf as his closing submissions. Harper was present and made both oral and written submissions on her own behalf.

[12] The following are our reasons and decision on the merits in this matter.

C. THE RESPONDENTS

1. Corporate Respondents

[13] Global Energy is an international business corporation registered in the Bahamas. Arthur Chase is the President. Global Energy has never been registered under Ontario securities laws.

[14] New Gold is purported to be a series of limited partnerships created by Global Energy. Global Energy purported to be the General Partner of each of the partnerships with investors making up the limited partners. However, there is no evidence that any of the purported limited partnerships were ever formally established, and therefore no evidence that New Gold was a formal legal entity. Finally, there is no record that New Gold was ever registered under Ontario securities laws, or that it was a reporting issuer in Ontario.

2. Individual Respondents

[15] The individual Respondents, namely Tsatskin, Harper, Groberman, Bajovski, Cohen and Shiff, were during the Material Time residents of Ontario. It is alleged by Staff that Tsatskin and Harper were directing minds of Global Energy, and that Tsatskin, Harper, Groberman, Bajovski, Cohen and Shiff were engaged in the sale of partnership units of New Gold on behalf of Global Energy from offices located in Ontario.

D. THE ALLEGATIONS

[16] Staff alleges that:

(a) the Respondents traded in securities of New Gold without being registered to trade in securities, contrary to section 25(1)(a) of the Act and contrary to the public interest;

(b) the actions of the Respondents related to the sale of the securities of New Gold constituted distributions of securities where no prospectus or preliminary prospectus was filed with the Commission nor receipted by the Director, contrary to section 53(1) of the Act and contrary to the public interest;

(c) Global Energy, Harper and Tsatskin engaged or participated in acts, practices or courses of conduct relating to the securities of New Gold that Global Energy, Harper and Tsatskin knew or reasonably ought to have known perpetrated a fraud on persons or companies, contrary to subsection 126.1(b) of the Act and contrary to the public interest; and

(d) Harper and Tsatskin, being directors and/or officers of Global Energy, did authorize, permit or acquiesce in the commission of the violations of sections 25(1)(a), 53(1) and 126.1(b) of the Act, as set out above, by Global Energy or by the salespersons, representatives or agents of Global Energy, contrary to section 129.2 of the Act and contrary to the public interest.

II. PRELIMINARY ISSUES

A. HARPER'S MOTIONS TO DISMISS THE ALLEGATIONS

[17] Harper brought a motion before the Commission on August 18, 2010 seeking an Order stating that (i) her name be struck from the style of cause in the proceeding; (ii) she be given immunity as a victim in this matter; and (iii) the Commission "close the book on any potential form of future prosecution" against her in relation to this matter.

[18] On August 27, 2010, the Commission dismissed the motion, stating:

> "… on considering Harper's Motion Record and Staff's Motion Record and the oral submissions of Harper and counsel for Staff, it is the Commission's opinion that it would not be in the public interest to grant the Motion, considering that:
>
> (i) Harper's submissions can best be considered by the Panel dealing with the hearing on the merits in this matter, at which time Harper will have an opportunity to challenge all of Staff's allegations, to cross-examine Staff's witnesses, and to bring evidence forward about how she viewed her role in the events at issue in this matter;
>
> (ii) should the Panel dealing with the hearing on the merits find that Staff's allegations against Harper have been sustained, Harper will have an opportunity, at a sanctions and costs hearing, to bring evidence forward about the effect of the events at issue on her subsequent health;
>
> (iii) the Statement of Allegations and Notice of Hearing, dated June 8, 2010, do not list Harper's name first on the style of cause; and
>
> (iv) it is not legally possible for a Panel of the Commission to grant the forward-looking immunity sought by Harper."

[19] Harper brought a further motion before the Commission on September 18, 2011 seeking substantially similar relief as that sought in her August 18, 2010 motion. On September 26, 2011, the Commission dismissed the motion stating:

> "(i) we are not satisfied that it is in the public interest to vary or revoke the August 2010 Motion Order or the Temporary Order as requested by Harper in the September 2011 Motion; and
>
> (ii) Harper's submissions can best be considered by the Panel dealing with the hearing on the merits, at which time Harper will have an opportunity to respond to all of Staff's allegations in this matter."

[20] The Merits Hearing commenced on January 23, 2012. Shortly after the commencement of the Merits Hearing Harper contacted Staff to advise that she intended to retain counsel and cross-examine Staff's witnesses, as well as call witnesses of her own. The Panel heard evidence from Staff witnesses on January 23, 24, 25, 26, 27, 30, February 1, 2, 3, and 8. However, Harper did not attend on any of the dates on which the Panel heard evidence from the parties.

[21] On February 7, 2012, prior to the completion of the evidentiary portion of the hearing, the Panel issued an Order directing Harper to provide the Panel with the name and contact information of her counsel no later than February 10, 2012. The Order further directed Harper, or her counsel, to provide the Office of the Secretary by February 17, 2012, the dates up to April 30, 2012, on which Harper, or her counsel, would be available to attend the hearing to cross-examine Staff's witnesses and call witnesses of her own. The Order advised Harper that if she failed to provide the requested information, the Panel would conclude the evidentiary portion of the hearing and schedule a date for the hearing of final submissions.

[22] Harper did not comply with the Panel's Order of February 7, 2012. On February 29, 2012, the Panel issued an Order setting April 17, 2012, as the date for the hearing of final submissions on the merits of the allegations contained in the Statement of Allegations.

[23] Harper attended the hearing on April 17, 2012. She filed an affidavit and written submissions with the Panel styled as a motion to dismiss the allegations made against her by Staff. The motion material contained evidence which had not been presented to the Panel during the evidentiary portion of the hearing. The Panel advised Harper that her written submissions on her motion would be treated as submissions on the merits of the allegations, but no weight would be given to any new evidence

contained therein. The Panel ruled that Harper had been given ample opportunity to present evidence, but had chosen not to do so.

B. FAILURE OF THE RESPONDENTS TO APPEAR

[24] With the exception of Shiff and, as outlined in the paragraph above, Harper, none of the Respondents appeared at the hearing, either personally or through a representative, nor did they present evidence or make submissions.

[25] The *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**") permits the Commission to proceed in the absence of any party who has been given adequate notice. Subsection 7(1) of the SPPA states:

> Effect of non-attendance at hearing after due notice
>
> **7.** (1) Where notice of an oral hearing has been given to a party to a proceeding in accordance with this Act and the party does not attend at the hearing, the tribunal may proceed in the absence of the party and the party is not entitled to any further notice in the proceeding.

[26] Similarly, the Commission's *Rules of Procedure* (2010), 33 O.S.C.B. 8017 state:

> Rule 7.1 – Failure to Participate:
>
> If a Notice of Hearing has been served on any party and the party does not attend the hearing, the Panel may proceed in the party's absence and that party is not entitled to any further notice in the proceeding.

[27] At the outset of the hearing, Staff filed two affidavits, one dated June 11, 2010, and the other dated January 20, 2012, that set out the service and attempted service by Staff on the Respondents. We are satisfied that Staff took all reasonable steps to provide the Respondents with adequate notice of this proceeding, and as such, we were entitled to proceed with the hearing on the merits in their absence, in accordance with subsection 7(1) of the SPPA.

C. THE APPROPRIATE STANDARD OF PROOF

[28] The standard of proof for proceedings before the Commission is proof on a balance of probabilities. This standard was recently affirmed by the Supreme Court of Canada in its decision in *F.H. v. McDougall*, [2008] 3 S.C.R. 41. The Supreme Court explained at paragraphs 45-49 of the judgment:

> … I think it is inappropriate to say that there are legally recognized different levels of scrutiny of the evidence depending upon the seriousness of the case. There is only one legal rule and that is that in all cases, evidence must be scrutinized with care by the trial judge.
>
> Similarly, evidence must always be sufficiently clear, convincing and cogent to satisfy the balance of probabilities test. But again, there is no objective standard to measure sufficiency …
>
> …
>
> In the result, I would reaffirm that in civil cases there is only one standard of proof and that is proof on a balance of probabilities. In all civil cases, the trial judge must scrutinize the relevant evidence with care to determine whether it is more likely than not that an alleged event occurred.

[29] Accordingly, we will decide this matter on a balance of probabilities, and we must be satisfied that there is sufficiently clear, convincing and cogent evidence to support our findings. This is the standard we have applied in this proceeding.

D. THE USE OF HEARSAY EVIDENCE

[30] Staff relies on evidence from their investigation, primarily evidence obtained through searches conducted at Global Energy's offices in Toronto. Staff also seeks to admit evidence from the compelled examinations of Tsatskin, Harper and Groberman, each of whom gave evidence under oath during Staff's investigation of this matter, pursuant to section 13 of the Act, but did not testify in person at the hearing. All of this evidence is, in essence, hearsay evidence.

[31] The SPPA permits the Commission to use its discretion to allow hearsay evidence in an administrative proceeding. Subsection 15(1) states:

> 15. (1) Subject to subsections (2) and (3), a tribunal may admit as evidence at a hearing, whether or not given or proven under oath or affirmation or admissible as evidence in a court,
>
> (a) any oral testimony; and
>
> (b) any document or thing,
>
> relevant to the subject-matter of the proceeding and may act on such evidence, but the tribunal may exclude anything unduly repetitious.

[32] In *Re Sunwide Finance Inc.* (2009), 32 O.S.C.B. 4671 ("***Sunwide***"), the Commission made the following findings regarding the admissibility of hearsay evidence in a hearing before the Commission at paragraph 22:

> Although hearsay evidence is admissible under the SPPA, the weight to be accorded to such evidence must be determined by the panel. Care must be taken to avoid placing undue reliance on uncorroborated evidence that lacks sufficient indicia of reliability (*Starson v. Swayze*, [2003] 1 S.C.R. 722 at para. 115). In the circumstances, we admitted the hearsay evidence tendered by Staff, subject to our consideration of the weight to be given to that evidence.

[33] *Sunwide* further states at paragraph 24:

> One of the concerns with respect to the introduction of hearsay evidence is that it may infringe on the rights of a party to cross-examine a witness or to introduce contradictory evidence. This engages the rules of procedural fairness. In the case before us, none of the Respondents appeared before us, were represented or present to object to the use of the hearsay evidence, to cross-examine on it or to introduce contradictory evidence of their own. As a result, the Respondents have waived their right to do so.

[34] Staff submits that the statements made by Tsatskin, Harper and Groberman in their compelled examinations are tendered solely as evidence against Tsatskin, Harper and Groberman respectively. To the extent that portions of each of their statements touched upon the conduct of other Respondents, Staff submits that such portions are only intended to provide context. We agree with Staff's submission regarding the use of the compelled examinations.

[35] As in *Sunwide*, the Respondents whose compelled testimony was tendered did not appear at the hearing. They were not present to object to the use of hearsay evidence, to cross-examine on it, or to introduce contradictory evidence. They have effectively waived their right to do so. In the case of Harper, we find that she was given adequate opportunity to appear during the evidentiary portion of the hearing, but declined to do so. We therefore find that she too has effectively waived her right to object to the use of her compelled testimony.

[36] Furthermore, we were presented with documentary evidence introduced by Staff that was consistent with the hearsay evidence presented at the hearing.

[37] In the circumstances, we admitted the hearsay evidence tendered by Staff, including the compelled evidence of Tsatskin, Harper and Groberman, subject to our consideration of the weight to be given to that evidence.

III. ISSUES

[38] Staff's allegations raise the following issues in this matter:

(a) Did the Respondents trade in securities, contrary to subsection 25(1)(a) of the Act?

(b) Did the Respondents engage in distributions of securities, contrary to subsection 53(1) of the Act?

(c) Were any registration or prospectus exemptions available to the Respondents?

(d) Did the Respondents, directly or indirectly, engage or participate in acts, practices or a course of conduct relating to securities of New Gold that they knew or ought to have known would perpetrate a fraud, contrary to subsection 126.1(b) of the Act?

(e) Did Harper and Tsatskin, as directors or officers of Global Energy, or de facto directors or officers of Global Energy, authorize, permit or acquiesce in contraventions of the Act by Global Energy, contrary to section 129.2 of the Act?

(f) Was the Respondents' conduct contrary to the public interest and harmful to the integrity of Ontario's capital markets?

IV. EVIDENCE

A. ADMISSIONS BY TSATSKIN IN HIS CRIMINAL PROCEEDING

[39] Tsatskin was not present at the hearing and made no submissions to the Panel. However, Staff filed a statement made by Tsatskin in the criminal proceedings brought against him under s. 122 of the Act. In the statement, titled "Statement of Facts for Guilty Plea" Tsatskin made the following admissions:

(i) Global Energy operated an unregistered securities sales office trading units of a series of limited partnerships called New Gold Limited Liability Partnerships to members of the public;

(ii) Tsatskin was one of the persons controlling the operations of Global Energy in Ontario;

(iii) Global Energy offices were located at 2727 Steeles Avenue West in Toronto and on Tandem Road in Concord;

(iv) Tsatskin provided direction and supervision to Global Energy sales staff who sold New Gold Securities to members of the public using deceit, falsehood and other fraudulent means;

(v) Tsatskin has never been registered with the Commission in any capacity;

(vi) Global Energy was not registered in any capacity to trade securities with the Commission;

(vii) The New Gold securities were not qualified by a prospectus to permit their sale nor were they eligible for any exemption to permit their trading in Ontario;

(viii) Tsatskin acted as a de facto "director" within Global Energy;

(ix) As a director of Global Energy, Tsatskin authorized, permitted or acquiesced in the Global Energy agents engaging or participating in an act, practice or course of conduct related to securities that he knew or reasonably ought to have known perpetrated a fraud on persons or companies to whom the Global Energy agents traded the New Gold Securities;

(x) Tsatskin, together with Brian [*sic*] Coffman and Gary Milby, established Global Energy in 2007;

(xi) Tsatskin, with the assistance of Mark Grinshpun, arranged for the recording of hundreds if not thousands of sales calls from the Global Energy agents to members of the public (the "Sales Recordings"); and

(xii) The Sales Recordings disclose the use of aliases, the dissemination of false information about the nature and quality of the underlying assets of the New Gold securities, false information about the revenue generated from the alleged producing assets of New Gold securities, false information about the location of the Global Energy offices and false information about the directing minds of Global Energy.

[40] The admissions of Tsatskin in his criminal proceeding are relevant to this proceeding because, under s. 127(10) of the Act, the Commission may make an Order under s. 127(1) where "[t]he person or company has been convicted in any jurisdiction of an offence arising from a transaction, business or course of conduct related to securities or derivatives." [s.127(10)(1)] or where "[t]he person or company has been found by a court in any jurisdiction to have contravened the laws of the jurisdiction respecting the buying or selling of securities or derivatives." [s. 127(10)(3)]. Tsatskin was found by the Ontario Court of Justice to have contravened the Act, and was convicted of an offence under the Act. As a result, the facts underlying his convictions are relevant to this proceeding. However, we have only considered these facts in respect of the allegations against Tsatskin, and not in respect of any allegations against any of the other Respondents.

B. EVIDENCE TENDERED AT THE HEARING

1. Witnesses

[41] Staff called 13 witnesses during the hearing: five New Gold investors; five of the former co-respondents to the original Statement of Allegations; Mr. Chad Harlan, a Certified Financial Institutions Examiner with the Commonwealth of Kentucky Division of Securities; Mr. Cory Fotheringham, a forensic accountant with the firm Deloitte & Touche (hereafter "Deloitte"); and Staff investigator Tom Anderson.

a. Investor #1

[42] Mr. D. A. of Edmonton, Alberta (hereafter "Investor #1") testified that in September 2007 he was contacted by telephone by Michael Simon, a Global Energy representative in Lexington Kentucky. Mr. Simon told Investor #1 about an investment opportunity with Global Energy – a three-well oil drilling program called New Gold 9.

[43] Mr. Simon told Investor #1 New Gold 9 was a partnership with 30 partners. Mr. Simon suggested that a partnership unit in New Gold 9, at a unit cost of approximately US$50,000, would return approximately $1,200 to $1,800 per month for between 10 to 20 years. Mr. Simon advised that there would be 30 partnership units in New Gold 9, raising a total of US$1.5 million in capital that would be used for drilling operations.

[44] After his initial conversation with Michael Simon, Investor #1 was contacted (by telephone) by Ms. J. C. Maxwell. Ms. Maxwell identified herself as the Vice-President of Global Energy. Ms. Maxwell confirmed the information given by Mr. Simon with respect to the anticipated oil production for New Gold 9 and the projected returns on investment. Investor #1 testified that the discussion he had with Ms. Maxwell, and the manner in which she explained the details of the investment, made him more comfortable about investing with Global Energy.

[45] In October 2007, Investor #1 purchased a 1/4 partnership unit of New Gold 9 for US$12,500. Investor #1 wired the US$12,500 to the Central Bank of Lexington Kentucky, in accordance with instructions he had received via e-mail from Global Energy [info@g-energygroup.com]. Shortly thereafter he received a phone call from Ms. Maxwell confirming receipt of his funds and welcoming him to "the Global Energy Group of Companies".

[46] During his discussions with Mr. Simon and Ms. Maxwell with respect to New Gold 9, there was no mention of commissions to be paid to anyone at Global Energy.

[47] In November 2007, Investor #1 was contacted by Mr. Simon with an offer to invest in New Gold 10, a five-well drilling substantively similar to New Gold 9. Mr. Simon advised that each partnership unit in New Gold 10 would sell for US$75,000, and only 30 partnership units would be sold. Investor #1 provided Staff with a copy of a brochure sent to him by Global Energy with respect to the New Gold 10 program. The brochure contained the following statements:

- Under the heading "The Geology Report", the brochure states "Multiple reservoirs (potentially productive 'pay zones') enhance returns and reduces the risk of a non-producer."
- Also under the heading "The Geology Report", the brochure further states "Company-owned drilling rigs, heavy machinery, and service equipment shorten the time to production."
- Under the heading "A Message From The Global Energy Team Of Professionals", the brochure states "Our approach is focused on drill-bit driven growth in production and reserves utilizing risked rate of return economics to evaluate projects. We manage our drilling risk by allocating capital between our portfolio of higher and lower risk projects" and "We rely heavily on our organization of Geoscientists to generate our drilling prospects. We employ leading edge Geo-sciences and other advanced technologies identifying oil and gas prospects which generate maximum capacity to establish substantial returns for our investors and to finance continued growth and development in quality product."
- Under the heading "Why Invest in Oil and Gas Drilling Ventures?", the brochure states "1. High Financial Rewards: – Return of Capital in as little as 6 to 18 months. – Can offer better than a 10-to-1 Return on Investment. – Greater than 50% Annual Rate of Return Possible."

[48] The brochure contained photographs of oil drilling and refinery facilities, including a tanker truck displaying the "Global Energy Group" name and corporate logo.

[49] The brochure also included a chart titled "Pro Forma Financial Information" containing projected earnings during year one of the program, expressed in US dollars, using estimated oil prices of $50, $60 and $70 per barrel and estimated production of 100, 150 and 200 barrels per day. According the chart, investors could expect capital returns in year one of between 45% (based on $50 per barrel price and 100 barrel per day production) and 125% (based on $70 per barrel price and 200 barrel per day production). Adjacent to the chart was a quote attributed to "Jim Rogers, Commodities Expert" which stated that the price of oil would soon exceed $100 per barrel and could, in the next 2 to 6 years, exceed $150 per barrel.

[50] Investor #1 testified that subsequent to the phone call from Mr. Simon concerning New Gold 10, he received a phone call from Ms. Maxwell. Ms. Maxwell informed Investor #1 that things were going well for New Gold 9, and he was invited to invest in New Gold 10.

[51] Investor #1 provided Staff with a copy of a letter dated October 30, 2007, signed by J.C. Maxwell, Executive Vice President, Global Energy Group. The letter contains the following statements:

> "Welcome to the Global Energy Group Limited and the new gold standard in oil and gas drilling programs offering above average returns.
>
> We formed Global Energy Group Limited five years ago to position ourselves ...
>
> Our experienced management and technical teams have been making the most of the opportunity and we are proud to say that 2006 was another successful year executing our strategy. The first quarter of 2007 is proving to be our best and highest production in the field to date.
>
> …
>
> Attached for your immediate interest and attention are the full details on our latest program release, New Gold 11, offering 30 high potential units at USD$ 49,000 per unit. It is a three well program, returning a two percent (2%) net revenue interest per well per month."

[52] Investor #1 provided Staff with a document titled "Private Placement Memorandum New Gold No. 11" which was attached to the October 30, 2007 letter described above. Investor #1 testified that he was sent similar documents with respect to New Gold 9 and New Gold 10, but he was unable to find those specific documents. Investor #1 testified that the information in the "Private Placement Memorandum" with respect to New Gold 11 was substantially similar to that provided with respect to New Gold 9 and New Gold 10. The "Private Placement Memorandum" contained the following statements:

- The initial investment of $49,000 per Unit is for DRILLING, COMPLETION AND EQUIPPING COSTS. Each Unit holder will not be responsible for an additional capital contribution assessment.
- Deposit of Funds. Subscription monies will be deposited into a segregated non-interest bearing account established for the benefit of the Partnership at a bank chosen by the Managing Partner.
- Under the Heading "Arthur R. Chase, President": Arthur R. Chase, Managing Director of Global Energy Group, Ltd., will act as the Managing General Partner for New Gold #11, LLP. Mr. Chase has worked directly in the oil and gas industry since 1986 as a marketing executive and vice president of other independent oil and gas field related companies. Mr. Chase has experience in numerous oil and gas fields in Texas, Oklahoma, Mississippi and Kentucky.

[53] The "Private Placement Memorandum" indicates that there will be no "Selling Fees" included in the price of each unit of New Gold 11. It further states that "Units may be sold by officers, directors and employees of the Program Manager [Global Energy], who will not be paid commissions in connection with the Offering, except as permitted by applicable law".

[54] In November 2007, Investor #1 purchased a 1/3 share in New Gold 10 for US$25,000. Investor #1 testified that he was given similar payment instructions with respect to this investment as he was given with respect to his earlier purchase of New Gold 9. He testified that he wired the funds to the same bank account, in the same bank in Lexington, Kentucky. He submitted a wire transfer receipt dated November 5, 2007 confirming the transfer of US$25,000 from his bank account at a branch in Edmonton, Alberta to account #10477144 at the Central Bank in Lexington, Kentucky. The beneficiary of the account is listed as American Oil and Gas Resources Inc. The receipt states, next to the heading "Payment details", that the payment is in respect of "New Gold 10".

[55] Investor #1 testified that on January 3, 2008, he was advised by Mr. Simon by phone that New Gold 9 was producing between 50 to 60 barrels per day. Based on those production amounts, Investor #1 was expecting royalty cheques in the amount of approximately $1,400 per month. However, his royalty cheque for January and February 2008 were in the amount of $131.75 and $182.66 respectively.

[56] Over the next several months, Investor #1 sent numerous e-mails to Mr. Simon (through Global Energy's main e-mail address info@g-energygroup.com) seeking to obtain information from with respect to the production on wells under the New Gold 9 and New Gold 10 programs. On June 11, 2008, Mr. Simon advised Investor #1 by e-mail that all three of the New Gold 9 wells were dry. Mr. Simon expressed optimism about 4 of the 5 wells in the New Gold 10 program, and directed Investor #1 to refer to Global Energy's website for further information.

[57] In the e-mail sent June 11, 2008, Michael Simon offered Investor #1 a credit of US$25,000 against the purchase of a full unit of New Gold 17, which was selling for US$79,000 per unit.

[58] Investor #1 testified that he made numerous attempts in late 2008 and early 2009 to contact Global Energy to inquire about his investments. In April 2009, Investor #1 spoke by telephone with Arthur R. Chase, President of Global Energy. Mr. Chase advised that he had nothing to do with Global Energy, apart from establishing them as a business in the Bahamas. Investor #1 also attempted, without success, to contact Victor Tsatskin, who Mr. Simon and Ms. Maxwell advised was Global Energy's Field Supervisor.

[59] Investor #1 testified that he received a total return of US$796.08 in royalties in respect of his US$12,500 investment in New Gold 9. He received a total return of US$400.86 in royalties in respect of his US$25,000 investment in New Gold 10.

b. Investor #2

[60] Ms. M. K. of Edmonton, Alberta (hereafter "Investor #2") testified that in the summer of 2007 she and her husband were contacted by telephone by J.C. Maxwell, who identified herself as the Executive Vice-President of Global Energy. Ms. Maxwell advised Investor #2 that Global Energy, a company with offices in the Bahamas and Lexington, Kentucky, were soliciting for partners in a three-well oil venture in Kentucky – New Gold 9. Ms. Maxwell explained that the oil produced from the three-well program would be sold, and each partner would receive a monthly royalty cheque representing their share of the proceeds, with each full partnership unit entitling the holder to 2% of the proceeds of the sale of the oil. Ms. Maxwell advised Investor #2 that Global Energy had experienced a great deal of success already in Kentucky, and that investors could expect a return of 50% annually, and could expect to earn a steady stream of returns for up to 15 to 20 years.

[61] Investor #2 was concerned about potential liability attaching to her as a partner in New Gold 9. Investor #2 was provided with a letter signed by Mr. Arthur R. Chase, Managing Member, advising her that the venture would be established as a limited liability partnership, so initial investors would not be liable for any loss beyond their original investment. The letter further confirmed that no partners would be called upon to make any additional contributions of capital to the partnership for any reason. Investor #2 further received a document titled "Private Placement Memorandum – New Gold #9, LLP" which contained, among other things, a "Limited Liability Partnership Agreement" signed by Mr. Chase. The Agreement stated that New Gold #9, LLP would be "a Kentucky registered Limited Liability Partnership, under the laws of the Commonwealth of Kentucky".

[62] Investor #2 purchased 1/2 partnership unit in New Gold 9 LLP in August 2007 for US$24,500.

[63] Investor #2 received her first royalty cheque in January 2008 in the amount of US$263.50, an amount far less than she had anticipated. When Investor #2 inquired as to why her royalties from New Gold 9 were significantly smaller than expected, she received a telephone call from a representative of Global Energy who identified himself as Mark Roberts, who told her that New Gold 9 had been a great disappointment, and advised her to "roll her investment" in New Gold 9 into a new investment in New Gold 17. Mr. Roberts advised that the test wells for New Gold 17 were very promising.

[64] On January 23, 2008, Investor #2 received an e-mail from Ms. Maxwell explaining that a well on a property leased by Global Energy for two other programs, New Gold 15 and New Gold 18, had produced 4920 barrels of oil in the month of November 2007, resulting in net revenue per partnership unit in the amount of US$20,422 for a single month.

[65] On March 12, 2008, Investor #2 purchased one partnership unit of New Gold 17. The purchase was made by effectively converting her interest in New Gold 9 into a unit of New Gold 17, requiring an additional investment by Investor #2 in the amount of US$54,500.

[66] On April 23, 2008, Investor #2 purchased 1/2 partnership unit of New Gold 20 for US$49,500.

[67] Investor #2 received monthly cheques for royalties in respect of New Gold 9 from January 2008 until May 2008, for a total of US$1,211.06. She received only one royalty cheque in respect of New Gold 17 in November 2008, in the amount of US$117.03. She received no royalties at all in respect of New Gold 20.

[68] Investor #2 does not recall having any discussions with Ms. Maxwell, or anyone else at Global Energy, about how Ms. Maxwell was paid by Global Energy or, more specifically, whether Ms. Maxwell earned a commission on the sale of New Gold partnership units.

[69] Investor #2 submitted copies of Subscription Agreements for New Gold 9, New Gold 17, and New Gold 20. On the Subscription Agreement for New Gold 17 Investor #2 identifies herself as an "accredited investor". On a "Confidential Investor Information Sheet" attached to the Subscription Agreement, Investor #2 describes her net worth to be between $5-10,000,000. She also describes her total family income in 2005 as $250,000, 2006 as $300,000, and estimates her family income for 2007 would be approximately $400,000.

c. Investor #3

[70] Mr. T. K. of Sicamous, British Columbia (hereafter "Investor #3") testified that in or about July or August 2007 he began receiving phone calls from Mark Roberts of Global Energy offering investment opportunities in the oil and gas industry. In addition to the phone calls, Mr. Roberts sent Investor #3 a DVD about Global Energy and newspaper clippings concerning some of Global Energy's oil producing wells.

[71] Investor #3 understood, based on the telephone numbers listed on the material he had received, that the telephone calls he received from Mr. Roberts originated from Global Energy's offices in Kentucky.

[72] After several phone calls from Mr. Roberts, Investor #3 decided to purchase a partnership unit in New Gold 11. He was informed by Mr. Roberts that New Gold 11 was a three-well program operating on leased fields in Kentucky. According to Mr. Roberts, two wells in the New Gold 11 program were already drilled and producing oil, and his investment would be used to drill the third well. He was not informed that any of his investment would be used to pay commissions to Mr. Roberts. Based on the information provided by Mr. Roberts, Investor #3 expected to receive monthly royalty cheques from Global Energy in amounts sufficient to recover his investment in four to eight months.

[73] In October 2007, Investor #3 purchased one partnership unit in New Gold 11 for a price of US$49,000. On October 22, 2007, he received a letter signed by J.C. Maxwell, Executive Vice-President, Global Energy, welcoming him as a new partner in New Gold 11, LLP. Investor #3 explained that this was his only contact with Ms. Maxwell.

[74] Investor #3 received his first royalty cheque in April 2008, although it was in an amount far less than he expected. He received several additional royalty cheques between April and November 2008, but always in amounts less than anticipated. He received no further royalty cheques from Global Energy after November 2008.

[75] Investor #3 testified that the total value of the royalties he received was approximately US$3,800. He sent numerous e-mails to Global Energy in an attempt to determine why payments ceased in November 2008 but received no satisfactory response. He testified that his last contact from Global Energy was in or about August 2009, and he has received no further communication or compensation from Global Energy in respect of his investment in New Gold 11.

d. Investor #4

[76] Mr. E. F., a resident of Manitoba (hereafter "Investor #4"), testified that in or about October 2007 he was contacted by telephone by a representative of Global Energy concerning an opportunity to invest in an oil exploration project. The representative identified himself as Mr. Richard Steele. Mr. Steele explained that the exploration project consisted of a three well program in rural Kentucky named New Gold 11. Mr. Steele advised that the proposed wells in the New Gold 11 program could produce between 70 to 150 barrels of oil per day for as many as 15 years or more. Investor #4 was advised that an investment of US$49,000 would entitle him to 2% of the earnings generated by the monthly sale of the oil pumped from the New Gold 11 wells.

[77] In December 2007, Investor #4 purchased one partnership unit of New Gold 11 for US$49,000.

[78] In March 2008, Investor #4, jointly with his brother H., purchased a partnership unit of New Gold 18 for approximately US$49,000.

[79] Investor #4 testified that he and his brother travelled to Kentucky to tour Global Energy's oil fields. Investor #4 flew into Nashville, Tennessee, and was picked-up by a limousine and taken to Bowling Green, Kentucky. When they arrived at Bowling Green, Investor #4 was met by a man named Gary Milby. Investor #4 had anticipated meeting Mr. Steele, but was advised that Mr. Steele was not available. Instead, Mr. Milby took Investor #4 and his brother on a tour of oil fields in the area around Bowling Green. Investor #4 asked whether they would be taken to Global Energy's office in Lexington, but Mr. Milby advised that Global Energy's operations took place in the oil fields, so there was no need to visit the office. Investor #4 testified that he saw numerous wells, some of which were actively pumping oil, but there were no signs on any of the wells, and Mr. Milby was unable to identify which were owned by Global Energy.

[80] After the tour of the oil fields, Investor #4 and his brother were taken out for dinner by a woman who identified herself as J. C. Maxwell. Ms. Maxwell described herself as being "senior" to Richard Steele within Global Energy. Over the course of the dinner, Ms. Maxwell told Investor #4 that she had worked in the oil industry in both Switzerland and Texas.

[81] Investor #4 submitted a copy of a royalty cheque and four Statements of Account received from Global Energy in respect to his partnership units in New Gold 11 and New Gold 18. The royalty cheque was in the amount of US$886.27. It was drawn on an account at the First Caribbean International Bank, Bahamas. The cheque number is printed at the bottom of the cheque along with the following account identifier "026005092 2000192005416". The name of the remitter is listed as "Global Energy". The cheque is signed, but the signature is illegible.

[82] Investor #4 testified that the amount of each royalty cheque he received from Global Energy was far less than he anticipated based on his discussions with Mr. Steele. He testified that the total royalties he received from New Gold 11 and New Gold 18 were approximately US$4,300. He further testified that apart from the royalties, he received no other compensation in respect of his investments with Global Energy.

e. Investor #5

[83] Mr. O. B. of Richmond Hill, Ontario (hereafter "Investor #5"), testified that he was contacted by telephone by Michael Simon of Global Energy in May 2007 offering an investment opportunity in an oil exploration project in the area of Lexington, Kentucky. Mr. Simon told Investor #5 that Global Energy had wells in that area that were already producing oil, that it was potentially a very lucrative investment. He was advised that his investment would be used to pay the exploration costs.

[84] Investor #5 made five separate investments with Global Energy between May and November 2007, three in his own name and two in the names of corporations which he owned. The total amount invested by Investor #5 was US$136,250.

[85] Investor #5 testified that he received royalty cheques sporadically from Global Energy, but the amounts were far less than the projected earnings outlined in the documentation initially provided by Mr. Simon. He submitted copies of several royalty cheques. Each cheque was drawn on an account at the First Caribbean International Bank, Bahamas. The cheque number is printed at the bottom of each cheque along with the following account identifier "026005092 2000192005416". The name of the remitter on each cheque is listed as either "Global Energy", "Global Energy Group Ltd." or "Global Energy Group Limited". Each cheque is signed, but the signatures are not legible.

[86] Over the course of his dealings with Investor #5, Mr. Simon admitted that his real name was in fact Michael Schaumer. Investor #5 asked Mr. Schaumer why he was not using his real name, but Mr. Schaumer did not provide an answer.

f. Chad Harlan, Commonwealth of Kentucky Division of Securities

[87] Mr. Harlan is Certified Financial Institutions Examiner with the Commonwealth of Kentucky Division of Securities. He testified that his office began receiving inquiries from Canadian citizens in November 2007 about an oil and gas company, Global Energy, operating out of Lexington, Kentucky that was seeking investors in Canada. The callers had been advised that Global Energy was drilling oil wells in Kentucky, and was seeking investors in programs marketed as "New Gold Limited Partnerships". Potential investors in New Gold had been directed by Global Energy to send money to a bank account in Kentucky.

[88] Mr. Harlan's office investigated and determined there was no company called "Global Energy" registered to sell securities or make any other securities related filings in Kentucky. His office also determined that there were no salespersons registered to sell "New Gold" securities in Kentucky.

[89] Based on his investigation of Global Energy, Mr. Harlan believed the Global Energy investment scheme operated as follows:

(i) Global Energy salespersons would contact potential investors in Canada offering investment opportunities in oil and gas drilling programs. Each of the drilling programs was called "New Gold", and each New Gold program was assigned a number (New Gold #8, New Gold #9, etc.);

(ii) Investors were advised that Global Energy was a Bahamian corporation headed by Mr. Arthur Chase. In the promotional material sent to investors, Mr. Chase was described as having years of experience in the oil and gas industry. When interviewed by Mr. Harlan's office, Mr. Chase stated that he had no knowledge of the oil and gas business;

(iii) Investors were directed to send funds to an escrow agent, American Oil and Gas Resources LLC, where the funds would be held in an escrow account;

(iv) The investor funds were initially sent to an account at the Central Bank of Lexington, account #10477144 in the name of American Oil and Gas Resources Inc. Later, in 2008, the investor funds were moved to an account at the Central Bank and Trust in Lexington, account #10478382, in the name of American Oil and Gas Resources. After the Central Bank and Trust account was established, subsequent investors were directed to send their funds to that account. Both these accounts (hereafter "**the American Oil and Gas accounts**") were controlled by Mr. Bryan Coffman, a lawyer in Lexington;

(v) Mr. Coffman had established a "virtual office" for Global Energy in Lexington. No employees of Global Energy worked at the "virtual office". The office was operated by Office Suites PLUS, a third-party contractor whose

business included providing mail collection services, and provided Global Energy with a mailing address in Lexington. Any mail sent to the "virtual office" was retrieved by Mr. Coffman; and

(vi) Promotional material advised potential investors that American Oil and Gas would act as an escrow agent for Global Energy. They were advised that funds would be held by American Oil and Gas, and ultimately used by Global Energy. In fact, a large amount of the funds deposited into the American Oil and Gas accounts was being directed to Bryan Coffman's personal use and that of his family, while a very small portion was actually being forwarded to Global Energy in the Bahamas or used to pay for drilling related expenses.

[90] Mr. Harlan testified that a total of US$16,197,125.02 was deposited into the American Oil and Gas accounts from investors in the Global Energy scheme (the "Investor funds"). Mr. Harlan testified that he examined the records pertaining to the American Oil and Gas accounts to determine what happened to the Investor funds after they had been deposited into the accounts.

[91] Mr. Harlan testified that the following Investor funds were transferred from the American Oil and Gas accounts to accounts controlled by, or for the behalf of, persons or entities who are respondents in this proceeding:

GVC Marketing	US$2,891,000.00
Global Energy Group (Bahamas)	US$902,000.00
International Portfolio Investments ("**IPI**")	US$421,119.50
Faina Tsatskin	US$439,000.00

[92] Mr. Harlan testified that the Global Energy Group account in the Bahamas to which funds were transferred from the American Oil and Gas accounts was the only bank account he located in the name of Global Energy.

[93] Mr. Harlan testified that he was advised by Tsatskin that Faina Tsatskin is Tsatskin's mother, and that the US$439,000.00 transferred to Faina Tsatskin from the American Oil and Gas accounts was to repay funds Tsatskin had borrowed from his mother.

[94] Mr. Harlan testified that most of the remaining US$11.5 million of Investor funds that had been deposited into the American Oil and Gas accounts were distributed by Mr. Coffman to other accounts controlled by Mr. Coffman or accounts controlled by other persons or entities who are not respondents in this proceeding. Mr. Harlan testified that the funds directed to the benefit of Mr. Coffman were the subject of a prosecution in the State of Kentucky against Mr. Coffman, his wife Megan Coffman and Gary Milby [*The United of America v. Bryan Coffman, Megan Coffman and Gary Milby*].

g. Oded Pasternak

[95] As outlined above, an Order was issued on September 1, 2011, imposing sanctions against Pasternak pursuant to sections 37 and 127 of the Act in respect of his conduct associated with Global Energy.

[96] Pasternak testified that he first learned of Global Energy from Bruce Cohen, who Pasternak understood to be a salesperson at Global Energy. Cohen introduced Pasternak to a woman Cohen described as his boss, Julia Maxwell. Pasternak testified that he later learned that Julia Maxwell's real name was Christina Harper. Pasternak testified that he was hired by Harper to work as a salesperson at Global Energy's offices at 2727 Steeles Avenue West in Toronto. He began by selling a product referred to as "New Gold #9". All sales were conducted via telephone.

[97] Pasternak testified that following his interview with Harper, Harper introduced him to Tsatskin. Pasternak testified that he understood Tsatskin to be the owner of Global Energy.

[98] Pasternak testified that Harper also used the alias "J.C. Maxwell" in her dealings at Global Energy. He further testified that Harper directed him to use the alias "Richard Steele" when dealing with potential investors.

[99] Pasternak testified that Harper supervised the sales staff of Global Energy. He explained that Harper provided scripts to be used during calls to prospective investors, and provided brochures and other promotional material to be sent to those prospective investors.

[100] The script instructed him to advise the potential investor that he was calling from Lexington, Kentucky. The script stated that the wells to be drilled could produce oil for between 10 and 20 years, and that the funds raised by the investors would be used pay the cost of drilling the wells.

[101] Pasternak testified that he was paid 19% commission on each new sale. The commissions were paid by GVC Marketing Inc. ("**GVC**"). Between October 12, 2007, and June 25, 2008, GVC paid Pasternak a total of $156,152.52.

[102] Pasternak testified that Shiff also worked as a salesperson at Global Energy. Pasternak recalled that Shiff used an alias when dealing with potential investors. To the best of Pasternak's recollection, the alias used by Shiff was Winfield.

h. Alan Silverstein

[103] As outlined above, an Order was issued on November 29, 2011, imposing sanctions against Silverstein pursuant to sections 37 and 127 of the Act, in respect of his conduct associated with Global Energy.

[104] Silverstein testified that he was hired by Harper to work as a salesperson at Global Energy. Silverstein began by selling a product referred to as New Gold 11 and later sold New Gold 12 and New Gold 13.

[105] Silverstein testified that Harper managed the sales staff at Global Energy. He stated that Harper provided him with a script to use when calling potential investors. He also stated that Harper instructed him to use an alias when dealing with investors, and he chose the name Eric Anderson.

[106] Silverstein was paid a commission of 19% on all new sales. The commissions were paid by GVC, a company Silverstein believed was owned by Tsatskin. While at Global Energy, Silverstein was paid $114,000.00 in commissions. Most of his commissions were paid to his company, Revlis Sales and Service, but some of the commissions were paid to him personally.

[107] Finally, Silverstein confirmed that Shiff worked at Global Energy, although Silverstein could not recall what job Shiff performed.

i. Vyacheslav Brikman

[108] As outlined above, an Order was issued on September 1, 2011, imposing sanctions against Brikman pursuant to sections 37 and 127 of the Act in respect of his conduct associated with Global Energy.

[109] Brikman testified that he first learned of Global Energy through a newspaper advertisement seeking salespersons. He was interviewed for the position at an office located at 2727 Steeles Avenue West, Toronto, by a person who identified herself as Julia Maxwell. He subsequently learned that Ms. Maxwell's real name was Chris or Christina, although he called her Julia or J.C. throughout his time at Global Energy.

[110] Brikman testified that he was hired as a salesperson, selling partnership units in oil exploration projects in Kentucky referred to as New Gold. While at Global Energy, Brikman sold partnership units in New Gold 8, New Gold 9 and New Gold 11.

[111] Brikman testified that as a salesperson, he took day-to-day direction from Julia. He testified that Julia instructed him to use an alias when dealing with potential investors, and Brikman used the name David Fine.

[112] Brikman testified that Julia provided him with a script containing information about projected oil production per well and the anticipated revenue to be generated by such production. He was instructed to inform potential investors that the proposed wells would, on average, continue to pump oil for 20 years.

[113] Brikman testified that Julia provided updates on the productivity of certain wells, with the expectation that the information would be passed-on to potential investors. He specifically recalled one instance when Julia returned from Kentucky and informed him that a certain well was producing 100 barrels a day. Julia also provided newspaper articles from local papers in Kentucky concerning the production at Global Energy's wells.

[114] Brikman testified that Julia instructed him to advise potential investors that he was calling from Kentucky.

[115] Brikman testified that he was paid commission for each new sale of a partnership unit (or a fraction thereof). He confirmed that the commissions were paid by cheque drawn from a bank account in the name of GVC. He further confirmed that he was paid $82,000 in commissions.

[116] Brikman testified that after he had sold a unit of New Gold, the investor's name and contact information would be provided to a "loader". Brikman explained that the loader would contact the investor and try to get them to purchase more partnership units. He testified that Julia was the only loader when he joined Global Energy, although Michael Schaumer also later worked as a loader. Brikman testified that when a loader sold additional units to a salespersons existing client, the salesperson would earn a residual commission. He testified that he earned residual commissions on some of Julia's sales to his existing clients.

j. Allan Walker

[117] As outlined above, an Order was issued on September 1, 2011, imposing sanctions against Walker pursuant to sections 37 and 127 of the Act in respect of his conduct associated with Global Energy.

[118] Walker testified that he worked as a salesperson at the Global Energy office in Toronto from August 2007 to June 2008. He testified that he learned about Global Energy from a friend and was introduced to a woman who identified herself as Julia Maxwell, VP Sales for Global Energy. Ms. Maxwell interviewed him for the position of salesperson, explaining that Global Energy was selling partnership units in an oil drilling program in Kentucky.

[119] Walker testified that Ms. Maxwell provided him sales training, including a script to use with potential investors. Ms. Maxwell also provided Walker with sample rebuttals to objections raised by potential investors. Walker testified that he was instructed by Julia Maxwell to use a pseudonym when dealing with potential investors. Walker used the name Alex Williams. He also testified that Ms. Maxwell instructed him to advise potential investors that he was calling from Lexington, Kentucky.

[120] Walker testified that he sold partnership units in programs called New Gold 8, New Gold 9 and New Gold 14. He received 19% commission on his sales, a fact that was not disclosed to potential investors. Walker's commissions were paid by GVC, a company he believed was owned by Tsatskin. Walker was paid a total of approximately $80,000 in commissions while at Global Energy.

[121] Walker was instructed to inform potential investors that the average production at the proposed wells would be between 40 and 120 barrels of oil per day. He was further instructed to advise potential investors that the wells would produce at that level, on average, for anywhere between 15 and 20 years. Investors were advised that they would receive monthly cheques representing the proceeds of the oil produced by the well. Investors were advised that the monthly cheques begin to arrive within 90 days of commencement of the drilling, and would provide a full return on the investment in as little as 24 months.

[122] Walker testified that it was not until the Commission had issued a cease trade Order against Global Energy that he learned that the name "Julia Maxwell" was actually an alias, and Ms. Maxwell's real name was Christina Harper.

k. Michael Schaumer

[123] As outlined above, an Order was issued on November 29, 2011, imposing sanctions against Schaumer pursuant to sections 37 and 127 of the Act in respect of his conduct associated with Global Energy.

[124] Schaumer testified that he was employed as a salesperson at Global Energy from June 2007 to June 2008. He first learned of Global Energy from an advertisement in the Sun newspaper. He was interviewed by a woman who identified herself as Julia or J.C. Maxwell. Ms. Maxwell advised him that Global Energy was looking for people to sell investments in oil wells in Kentucky.

[125] Schaumer testified that Ms. Maxwell, who he later came to know as Christina Harper, ran the sales room, which included handling customer relations, and organizing and supervising the sales staff. He testified that Ms. Maxwell provided him with a script to use when speaking with prospective investors.

[126] In addition to his dealings with Ms. Maxwell, Schaumer explained that he also had dealings with Tsatskin while at Global Energy. He believed Tsatskin was the owner of Global Energy. According to Schaumer, Tsatskin would provide day-to-day information about the productivity of the wells, and the sales staff would relay that information to prospective clients. Tsatskin also visited Kentucky and returned with information on specific wells and whether they were producing oil. Schaumer testified that Ms. Maxwell accompanied Tsatskin on some of his trips to Kentucky and she too would pass on information to the sales staff concerning production at the wells.

[127] Schaumer testified that Ms. Maxwell told him to use an alias when dealing with prospective investors. The name he used when dealing with prospective investors was Michael Simon.

[128] Schaumer testified that he told potential investors that Ms. Maxwell had 40 years of experience in the oil industry, when in fact he believed she had no such experience. He claims he made those false statements to create an image of Ms. Maxwell as the experienced matriarch of the company. He testified that both Tsatskin and Harper knew such false representations were being made to potential investors.

[129] Schaumer explained that he was involved in the sale of units of New Gold 8 through New Gold 17. He was paid a commission on each new sale. He also earned a commission when he sold additional units to his existing clients, a process Schaumer described as "loading". He did not advise potential clients that he earned commission on each new investment. In total, Schaumer was paid $255,272 in commission by GVC plus approximately US$384,000 directly from American Oil and Gas Resources, at Tsatskin's direction, for commissions and the generation of leads and prospective clients.

2. Evidence obtained by Staff through the execution of search warrants

a. Anderson, Staff Investigator

[130] Mr. Anderson is an Investigator with the Commission. He was assigned to investigate Global Energy in the spring of 2008, following the referral by the Commonwealth of Kentucky Division of Securities of several inquiries by Canadian investors concerning investments they had made in Global Energy. Mr. Anderson determined that Global Energy was conducting operations from offices at 2727 Steeles Avenue West, Toronto.

[131] On June 25, 2008, Mr. Anderson oversaw the execution of a search warrant on three units at 2727 Steeles Avenue West. Staff seized computer systems and numerous documents which provided the identities of the people who worked at Global Energy.

[132] During the search, Staff became aware of an additional Global Energy office at 29 Tandem Road in Concord. Staff immediately went to that address, where they found Tsatskin and Mark Grinshpun loading a box of documents into a car. Staff obtained an additional warrant, and conducted a search of the Tandem Road offices later that day. Staff seized further computers and documents from the Tandem Road office.

[133] The computer systems seized by Staff were turned over to Deloitte where Mr. Fotheringham conducted an analysis of the contents. From the computer hard drives, Staff obtained additional documents pertaining to the operations of Global Energy.

[134] Mr. Anderson obtained banking records from several individuals and entities involved with Global Energy. Based on his analysis of the banking records, Mr. Anderson testified that between June 14, 2007 and June 17, 2008, the following funds were transferred from an account in the name of American Oil and Gas Resources to persons or entities involved in this proceeding:

US$2,891,000.00	to account in the name of GVC;
US$902,000.00	to an account in the name of Global Energy Group in the Bahamas
US$396,119.65	to accounts in the name of IPI; and
US$384,030.00	to accounts in the name of Michael Schaumer or members of his family.

[135] Mr. Anderson acknowledged that his evidence with respect to the amount received by IPI from American Oil and Gas Resources differs from the evidence of Mr. Harlan of the Kentucky Division of Securities. Mr. Anderson explained that in his review of IPI's banking records he was unable to account for a transfer of US$25,000.00 which Mr. Harlan testified was made on October 2, 2007. As a result, Mr. Anderson did not include that amount in his total of the funds transferred to IPI from American Oil and Gas Resources, which roughly accounts for the discrepancy between his evidence and that of Mr. Harlan.

[136] Based on his review of the banking records, as well as documents seized by Staff at the offices of Global Energy, Mr. Anderson testified that the following payments were made from accounts in the name of GVC to individuals or entities who are, or were, respondents to proceedings before the Commission with respect to their activities with Global Energy :

$145,384.49	to Tsatskin or members of his family
$233,693.84	to Harper and IPI
$255,272.40	to Schaumer
$313,461.61	to entities controlled by Howard Rash or members of his family
$288,407.67	to entities controlled by Feder
$156,152.52	to Pasternak
$114,186.69	to Silverstein or a corporation controlled by Silverstein
$91,509.02	to Groberman
$82,521.76	to Walker
$82,748.34	to Brikman
$64,343.29	to Bayovski
$45,736.33	to Cohen
$11,700.00	to Robinson
$10,532.27	to Shiff
==========	
$1,895,650.23	**Total**

[137] Mr. Anderson reviewed numerous payments made from accounts held by GVC to third party contractors providing services to GVC related to the activities of Global Energy.

[138] Mr. Anderson testified that US$902,000.00 was transferred from the American Oil and Gas accounts to an account in the name of Global Energy at the First Caribbean International Bank, Bahamas. Mr. Harlan had earlier testified that he could not

find any other accounts in the name of Global Energy. Mr. Anderson testified that all the royalty cheques distributed by Global Energy were drawn from that Global Energy account in the Bahamas.

[139] Mr. Anderson filed certificates issued under section 139 of the Act certifying that the records of the Commission disclose that the following entities are not and have never been registered as reporting issuers in the province of Ontario, nor have they filed prospectuses with the Commission with respect to any offerings:

> Global Energy Group, Ltd.; Global Energy Group; New Gold #8, LLP; New Gold #9, LLP; New Gold #10, LLP; New Gold #11, LLP; New Gold #12, LLP; New Gold #14, LLP; New Gold #15, LLP; New Gold #16, LLP; New Gold #17, LLP; New Gold #18, LLP; New Gold #20, LLP; and New Gold #21, LLP

[140] Mr. Anderson further testified that no exempt offerings have ever been filed with the Corporate Finance Branch of the Commission with respect to the New Gold Limited Partnerships.

[141] Mr. Anderson filed certificates issued under section 139 of the Act certifying that there is no record of the following persons having been registered under the Act:

> Vadim Tsatskin, Christina Harper, Eliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Nikola Bajovski and Andrew Shiff

[142] Mr. Anderson filed a certificate issued under section 139 of the Act certifying that the records of the Commission indicate that Peter James Robinson was registered as a salesperson under the category of securities dealer with Gordon-Daly Grenadier Securities from May 1, 1989 to January 8, 1992.

[143] Mr. Anderson filed a certificate issued under section 139 of the Act certifying that the records of the Commission indicate that Vyacheslav (Steve) Brikman was registered as a salesperson under the category of mutual fund dealer with CIBC Securities Inc. from February 1, 1994 to March 13, 1995.

[144] Mr. Anderson filed a certificate issued under section 139 of the Act certifying that the records of the Commission indicate that Michael Schaumer was registered as a salesperson under the category of securities dealer with Pacific Rim Container Sales Ltd. from July 24, 1989 to December 27, 1989.

[145] Mr. Anderson filed a certificate issued under section 139 of the Act certifying that the records of the Commission indicate that Allan Walker was registered as a salesperson under the category of securities dealer with Marchment & Mackay Limited from August 15, 1995 to July 30, 1999.

[146] Mr. Anderson referred the Panel to several documents seized by Staff during the execution of the search warrants on the offices of Global Energy, including documents retrieved from the computer hard drives seized on the premises. One of the documents referred to by Mr. Anderson was an e-mail identified as being from J.C. Maxwell, Executive V.P., which was sent to numerous e-mail addresses on August 3, 2007. The subject line of the letter reads “Welcome to the Global Energy Group Limited”. The text of the e-mail reads, in part:

> Welcome to the Global Energy Group Limited and the new gold standard in oil and gas drilling programs offering above average returns.
>
> We formed the Global Energy Group Limited five years ago to position ourselves to take advantage of the unique opportunity that presented itself in the resource rich Appalachian Basin oil and gas sector.
>
> Our experienced management and technical teams have been making the most of the opportunity and we are proud to say that 2006 was another successful year executing our strategy. The first quarter of 2007 is proving to be our best and highest production in the field to date ...

[147] The August 3, 2007 e-mail is substantively similar to a letter provided to the Panel by Investor #1. The letter, dated October 30, 2007, is written on Global Energy letterhead and bears a signature over the name “J.C. Maxwell, Executive Vice-President”. The letter reiterates verbatim the information in the first three paragraphs of the August 3, 2007, e-mail.

[148] Mr. Anderson filed a Corporation Profile Report dated March 6, 2008, for Ontario Corporation Number 1737572 with the corporation name International Portfolio Investments Inc. The Report lists Christina Harper as the only Director of the corporation. He also provided banking records from HSBC Canada and RBC Canada relating to accounts in each of those institutions held in name of International Portfolio Investments Inc. The signature forms for each account show Harper is the only person with signing authority on these accounts.

[149] Staff filed copies of digital audio recordings found on the computers seized by Staff during the execution of the search warrants on the Global Energy offices in Toronto. The recordings were made by Tsatskin, a fact that Tsatskin admitted in the Statement of Facts in a Guilty Plea filed with the court in his criminal prosecution.. The recordings were contained in digital audio files, each with a distinct file name that appears to reflect the date and time of the recording.

[150] Mr. Anderson played recordings of several calls during the hearing. The callers identify themselves in the calls as "J.C. Maxwell", "Nick Bay", "Mark Roberts", "Michael Simon", "Scott Leno", "Bruce", "Nathan Winfield" and "Andrew". In the recordings, the callers appear to be either selling units of New Gold programs to potential investors or addressing concerns raised by existing investors.

[151] Mr. Anderson filed the following documents seized by Staff from the Global Energy offices in Toronto:

(i) A hand-written list of names under the heading "The Big Boys" which reads:

Slava – David Fine
Alex – Alex Williams
Alan – Eric Anderson
Ed – Richard Steele
Michael – Mike Simon
Elliot – Mark Roberts
Howard – David Wells
Nick – Nick Bay
Bruce – Scott Leno

(ii) A hand-written list of names which includes the names:

"Nick Bay → Nick Bayovski"; and
"Scott Leno → Bruce Cohen";

(iii) A series of hand-written notes with various dates, each with the title "Commissions". The notes list amounts under various names that include "Terry Jones", "Nick Bay", "Bruce Leno", "Scott Leno", "Bruce Cohen", "IPI Inc.", "Herbie" and "Herbert Groberman";

(iv) An invoice dated December 21, 2007, from Nick Bayovski to GVC Marketing Ltd. in the amount of $6248.97 for "Marketing Services". Mr. Anderson testified the banking records of GVC indicate that on December 21, 2007, a cheque in the amount of $6248.97 was drawn on the GVC bank account in favour of "Nick Bayovski";

(v) A signature card and customer information print-out from the Bank of Nova Scotia, in respect of an account in the name of "Nikola Bajovski". The GVC banking records obtained by Staff indicate that most of the cheques written to "Nick Bayovski" were deposited into the account at Bank of Nova Scotia in the name of "Nikola Bajovski";

(vi) A "Customer Information Enquiry" obtained from the Toronto Dominion Bank, providing details of an account at a branch of the TD Bank in Toronto in the name of "Bruce Cohen". The GVC banking records obtained by Staff indicate that most of the cheques written to Cohen were deposited into this account;

(vii) A series of e-mails from Harper to Bryan Coffman seeking confirming Coffman's receipt of investor funds, including funds related to purchases made by Investor #5;

(viii) A memorandum to "All Staff" from "J.C. Maxwell" dated May 29, 2007 with the subject line "Leads". The memorandum reads:

Here is a quick list of companies or businesses we do not call. There may be a few leads in our database.

Please disqualify these leads on your desktop if they appear.

Accountants
Advertising Agencies
Banks
Brokerage
Insurance
Investment Companies
Lawyers

Media
Publishers
Radio Stations
Television Stations
Any level of Government

Thank you

Julia

b. Cory Fotheringham, Forensic Investigator

[152] Cory Fotheringham, a forensic investigator with Deloitte gave evidence with respect to the continuity of the evidence seized by Staff. Deloitte was hired by the OSC on August 11, 2008, to provide support with respect to material seized during the investigation.

[153] Mr. Fotheringham testified that Staff provided Deloitte with forensic images of 56 computers/hard drives seized in the searches of 2727 Steeles Ave. W. and 29 Tandem Rd. Deloitte analysed the images and, once those images were verified as exact copies of the originals, Deloitte analysed them and advised the OSC of the contents (with reference to key words provided by the OSC). Mr. Fotheringham explained that he only worked from the copies of the hard drives which had been verified as perfect copies of the originals.

[154] Mr. Fotheringham testified that during his analysis of the contents of the hard drives, he did not alter any of the data files, documents, e-mails or digital audio files contained on the hard drives. He further testified that Deloitte did not alter the names assigned to any of the digital files contained on the hard drives. Mr. Fotheringham made particular reference to the names assigned to the digital audio files. He explained that these file names contain the names of some of the Respondents in this matter. Mr. Fotheringham testified that those file names existed on the hard drives that were seized by Staff, and were not altered by himself or anyone else at Deloitte.

[155] Throughout the hearing, Staff filed documents as exhibits that were obtained from the hard drives seized during the search. None of the Respondents took issue with the authenticity of the documents seized during the search.

C. EVIDENCE FROM COMPELLED TESTIMONY

1. Tsatskin

[156] Staff read into the record evidence given by Tsatskin during a compelled examination conducted on October 29, 2009. The Panel informed Staff that Tastskin's compelled evidence would only be considered with respect to the allegations against Tsatskin, and would be given no weight as evidence against any of the other respondents. The relevant portions of the compelled evidence is as follows:

(i) Tsatskin stated that Faina Tsatskin is his mother;

(ii) Tsatskin stated that Alexandre Tsatskin ("Alexandre"), who is listed as the President of GVC Marketing Inc. on the Corporation Profile Report for that corporation, is Tsatskin's father. Tsatskin stated that that Alexandre was President in name only, while he, Harper and Bryan Coffman were actually responsible for the operation of GVC Marketing Inc.;

(iii) Tsatskin stated that there was no New Gold #1 LLP through New Gold #7 LLP. He explained that Global Energy started with New Gold #8 strictly for marketing purposes;

(iv) Tsatskin explained that monthly royalty cheques were prepared in the Bahamas, based on information provided by the Global Energy offices in Toronto, and forwarded by Arthur Chase to Global Energy's offices in Toronto for distribution to investors; and

(v) Tsatskin stated that Global Energy had no tanker trucks to transport oil.

2. Harper

[157] Staff read into the record evidence given by Harper during a compelled examination conducted on August 10 and 11, 2009. The relevant portions of the evidence are as follows:

(i) Harper stated that she met Tsatskin in December 2006 at offices located at 2727 Steeles Avenue West, in Toronto. She began working at Global Energy in January 2007;

(ii) Harper stated that she used the names J.C. Maxwell and Julia Maxwell while working at Global Energy, and referred to her position as "Executive Vice-President";

(iii) Harper assisted in running the office and conducted some sales activities;

(iv) Harper received 5% "override" on all sales at Global Energy until approximately December 2007. She explained that the "override" was compensation for her work in "setting up" the sales operations and "being present in the room if anybody needed to ask any questions";

(v) Harper stated that her duties included passing information from Tsatskin concerning the operations in Kentucky on to the salespersons;

(vi) Harper stated that she was aware that the sales staff were using aliases when dealing with investors and potential investors;

(vii) Harper stated that she was aware that Tsatskin was recording all the calls made from the Global Energy offices;

(viii) Harper confirmed that, for part of her time at Global Energy, she kept track of the sales made by the salespersons and the commissions payable as a result of those sales;

(ix) Harper confirmed that International Portfolio Investments, which is also referred to as merely "IPI", is a corporation that she created;

(x) Harper stated that as early as December 2007 she had concerns that the initial returns from the wells were far lower than the returns represented to the investors;

(xi) Harper sent an e-mail on February 7, 2008, under the name J.C. Maxwell, Executive V.P., to Investor #4, stating that one of Global Energy's wells had produced gross revenue of US$427,692.44 in the month of November 2007;

(xii) Harper confirmed that one of the voices on one of the recorded sales calls was her voice, although the evidence does not indicate which recording or recordings Harper was played during the examination; and

(xiii) Harper stated that she met and had discussions with Investor #4 and his brother in Kentucky. She stated that her meeting and discussions with Investor #4 took place immediately after the investor had met with Gary Milby in the oil fields in Green County, Kentucky.

3. Groberman

[158] Staff read into the record evidence given by Groberman during a compelled examination conducted on August 24, 2009. The relevant portions of the evidence are as follows:

(i) Groberman worked as a salesperson at Global Energy for 6 to 8 months;

(ii) Groberman was hired following an interview with both Harper and Tsatskin;

(iii) Groberman sold interests in oil well drilling programs based in Kentucky. His sales were conducted over the telephone, predominantly to investors in Saskatchewan, Alberta and British Columbia. He was provided with a sales "pitch" which directed him to advise potential investors, depending on the amount of oil produced, they would receive substantial returns;

(iv) Groberman was paid a commission for each sale. His commission cheques were drawn on an account under the name "GVC Marketing Inc.";

(v) Groberman used the alias "Terry Jones" when dealing with investors or potential investors; and

(vi) Groberman stated that persons calling Global Energy's offices in Toronto would have thought they were calling Kentucky because the office phone number was a local Kentucky phone number.

V. ANALYSIS AND FINDINGS

A. DID THE RESPONDENTS TRADE IN SECURITIES CONTRARY TO SUBSECTION 25(1)(A)?

[159] Staff submits that the Respondents traded in securities without being registered, contrary to subsection 25(1)(a) of the Act.

[160] Harper submits that she believed that the New Gold securities were exempt securities that would be properly registered in Kentucky.

[161] Shiff submits that he was not aware that anything he did while working at Global Energy was unlawful in any way.

1. The Law

[162] Subsection 25(1)(a) of the Act prohibits trading in securities without being registered. At the material time, subsection 25(1)(a) read as follows:

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

[163] Under subsection 1(1) of the Act, a "trade" in securities includes:

> (a) any sale or disposition of a security for valuable consideration, whether the terms of payment be on margin, instalment or otherwise, but does not include a purchase of a security or, except as provided in clause (d), a transfer, pledge or encumbrance of securities for the purpose of giving collateral for a debt made in good faith,
>
> …
>
> (e) any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of any of the foregoing.

2. Findings and Analysis

[164] The following are our findings regarding breaches of subsection 25(1)(a) of the Act based on the evidence presented at the hearing.

[165] We find that between June 2007 and June 2008, the Respondents, acting on behalf of Global Energy, sold units purporting to be limited liability partnership units in oil drilling programs based in Lexington, Kentucky, to members of the public from offices located in Toronto. Each drilling program was marketed as a separate limited liability partnership consisting of thirty (30) partnership units. There were sixteen limited liability partnerships with names ranging from New Gold #8 LLP through New Gold #24 LLP. Investors could purchase full or part (¼ or ½) units. Investors were advised that each unit, or part thereof, would constitute a registered interest in the oil wells, and would entitle the owner to a share of the oil revenues generated by the wells.

[166] We find that the partnership units were documents constituting evidence of an interest in the royalties generated by the New Gold drilling programs, and therefore constituted securities for the purposes of subsection 1(1) the Act.

[167] None of the Respondents has ever been registered with the Commission in any capacity, and as discussed below, no registration exemptions were available to the Respondents.

a. Global Energy

[168] We find that US$16,197,125.02 of Investor funds was obtained through the Global Energy investment scheme through the sale of New Gold partnership units. The sales operations were conducted from offices in Toronto. The Investor funds were collected, at the direction of Global Energy, in the American Oil and Gas accounts in Lexington, Kentucky controlled by Bryan Coffman. Approximately US$4,000,000 was transferred from the American Oil and Gas accounts to the benefit of the Respondents to this proceeding. These funds are addressed in the paragraphs below. Mr. Coffman also transferred in excess of US$11,000,000 of the Investor funds in the American Oil and Gas Accounts to other accounts in his name, his wife's name, or in

the names of other individuals or entities who are not respondents in this proceeding. Staff has provided no evidence as to who ultimately received those Investor funds.

b. Tsatskin

[169] There is no evidence that Tsatskin directly conducted sales of New Gold partnership units, however we find that Tsatskin engaged in the following conduct which constituted acts in furtherance of trades of New Gold partnership units:

(i) Tsatskin provided direction and supervision to sales staff who sold New Gold partnership units to members of the public;

(ii) Tsatskin participated in hiring of sales staff, particularly Groberman; and

(iii) Tsatskin oversaw the distribution of commissions to sales staff through GVC, a corporation which he controlled.

[170] We find that the following amounts of Investor funds were transferred from the American Oil and Gas accounts to accounts controlled by or for the benefit of Tsatskin:

GVC	US$2,891,000
Global Energy Group (Bahamas)	US$902,000
Faina Tsatskin	US$439,000

[171] Based on his compelled testimony, we find that Tsatskin effectively controlled GVC, although his father was the nominal director and officer of the corporation. We therefore find that investor funds transferred to GVC (US$2,891,000.00) were effectively controlled by Tsatskin. The funds were used by Tsatskin to fund the Global Energy sales operations in Toronto, including the payment of commissions.

[172] We find that the following amounts of Investor funds were paid out from the GVC account:

$233,693.84	to Harper and IPI
$255,272.40	to Schaumer
$288,407.67	to entities controlled by Feder
$156,152.52	to Pasternak
$114,186.69	to Silverstein or a corporation controlled by Silverstein
$91,509.02	to Groberman
$82,521.76	to Walker
$82,748.34	to Brikman
$64,343.29	to Bayovski
$45,736.33	to Cohen
$11,700.00	to Robinson
$10,532.27	to Shiff
==========	
$1,436,804.13	**Total**

[173] In addition to the amounts listed in the paragraph above, Staff allege that $313,461.61 was transferred from the GVC account to accounts in the entities controlled by Howard Rash or members of his family. Mr. Rash is not a party to this proceeding, but he is the subject of other proceedings before the Commission arising from his alleged conduct in connection with Global Energy. Without making any determination as to the conduct of Mr. Rash, or even whether Mr. Rash actually obtained the funds allegedly transferred to him by GVC, we find that $313,461.61 was transferred from the GVC account to an account which was not controlled by Tsatskin.

[174] We find that Faina Tsatskin played no role in the operations, management of financing of Global Energy. Therefore there is no reasonable explanation for the payment of $439,000.00 from the American Oil and Gas accounts to Faina Tsatskin other than the fact that she is Tsatskin's mother. We conclude that the payment to Faina Tsatskin was, in essence, a gift of Investor funds conferred by Tsatskin on his mother for which Tsatskin should be held accountable

[175] We find that US$902,000 in Investor funds was transferred to an account in the name of Global Energy Group in the Bahamas. The only Global Energy Group bank account identified in the evidence before us is the account at the First Caribbean International Bank in the Bahamas. This was the account from which the royalty cheques submitted by Investor #4 and Investor #5 were drawn. Unfortunately, Staff provided no banking records with respect to this account, so we do not know who had signing authority. The signatures on the royalty cheques submitted by the Investor witnesses were illegible. However, we may conclude from Tsatskin's compelled testimony that the account was effectively controlled by the directing minds of Global

Energy, because the royalty cheques were prepared at the direction of Global Energy staff in Toronto. For reasons set out below, we find the directing minds of Global Energy were Tsatskin and Harper. Regrettably, Staff did not provide an accounting of the royalty cheques written on this account, so we are unable to determine how much of the Investor funds were returned to investors as royalties and how much, if any, was effectively taken by Tsatskin and Harper.

c. Groberman

[176] Groberman admitted in his compelled testimony that he actively participated in the sale of New Gold partnership units on behalf of Global Energy using the alias Terry Jones. Groberman further admitted that he received commission on his sales of New Gold securities, and that the commissions were paid by GVC.

[177] Groberman's name, and the corresponding alias "Terry Jones", appear on sales records seized by Staff at the offices of Global Energy. Furthermore, banking records obtained by Staff show that Groberman received $91,509.02 directly from GVC.

d. Bajovski

[178] The sales records seized by Staff during the search of the offices of Global Energy contain references to a sales representative by the name "Nick Bayovski". However, the banking records obtained by Staff show that the commission payments made to "Nick Bayovski" were deposited into an account in the name of "Nikola Bajovski".

[179] On the basis of the evidence presented by Staff, we find that "Bayovksi" and "Bajovski" are the same person. We further find that Bajovski actively participated in the sale of New Gold partnership units on behalf of Global Energy using the alias Nick Bay. We find that Bajovski obtained $64,343.29 from GVC in respect of his sales activities at Global Energy.

e. Cohen

[180] The evidence shows that Cohen actively participated in the sale of New Gold partnership units on behalf of Global Energy using the alias Scott Leno. His name, and the corresponding alias, appears on sales records seized by Staff at the offices of Global Energy. Furthermore, banking records obtained by Staff show that Cohen received funds directly from GVC. We find that the funds transferred by GVC to Cohen were commissions paid by Global Energy in respect of Cohen's sales of New Gold securities. We find that Cohen obtained $45,736.33 from GVC in respect of his sales activities at Global Energy.

f. Shiff

[181] The evidence shows that Shiff actively participated in the sale of New Gold partnership units on behalf of Global Energy using the alias Andrew Winfield. Furthermore, banking records obtained by Staff show that Shiff received funds directly from GVC. We find that the funds transferred by GVC to Shiff were commissions paid by Global Energy in respect of Shiff's sales of New Gold securities. We find that Shiff obtained $10,532.27 from GVC in respect of his sales activities at Global Energy.

[182] In his brief closing submissions, Shiff stated that he had no knowledge that his activities at Global Energy were contrary to Ontario securities law. For the purposes of the allegations against Shiff, subjective knowledge of wrong-doing is not a material consideration.

g. Harper

[183] We have given no weight to Harper's submission that she believed the New Gold securities were exempt and would be properly registered in Kentucky by Mr. Coffman. There is no evidence before the Panel to support these submissions. Furthermore, Harper did not submit to cross-examination during the hearing, and therefore the veracity of her claims with respect to whether she believed the securities were exempt has not been properly tested in this proceeding.

[184] We find that Harper actively participated in the sale of New Gold partnership units on behalf of Global Energy using the alias J.C. Maxwell. The evidence shows that Harper had direct contact with many investors, including Investor #1, Investor #2 and Investor #4.

[185] Harper's name, and her corresponding alias J.C. Maxwell, appears on sales records seized by Staff at the offices of Global Energy. In her compelled testimony, Harper admitted to earning 5% commission (which she referred to as an "override") on all sales of New Gold until approximately December 2007.

[186] We further find that Harper engaged in the following conduct which constituted acts in furtherance of trades of New Gold partnership units:

(i) Harper hired sales staff to sell New Gold partnership units to members of the public;

(ii) Harper provided direction and supervision to sales staff who sold New Gold partnership units to members of the public; and

(iii) Harper kept track of the sales made by the salespersons and the commissions payable as a result of those sales.

[187] Based on the banking records obtained by Staff, we find that American Oil and Gas Resources Inc. transferred US$396,119.65 from the American Oil and Gas accounts to an account in the name of IPI. We find that Harper controlled IPI and had signing authority over the bank account into which the Investor funds were transferred.

[188] We further find that GVC transferred to Harper, either personally or through IPI, a further $233,693.84. These funds represent Investor funds which can be traced from GVC back to the American Oil and Gas accounts.

3. Conclusion

[189] Based on the evidence discussed above, we conclude that all of the Respondents breached subsection 25(1)(a) of the Act by trading in securities of New Gold without registration and, for reasons outlined below, where no exemptions to registration apply.

B. DID THE RESPONDENTS ENGAGE IN DISTRIBUTIONS OF SECURITIES WITHOUT A PROSPECTUS, CONTRARY TO SUBSECTIONS 53(1)?

[190] Staff submits that the sale of New Gold partnership units constituted distributions of securities without a preliminary prospectus being filed and receipts obtained from the Director, contrary to subsection 53(1) of the Act.

[191] As stated above with respect to the issue of registration, Harper submits that she believed that the New Gold securities were exempt securities that would be properly registered in Kentucky by Mr. Coffman.

1. The Law

[192] Subsection 53(1) of the Act prohibits distributions of securities where no prospectus has been filed. It states:

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

[193] Subsection 1(1) of the Act defines "distribution" as follows:

> **"distribution"**, where used in relation to trading in securities, means:
>
> (a) a trade in securities of an issuer that have not been previously issued;
>
> …

[194] Therefore, for a breach of subsection 53(1), there must be a trade in securities of an issuer that have not been previously issued, and no filing of the preliminary prospectus and prospectus with the Commission.

[195] The prospectus requirement is essential in protecting investors. In *Jones v. F.H. Deacon Hodgson Inc.* (1986), 9 O.S.C.B. 5579 (H.C.), the court stated: "There can be no question but that the filing of a prospectus and its acceptance by the Commission is fundamental to the protection of the investing public who are contemplating purchase of the shares" (as quoted in *Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727 at 1741). The prospectus requirement is integral to ensuring that prospective investors have sufficient information to ascertain the risk level of their investment and to make informed investment decisions (*Re First Global Ventures S.A.* (2007) 30 O.S.C.B.10473 at 10491).

2. Findings and Analysis

[196] We concluded in the previous section that all the Respondents traded in New Gold partnership units which constituted securities for the purposes of the Act.

[197] No prospectus or preliminary prospectus was ever filed with the Commission by Global Energy. There is no evidence that any investors were provided with a copy of a New Gold prospectus.

[198] We have given no weight to Harper's submission that she believed the securities were exempt and would be properly registered in Kentucky by Mr. Coffman. There is no evidence before the Panel to support these submissions. Furthermore, Harper did not submit to cross-examination during the hearing, and therefore the veracity of her claims with respect to whether she believed the securities were exempt has not been properly tested in this proceeding.

3. Conclusion

[199] All the Respondents traded in New Gold securities which we find had not been previously issued, for which no prospectus was issued and which, for reasons outlined below, did not qualify for any exemptions to the prospectus requirements. We therefore conclude that all the Respondents breached subsection 53(1).

C. WERE ANY REGISTRATION OR PROSPECTUS EXEMPTIONS AVAILABLE?

[200] Staff submit that the onus for proving the availability of an exemption from the registration and prospectus requirements of the Act lie with the Respondents. Staff submits that the Respondents have failed to demonstrate that any such exemptions would apply to the sale of New Gold partnership units.

1. The Law

[201] National Instrument 45-106 – *Prospectus and Registration Exemptions* ("**NI 45-106**") provides exemptions to the registration and prospectus requirements of the Act if certain conditions are met.

[202] Section 2.3 of NI 45-106 provides an exemption to the subsection 25(1)(a) and subsection 53(1) requirements for trades in a security if the purchaser is an "accredited investor" and is purchasing the security as principal.

[203] "Accredited investor" is defined in section 1.1 of NI 45-106:

> "accredited investor" means
>
> …
>
> (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000,
>
> (k) an individual whose net income before taxes exceeded $200 000 in each of the 2 most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300 000 in each of the 2 most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
>
> (l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000,
>
> …

[204] The Commission noted in *Limelight*, *supra* at paragraph 142 that once Staff has shown that the respondents have traded without registration and distributed securities without a prospectus, the onus shifts to the Respondents to prove an exemption was available to them in the circumstances.

2. Findings and Analysis

[205] There was no evidence led by the Respondents with respect to the availability of any exemptions to the registration and prospectus requirements in the Act. The only evidence before the Panel relevant to the question of exemptions is found in the questionnaires completed by the investors and returned to Global Energy with the subscriptions agreements. One of those questionnaires, completed by Investor #2, indicated that the investor is an accredited investor. Section 2.3 of NI 45-106 provides an exemption to the subsection 25(1)(a) and subsection 53(1) requirements for trades in a security if the purchaser is an "accredited investor " and is purchasing the security as principal. The indication on a single questionnaire that an investor is "accredited" is insufficient evidence on which to base a finding of an exemption. In addition, the evidence indicates that no exempt offerings have ever been filed with the Corporate Finance Branch of the Commission with respect to New Gold partnership units.

[206] The registration and prospectus requirements in the Act are meant to protect investors by ensuring they have adequate information pertaining to their investments, particularly with respect to any risks associated with those investments. Rather than

having been provided with adequate disclosure through a prospectus, the New Gold investors were given false and misleading information about what would be done with the funds they invested.

[207] Under section 6.1 of NI 45-106, issuers must file reports of any exempt distributions with the Commission within 10 days of the distribution. There is no evidence of any such filings in this case.

[208] Given the evidence, we find that the Respondents did not meet the burden of showing that any exemption, including the accredited investor exemption, was available.

3. Conclusion

[209] We conclude that no exemptions to the registration or prospectus requirements under Ontario securities law were available to the Respondents.

D. DID GLOBAL ENERGY, TSATSKIN AND HARPER ENGAGE IN ACTS, PRACTICES OR COURSES OF CONDUCT RELATING TO SECURITIES THAT THEY KNEW OR REASONABLY OUGHT TO HAVE KNOWN PERPETRATED A FRAUD, CONTRARY TO SECTION 126.1(B) OF THE ACT?

[210] Staff submit that Global Energy, Tsatskin and Harper engaged in conduct that they knew, or reasonably ought to have known, perpetrated a fraud on Global Energy investors, including the following:

(i) Although only formed in 2007, Global Energy was held out to be a successful company in existence for five years;

(ii) The New Gold series of partnerships began with New Gold #8 to imply prior success with previous oil wells;

(iii) The success rate in striking oil was grossly overstated at 70-80%;

(iv) Arthur Chase was held out as the President and Managing Director of Global Energy, despite having no involvement in its operations and no experience in the oil and gas business;

(v) The New Gold partnerships were never registered despite representations to the contrary;

(vi) Members of the public were told that the representatives of Global Energy were calling from Kentucky when in fact they were calling from Toronto;

(vii) The return on investment, in the form of royalty cheques, was grossly overstated by representatives of Global Energy;

(viii) The amount and duration of production of oil was grossly overstated;

(ix) They told investors that their funds would be held in escrow, knowing this was not true;

(x) The majority of funds from investors were ultimately transferred into accounts controlled by the Respondents despite representations that the funds would be used for operation purposes only; and

(xi) Investors suffered substantial losses.

[211] Staff submit that Tsatskin and Harper had knowledge of the fraud underlying the sale of New Gold Securities to the public, as evidenced by the following:

(i) Tsatskin and Harper provided the representatives of Global Energy with false information to relay to members of the public;

(ii) Neither Tsatskin nor Harper had any experience in the oil business, contrary to what was stated to investors;

(iii) Tsatskin established Global Energy;

(iv) Tsatskin arranged for the virtual office of Global Energy in Kentucky;

(v) Tsatskin controlled the bank account from which the sales staff was paid;

(vi) Harper established the sales office of Global Energy and trained and hired the staff;

(vii) Harper used an alias when contacting members of the public and investors;

(viii) Harper played a significant role in creating the Global Energy website and promotional materials;

(ix) Harper provided the staff with scripts to use when contacting members of the public and instructed them to use aliases and to tell members of the public that they were calling from Kentucky;

(x) Harper communicated directly with New Gold investors to solicit additional investments and repeatedly misrepresented Global Energy's business history; and

(xi) Harper handled investor complaints, and tracked sales and commissions.

[212] Harper submits that she was deceived by Tsatskin, Mr. Coffman and Mr. Milby with respect to the operations of Global Energy in Kentucky. She asked that the allegations against her be dismissed.

1. The Law

[213] The basis for an allegation of fraud involving securities is found under subsection 126.1(b) of the Act, which states:

> **126.1 Fraud and market manipulation** – A person or company shall not, directly or indirectly, engage or participate in any act, practice or course of conduct relating to securities or derivatives of securities that the person or company knows or reasonably ought to know,
>
> …
>
> (b) perpetrates a fraud on any person or company.

[214] "Fraud" is not a defined term in the Act,. In *Re Al-Tar Energy Corp.* (2010), 33 O.S.C.B. 5535 ("***Al-Tar***"), the Commission adopted the British Columbia Court of Appeal's interpretation of the substantially identical fraud provision in the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418, as amended in *Anderson v. British Columbia (Securities Commission)*, 2004 BCCA 7 ("***Anderson***"), leave to appeal denied by the Supreme Court ([2004] S.C.C.A. No. 81).

[215] The British Columbia Court of Appeal approach to the legal test for securities fraud as set out in *Anderson* was adopted in *Re Capital Alternatives Inc.*, 2007 ABASC 79, which was affirmed in *Alberta (Securities Commission) v. Brost*, [2008] A.J. No. 1071 (C.A.).

[216] The decision in *Anderson* reviews the legal test for criminal fraud found in *R. v. Théroux*, [1993] 2 S.C.R. 5 ("***Théroux***"). In *Théroux*, Justice McLachlin (as she then was) summarized the elements of fraud at paragraph 27:

> … the *actus reus* of the offence of fraud will be established by proof of:
>
> 1. the prohibited act, be it an act of deceit, a falsehood or some other fraudulent means; and
>
> 2. deprivation caused by the prohibited act, which may consist in actual loss or the placing of the victim's pecuniary interests at risk.
>
> Correspondingly, the *mens rea* of fraud is established by proof of:
>
> 1. subjective knowledge of the prohibited act; and
>
> 2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).

[217] The British Columbia *Securities Act* fraud provision is substantially similar to subsection 126.1(b) of the Act. The British Columbia Court of Appeal, in addressing the application of the fraud provision in *Anderson* at paragraph 26, states that:

> … s.57(b) does not dispense with proof of fraud, including proof of a guilty mind. … Section 57(b) simply widens the prohibition against participation in transactions to include participants who know or ought to know that a fraud is being perpetrated by others, as well as those who participate in perpetrating the fraud. It does not eliminate proof of fraud, including proof of subjective knowledge of the facts constituting the dishonest act, by someone involved in the transactions.

[218] The British Columbia Court of Appeal's decision in *Anderson* also addressed the standard of proof for securities fraud in the regulatory context:

> Fraud is a very serious allegation which carries a stigma and requires a high standard of proof. While proof in a civil or regulatory case does not have to meet the criminal law standard of proof beyond a reasonable doubt, it does require evidence that is clear and convincing proof of the elements of fraud, including the mental element.
>
> (*Anderson*, *supra* at paragraph 29)

[219] Our interpretation of subsection 126.1(b) of the Act is consistent with the decisions referred to above and the Commission's decision in *Al-Tar*.

[220] For a corporation, it is sufficient to show that its directing minds knew that the acts of the corporation perpetrated a fraud to prove a breach of subsection 126.1(b).

2. Findings and Analysis

[221] The following facts were admitted by Tsatskin in the "Statement of Facts for Guilty Plea" and were subsequently proven through the evidence presented by Staff at the hearing:

(i) The individual partner's units of ownership in the well projects were never registered in the Commonwealth of Kentucky, despite representations in the Subscription Agreement to the contrary;

(ii) Investors were told that Arthur Chase had a long history of successful drilling in the oil and gas industry. This was false;

(iii) Global Energy salespersons used aliases when selling New Gold securities;

(iv) Investors were misled as to the true ownership and control of Global Energy;

(v) Investor funds from the numerous series of New Gold Limited Liability Partnerships were comingled despite representations in the Subscription Agreement that the funds would be held in individual escrow accounts and used for the purpose of a specific drilling project;

(vi) Investors were informed or led to believe that the Global Energy sales offices were in Kentucky when in fact they were in Toronto; and

(vii) The oil wells in Kentucky that were actually drilled produced little or no oil at all, contrary to the estimates and representations made by Global Energy salespersons.

[222] We have given no weight to Harper's submission that she was deceived by Tsatskin, Mr. Coffman and Mr. Milby with respect to Global Energy's operation in Kentucky. Harper did not submit to cross-examination during the hearing, and therefore the veracity of her claims with respect to what she was told by Tsatskin, Mr. Coffman and Mr. Milby has not been properly tested in this proceeding. Furthermore, Harper's claims are entirely inconsistent with the other evidence before the Panel in this proceeding which shows Harper as a willing participant in the web of deception that was Global Energy.

[223] In the letter to Investor #1 dated October 30, 2007, and the similarly worded e-mail sent to numerous potential investors on August 3, 2007, Harper stated that Global Energy had been in business for five years. However, Global Energy was not formed until 2007, a fact that Harper was clearly aware of when she sent this correspondence. On this basis, we find that Harper knowingly misled investors about the length of time that Global Energy had been in operation.

[224] In the same correspondence, Harper states that "2006 was another successful year" and "The first quarter of 2007 is proving to be our best and highest production in the field to date". These facts are also false. The evidence demonstrates that Global Energy had no business operations in 2006 and no oil production in the first quarter of 2007. Furthermore, given Harper's participation in the establishment of Global Energy's sales and marketing operations, we find that Harper knew that her statements about Global Energy's performance in 2006 and 2007 were false.

[225] We find that Harper met with Investor #4 in Kentucky to address the investor's concerns about the productivity of the oil wells and the lack of return on the investment, using the alias J.C. Maxwell. During the meeting, Harper made false and misleading statements about her past experience in the oil and gas industry, clearly knowing them to be false.

[226] Global Energy investors were led to believe they were purchasing a registered interest in specific oil wells in Kentucky. They were led to believe that Global Energy had a five-year track record of producing returns for investors. They were told that Global Energy was managed by individuals, such as Arthur Chase and J.C. Maxwell, who possessed extensive experience in the oil and gas industry. None of it was true. It was a series of lies perpetuated by Tsatskin and Harper to entice members of the public to purchase units of New Gold limited liability partnerships.

[227] We find that the Global Energy investment scheme was solely created to defraud investors. The scale and magnitude of the impact on investors was significant at over US $16,000,000, only a fraction of which was returned to investors in the guise of royalties. In fact, the funds purported to be royalties were not generated through the production of oil, as claimed by the Respondents, but were merely re-directed Investor funds in a manner similar to a common Ponzi scheme.

[228] We find that Tsatskin and Harper knew or reasonably ought to have known of this given the nature of their roles as integral players in the fraudulent investment scheme. We find that investors were deceived by Tsatskin and Harper about the true nature of the investment they were making and as a result they have been deprived of the funds they invested in the scheme.

3. Conclusion

[229] We conclude that Tsatskin and Harper perpetrated a fraud and breached subsection 126.1(b) of the Act. As Tsatskin and Harper were the controlling minds of Global Energy, and Global Energy was the means by which Tsatskin and Harper perpetrated the fraud, we conclude that Global Energy also breached subsection 126.1(b) of the Act.

E. DID TSATSKIN AND HARPER, AS DIRECTORS AND/OR OFFICERS OF GLOBAL ENERGY AUTHORIZE, PERMIT OR ACQUIESCE IN THE BREACHES OF ONTARIO SECURITIES LAW BY GLOBAL ENERGY, CONTRARY TO SUBSECTION 129.2 OF THE ACT?

[230] In addition to their breaches of Ontario securities law in their individual capacities, Staff alleges that, pursuant to subsection 129.2, the Individual Respondents are liable for breaches of securities laws by the Corporate Respondents in their capacity as directors and/or officers of the Corporate Respondents.

1. The Law

[231] Subsection 129.2 of the Act assigns liability to directors or officers who authorize, permit or acquiesce in commission of an offence by a company under subsection 129.2. It states:

> **129.2 Directors and officers** – For the purposes of this Act, if a company or of a person other than an individual has not complied with Ontario securities law, a director or officer of the company who authorized, permitted or acquiesced in the non-compliance shall be deemed to also have not complied with Ontario securities law, whether or not any proceeding has been commenced against the company or person under Ontario securities law or any order has been made against the company or person under section 127.

[232] Directors and officers are defined in the Act under subsection 1(1) as follows:

> **"director"** means a director of a company or an individual performing a similar function or occupying a similar position for any person;
>
> …
>
> **"officer"**, with respect to an issuer or a registrant, means
>
> (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager,
>
> (b) every individual who is designated as an officer under a by-law or similar authority of the registrant or issuer, and
>
> (c) every individual who performs functions similar to those normally performed by an individual referred to in clause (a) or (b);

[233] The language of subsection 122(3) requires that the officer or director "authorize", "permit" or acquiesce" in the commission of the offence. "Acquiesce" means to agree or consent quietly without protest. "Authorize" means to give official approval or permission, to give power or authority or to give justification. "Permit" means to allow, consent, tolerate, give permission or authorize permission particularly in writing.

[234] Individuals who are not directors or officers of a corporation, but are *de facto* directors or officers of an entity, performing functions similar to the functions of officers and/or directors as contemplated in the definitions found in subsection 1(1), can nonetheless be found liable for breaches of securities law they permitted, authorized or acquiesced in under subsection 122(3).

2. Findings and Analysis

a. Tsatskin

[235] Tsatskin was a controlling mind of Global Energy. Tsatskin and Coffman established Global Energy Group, Ltd. in 2006 as a Bahamian corporation with Arthur Chase as President. Mr. Chase had no role at Global Energy other than as a nominee director and officer for the purposes of incorporating the company and maintaining bank accounts in the Bahamas.

[236] Tsatskin admitted to providing supervision and direction to the Global Energy sales staff. He was also the controlling mind of GVC Marketing Ltd., which was used by Global Energy to distribute Investor funds back to Global Energy salespersons as commissions.

[237] As a *de facto* director and officer of Global Energy, we find that Tsatskin authorized, permitted or acquiesced in Global Energy's contraventions of Ontario securities law.

b. Harper

[238] Harper was a controlling mind of Global Energy. Harper assisted Tsatskin to establish an office for Global Energy in Toronto. Harper was responsible for the sales operations in Toronto. Harper recruited, hired and trained salespeople to work from the offices in Toronto. She provided sales staff with prepared scripts for use in sales calls with potential investors. She also created and distributed marketing material to be sent to potential investors.

[239] As a *de facto* director and officer of Global Energy, we find that Harper authorized, permitted or acquiesced in Global Energy's contraventions of Ontario securities law.

3. Conclusion

[240] In their capacities as *de facto* directors or officers of Global Energy Tsatskin and Harper authorized, permitted or acquiesced in Global Energy's breaches of Ontario securities law and accordingly, they are liable for the contraventions by Global Energy, pursuant to subsection 129.2 of the Act.

F. WAS THE CONDUCT OF THE RESPONDENTS CONTRARY TO THE PUBLIC INTEREST?

1. The Law

[241] Section 1.1 of the Act states that the Commission's mandate is to:

(a) provide protection to investors from unfair, improper or fraudulent practices; and

(b) foster fair and efficient capital markets and confidence in those capital markets.

[242] Section 2.1 of the Act states that the Commission must consider fundamental principles in pursuing these purposes. The relevant parts of section 2.1 of the Act state:

i. requirements for timely, accurate and efficient disclosure of information;

ii. restrictions on fraudulent and unfair market practices and procedures; and

iii. requirements for the maintenance of high standards of fairness and business conduct to ensure honest and responsible conduct by market participants.

2. Findings and Analysis

[243] Staff alleges that the conduct of the Respondents is contrary to the public interest.

[244] The Respondents breached key provisions of Ontario securities law which are intended to protect investors. The Respondents traded in securities without registration (contrary to subsection 25(1)(a)) and engaged in distribution of securities without satisfying the distribution requirements under the Act (contrary to subsection 53(1)). The Respondents' actions with respect to these breaches were contrary to the public interest because registration and distribution requirements are essential to protect investors and ensure the integrity of the capital markets. Through their conduct, the Respondents failed to maintain the required high standards of fairness and business conduct.

[245] The investment scheme was characterized by high pressure sales tactics. In *Re First Global Ventures S.A.*, *supra* at paragraph 158, the Commission made the following comment with respect to high pressure sales tactics:

> High pressure sales tactics encompass a broad range of activity that has the effect of persuading individuals to invest inappropriately. A key characteristic of high pressure sales tactics is that these tactics put individuals in a position where they are pressured to make a decision quickly because the investment opportunity may disappear. High pressure sales tactics include, but are not limited to, selling tactics designed to induce, and having the effect of inducing, clients to purchase securities inappropriate to their situation on the basis of inadequate investment information and/or misinformation as to the issuers of the securities, the value of the securities, and the prospects of the issuer and the securities. Comments that give the impression that shares are attractive and quick action is needed because an investment opportunity will expire in a short time frame and repeatedly calling investors to get them to make an investment decision quickly based on misleading information also qualify as high pressure sales tactics.

[246] These high pressure sales tactics were used in this case. Investors were called by individuals using aliases to purchase partnership units of New Gold. Representations that the partnership units would generate significant income resulting in a full return on the investment in mere months were made to entice them to invest or re-invest. Investors testified that they were influenced by such statements when making their decision to purchase units and, in some cases, to purchase additional units. We find that these kinds of high pressure sales tactics are improper and unacceptable and contrary to the public interest.

[247] Based on the evidence, it does not appear that Global Energy carried on a legitimate business, as communicated to investors. Their promotional material, websites and press releases contained false and misleading information about fictitious activities.

[248] To give the investment scheme legitimacy and to entice investors to invest or re-invest, virtual offices were established in the U.S. and the Bahamas. As a result, investors were deceived into believing they were dealing with an established, reputable, U.S.-based company.

[249] This matter deals with egregious conduct involving significant contraventions of the Act, including fraud. The conduct of the Respondents caused significant harm to investors. Over US $16 million was raised from investors who deposited their funds directly into the American Oil and Gas accounts. Only a fraction of those funds were returned to investors as so-called royalties.

3. Conclusion

[250] The Commission's mandate is to protect investors from improper and fraudulent practices. As we described above, this matter involved several serious contraventions of the Act on a repeated basis, including fraud. We find that the investment scheme was created to perpetrate a fraud and misappropriate investor funds in an egregious manner. In this regard, the investment scheme and the conduct of the Respondents undermine the integrity of and the confidence in the Ontario capital markets, which is contrary to the public interest.

[251] We therefore conclude that all the Respondents engaged in conduct contrary to the public interest.

VI. CONCLUSION

[252] For the reasons set out above, the Panel concludes that the Respondents have breached Ontario securities law and engaged in conduct contrary to the public interest. It is in the public interest to make an Order against the Respondents under subsection 127(1) of the Act.

[253] For the reasons outlined above, we will issue an interim order directing the parties to appear before the Panel on January 15, 2013, at 3:00 p.m., for the purpose of scheduling a date for a sanctions and costs hearing. The interim Order will also extend the Temporary Order until the conclusion of the sanctions and costs hearing.

[254] To protect the personal information of all investors, we have required that Staff provide a redacted version of the record.

DATED at Toronto on the 21st day of December, 2012.

"Paulette L. Kennedy"

"Judith N. Robertson"

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
Cash Store Australia Holdings Inc., The	12 Dec 12	24 Dec 12	24 Dec 12	
ISEE3D Inc.	13 Dec 12	24 Dec 12	24 Dec 12	
Nortel Networks Corporation	11 Dec 12	24 Dec 12	24 Dec 12	
Nortel Networks Limited	11 Dec 12	24 Dec 12	24 Dec 12	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Boyuan Construction Group, Inc.	02 Oct 12	15 Oct 12	15 Oct 12	20 Dec 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
12/18/2012	23	3MV Energy Corp. - Units	427,053.76	1,708,219.00
11/14/2012	7	Abzu Gold Ltd. - Common Shares	92,249.63	838,633.00
11/19/2012	2	Airgas, Inc. - Notes	9,964,000.00	2.00
12/07/2012	27	Alabama Graphite Corp. - Units	628,250.00	1,795,000.00
12/18/2012	42	Alexandria Minerals Corporation - Units	1,577,538.44	12,773,656.00
12/03/2012	48	Algonquin Power Co. - Notes	149,910,000.00	150,000.00
11/29/2012	1	Amazon.com, Inc. - Note	4,951,495.20	1.00
11/30/2012	1	AMR Mineral Metal Inc. - Units	999,999.00	666,666.00
12/04/2012	1	APGR Green, Inc. - Special Shares	52,200.00	12.00
12/19/2012	1	Armada Data Corporation - Common Shares	100,000.00	1,111,111.00
12/19/2012	8	Atlanta Gold Inc. - Units	264,000.00	5,280,000.00
12/04/2012	11	Atrium Mortgage Investment Corporation - Common Shares	4,613,708.00	432,400.00
12/21/2012	4	AurCrest Gold Inc. - Units	100,000.00	2,000,000.00
11/16/2012	6	Belhara Security Systems Inc. - Units	100,500.00	402,000.00
12/17/2012	9	Bison Gold Resources Inc. - Common Shares	214,200.00	3,060,000.00
12/17/2012	13	Bison Gold Resources Inc. - Units	1,080,000.00	21,600,000.00
11/30/2012	12	Blackrock Resources Ltd. - Common Shares	224,000.00	2,240,000.00
11/26/2012	31	BMW Canada Inc. - Notes	249,925,000.00	250,000.00
11/26/2012	22	BMW Canada Inc. - Notes	249,987,500.00	250,000.00
12/17/2012	7	Boxxer Gold Corp. - Flow-Through Units	50,600.00	632,500.00
12/17/2012	18	Boxxer Gold Corp. - Units	213,769.46	3,053,850.00
11/30/2012	5	Bristol Gate US Dividend Growth Fund L.P. - Limited Partnership Units	3,175,000.00	23,624.86
12/14/2012	5	Brookfield Residential Properties Inc. - Notes	45,356,000.00	5.00
12/06/2012	9	Cadillac Ventures Inc. - Flow-Through Units	1,185,400.00	11,860,000.00
12/07/2012	1	Calloway Real Estate Investment Trust - Rights	0.00	400,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/13/2012	55	Calyx Bio-Ventures Inc. - Units	1,550,900.00	5,169,666.00
12/14/2012	5	Canadian Imperial Bank of Commerce - Notes	1,000,000.00	10,000.00
11/22/2012	6	CareVest Blended MIC Fund Inc. - Preferred Shares	254,593.00	77,593.00
11/16/2012	1	Cartier Ressources Inc. - Flow-Through Units	499,999.92	1,785,714.00
11/01/2012	57	Cedar Peaks Mortgage Fund Inc. - Preferred Shares	3,081,124.54	N/A
10/31/2012	154	Centurion Apartment Real Estate Investment Trust - Units	9,451,155.54	842,198.85
12/07/2012	4	Clean Harbors, Inc. - Notes	9,931,538.00	4.00
12/07/2012	4	Costco Wholesale Corporation - Notes	21,758,000.00	4.00
12/20/2012 to 12/27/2012	9	Cuervo Resources Inc. - Common Shares	500,000.00	4,000,000.00
12/07/2012	3	DealNet Capital Corp. - Debentures	30,000.00	33.00
12/13/2012	5	Excalibur Resources Ltd. - Common Shares	1,450,000.00	4,833,333.00
12/17/2012 to 12/20/2012	5	Explor Resources Inc. - Units	2,275,000.00	15,166,667.00
12/21/2012	11	Fancamp Exploration Ltd. - Flow-Through Units	1,353,033.00	8,200,200.00
11/30/2012	7	Firmus RRSP Fund Ltd. - Bonds	550,000.00	550,000.00
12/14/2012	1	Ford Auto Securitization Trust C/O Ford Credit Canada Limited - Note	598,000,000.00	1.00
11/15/2012 to 11/22/2012	52	Fuller Capital Corp. - Receipts	3,000,075.00	17,647,500.00
12/17/2012	1	GDV Resources Inc. - Common Shares	50,000.00	1,000,000.00
12/14/2012 to 12/18/2012	28	GeneNews Limited - Common Shares	7,771,196.34	86,346,626.00
11/20/2012	56	Golden Hope Mines Limited - Flow-Through Shares	794,304.00	7,823,984.00
10/26/2012	33	Goldrush Resources Ltd. - Units	760,000.00	15,200,000.00
12/19/2012	19	Gowest Gold Ltd. - Units	3,000,650.00	25,557,045.00
12/10/2012	82	Guyana Precious Metals Inc. - Warrants	0.00	35,000,000.00
12/04/2012	19	Harte Gold Corp. - Units	2,245,940.00	3,320,000.00
09/04/2012 to 09/07/2012	3	IGW Diversified Redevelopment Fund Limited Partnership - Units	84,000.00	84,000.00
12/18/2012	14	Inmet Mining Corporation - Notes	30,547,400.00	14.00
11/30/2012	395	Input Capital - Common Shares	23,353,487.40	27,713,420.00
11/07/2012 to 11/13/2012	7	iwatchlife Inc. - Debentures	600,000.00	6.00
12/12/2012	1	Just Energy Group Inc. - Notes	105,000,000.00	105,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/06/2012	1	Kennedy-Wilson, Inc. - Note	2,973,000.00	1.00
10/31/2012	1	Kensington Capital Partners Limited - Debentures	2,500,000.00	N/A
11/30/2012	9	Kensington Limited Partnership - Units	500,000.00	500.00
12/04/2012	44	Legacy Reserves LP/Legacy Reserves Finance Corporation - Notes	297,810,000.00	3.00
12/12/2012	10	Marathon Gold Corporation - Flow-Through Shares	2,439,990.00	3,873,000.00
12/12/2012	9	Marathon Gold Corporation - Units	3,010,975.00	5,474,500.00
11/15/2012	25	Mattamy Group Corporation - Notes	168,750,000.00	25.00
11/15/2012	7	Mattamy Group Corporation - Notes	52,500,000.00	7.00
12/20/2012	20	MetalCorp Limited - Flow-Through Shares	200,000.00	8,000,000.00
08/12/2012	2	Mill Road Capital II, L.P. - Limited Partnership Interest	550,770.00	N/A
11/22/2012	2	MM Realty Partners LP - Units	1,250,000.00	125,000.00
12/06/2012	7	Murgor Resources Inc. - Common Shares	110,000.00	2,200,000.00
10/16/2012	7	New Carolin Gold Corp. (Formerly Module Resources Inc. - Units	307,800.00	2,565,000.00
11/06/2012	1	New Nadina Explorations Limited - Units	1,000,000.00	10,000,000.00
10/31/2012	4	Newstart Financial Inc. - Debt	104,000.00	5.00
12/10/2012	5	Nordex Explosives Ltd. - Common Shares	274,999.05	611,109.00
11/01/2012	3	Norrep Credit Opportunities Fund II, L.P. - Units	3,700,000.00	N/A
11/26/2012	25	Northern Vetex Mining Corp. (formerly Northern Vertex Capital Inc.) - Units	9,148,750.00	7,319,000.00
12/12/2012	5	Olivut Resources Ltd. - Flow-Through Shares	324,999.75	342,105.00
11/13/2012 to 11/20/2012	40	OmniArch Capital Corporation - Bonds	911,491.00	N/A
12/07/2012	2	OneMove Technologies Inc. - Investment Trust Interests	420,000.00	1,600,000.00
11/27/2012 to 12/01/2012	26	Optimus US Real Estate Fund - Units	668,469.95	636,638.00
12/17/2012	2	Orefinders Resources Inc. - Common Shares	9,093,571.50	17,817,143.00
11/27/2012	11	Pacific Arc Resources Ltd. - Flow-Through Units	101,000.00	2,020,000.00
12/14/2012	1	Pacific & Western Credit Corp. - Note	2,000,000.00	1.00
11/21/2012	3	Pennant Pure Yield Fund - Trust Units	517,200.00	N/A
12/03/2012	47	Reliance LP - Notes	700,000,000.00	700,000.00
12/17/2012 to 12/21/2012	13	Renforth Resources Inc. - Units	287,500.00	5,750,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/30/2012	1	Residential Reinsurance 2012 Limited - Note	4,966,000.00	1.00
12/11/2012	1	Roadrunner Transportation Systems, Inc. - Common Shares	2,621,580.50	150,000.00
11/21/2012	1	Roper Industries, Inc. - Note	2,994,000.00	1.00
11/14/2012	116	Royal Bank of Canada - Notes	4,217,578.00	4,210.00
12/13/2012	1	Seabridge Gold Inc. - Common Shares	18,000,000.00	1,004,491.00
12/20/2012	7	Sniper Resources Ltd. - Units	116,200.00	2,324,000.00
12/07/2012	20	Southeast Asia Mining Corp. - Debentures	927,296.00	946,220.00
11/01/2012	7	Spectrum Brands Escrow Corp. - Notes	12,067,330.00	6,500.00
11/14/2012	4	Sprint Nextel - Notes	93,167,400.00	4.00
11/21/2012	1	Statoil ASA - Note	9,968.52	1.00
11/21/2012	2	Statoil ASA - Notes	5,980,560.00	2.00
11/22/2012	4	Stormhold Energy Ltd. - Common Shares	98,550.00	131,400.00
11/14/2012	1	Sun Communities Inc. - Preferred Shares	175,315.00	3,000,000.00
12/12/2012	1	Superior Copper Corporation - Common Shares	46,900.00	670,000.00
11/15/2012	28	Syncapse Corp. - Preferred Shares	653,031.87	32,864,916.00
12/13/2012	10	Synodon Inc. - Units	300,000.00	3,000,000.00
12/21/2012	82	Taggart Capital Corp. - Receipts	5,731,169.10	21,108,566.00
11/26/2012	3	Terex Corporation - Notes	7,177,500.00	3.00
11/09/2012	2	The PNC Financial Group, Inc. - Notes	7,004,200.00	2.00
10/10/2012	1	The Presbyterian Church in Canada - Units	280,000.00	27.13
11/23/2012	10	Torch River Resources Ltd. - Common Shares	85,000.00	4,250,000.00
12/06/2012	52	Touchstone Gold Limited - Units	5,508,400.00	34,427,500.00
12/14/2012	7	True North Apartment Real Estate Investment Trust - Units	500,000.60	133,690.00
10/31/2012	1	Tsawwassen Retail Power Centre Limited Partnership - Units	23,000.00	23,000.00
11/26/2012 to 11/30/2012	15	UBS AG, Jersey Branch - Certificates	3,080,381.78	15.00
12/12/2012	9	Vena Resources Inc. - Common Shares	404,982.15	2,131,485.00
12/03/2012	5	Vertichem Corporation - Units	1,100,000.00	2,200,000.00
12/19/2012	9	Viking Gold Exploration Inc. - Flow-Through Units	167,700.00	800,000.00
12/12/2012	1	Wallbridge Mining Company Limited - Units	1,500,000.00	8,333,333.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/15/2012	11	Walton NC Concord Investment Corporation - Common Shares	365,500.00	36,550.00
12/15/2012	24	Walton Suburban DC Land Investment Corporation - Common Shares	168,450.00	66,845.00
11/15/2012	14	Walton Suburban DC Land LP - Units	1,034,870.32	103,085.00
11/29/2012	16	Westhaven Ventures Inc. - Flow-Through Units	230,450.00	1,280,278.00
09/07/2012	3	WPP Finance 2010 - Notes	5,377,900.00	3.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Alaris Royalty Corp.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
$47,080,000.00 - 2,140,000 Common Shares Price: $22.00 per Share
Underwriter(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Cormark Securities Inc.
Canaccord Genuity Corp.
National Bank Financial Inc.
Clarus Securities Inc.
Promoter(s):
-
Project #2000669

Issuer Name:
Astar Minerals Ltd.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
$600,000.00 - 4,000,000 Shares Price: $0.15 per Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Stephen Stanley
Matthew Mason
Project #1998879

Issuer Name:
BMO Long Provincial Bond Index ETF
BMO Mid Provincial Bond Index ETF
BMO Mid-Term US IG Corporate Bond Hedged to CAD Index ETF
BMO Mid-Term US IG Corporate Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 28, 2012
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
BMO Asset Management Inc.
Project #2001965

Issuer Name:
Brompton 2013 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
Maximum: $50,000,000.00 - 2,000,000 Limited Partnership Units Price per Unit: $25 - Minimum Subscription: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Burgeonvest Bick Securities Limited
Dundee Securities Ltd.
Mackie Research Capital Corporation
Raymond James Ltd.
Promoter(s):
Brompton Funds Limited
Project #1999924

Issuer Name:
CMP 2013 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Maximum: $100,000,000.00 - 100,000 Limited Partnership Units Price per Unit: $1,000 - Minimum Subscription: $5,000 (Five Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Dundee Securities Ltd.
National Bank Financial Inc.
TD Securities Inc.
Burgeonvest Bick Securities Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Promoter(s):
Goodman Investment Counsel Inc.
Project #2000813

Issuer Name:
Davis-Rea Balanced Fund
Davis-Rea Equity Fund
Davis-Rea Fixed Income Fund
Type and Date:
Preliminary Simplified Prospectuses dated December 19, 2012
Receipted on December 19, 2012
Offering Price and Description:
Class A, Class F and Class O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Davis-Rea Ltd.
Project #1999266

Issuer Name:
Digital Payment Solutions, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
$ * - * Common Shares Price: $.01 per Common Share
Underwriter(s) or Distributor(s):
Ascendant Securities Inc.
Promoter(s):
David Singh
Project #2000728

Issuer Name:
Dundee International Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
$1,000,000,000.00:
Units
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2000527

Issuer Name:
Dynamic Corporate Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated December 14, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
Series A, F, I and O Units
Underwriter(s) or Distributor(s):
GCIC Ltd.
Promoter(s):
GCIC Ltd.
Project #1999406

Issuer Name:
ENBRIDGE GAS DISTRIBUTION INC.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
$800,000,000.00:
MEDIUM TERM NOTES
(UNSECURED
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2000683

Issuer Name:
Front Street Flow-Through 2013-I Limited Partnership - FSFT 2013-I National Class
Front Street Flow-Through 2013-I Limited Partnership - FSFT 2013-I Québec Class
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 13, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
Maximum Offering: $105,000,000.00 - 4,200,000 FSFT 2013-I National Class Limited Partnership Units
Price: $25.00 per National Class Unit MINIMUM PURCHASE: 200 National Class Units or 200 Québec Class Units; and
Maximum Offering: 20,000,000.00 (800,000 FSFT 2013-I Québec Class Limited Partnership Units)
Price: $25.00 per Québec Class Unit MINIMUM PURCHASE: 200 National Class Units or 200 Québec Class Units
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Scotia Capital Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Macquarie Capital Markets Canada Ltd.
Manulife Securities Incorporated
Raymond James Ltd.
Tuscarora Capital Inc.
Desjardins Securities Inc.
Sherbrooke Street Capital (SSC) Inc.
Promoter(s):
FSE GP IV Corp.
Front Street Capital 2004
Project #1998481; 1998485

Issuer Name:
Horizons Auspice Broad Commodity Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 24, 2012
Offering Price and Description:
Class E Units and Advisor Class Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Alphapro Management Inc.
Project #2000941

Issuer Name:
HudBay Minerals Inc.
Type and Date:
Preliminary Short Form Prospectus dated December 27, 2012
Receipted on December 28, 2012
Offering Price and Description:
Exchange Offer for US$500,000,000 of its 9.50% Senior Notes due 2020
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2001665

Issuer Name:
HUSKY ENERGY INC.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
$3,000,000,000.00:
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1999478

Issuer Name:
IA Clarington Activist Opportunities Class
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated December 14, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Series A, Series E, Series F and Series I Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #1999834

Issuer Name:
Intus Capital Corporation
Principal Regulator - Alberta
Type and Date:
Amendment #1 dated December 27, 2012 to the CPC Prospectus dated September 27, 2012
NP 11-202 Receipt dated
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Dimitris Agouridis
Project #1925392

Issuer Name:
Low Volatility U.S. Equity Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 24, 2012
Offering Price and Description:
Maximum: $ * - * Units Price: $10.00 per Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Mackie Research Capital Corporation
Promoter(s):
Strathbridge Asset Management Inc.
Project #2000619

Issuer Name:
Maple Leaf Resource Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated December 17, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
$200,000.00 - 2,000,000 COMMON SHARES Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Shane Doyle
Project #1998645

Issuer Name:
Maple Leaf Short Duration 2013 Flow-Through Limited Partnership - National Class
Maple Leaf Short Duration 2013 Flow-Through Limited Partnership - Quebec Class
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
(1) Maximum $20,000,000.00 - 800,000 Maple Leaf Short Duration 2013 Flow-Through Limited Partnership – National Class Units Price per Unit: $25.00 - Minimum Purchase: $5,000 (200 Units)
(2) Maximum $10,000,000.00 - 400,000 Maple Leaf Short Duration 2013 Flow-Through Limited Partnership- Québec Class Units Price per Unit: $25.00 Minimum Purchase: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACQUARIE PRIVATE WEALTH INC
MANULIFE SECURITIES INCORPORATED
BURGEONVEST BICK SECURITIES LIMITED
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
Promoter(s):
MAPLE LEAF SHORT DURATION HOLDINGS LTD.
Project #2000055; 2000057

Issuer Name:
Moneda LatAm Fixed Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Maximum $ * - * Class A Units and/or Class U Units
Price: $ * per Class A Unit
Minimum Purchase: $ * - * Class A Units
Price: US$ * per Class U Unit
Minimum Purchase: US$ * - * Class U Units
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Dundee Securities Ltd.
Manulife Securities Incorporated
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #2000357

Issuer Name:
MRF 2013 Resource Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated December 17, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
Maximum: $100,000,000 - 4,000,000 Units
Minimum:$5,000,000 - 200,000 Units
Price: $25.00 PER UNIT
Minimum Subscription: $2,500 (One Hundred Units)
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Manulife Securities Incorporated
GMP Securities L.P.
Macquarie Private Wealth Inc.
Canaccord Genuity Corp.
Middlefield Capital Corporation
Raymond James Ltd.
Dundee Securities Ltd.
Promoter(s):
Middlefield Limited
Project #1999567

Issuer Name:
NexC Partners Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 24, 2012
NP 11-202 Receipt dated December 28, 2012
Offering Price and Description:
$* Maximum - * Class A Shares and Class F Shares
Price: $10.00 for Class A Shares and Class F Shares
Minimum Purchase: 100 Class A Shares and Class F Shares
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
National Bank Financial Inc.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Manulife Securities Incorporated
Rothenberg Capital Management Inc.
Promoter(s):
Purpose Investments Inc.
Project #2001829

Issuer Name:
Nobel Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Long Form Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
$5,600,000.00 - 22,400,000 Units Price: $0.25 per Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
Promoter(s):
Capital Nobel Inc.
Project #2000424

Issuer Name:
North American Palladium Ltd.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
US$300,000,000.00:
Common Shares
Debt Securities
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2000660

Issuer Name:
Partners Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
$22,522,500.00 - 2,925,000 Units Price: $7.70 per Unit
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Macquarie Capital Markets Canada Ltd.
Raymond James Ltd.
M Partners Inc.
Promoter(s):
-
Project #1999598

Issuer Name:
Plate Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Long Form Prospectus dated December 13, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
$750,000.00 - 5,000,000 Shares Price: $0.15 per Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Charalambos (Harry) Katevatis
Project #1998678

Issuer Name:
Premier Royalty Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated December 27, 2012
NP 11-202 Receipt dated December 27, 2012
Offering Price and Description:
$30,000,000.00 -15,000,000 Common Shares Price: $2.00 per Offered Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
CANACCORD GENUITY CORP.
STONECAP SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #2001651

Issuer Name:
Prospect Park Capital Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated December 18, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
Minimum $400,000.00 - 2,000,000 Common Shares
Maximum $600,000.00 - 3,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Promoter(s):
Samuel Herschkowitz
Project #1999365

Issuer Name:
Sprott 2013 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
Maximum: $100,000,000.00 - 4,000,000 Limited Partnership Units Price: $25.00 per Unit - Minimum Subscription: $5,000 (200 Units)
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Manulife Securities Incorporated
Raymond James Ltd.
Sprott Private Wealth L,P.
Desjardins Securities Inc.
Macquarie Private Wealth Inc.
Promoter(s):
Sprott 2013 Corporation
Project #1999532

Issuer Name:
Stone 2013 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 18, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
Maximum Offering: $50,000,000.00 - 2,000,000 Units
Minimum Offering: $5,000,000.00 - 200,000 Units
Subscription Price: $25 per Unit
Minimum Subscription: 100 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
All Group Financial Services Inc.
Promoter(s):
Stone 2013 Flow-Through GP Inc.
Stone Asset Management Limited
Project #1998903

Issuer Name:
Sunshine Silver Mines Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 27, 2012
Offering Price and Description:
US$ * - * Shares of Common Stock Price: US$ * per Share of Common Stock
Underwriter(s) or Distributor(s):
MORGAN STANLEY CANADA LIMITED
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
Promoter(s):
THE ELECTRUM GROUP LLC
Project #2001215

Issuer Name:
Toscana Energy Income Corporation
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
$10,000,500.00 - 666,700 Common Shares issuable upon exercise of 666,700 outstanding Special Warrants
Price: $15.00 per Special Warrant
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
MACQUARIE CAPITAL MARKETS CANADA LTD.
NATIONAL BANK FINANCIAL INC.
SPROTT PRIVATE WEALTH LP
Promoter(s):
-
Project #2000203

Issuer Name:
Amarok Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
$15,000,000.00 (Minimum Offering); $20,000,000.00 (Maximum Offering) A Minimum of 50,000,000 Offered Shares and a Maximum of 66,666,667 Offered Shares
Price: $0.30 per Offered Share
Underwriter(s) or Distributor(s):
INTEGRALWEALTH SECURITIES LIMITED
DUNDEE SECURITIES LTD.
PI FINANCIAL CORP.
Promoter(s):
-
Project #1996352

Issuer Name:
Argent Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 18, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
$100,021,500.00
10,755,000 Units
Price $9.30 per Unit
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
FirstEnergy Capital Corp.
Dundee Securities Ltd.
GMP Securities L.P.
Promoter(s):
Aston Hill Financial Inc.
Project #1996356

Issuer Name:
BMO HARRIS CANADIAN SHORT-TERM BOND PORTFOLIO
(formerly BMO Harris Canadian Bond Income Portfolio)
BMO HARRIS CANADIAN MID-TERM BOND PORTFOLIO
(formerly BMO Harris Canadian Total Return Bond Portfolio)
BMO HARRIS CANADIAN CORPORATE BOND PORTFOLIO
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 20, 2012 to the Simplified Prospectuses and Annual Information Form dated October 26, 2012
NP 11-202 Receipt dated December 28, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
BMO Harris Investment Management Inc.
Project #1963044

Issuer Name:
Boyd Group Income Fund
Principal Regulator - Manitoba
Type and Date:
Final Short Form Prospectus dated December 12, 2012
NP 11-202 Receipt dated December 12, 2012
Offering Price and Description:
$30,000,000.00 - Aggregate Principal Amount 5.75% Convertible Unsecured Subordinated Debentures Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Cormark Securities Inc.
CIBC World Markets Inc.
Laurentian Bank Securities Inc.
Octagon Capital Corp.
Promoter(s):
-
Project #1994951

Issuer Name:
Brookfield Asset Management Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 10, 2012 to the Base Shelf Prospectus dated June 7, 2011
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
US$3,000,000,000.00 :
Debt Securities
Class A Preference Shares
Class A Limited Voting Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1736327

Issuer Name:
B.E.S.T. Total Return Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Class A Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1983951

Issuer Name:
Chrysalis Capital VIII Corporation
Principal Regulator - Ontario
Type and Date:
Final Long Form Non-Offering Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Robert Munro
Project #1967658

Issuer Name:
CI Investments Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
$1,000,000,000.00
Debt Securities (unsecured)
Fully and unconditionally guaranteed by
CI FINANCIAL CORP.
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1996929

Issuer Name:
CIBC Canadian Bond Index Fund
CIBC U.S. Index Fund
(Class A, Class O, Premium Class and Institutional Class Units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 12, 2012 to the Simplified Prospectuses and Annual Information Form dated July 30, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Class A, Class O, Premium Class and Institutional Class Units
Underwriter(s) or Distributor(s):
CIBC Securities Inc.
Promoter(s):
Canadian Imperial Bank of Commerce
Project #1925369

Issuer Name:
Series A, Series B and Series F Shares of
Brompton Resource Class (also 2013N, 2013Q, 2013N (II) and 2013Q (II) Series Shares)
(formerly Creststreet Resource Class)
Brompton Dividend & Income Class
(formerly Creststreet Dividend & Income Class)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated December 10, 2012 to the Simplified Prospectuses and Annual Information Form dated June 29, 2012
NP 11-202 Receipt dated December 24, 2012
Offering Price and Description:
Series A, Series B and Series F shares and 2013N, 2013Q, 2013N (II) and 2013Q (II) Series shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CRESTSTREET ASSET MANAGEMENT LIMITED
Project #1916371

Issuer Name:
Dynamic High Yield Credit Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated December 24, 2012
NP 11-202 Receipt dated December 27, 2012
Offering Price and Description:
Series A, F, I, O
Underwriter(s) or Distributor(s):
GCIC Ltd
Promoter(s):
GCIC, Ltd.
Project #1994869

Issuer Name:
FAM Real Estate Investment Trust
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated December 17, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
$58,800,000.00 - 5,880,000 Offered Units
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:
Front Street Energy Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 15, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
Class A Shares, Series III @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FRONT STREET CAPITAL 2004
Project #1983376

Issuer Name:
Glacier Credit Card Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated December 18, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
Up to $1,500,000,000.00 Credit Card Asset-Backed Notes
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
CANADIAN TIRE BANK
Project #1996137

Issuer Name:
GLG EM Income Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated November 20, 2012 to the Long Form Prospectus dated May 18, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
MAN INVESTMENTS CANADA CORP.
Project #1872957

Issuer Name:
Groundstar Resources Limited
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
Minimum Offering: 2,500,000 Common Units and 2,000,000 Flow-Through Units
Maximum Offering: 10,000,000 Common Units and 8,000,000 Flow-Through Units
Price: $0.20 per Common Unit and $0.25 per Flow-Through Unit
Underwriter(s) or Distributor(s):
PI FINANCIAL CORP.
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #1992775

Issuer Name:
Horizons BetaPro S&P 500 VIX Short-Term Futures Bull Plus ETF
Horizons BetaPro S&P 500 VIX Short-Term Futures ETF
Horizons BetaPro S&P 500 VIX Short-Term Futures Inverse ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated December 17, 2012
NP 11-202 Receipt dated December 20, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #1982448

Issuer Name:
Intus Capital Corporation
Principal Regulator - Alberta
Type and Date:
Amendment dated December 27, 2012 to the CPC Prospectus dated September 27, 2012
NP 11-202 Receipt dated December 27, 2012
Offering Price and Description:
$500,000.00 - 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Leede Financial Markets Inc.
Promoter(s):
Dimitris Agouridis
Project #1925392

Issuer Name:
iShares Broad Commodity Index Fund (CAD-Hedged)
iShares Managed Futures Index Fund
iShares Natural Gas Commodity Index Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 6, 2012 to the Long Form Prospectus dated October 10, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
Promoter(s):
-
Project #1940461

Issuer Name:
iShares Silver Bullion Fund
iShares Gold Bullion Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 6, 2012 to Final Long Form Prospectus dated October 22, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1960566

Issuer Name:
Loblaw Companies Limited
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
$1,000,000,000.00
Debentures (unsecured)
Second Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1997896

Issuer Name:
MEG Energy Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
$400,125,000.00
12,125,000 Common Shares
Price: $33.00 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CREDIT SUISSE SECURITIES (CANADA), INC.
BARCLAYS CAPITAL CANADA INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
MORGAN STANLEY CANADA LIMITED
Promoter(s):
-
Project #1997093

Issuer Name:
MINT Income Fund
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated December 19, 2012
NP 11-202 Receipt dated December 19, 2012
Offering Price and Description:
OFFERING OF 12,600,000 RIGHTS
TO PURCHASE A MAXIMUM OF 4,200,000 UNITS
Subscription Price: $9.00 per Unit
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
-
Project #1987652

Issuer Name:
Units of the following Series:
Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth
and Institutional Front End Load, Deferred Load and Low Load of
NexGen Canadian Large Cap Registered Fund
Shares of the Series of
Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class and Compound Growth Class of
NexGen Canadian Large Cap Tax Managed Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated December 7, 2012 to the Simplified Prospectuses and Annual Information Form dated May 25, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
Units of the following Series: Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth and Institutional Front End Load, Deferred Load and Low Load and relating to shares of the Series of Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class and Compound Growth Class
Underwriter(s) or Distributor(s):
NEXGEN FINANCIAL LIMITED PARTNERSHIP
NexGen Financial Limited Partnership
Promoter(s):
NEXGEN FINANCIAL LIMITED PARTNERSHIP
Project #1897705

Issuer Name:
Platinum Group Metals Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
CAN$180,000,000.00 - 225,000,000 Common Shares
Price: CAN$0.80 per Offered Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS, INC.
RBC DOMINION SECURITIES INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
STIFEL NICOLAUS CANADA INC.
CIBC WORLD MARKETS INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #1996322

Issuer Name:
Red Rock Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated December 21, 2012
NP 11-202 Receipt dated December 24, 2012
Offering Price and Description:
$250,000.00 - 2,500,000 Common Shares PRICE: $0.10 PER COMMON SHARE
Underwriter(s) or Distributor(s):
JORDAN CAPITAL MARKETS INC.
Promoter(s):
-
Project #1967061

Issuer Name:
Red Sky Canadian Equity Corporate Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated December 20, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT8, O, OT5 and OT8 shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1979079

Issuer Name:
Signature Global Dividend Fund
(Class A, E, F and O units)
Signature Global Dividend Corporate Class
(Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT8, O, OT5 and OT8 shares)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated December 20, 2012
NP 11-202 Receipt dated December 21, 2012
Offering Price and Description:
Class A, E, F and O units and Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT8, O, OT5 and OT8 shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1979083

Issuer Name:
Sprott Physical Platinum and Palladium Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form PREP Prospectus dated December 17, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
US$350,000,000.00 - 35,000,000 Units @ $10/Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Morgan Stanley Canada Limited
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
Scotia Capital Inc.
GMP Securities L.P.
Desjardins Securities Inc.
Macquarie Private Wealth Inc.
Raymond James Ltd.
UBS Securities Canada Inc.
Promoter(s):
Sprott Asset Management L.P.
Project #1973787

Issuer Name:
TD Canadian Quantitative Research Portfolio
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 14, 2012 to the Simplified Prospectus and Annual Information Form dated January 27, 2012
NP 11-202 Receipt dated December 24, 2012
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIRST DEFINED PORTFOLIO MANAGEMENT CO.
TD WATERHOUSE CANADA INC.
Project #1841389

Issuer Name:
Woodfine Professional Centres Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated December 14, 2012
NP 11-202 Receipt dated December 18, 2012
Offering Price and Description:
Maximum Offering: $50,000,000.00 (500,000 Units)
Minimum Offering: $15,000,000.00 (150,000 Units)
Price: $100 per Unit
Minimum Purchase: $5,000 (50 Units)
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Woodfine Capital Projects Inc.
Project #1960978

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	CommunityLend Inc.	Portfolio Manager and Exempt Market Dealer	December 17, 2012
Change in Registration Category	Mawer Investment Management Ltd.	From: Mutual Fund Dealer and Portfolio Manager To: Mutual Fund Dealer, Portfolio Manager and Investment Fund Manager	December 19, 2012
Name Change	From: Seif Asset Management Inc. To: Purpose Investments Inc.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	December 19, 2012
Consent to Suspension (Pending Surrender)	CWM Funds Inc.	Mutual Fund Dealer	December 21, 2012
Change in Registration Category	Pavilion Advisory Group Ltd./Pavilion Groupe Conseils Ltee	From: Commodity Trading Counsel, Commodity Trading Manager , Exempt Market Dealer , Portfolio Manager To: Commodity Trading Counsel, Commodity Trading Manager , Exempt Market Dealer , Portfolio Manager and Investment Fund Manager	December 19, 2012
Name Change	From: NorRock Realty Management Services Ltd. To: NorRock Asset Management Ltd.	Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	December 19, 2012
Consent to Suspension (Pending Surrender)	Adaly Investment Management Corp.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	December 27, 2012

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Rival Capital Management Inc.	From: Portfolio Manager and Exempt Market Dealer To: Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	December 24, 2012
Consent to Suspension (Pending Surrender)	CWM Investment Counsel Inc.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	December 31, 2012
Voluntary Surrender of registration	CWM Funds Inc.	Mutual Fund Dealer	December 31, 2012
New Registration	Blair Franklin Capital Partners Inc.	Exempt Market Dealer	January 1, 2013
Voluntary Surrender	Mapleridge Capital Corporation	Exempt Market Dealer , Portfolio Manager and Investment Fund Manager	December 31, 2012
Change in Registration Category	KV Capital Inc.	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Manager	December 21, 2012
Change in Registration Category	Pier 21 Asset Management Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	December 24, 2012
New Registration	IFM (US) Investment Advisor LLC	Exempt Marker Dealer and Investment Fund Manager	December 28, 2012
Change in Registration Category	Quadrant Asset Management	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	January 2, 2013

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 MFDA – Proposed Amendments to MFDA By-Law No. 1 (Definitions), MFDA Rule 2.5.5 (Branch Manager) and MFDA Policy No. 2 – Minimum Standards for Account Supervision

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

PROPOSED AMENDMENTS TO
MFDA BY-LAW NO. 1 (DEFINITIONS)
MFDA RULE 2.5.5 (BRANCH MANAGER) AND
MFDA POLICY NO. 2
MINIMUM STANDARDS FOR ACCOUNT SUPERVISION

I. OVERVIEW

A. Current Framework

MFDA Rule 2.5.5 (Branch Manager) requires Members to designate an individual qualified as a branch manager under the Rule for each branch office, as defined in MFDA By-law No. 1. The Member is not required to designate an on-site branch manager for sub-branches, provided that an off-site branch manager supervises the business at the sub-branch in accordance with the MFDA By-laws, Rules and Policies. "Branch office" is defined in By-law No. 1 as any office or location from which any dealer business of a Member is conducted. "Sub-branch" is defined as any branch office having in total less than four Approved Persons and supervised by an off-site branch manager.

MFDA Policy No. 2 *Minimum Standards for Account Supervision* requires the branch manager to undertake certain activities within the branch for the purpose of assessing compliance with the Member's policies and procedures and regulatory requirements.

B. Reasons for Amendments

In 2001, when the MFDA was in the process of being established, there were inconsistent requirements with respect to branch supervision across Canada. Securities regulation in certain provinces required an on-site branch manager if the branch employed a certain number of registered individuals. The requirement under MFDA Rule 2.5.5 and By-law No. 1 to designate a branch manager for branch locations with four or more Approved Persons adopted the highest standard that existed at the time under Canadian securities regulation. In the view of MFDA staff, this requirement was appropriate at the time, given that many mutual fund dealers were not accustomed to having to adhere to a structured compliance regime. However, since that time, staff has observed improvements in Member supervisory systems and processes and, in particular, systems used to supervise trades.

MFDA Members have also recommended that the MFDA consider a more flexible, principle-based approach to branch supervision that is consistent with the approach adopted under the Rules of the Investment Industry Regulatory Organization of Canada ("IIROC") and by the Canadian Securities Administrators ("CSA") under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103").

C. Objectives

The proposed amendments are intended to provide Members with a more flexible, principle-based approach in determining how to best supervise their branches, while still ensuring that there are appropriate structures and procedures in place to identify and manage potential compliance issues at the branch level.

D. Effect of Proposed Amendments

The proposed amendments will allow Members to develop compliance and supervisory structures that are appropriate for individual types of businesses, while continuing to ensure that there are adequate structures and procedures in place to identify and manage potential compliance issues at the branch level.

II. DETAILED ANALYSIS

A. Proposed Amendments

Below is a summary of the proposed amendments to Rule 2.5.5, Policy No. 2 and By-law No. 1. The blacklined versions of the Rule, Policy and By-law reflecting the proposed amendments are attached as Schedule "A" to this Notice.

MFDA Rule 2.5.5 (Branch Manager)

The proposed amendment to Rule 2.5.5(b) would require that individuals designated as branch managers submit to the jurisdiction of the MFDA. This amendment is necessary because of changes to the securities registration regime brought about through NI 31-103, which no longer requires the registration of branch managers. As some branch managers may not be registered in another capacity (i.e. as a salesperson), this proposed amendment is required to ensure that the MFDA maintains jurisdiction over these individuals.

Proposed Rule 2.5.5(c) states that a Member may designate a branch manager for a branch office who is not normally present at the office, provided the Member has a system to ensure effective supervision of activities at the branch. Given the risk of impact to investors where inadequate supervision is conducted, it is proposed that Members obtain the approval of MFDA staff before implementing a system involving the remote supervision of branches. Staff would review the Member's overall branch supervisory structure to ensure effective supervision of branches and sub-branches. The factors considered in determining whether to approve a branch supervisory structure involving remote supervision are set out in the proposed amendments to Policy No. 2. Staff would review the Member's branch supervisory structure as part of the compliance examination process.

The proposed amendments to Rule 2.5.5(c) and Policy No. 2 are principle-based and do not prescribe specific criteria that must be met to implement a system of remote supervision. Once staff has had the opportunity to review requests for remote supervision, a guidance Notice will be issued to Members setting out examples of the types of branch supervision structures that have been approved by staff in accordance with Rule 2.5.5(c).

MFDA Policy No. 2 *Minimum Standards for Account Supervision*

Proposed amendments to Policy No. 2 set out factors to be considered in determining whether an on-site branch manager is necessary at a branch. The proposed amendments also provide that, where a branch does not have an on-site branch manager, the Member must assign an off-site branch manager to the branch. The Member's policies and procedures and the instructions to the off-site branch manager must include provision for periodic visits to the location by the branch manager, as necessary, to ensure that business is being conducted properly at the location. These visits would be independent from the branch reviews required under MFDA Policy No. 5 *Branch Review Requirements*. The proposed amendments to Policy No. 2 also require Members to maintain an internal record of branch managers and the branches and sub-branches they are responsible for supervising.

MFDA By-law No. 1 – Definition of "Approved Person"

Amendments to the definition of "Approved Person" in By-law No. 1 have been proposed to clarify that in order to be subject to the jurisdiction of the MFDA as an Approved Person, an individual must either be registered or permitted under securities law or submit to the jurisdiction of the MFDA.

The current definition of Approved Person does not refer to permitted individuals, who are defined under National Instrument 33-109 *Registration Information* as: (a) a director, chief executive officer, chief financial officer, or chief operating officer of a firm, or an individual who performs the functional equivalent of any of those positions, or (b) an individual who has beneficial ownership of, or direct or indirect control or direction over 10 percent or more of the voting securities of a firm. The proposed amendment is intended to clarify that Approved Persons include permitted individuals as defined under securities law.

B. Issues and Alternatives Considered

The proposed amendments maintain the branch manager designation and the terms "branch" and "sub-branch". MFDA staff considered replacing the branch manager designation with the designation of "Supervisor". However, the Supervisor designation under IIROC Rules is broad in scope and applies beyond the branch supervision context, as it includes not only individuals performing branch manager functions, but also other individuals performing supervisory functions that are not applicable in the mutual fund dealer context. Supervisory functions and responsibilities of branch managers are well established under MFDA Rules and understood by Members. The proposed amendments, while different in form from the IIROC Rules, achieve the same regulatory objective of allowing flexibility with respect to branch supervision.

C. Comparison with Similar Provisions

As noted, the proposed amendments are consistent with and meet the same regulatory objectives as the approach to branch supervision contemplated under the IIROC Rules and by the CSA under NI 31-103.

NI 31-103

Under section 11.1 of NI 31-103, registered firms must establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to: (i) provide reasonable assurance that the firm and each individual acting on its behalf complies with securities legislation; and (ii) manage the risks associated with its business in accordance with prudent business practices.

The Companion Policy to the Instrument notes that monitoring and supervision are essential elements of a firm's compliance system, indicating that such functions include day-to-day monitoring and supervision and overall systemic monitoring. In addition, the Companion Policy notes that it is up to each registered firm to determine the most appropriate compliance system for its operations and that registered firms should consider the size and scope of their operations, including products, types of clients, risks, compensating controls and any other relevant factors.

IIROC

IIROC Rule 38.3 requires that individuals designated as Supervisors be approved by IIROC. IIROC staff reviews requests for remote supervision when approving a supervisor or location for registration. As noted above, given the risk of impact to investors where inadequate supervision is conducted, it is proposed that Members obtain the approval of MFDA staff before implementing a system involving the remote supervision of branches.

In determining whether an on-site branch manager is necessary at a branch, the proposed amendments to Policy No. 2 take into consideration factors including: the number and experience of Approved Persons at the branch; the nature of the business conducted at the branch; and the availability of a branch manager or branch managers at nearby locations. These considerations are consistent with those set out under IIROC Rule 2500 *Minimum Standards for Retail Customer Account Supervision* in respect of factors that an IIROC Dealer member should consider when determining to what extent a Resident Supervisor is necessary at a business location.

In addition, where a branch or sub-branch does not have an on-site branch manager, the proposed amendments to Policy No. 2 require the Member to assign an off-site branch manager to the location and that the Member's policies and procedures and instructions to the off-site branch manager provide for periodic visits by the branch manager to ensure that business is being conducted properly at the location. These requirements are also consistent with those imposed under IIROC Rule 2500.

D. Systems Impact of Amendments

The proposed amendments offer Members flexibility in determining how to best supervise their branches. However, they do not require that Members make any changes to their existing compliance or branch supervisory structures/practices. As a result, it is not anticipated that the proposed amendments will have a significant impact upon Members' systems.

The proposed amendments do not impose any burden or constraint on competition or innovation or impose costs or restrictions on the activities of market participants. It is not expected that there will be any significant increased costs of compliance as a result of the proposed amendments.

E. Best Interests of the Capital Markets

The Board has determined that the proposed amendments are consistent with the best interests of the capital markets.

F. Public Interest Objective

The proposed amendments are consistent with the public interest and would continue to ensure adequate supervision at the branch and sub-branch levels while allowing Members the flexibility to adopt supervisory structures that are more aligned with their respective business models.

G. Classification

Having regard to the substantive nature of the proposed amendments, they have been classified as Public Comment Rule proposals.

III. COMMENTARY

A. Filing in Other Jurisdictions

The proposed amendments will be filed for approval with the Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Ontario Securities Commissions and the Saskatchewan Financial and Consumer Affairs Authority.

B. Effectiveness

The proposed amendments are simple and effective.

C. Process

The proposed amendments have been developed in consultation with the MFDA Policy Advisory Committee ("PAC") and relevant departments within the MFDA. The MFDA Board of Directors approved the proposed amendments on November 28, 2012. In approving the proposed amendments, the MFDA has followed its established internal governance practices and has considered the need for consequential amendments.

D. Effective Date

The proposed amendments will be effective on a date to be subsequently determined by the MFDA.

E. Exemption from Requirements under Securities Legislation

The proposed amendments do not involve a Rule that the MFDA, its Members or Approved Persons must comply with in order to be exempted from a securities legislation requirement.

F. Conflict with Applicable Laws or Terms and Conditions of Recognition Order

The proposed amendments do not conflict with applicable laws or the Terms and Conditions of a Recognizing Regulator's Recognition Order.

IV. SOURCES

MFDA By-law No. 1
MFDA Rule 2.5.5 (Branch Manager)
MFDA Policy No. 2 *Minimum Standards for Account Supervision*
IIROC Rule 1.1 *Interpretation and Effect*
IIROC Rule 38 *Compliance and Supervision*
IIROC Rule 2500 *Minimum Standards for Retail Customer Account Supervision*
IIROC Rule 2900 *Proficiency and Education*
National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*

V. REQUIREMENT TO PUBLISH FOR COMMENT

The MFDA is required to publish for comment the proposed amendments so that the issues referred to above may be considered by the Recognizing Regulators.

The MFDA has determined that the entry into force of the proposed amendments would be in the public interest and is not detrimental to the capital markets. Comments are sought on the proposed amendments. Comments should be made in writing. One copy of each comment letter should be delivered within **90** days of the publication of this notice, addressed to the attention of:

Paige Ward
General Counsel and Vice-President, Policy
Mutual Fund Dealers Association of Canada
121 King St. West, Suite 1000
Toronto, Ontario
M5H 3T9
pward@mfda.ca

and one copy addressed to the attention of:

Anne Hamilton
Senior Legal Counsel, Capital Markets Regulation Division
British Columbia Securities Commission
701 West Georgia Street
P.O. Box 10142, Pacific Centre
Vancouver, British Columbia
V7Y 1L2
ahamilton@bcsc.bc.ca

Those submitting comment letters should be aware that a copy of their comment letter will be made publicly available on the MFDA website at www.mfda.ca.

Questions may be referred to:

Paige Ward
General Counsel and Vice-President, Policy
Mutual Fund Dealers Association of Canada
(416) 943-5838

Schedule "A"

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

On November 28, 2012, the Board of Directors of the Mutual Fund Dealers Association of Canada made the following amendments to the MFDA By-law No. 1, Rule 2.5.5 (Branch Manager) and Policy No. 2 *Minimum Standards for Account Supervision*:

Proposed Amendments to MFDA By-Law No. 1 – Definitions

"Approved Person" means~~, in respect of a Member,~~ an individual who is a partner, director, officer, branch manager, or alternate branch manager, employee or agent of the Member ~~who conducts or participates in the dealer business of the Member and~~ who (i) is registered~~,~~ or permitted, ~~licensed or approved in the appropriate category~~ where required by applicable securities legislation, by the securities commission having jurisdiction~~, and (ii) is designated and qualified as such in accordance with the Rules,~~ or (~~iii~~) ~~is otherwise subject~~submits to the jurisdiction of the Corporation.

Proposed Amendments to MFDA Rule 2.5.5

2.5.5 **Branch Manager**

(a) **Designation**. Each Member must designate an individual qualified as a branch manager pursuant to paragraph (~~b~~d) for each branch office (as defined in By-law 1.1) of the Member. The Member is not required to designate a branch manager for a sub-branch office who is normally present at the office, provided that a branch manager who is not normally present at such sub-branch office~~, or a trading partner, director or officer or a compliance officer designated as the branch manager for such sub-branch office,~~ supervises its business at the sub-branch office in accordance with the By-laws~~, and~~ Rules and Policies.

(b) Each individual designated as branch manager or alternate branch manager must submit to the jurisdiction of the MFDA.

(c) Notwithstanding paragraph (a), and subject to the approval of the Corporation, a Member may designate branch managers for branch offices who are not normally present at the offices provided the Member has a system to ensure effective supervision of activities at the branches.

(~~b~~d) **Proficiency Requirements.** An individual may not be designated by the Member as a branch manager pursuant to paragraph (a) or an alternate branch manager pursuant to paragraph (~~c~~g) unless the individual has:

(i) met the requirements for a salesperson as prescribed under applicable securities legislation and has passed any one of the following examinations:

(A) the Branch Managers Course Exam offered by the CSI Global Education Inc.;

(B) the Mutual Fund Branch Managers' Examination Course Exam offered by the IFSE Institute; or

(C) the Branch Compliance Officers Course Exam offered by the CSI Global Education Inc.

(~~c~~e) **Experience Requirements.** In addition to the requirements set out in paragraph (d)~~Rule 2.5.5(b)~~, each branch manager, except alternate branch managers, in respect of a Member shall:

(i) have acted as a salesperson, trading partner, director, officer or compliance officer registered under the applicable securities legislation for a minimum of two years; or

(ii) have a minimum of two years of equivalent experience to that of an individual described in paragraph (i).

(f~~d~~) **Responsibilities**. The branch manager must:

(i) supervise the activities of the Member at a branch or sub-branch that are directed towards ensuring compliance with the By-laws, Rules and Policies and with applicable securities legislation by the Member and its Approved Persons; and

(ii) supervise the opening of new accounts and trading activity at the branch office.

(ge) **Alternates**. In the event that a branch manager is temporarily absent or unable to perform his or her responsibilities, a Member shall designate one or more alternate branch managers who must be qualified as branch managers pursuant to paragraph (~~b~~d) and who shall carry out the responsibilities of the branch manager, but are not required to be normally present at the branch office.

Proposed Amendments to MFDA Policy No. 2

MUTUAL FUND DEALERS ASSOCIATION OF CANADA

MFDA POLICY NO. 2

MINIMUM STANDARDS FOR ACCOUNT SUPERVISION

Introduction

This Policy establishes minimum industry standards for account supervision. These standards represent the minimum requirements necessary to ensure that a Member has procedures in place to properly supervise account activity. This Policy does not:

(a) relieve Members from complying with specific MFDA By-laws, Rules and Policies and securities legislation applicable to particular trades or accounts; or

(b) preclude Members from establishing a higher standard of supervision, and in certain situations a higher standard may be necessary to ensure proper supervision.

To ensure that a Member has met all applicable standards, Members are required to know and comply with MFDA By-laws, Rules and Policies as well as applicable securities legislation which may apply in any given circumstance. The following principles have been used to develop these minimum standards:

(a) The term "review" in this Policy has been used to mean a preliminary screening designed to detect items for further investigation or an examination of unusual trading activity or both. It does not mean that every trade must be reviewed. The reviewer must use reasonable judgement in selecting the items for further investigation.

(b) It has been assumed that Members have or will provide the necessary resources and qualified supervisors to meet these standards.

(c) The initial compliance with the know-your-client rule and suitability of investment requirements is primarily the responsibility of the registered salesperson. The supervisory standards in this Policy relating to know-your-client and suitability are intended to provide supervisors with a checklist against which to monitor the handling of these responsibilities by the registered salesperson.

Members that seek to adopt policies and procedures relating to branch and head office supervision or the allocation of supervisory activities that differ from those contained in this Policy must demonstrate that all of the principles and objectives of the minimum standards set out in this Policy have been properly satisfied. Further, any such alternative policies and procedures must adequately address the risk management issues of the Member and must be pre-approved by MFDA staff before implementation.

I. ESTABLISHING AND MAINTAINING PROCEDURES

Effective self-regulation begins with the Member establishing and maintaining a supervisory environment which both fosters the business objectives of the Member and maintains the self-regulatory process. To that end a Member must establish and maintain procedures which are supervised by qualified individuals. A major aspect of self-regulation is the ongoing education of staff in all areas of sales compliance.

Establishing Procedures

1. Members must appoint designated individuals who have the necessary knowledge of industry regulations and Member policies to properly perform the duties.

2. Written policies must be established to document supervision requirements.

3. Written instructions must be supplied to all supervisors and alternates to advise them on what is expected of them.

4. All policies established or amended should have senior management approval.

Maintaining Procedures

1. Evidence of supervisory reviews must be maintained. Evidence of the review, such as inquiries made, replies received, date of completion etc. must be maintained for seven years and on-site for one year.

2. An on-going review of sales compliance procedures and practices must be undertaken both at head office and at branch offices.

Delegation of Procedures

1. Tasks and procedures may be delegated to a knowledgeable and qualified individual but not responsibility.

2. The Member must advise supervisors of those specific functions which cannot be delegated, such as approval of new accounts.

3. The supervisor delegating the task must ensure that these tasks are being performed adequately and that exceptions are brought to his/her attention.

4. Those who are delegated tasks must have the qualifications and required proficiency to perform the tasks and should be advised in writing of their duties. The general expectation is that tasks be delegated only to individuals with the same proficiency as the delegating supervisor. In certain limited circumstances, it may be acceptable to delegate specialized tasks to an individual that has not satisfied the proficiency requirements provided that the individual has equivalent training, education or experience related to the function being performed. The Member must consider the responsibilities and functions to be performed in relation to the delegated tasks and make a determination as to appropriate equivalent qualifications and proficiency. The Member must be able to demonstrate to MFDA staff that the equivalency standard has been met. Tasks related to trade supervision can only be delegated to individuals that possess the proficiency of a branch manager or compliance officer.

Education

1. The Member's current policies and procedures manual must be made available to all sales and supervisory personnel.

2. Introductory training and continuing education should be provided for all registered salespersons. For training and enhanced supervisory requirements for newly registered salespersons, please refer to the MFDA Policy No.1 entitled “New Registrant Training and Supervision Policy.”

3. Relevant information contained in compliance-related MFDA Member Regulation Notices and Bulletins and compliance-related notices from other applicable regulatory bodies must be communicated to registered salespersons and employees. Procedures relating to the method and timing of distribution of compliance-related information must be clearly detailed in the Member's written procedures. Members should ensure that they maintain evidence of compliance with such procedures.

II. OPENING NEW ACCOUNTS

To comply with the "Know-Your-Client" and suitability requirements set out in MFDA Rule 2, each Member must establish procedures to maintain accurate and complete information on each client. The first step towards compliance with this rule is completing proper documentation when opening new accounts. Accurate completion of the documentation when opening a new account allows both the registered salesperson and the supervisory staff to conduct the necessary reviews to ensure that recommendations made for any account are appropriate for the client and in keeping with investment objectives. Maintaining accurate and current documentation will allow the registered salesperson and the supervisory staff to ensure that all recommendations made for any account are and continue to be appropriate for a client's investment objectives.

Documentation of Client Account Information

1. A New Account Application Form (“NAAF”) must be completed for each new account.

2. A complete set of documentation relating to each client’s account must be maintained by the Member. Approved Persons must have access to information and documentation relating to the client’s account as required to service the account. In the case of a Level 1 Introducing Dealer and corresponding Carrying Dealer, both Members must maintain

a copy of each client's NAAF.

3. For each account of a client that is a natural person, the Member must obtain information sufficient to allow for the operation of the account and sufficient to determine the essential facts relative to each client, which would include, at a minimum, the following information:

   (a) name;

   (b) type of account;

   (c) residential address and contact information;

   (d) date of birth;

   (e) employment information;

   (f) number of dependants;

   (g) other persons with trading authorization on the account;

   (h) other persons with a financial interest in the account;

   (i) investment knowledge;

   (j) risk tolerance;

   (k) investment objectives;

   (l) time horizon;

   (m) income;

   (n) net worth;

   (o) for non-registered leveraged accounts, details of the net worth calculation, specifying liquid assets plus any other additional assets less total liabilities;

   (p) information required by other laws and regulations applicable to the Member's business as amended from time to time including information required for relevant tax reporting; information required for compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* and any authorization necessary to provide information to the MFDA under applicable privacy legislation.

   The preceding provides a list of minimum requirements. The Member may require clients to provide any additional information that it considers relevant. In the case of accounts jointly owned by two or more persons, information required under subparagraphs (a), (c), (d), (e), (f) and (i) must be collected with respect to each owner. Income and net worth may be collected for each owner or on a combined basis as long as it is clear which method has been used.

4. For each account of a client that is a corporation, trust or other type of legal entity, the Member must obtain information sufficient to allow for the operation of the account and sufficient to determine the essential facts relative to the client, which would include, at a minimum, the following information:

   (a) legal name;

   (b) head office address and contact information;

   (c) type of legal entity (i.e. corporation, trust, etc.);

   (d) form and details regarding the organization of the legal entity (i.e. articles of incorporation, trust deed, or other constating documents);

   (e) nature of business;

   (f) persons authorized to provide instructions on the account and details of any restrictions on their authority;

(g) investment knowledge of the persons to provide instructions on the account;

(h) risk tolerance;

(i) investment objectives;

(j) time horizon;

(k) income;

(l) net worth;

(m) information required by other laws and regulations applicable to the Member's business as amended from time to time including information required for relevant tax reporting; information required for compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations* and any authorization necessary to provide information to the MFDA under applicable privacy legislation.

The preceding provides a list of minimum requirements. The Member may require clients to provide any additional information that it considers relevant.

5. For supervisory purposes, registered accounts, leveraged accounts and accounts of any registered salesperson's family member operating under a limited trading authorization or operating under a power of attorney in favour of the registered salesperson must be readily identifiable.

6. If the NAAF does not include KYC information, this must be documented on a separate KYC form(s). Such form(s) must be signed by the client and dated. A copy of the completed NAAF and KYC form, if separate from the NAAF, must be provided to the client.

7. The Member must have internal controls and policies and procedures in place with respect to the entry of KYC information on their back office systems. Such controls should provide an effective means to detect and prevent inconsistencies between the KYC information used for account supervision with that provided by the client.

8. Except as noted in the following paragraph, NAAF's must be prepared and completed for all new clients prior to the opening of new client accounts. The new account or KYC information must be approved by the individual designated as responsible for the opening of new accounts under Rule 2.2.3 no later than one business day after the initial transaction date. Records of all such approvals must be maintained in accordance with Rule 5.

9. Notwithstanding the preceding paragraph, NAAF's for clients of a registered salesperson transferring to the Member must be prepared and completed within a reasonable time (but in any event no later than the time of the first trade). The new accounts or KYC information for clients of the transferring salesperson must be approved by the individual designated as responsible for the opening of new accounts under Rule 2.2.3 no later than one business day after the date that the NAAF is completed. Records of all such approvals must be maintained in accordance with Rule 5.

10. In the event that a NAAF is not completed prior to or within a reasonable time after opening an account, as required by this Policy, the Member must have policies and procedures to restrict transactions on such accounts to liquidating trades until a fully completed NAAF is received.

Changes to Know-Your-Client Information

1. The Approved Person or Member must update the KYC information whenever they become aware of a material change in client information as defined in Rule 2.2.4(a).

2. On account opening, the Member should advise the client to promptly notify the Member of any material changes in the client information, as defined in Rule 2.2.4(a), previously provided to the Member and provide examples of the types of information that should be regularly updated.

3. In accordance with Rule 2.2.4(e), Members must also, on an annual basis, request in writing that clients notify them if there has been any material change in client information, as defined in Rule 2.2.4(a), previously provided, or if the client's circumstances have materially changed.

4. Access to amend KYC information must be controlled and instructions to make any such amendments must be properly documented.

5. A client signature, which may include an electronic signature, or other internal controls sufficient to authenticate the client's identity and verify the client's authorization must be used to evidence any change in client name, client address or client banking information.

6. Material changes to client information, as defined in Rule 2.2.4(a), may be evidenced by a client signature, which may include an electronic signature or, alternatively, such changes may be evidenced by maintaining notes in the client file detailing the client's instructions to change the information and verified by providing written confirmation to the client with details of the instructions and providing an opportunity for the client to make corrections to any changes that have been made.

7. All material changes in client information, as defined in Rule 2.2.4(a), must be approved by the individual designated as responsible for the opening of new accounts under Rule 2.2.3 no later than one business day after the date on which notice of the change in information is received from the client. When approving material changes, branch managers should be reviewing the previous KYC information to assess whether the change appears reasonable. Branch managers should be aware of situations where material changes may have been made to justify unsuitable trades or leveraging. For example, branch managers should investigate further material changes that accompany trades in higher risk investments or leveraging or changes made within a short period of time (for example 6 months). Records of all such approvals must be maintained in accordance with Rule 5.

8. Where any material changes have been made to the information contained in the NAAF or KYC form(s), the client must promptly be provided with a document or documents specifying the current risk tolerance, investment objectives, time horizon, income and net worth that applies to the client's account.

9. The last date upon which the KYC information has been updated or confirmed by the client must be indicated in the client's file and on the Member's back office system.

Pending/Supporting Documents

1. Members must have procedures in place to ensure supporting documents are received within a reasonable period of time of opening the account.

2. Supporting documentation that is not received or is incomplete must be noted, filed in a pending documentation file and reviewed on a periodic basis.

3. Failure to obtain required documentation within 25 days of the opening of the account must result in positive actions being taken.

Client Communications

1. All hold mail must be authorized by the client in writing and be controlled, reviewed on a regular basis and maintained by the responsible supervisor. Hold mail should never be permitted to occur over a prolonged period of time (i.e. in excess of 6 months).

2. Returned mail is to be promptly investigated and controlled.

III. ASSESSING SUITABILITY OF INVESTMENTS AND LEVERAGING STRATEGIES

1. In accordance with Rule 2.2.1, Members and registered salespersons are responsible for the suitability of each recommendation made for an account of a client and must assess the suitability of the investments in each client's account under the circumstances described in Rule 2.2.1(e).

2. Members must have policies and procedures with respect to their suitability obligations, including criteria for the purpose of assessing the suitability of a client's use of leveraging and describing appropriate client circumstances for recommending the use of leverage.

3. The Member's policies and procedures must describe the information required to be maintained in the client file to facilitate proper Member supervision. Whenever the Member or registered salesperson recommends or becomes aware that a client is using a leverage strategy, the Member or registered salesperson must either maintain copies of the lending documents or make sufficient inquiries to obtain details of the loan, including interest rate, terms for repayment and the outstanding loan value. Where the Member or registered salesperson assists the client in completing the loan application, the Member must maintain copies of lending documents in the file, including copies of the loan application.

4. The Member's criteria for selecting trades for review, the inquiry and resolution process, supervisory documentation requirements, and the escalation and disciplinary process must be documented and clearly communicated to all registered salespersons and all relevant employees. Registered salespersons must be advised of the criteria the Member uses in assessing suitability, actions the Member will take when a trade has been flagged for review and appropriate options for resolution.

5. Registered salespersons must assess the suitability of investments in each client account within a reasonable time, but in any event no later than the time of the next trade, whenever:

   - the client transfers to the Member or transfers assets into an account at the Member;
   - the Member or registered salesperson becomes aware of a material change in the client's KYC information; and
   - the client account has been re-assigned to the registered salesperson from another registrant at the Member.

   The determination of "reasonable time" in a particular instance will depend on the circumstances surrounding the event that gives rise to the requirement to perform the suitability assessment. For example, with respect to client transfers, the volume of accounts to be reviewed may be a relevant factor in determining reasonable time.

6. Should a registered salesperson identify unsuitable investments in a client's account, the registered salesperson must advise the client and take appropriate steps to determine if there has been any change to client circumstances that would warrant altering the KYC information. It is inappropriate to alter the KYC information in order to match the investments in the client's account. If there is no change to the KYC information, or if investments in the account continue to be unsuitable after the KYC information has been amended, the registered salesperson should discuss any inconsistencies with the client and provide recommendations as to rebalancing investments in the account. Transactions in the account must only be made in accordance with client instructions and any recommendations made with respect to the rebalancing of the account must be properly recorded.

7. Registered salespersons must maintain evidence of completion of all suitability assessments performed and any follow up action taken with respect to such assessments.

IV. BRANCH OFFICE SUPERVISION

~~Each branch manager must undertake certain activities within the branch for purposes of assessing compliance with the Member's policies and procedures and regulatory requirements. These activities should be designed to identify failures to adhere to required policies and procedures and provide a means of revealing and addressing undesirable account activity.~~

1. An on-site branch manager is in the best position to know the registered salespersons in the office, know or meet many of the clients, understand local conditions and needs, facilitate business through the timely approval of new accounts and respond immediately to questions or problems. In accordance with Rule 2.5.5(c), a Member may designate a branch manager for a branch office who is not normally on-site. In determining whether an on-site branch manager is necessary at a branch, the following factors should be considered:

   - the specific activities at the branch;
   - complaint history;
   - number of Approved Persons at the branch;
   - experience of Approved Persons at the branch;
   - trade volume/commissions earned;
   - results of previous Policy No. 5 branch reviews;
   - MFDA compliance examination findings;
   - daily trade supervision issues;
   - supervisory tools used at the branch (manual or automated);

- the nature of dual occupations or outside business activities carried on at the branch; and
- the availability of a branch manager or branch managers in nearby locations.

2. Where a branch or sub-branch does not have an on-site branch manager, the Member must assign an off-site branch manager to the location. The Member's policies and procedures and the instructions to the off-site branch manager must include provision for periodic visits to the branch and sub-branch by the branch manager as necessary to ensure that business is being conducted properly at the location. These visits would be independent from the branch reviews required under MFDA Policy No. 5. Members must maintain records of the visits as well as issues identified and follow-up action taken.

3. Members must maintain an internal record of branch managers and the branches and sub-branches they are responsible for supervising.

Daily Activity

1. All new account applications and updates to client information must be reviewed and approved in accordance with this Policy.

2. The branch manager (or alternate) must review the previous day's trading for unsuitable trades and any other unusual trading activity using any convenient means. This review must include, at a minimum, all:

   - initial trades;
   - trades in exempt securities (excluding guaranteed investment certificates);
   - leveraged trades/leverage recommendations for open accounts;
   - trades in accounts of family members of registered salespersons operating under a power of attorney in favour of the registered salesperson;
   - redemptions over $10,000;
   - trades over $2,500 in moderate-high or high risk investments;
   - trades over $5,000 in moderate or medium risk investments; and
   - trades over $10,000 in all other investments.

   For the purposes of this section, "trades" does not include redemptions except where specifically referenced.

3. When reviewing redemptions, branch managers should seek to identify and assess:

   - the suitability of the redemption with regard to the composition of the remaining portfolio;
   - the impact and appropriateness of any redemption charges;
   - possible outside business activity where money may be leaving the Member for reinvestment into other potentially inappropriate or unauthorized investments; and
   - potential churning, including situations where redemption proceeds are being held on a temporary basis pending reinvestment.

4. The branch manager (or alternate) is responsible for following up on unusual trades identified by head office.

5. The branch manager must assess the suitability of investments in each client account where the Member becomes aware of a material change in the client's KYC information that results in a significant decrease in the client's risk tolerance, time horizon, income or net worth or more conservative investment objectives. The suitability assessment must be performed no later than one business day after the date on which notice of the change in information is received from the client.

6. In addition to transactional activity, branch managers must also keep themselves informed as to other client-related compliance matters such as complaints.

V. HEAD OFFICE SUPERVISION

A two-tier structure is required to adequately supervise client account activity. While the head office or regional area level of supervision by its nature cannot be in the same depth as branch level supervision, it should cover the same elements. Head office review should be focused on unusual activity or reviews that cannot be carried out at the branch level. Head office reviews must include procedures to effectively detect unsuitable investments and excessive trading in client accounts.

Daily Reviews

1. In addition to the trading review criteria for branch managers, head office must conduct daily reviews of account activity which must include, at a minimum, all:

   - redemptions over $50,000;
   - trades over $5,000 in exempt securities (excluding guaranteed investment certificates), moderate-high or high risk investments, or leveraged trades/recommendations for open accounts;
   - trades over $10,000 in moderate or medium risk mutual funds; and
   - trades over $50,000 in all other investments (excluding money market funds).

   For the purposes of this section, "trades" does not include redemptions except where specifically referenced.

2. There must be closer supervision of trading by registered salespersons who have had a history of questionable conduct. Questionable conduct may include trading activity that frequently raises questions in account reviews, frequent or serious complaints, regulatory investigations or failure to take remedial action on account problems identified.

3. Daily reviews should be completed within one business day unless precluded by unusual circumstances.

4. Daily reviews should be conducted of client accounts of producing branch managers.

5. On a sample basis, the Member must review the suitability of investments in accounts where clients have transferred assets into an account. The Member must have policies and procedures regarding sample size and selection, which should be based on the risk level associated with the account, focusing on accounts that hold higher risk investments, exempt securities or products not sold by the Member, accounts that are operated under a power of attorney in favour of a registered salesperson and accounts employing a leverage strategy. The Member's reviews must be completed within a reasonable time.

VI. IDENTIFICATION OF TRENDS IN TRADING ACTIVITY

1. Members must establish policies and procedures to identify trends or patterns that may be of concern including:

   - excessive trading or switching between funds indicating possible unauthorized trading, lack of suitability or possible issues of churning (for example, redemptions made within 3 months of a purchase, DSC purchases made within 3 months of a DSC redemption or accounts where there are more than 5 trades per month);
   - excessive switches between no load funds and deferred sales charge or front load funds;
   - excessive switches between deferred sales charge funds and front load funds; and
   - excessive switches where a switch fee is charged.

2. Head office supervisory review procedures must include, at a minimum, the following criteria:

   - a review of all accounts generating commissions greater than $1,500 within the month;
   - a quarterly review of reports on assets under administration ("AUA") comparing current AUA to AUA at the same time the prior year;
   - a quarterly review of commission reports for the previous 12 month period comparing commissions received in the current year to commissions received for the same period in the prior year.

Significant increases in commissions or AUA beyond those caused by market fluctuations may indicate issues with churning or leveraging strategies. Significant decreases may indicate potential inappropriate outside business activity.

3. Reviews should be completed within 30 days of the last day of the period being reviewed unless precluded by unusual circumstances.

13.3 Clearing Agencies

13.3.1 Notice of Approval – Variation and Restatement of the Recognition Order of the Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc.

VARIATION AND RESTATEMENT OF THE RECOGNITION ORDER OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (CDS) AND CDS CLEARING AND DEPOSITORY SERVICES INC. (CDS CLEARING)

NOTICE OF APPROVAL

The Ontario Securities Commission (Commission) approved on December 21, 2012 amendments to Bylaw No. 1 for each of CDS and CDS Clearing pursuant to paragraph 4.6 of Schedule "B" to the CDS and CDS Clearing recognition order and issued a varied and restated recognition order pursuant to section 144 of the *Securities Act* (Ontario) (Varied and Restated Order) related to CDS' and CDS Clearing's change in year end from October 31 to December 31.

The Commission issued an order on December 7, 2012 (Order) varying the current recognition order by replacing the definition of “original Maple shareholder” in Part 1 of Schedule B with a new definition of “original Maple shareholder” which includes 1802146 Ontario Limited, an affiliate of TD Securities Inc. The Varied and Restated Order consolidates the Order by replacing the current definition of “original Maple shareholder” with the revised definition in the Order.

Attached at Tab “A” to this notice, is a blackline of the Varied and Restated Order identifying the changes made and at Tab ‘B” is a CDS notice that explains the amendments made to By-law No. 1 and to the Varied and Restated Order.
The Varied and Restated Order is published in Chapter 2 of this Bulletin.

Tab "A"

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.

ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated July 4, 2012 recognizing each of The Canadian Depository for Securities Limited ("CDS Ltd.") and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2 of the ("Current Recognition Order");

AND WHEREAS CDS Ltd. filed an application dated November 23, 2012 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect the change of the fiscal year-end for CDS Ltd. and CDS Clearing from October 31 to December 31 (Application);

AND WHEREAS based on the Application and the representations made by CDS Ltd. and CDS Clearing, the Commission has determined that it is not prejudicial to the public interest to issue this order which varies and restates the Current Recognition Order;

IT IS ORDERED, pursuant to section 144 of the Act, the Current Recognition Order be varied and restated as follows:

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

AND

IN THE MATTER OF
THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED
AND
CDS CLEARING AND DEPOSITORY SERVICES INC.

ORDER
(Sections 21.2 and 144 of the Act)

WHEREAS the Ontario Securities Commission ("Commission") issued an order dated February 25, 1997 ("1997 Order"), which became effective on March 1, 1997, recognizing The Canadian Depository for Securities Limited ("CDS Ltd.") as a clearing agency pursuant to subsection 21.2(1) of the Act and designating CDS Ltd. As a recognized clearing agency pursuant to Part VI of the Ontario Business Corporations Act, which order has been amended from time to time;

AND WHEREAS the Commission issued an order in connection with a corporate reorganization of CDS Ltd. dated July 12, 2005 varying and restating the 1997 Order, as amended, recognizing CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency and continuing to recognize CDS Ltd. as a clearing agency (CDS Ltd. And CDS Clearing collectively "CDS");

AND WHEREAS the Commission issued a varied and restated order, dated October 24, 2011 ("2011 Order"), in connection with CDS's conversion to International Financial Reporting Standards, continuing to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to subsection 21.2(1) of the Act;

AND WHEREAS on June 10, 2011 Maple Group Acquisition Corporation ("Maple") commenced a transaction, consisting of a take-over bid ("Offer") and a subsequent arrangement, the result of which wasould be the acquisition by Maple of all of the issued and outstanding voting securities of TMX Group Inc. ("TMX Group"), the holding company parent of TSX Inc.;

AND WHEREAS Maple intends, concurrently with the initial take-up of shares of TMX Group pursuant to the Offer or as soon as possible thereafter, to acquired CDS Ltd. and, indirectly, CDS Clearing, by way of an amalgamation ("Amalgamation") of CDS Ltd. and 8090599 Canada Inc. a wholly-owned subsidiary of Maple, whereby the amalgamated company would continued as CDS Ltd.; the result of which waswould be the acquisition by Maple of all of the issued and outstanding voting securities of CDS Ltd;

AND WHEREAS the Commission issued an order dated July 4, 2012 recognizing CDS Ltd. and CDS Clearing as clearing agencies pursuant to section 21.2 of the Act to reflect the changes resulting from the Amalgamation (Current Recognition Order);Maple and 8090599 Canada Inc. have made an application to the commission requesting an order to reflect the changes resulting from the acquisition of CDS Ltd. by Maple;

AND WHEREAS the 2011 Order wasill be replaced by the Current Recognition Order this order and therefore was should be revoked;

AND WHEREAS the Commission also is also granteding an order recognizing Maple as an exchange pursuant to section 21 of the Act;

AND WHEREAS the Commission issued an order dated December 7, 2012 varying the Current Recognition Order by replacing the definition of "original Maple shareholder" in Part 1 of Schedule B with a new definition of "original Maple shareholder" which includes 1802146 Ontario Limited, an affiliate of TD Securities Inc.;

AND WHEREAS CDS Ltd. filed an application dated November 23, 2012 with the Commission pursuant to section 144 of the Act requesting a variation to the Current Recognition Order to reflect the change of the fiscal year-end for CDS Ltd. and CDS Clearing from October 31 to December 31 in order to be aligned with TMX Group's year-end ("Application");

AND WHEREAS the Commission considers the proper operation of a clearing agency as essential to investor protection and maintaining a fair and efficient capital market, and the Commission may recognise a clearing agency, pursuant to section 21.2 of the Act, if it is satisfied that it is in the public interest to do so:

AND WHEREAS the Commission considers the operation of a clearing agency in the public interest to include, among other things, appropriate governance arrangements, fair access and services to all market participants, adequate management of risk, including systemic risk, and operational reliability, fair and non-discriminatory fees, and appropriate rules and procedures to foster competition in the Canadian financial markets;

AND WHEREAS the Commission adoptedintends to adopt a program of enhanced regulatory oversight with respect to Maple and CDS;

AND WHEREAS CDS Ltd., CDS Clearing and Maple have each agreed to the respective terms and conditions as set out in Schedule "B" to this order;

AND WHEREAS the terms and conditions set out in "Schedule B" may be varied or waived by the Commission;

AND WHEREAS based on the Application and the representations made to the Commission, the Commission has determined that:

that Maple and 8090599 Canada Inc. have made to the Commission, the Commission has determined that:

(a) CDS satisfies the criteria for recognition set out in Schedule "A" to this order;

(b) it is not prejudicial to the public interest to vary and restate the Current Recognition Order; and

(b)(c) it is in the public interest to continue to recognize each of CDS Ltd. and CDS Clearing as a clearing agency pursuant to section 21.2 of the Act, subject to terms and conditions that are set out in Schedule "B" to this order; and

(c) it is not prejudicial to the public interest to revoke the 2011 Order pursuant to section 144 of the Act;

IT IS HEREBY ORDERED that:

(a) pursuant to section 21.2 of the Act, CDS Ltd. continues to beis recognized as a clearing agency; and

(b) pursuant to section 21.2 of the Act, CDS Clearing continues to beis recognized as a clearing agency; and

(c) pursuant to section 144 of the Act, the 2011 Order is revoked;

provided CDS Ltd., CDS Clearing and Maple comply with the terms and conditions set out in Schedule "B", as applicable, except that paragraphs 18.2 and 31.5 are not applicable until 30 days from the effective date of this order.

DATED this 4th day of July, 2012 and effective upon completion of the Amalgamation; as varied and restated on December _____ 2012.

"Mary Condon" "Howard Wetston"

SCHEDULE "A" – CRITERIA FOR RECOGNITION

PART 1 GOVERNANCE

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

(a) effective oversight of the clearing agency;

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

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

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

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

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

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

PART 2 FEES

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

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

PART 3 ACCESS

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

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

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

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

PART 4 RULES AND RULEMAKING

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

(a) are not inconsistent with securities legislation;

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

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

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

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

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

PART 5 DUE PROCESS

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

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

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

PART 6 RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its settlement services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with paragraph 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 The clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B" – TERMS AND CONDITIONS

PART I – Definitions

For the purposes of this schedule:

"affiliated entity" has the meaning ascribed to it in section 1.3 of National Instrument 21-101 *Marketplace Operation*, except that in the case of AIMCo "affiliated entity" means an AIMCo Affiliate;

"AIMCo" means the Alberta Investment Management Corporation;

"AIMCo Affiliate" means each AIMCo Client, any person directly or indirectly controlled by one or more AIMCo Clients, any investment pool managed by AIMCo, and any affiliated entity of any of the foregoing, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"AIMCo Clients" means Her Majesty the Queen in right of Alberta and certain Alberta public sector pension plans, in each case to the extent that, but only to the extent that, their respective assets are managed by AIMCo;

"associates" has the meaning ascribed to it in subsection 1(1) of the Act;

"CDS Clearing" means CDS Clearing and Depository Services Inc.;

"CDS Ltd." Means The Canadian Depository for Securities Limited;

"criteria for recognition" means the criteria for recognition set out in Schedule "A" to this order;

"financial risk model" means the mechanisms adopted by CDS to manage the risk of potential loss in the provision of clearing, settlement and depository services for securities and derivatives transactions in the event of the failure of a Participant to fulfill its settlement obligations, but for greater certainty does not include business risk or operational risk;

"FMI Principles" means the principles contained in the CPSS-IOSCO *Principles for Financial Market Infrastructures*, as amended from time to time, or any successor principles or recommendations;

"IT Systems" means CDS's information technology systems supporting the services or the business operations of CDS;

"Maple" means Maple Group Acquisition Corporation;

"Maple nomination agreement" means a nomination agreement provided for under Section 12(h) of the Amended and Restated Acquisition Governance Agreement of June 10, 2011 of Maple, as amended;

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act;

"original Maple shareholder" means each of the AIMCo, Caisse de dépôt et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs du Québec (F.T.Q.), The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., National Bank Financial Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., TD Securities Inc. and 1802146 Ontario Limited;

~~"original Maple shareholder" means each of the AIMCo, Caisse de depot et placement du Québec, Canada Pension Plan Investment Board, CIBC World Markets Inc., Desjardins Financial Corporation, Dundee Capital Markets Inc., Fonds de solidarité des travailleurs de Québec, The Manufacturers Life Insurance Company, National Bank Financial & Co. Inc., Ontario Teachers' Pension Plan Board, Scotia Capital Inc., and TD Securities Inc.;~~

"Participant" means a user of the services offered by CDS which are governed by the CDS Participant Rules;

"recognized clearing agency" means each of CDS Ltd. And CDS Clearing;

"rule" has the meaning ascribed to it in section 2 of the Rule Protocol at Appendix "A" to this schedule; and

"significant Maple shareholder" means a person or company that:

(i) beneficially owns or exercises control or direction over more than 5% of the outstanding shares of Maple provided, however, that the ownership of or control or direction over additional Maple shares in connection

with the following activities shall not be included for the purposes of determining whether the 5% threshold has been exceeded:

(A) investment activities on behalf of the person or company or its affiliated entity where such investments are made (I) by a bona fide third party investment manager with discretionary authority (subject to such retained discretion in order for the person or company or its affiliated entity to fulfil its fiduciary duties); or (II) by an investment fund or other pooled investment vehicle in which the person or company or such affiliated entity has directly or indirectly invested and which is managed by a third party who has not been provided with confidential, undisclosed information about Maple,

(B) acting as a custodian for securities in the ordinary course,

(C) normal course trading (including proprietary client facilitation trading) and wealth management activities (including, for greater certainty, in connection with the management of any mutual funds, pooled funds, trust accounts, estate portfolios and other investor funds and portfolios), including electronic securities trading, conducted for or on behalf of clients of the person or company, provided that any fund manager with discretionary authority carrying out such activities on behalf of such clients, or such clients, have not been provided with confidential, undisclosed information about Maple,

(D) the acquisition of Maple shares in connection with the adjustment of index-related portfolios or other "basket" related trading,

(E) making a market in securities to facilitate trading in shares of Maple by third party clients or to provide liquidity to the market in the person or company's capacity as a designated market maker for shares of Maple securities, in the person or company's capacity as designated market maker for derivatives on Maple shares, or in the person or company's capacity as market maker or "designated broker" for exchange traded funds which may have investments in shares of Maple, in each case in the ordinary course, (which, for greater certainty, shall include acquisitions or other derivative transactions undertaken in connection with hedging positions of, or in relation to, Maple shares), or

(F) providing financial services to any other person or company in the ordinary course of business of its and their banking, securities, wealth and insurance businesses, provided that such other person or company has not been provided with confidential, undisclosed information about Maple,

and subject to the conditions that the ownership of or control or direction over Maple shares by a person or company in connection with the activities listed in (A) through (F) above:

(G) is not intended by that person or company to facilitate evasion of the 5% threshold set out in clause (i), and

(H) does not provide that person or company the ability to exercise voting rights over more than 5% of the voting shares of Maple in a manner that is solely in the interests of that person or company as it relates to that person or company's ownership of or control or direction over the subject shares, except where the ability to exercise voting rights over more than 5% of the voting shares arises as a result of the activities listed in (E) above in which case the person or company shall not exercise its voting rights with respect to those excess voting shares;

(ii) is an original Maple shareholder that is a party to a Maple nomination agreement, for as long as its Maple nomination agreement is in effect, or

(iii) is an original Maple shareholder:

(A) whose obligations under Schedule 6 to the Maple order issued pursuant to section 21.11 of the Act (21.11 Order) on [date] have not terminated pursuant to section 50 of the 21.11 Order thereof, and

(B) that has a partner, director, officer or employee who is a director on the Maple board of directors other than pursuant to a Maple nomination agreement, for so long as such partner, officer, director or employee remains a member of the Maple board of directors.

PART II – Terms and Conditions Applicable to CDS Ltd. and CDS Clearing

1 OWNERSHIP OF CDS LTD.

1.1 The recognized clearing agency shall not make any changes to its ownership structure without the prior approval of the Commission.

2 PUBLIC INTEREST RESPONSIBILITY

2.1 The recognized clearing agency shall conduct its business and operations in a manner that is consistent with the public interest.

2.2 The mandate of the board of directors of the recognized clearing agency shall expressly include the public interest responsibility of the recognized clearing agency.

2.3 The board of directors of the recognized clearing agency shall provide a written report to the Commission at least annually, or as required by the Commission, describing how the recognized clearing agency is meeting its public interest responsibility.

3 CRITERIA FOR RECOGNITION

3.1 The recognized clearing agency shall continue to meet the criteria for recognition.

4 GOVERNANCE

4.1 The recognized clearing agency's governance arrangements shall be designed to fulfill its public interest requirements and to balance the interests of its shareholders and its Participants and other users of its services.

4.2 The recognized clearing agency shall ensure that:

(a) at least 33% of its board of directors are independent as that term is defined in paragraph 4.3;

(b) at least 33% of its board of directors are representatives of Participants, of which;

(i) one representative shall be nominated by the Investment Industry Regulatory Organization of Canada,

(ii) one representative shall be nominated by Maple from the five largest Participants (with the Participant and its affiliated entities aggregated for this purpose),

(iii) at least one representative nominated by Maple shall, for so long as a Maple nomination agreement remains in effect, be unrelated to original Maple shareholders, and

(iv) the representatives of Participants should represent a diversity of Participants;

(c) one director is a representative of a marketplace unaffiliated with Maple and nominated by the marketplaces unaffiliated with Maple;

(d) at least 50% of the directors have expertise in clearing and settlement; and

(e) a quorum of the board of directors shall have at least two thirds of the number of directors.

4.3 For the purpose of paragraph 4.2:

(a) a director is independent, if the director is not;

(i) an associate, partner, director, officer or employee of a significant Maple shareholder,

(ii) an associate, partner, director, officer or employee of a Participant of the recognized clearing agency or such Participant's affiliated entities or an associate of such director, partner, officer or employee,

(iii) an associate, partner, director, officer or employee of a marketplace or such marketplace's affiliated entities or an associate of such partner, director, officer or employee, or

(iv) an officer or employee of the recognized clearing agency or its affiliated entities or an associate of such officer or employee; and

(b) a person is unrelated to original Maple shareholders, if the individual;

(i) is not an officer, partner or employee of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that officer, partner or employee,

(ii) is not nominated under a Maple nomination agreement,

(iii) is not a director of an original Maple shareholder or any of such shareholder's affiliated entities or an associate of that director, and

(iv) does not have, and has not had, any relationship with an original Maple shareholder that could, in the view of the governance committee of the recognized clearing agency having regard to all relevant circumstances, be reasonably perceived to interfere with the exercise of his or her independent judgment as a director of the recognized clearing agency.

4.4 The recognized clearing agency governance structure shall provide for the use of Participant committees to provide advice, comment and recommendations to assist the board of directors of the recognized clearing agency and such committees shall meet the following requirements:

(a) membership on Participant committees is open to all Participants and marketplaces that access the services provided by the recognized clearing agency;

(b) the Participant committee may on any matters that the committee deems appropriate, and shall if requested by the Commission, report directly to the Commission without first requiring board approval or notification of such reporting; and

(c) a staff representative of the Commission may attend any meetings of the Participant committees as an observer.

4.5 The recognized clearing agency's board of directors shall:

(a) as required by the Commission and in any event annually, provide a written report to the Commission that contains:

(i) the recommendations made by each of its Participant committees commencing from the date of this order and whether and why any of the recommendations were rejected or only partially implemented, and

(ii) a response from each Participant committee regarding whether and why they agree or disagree with the recognized clearing agency's report; and

(b) file such report and the Participant committees' responses with the Commission within 45 days after each fiscal year-end of the recognized clearing agency or within 60 days of a request made by the Commission.

4.6 The recognized clearing agency shall obtain prior Commission approval before making changes to the structure of its board of directors, changes to the structure of any of its board committees and their mandates, changes to the structure of any of its Participant committees or their mandates, or changes to its constating documents.

4.7 The recognized clearing agency shall establish and maintain a Risk Management and Audit Committee of its board of directors, whose mandate includes, at a minimum, the following:

(a) providing advice and recommendations to the board of directors to assist it in fulfilling its risk management responsibilities, including reviewing and assessing CDS's risk management policies and procedures, the adequacy of the implementation of appropriate procedures to mitigate and manage such risks and CDS's participation standards and collateral requirements;

(b) monitoring the financial performance of CDS and providing financial management oversight and direction to the business and affairs of CDS;

(c) advising the board of directors on the fairness, reasonableness and competitiveness of its pricing and fees in the context of the Canadian capital market and trends relating to comparable services offered by clearing houses worldwide; and

(d) ensuring fair and equitable resources are dedicated to development projects for unaffiliated marketplaces.

4.8 The Risk Management and Audit Committee's composition shall be as follows:

(a) a total of five directors;

(b) an independent chair; and

(c) at least two industry directors that, for so long as a Maple nomination agreement remains in effect, are unrelated to original Maple shareholders as defined in paragraph 4.3 and who represent a diversity of Participants, and which may include the nominee of the Investment Industry Regulatory Organization of Canada.

4.9 In the event that the recognized clearing agency fails to meet the requirements of this section, it shall immediately advise the Commission and take appropriate measures to promptly remedy such failure.

5 FITNESS

5.1 The recognized clearing agency shall take reasonable steps to ensure that each director and officer of the recognized clearing agency is a fit and proper person. The recognized clearing agency shall, among other things, consider whether the past conduct of each director or officer affords reasonable grounds for the belief that the director or officer will perform his or her duties with integrity and in a manner that is consistent with the public interest responsibility of the recognized clearing agency.

6 ACCESS

6.1 The recognized clearing agency shall not unreasonably prohibit, condition or limit, directly or indirectly, access by a person or company to services offered by it.

6.2 The recognized clearing agency shall not, directly or indirectly:

(a) permit unreasonable discrimination among existing and potential Participants and marketplaces; or

(b) impose any burden on competition that is not reasonably necessary or appropriate.

6.3 The recognized clearing agency shall accept clearing of trades in securities that are eligible under its rules on a non-discriminatory basis, regardless of the marketplace of execution.

6.4 The recognized clearing agency shall promptly notify the Commission of receipt of any applications for access or connection from potential Participants and marketplaces.

6.5 The recognized clearing agency shall complete the granting or denial of access within 60 days and shall promptly notify the Commission of any applications for access that are outstanding for more than 60 days and the reasons for such delay or denial.

6.6 The recognized clearing agency shall allow any person or company, including other third party post-trade service providers, to interface or connect to any of its services or systems on a commercially reasonable basis, for the purposes of facilitating post-trade processing of securities transactions by Participants.

6.7 The rules and procedures of the recognized clearing agency shall be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and to remove impediments to the prompt and accurate clearance and settlement of securities transactions. The rules of the recognized clearing agency and any arrangements between the recognized clearing agency and its Participants or other market participants shall not unreasonably create an impediment to competition including in respect of other third party post-trade service providers. Without limiting the generality of the foregoing, the rules or arrangements shall not unreasonably prohibit, limit or impede, directly or indirectly, the ability of Participants to engage other third party post-trade service providers, or the provision of their services.

6.8 The recognized clearing agency shall provide its services and products, including any interface or connection to its services or systems, to any person or company, including a third party service provider, on a non-discriminatory basis and at service level or performance standards comparable to that which would be provided to its affiliated entities.

7. FEES, FEE MODELS AND INCENTIVES

7.1 The recognized clearing agency's fees shall not have the effect of unreasonably creating barriers to access the recognized clearing agency's services or discriminating between users of the recognized clearing agency's services or marketplaces, and shall be balanced with the criterion that the recognized clearing agency has sufficient revenues to satisfy its responsibilities.

7.2 The recognized clearing agency shall not, through any fee schedule, fee model or any contract with any Participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the recognized clearing agency that is conditional upon the purchase of any other service or product offered by the recognized clearing agency or any affiliated entity.

7.3 The fees shall be charged on a per transaction basis and shall not provide a discount, rebate, allowance or similar price concession based on a Participant's level of activity.

7.4 The recognized clearing agency's process for setting fees for any of its services shall provide for meaningful input from the relevant Participant committees and the Risk Management and Audit Committee of its board of directors.

7.5 The recognized clearing agency shall operate under the fee setting process and the fee and rebate model described in Appendix "B" to this schedule, as amended from time to time with prior Commission approval.

7.6 The recognized clearing agency shall obtain prior Commission approval before implementing any amendments to the fees set out in the fee schedule at Appendix "C", any new fees, any other fees for services or products designated by the Commission from time to time, or any change to the fee and rebate model, and for greater clarification, fees means all fees whether for core or non-core services as defined by the recognized clearing agency from time to time.

7.7 If the Commission considers that it would be in the public interest, the Commission may require the recognized clearing agency to submit a fee, fee model or incentive that has previously been approved by the Commission for re-approval by the Commission. In such circumstances, if the Commission decides not to re-approve the fee, fee model or incentive, the previous approval for the fee, fee model or incentive shall be revoked.

7.8 The recognized clearing agency shall file with the Commission all fees and fee models, and any amendments thereto, referred to in paragraphs 7.5, 7.6 or 7.7, for approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

7.9 Commencing for the fiscal year beginning ~~November 1, 2012~~January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the approved fee and rebate model. The recognized clearing agency shall provide the independent auditor's report to the Commission within 90 days of its fiscal year-end. The first annual report due shall cover a 14-month period from November 1, 2012 to December 31, 2013.

8 INTERNAL COST ALLOCATION MODEL AND TRANSFER PRICING

8.1 The recognized clearing agency shall establish and maintain an internal cost allocation model and policy or policies with respect to the allocation of costs or transfer of prices between the recognized clearing agency and its affiliated entities. The recognized clearing agency shall file with the Commission for approval the internal cost allocation model and policy or policies initially established in connection with this requirement within 9 months of the effective date of this order.

8.2 The recognized clearing agency shall obtain prior Commission approval before making any amendments to the internal cost allocation model and policy or policies established and required to be maintained under paragraph 8.1.

8.3 Commencing for the fiscal year beginning ~~November 1, 2012~~January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding compliance by the recognized clearing agency and its affiliated entities with the approved internal cost allocation model and transfer pricing policies. The recognized clearing agency shall provide the independent auditor's report to its board promptly after the report's completion and then to the Commission within 90 days of its fiscal year-end. The first annual report due shall cover a 12-month period from January 1, 2013 to December 31, 2013.

8.4 The fees, costs or expenses borne by the recognized clearing agency, and indirectly by the users of the recognized clearing agency's services, for each of the services provided by the recognized clearing agency, shall not reflect any cost or expense incurred by the recognized clearing agency in connection with an activity carried on by the recognized clearing agency that is not related to that service.

9 CPSS-IOSCO STANDARDS

9.1 The recognized clearing agency shall observe the FMI Principles as soon as possible.

10 RISK CONTROLS

10.1 The recognized clearing agency shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of the recognized clearing agency and its Participants.

10.2 The recognized clearing agency shall:

(a) design its clearing and settlement system and the associated financial risk model to meet industry best practices, Ontario securities laws and without limiting the generality of the foregoing, as soon as practicable after the publication of the final FMI Principles by CPSS-IOSCO, observe the FMI Principles;

(b) conduct a self-assessment against the applicable FMI Principles every two years or as requested by the Commission, and prepare a report on the findings, conclusions and recommendations for rectifying any deficiencies. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board; and

(c) every fourth year, or at other times required by the Commission, engage an independent qualified party, acceptable to the Commission, to conduct an assessment of the recognized clearing agency's financial risk model and prepare a report on the findings, conclusions and any recommendations. The Commission would have the ability to provide input into the scope of such assessment, and may include an assessment of how the recognized clearing agency's financial risk model balances the need for appropriate risk management and maintenance of fair and open access. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

11 OUTSOURCING

11.1 The recognized clearing agency shall obtain prior Commission approval before entering into, or amending, any outsourcing arrangement related to, any of its key services or systems with a service provider, which includes affiliated entities of the recognized clearing agency.

11.2 Where the recognized clearing agency outsources any of its key services or systems, the recognized clearing agency shall proceed in accordance with best practices. Without limiting the generality of the foregoing, the recognized clearing agency shall:

(a) establish and maintain policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of such outsourcing arrangements;

(b) identify any conflicts of interest between the recognized clearing agency and the service provider to which key services and systems are outsourced, and establish and maintain policies and procedures to mitigate and manage such conflicts of interest;

(c) prior to entering into the outsourcing arrangement, assess the risk of such arrangement, the quality of the service to be provided and the degree of control to be maintained by the recognized clearing agency;

(d) enter into a contract with the service provider to which key services and systems are outsourced that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures;

(e) maintain access to the books and records of the service providers relating to the outsourced activities;

(f) ensure that the Commission has access to all data, information and systems maintained by the service provider on behalf of the recognized clearing agency, for the purposes of determining the recognized clearing agency's compliance with Ontario securities laws;

(g) take appropriate measures to determine that service providers to which key services or systems are outsourced establish, maintain and periodically test an appropriate business continuity plan, including a disaster recovery plan;

(h) take appropriate measures to ensure that the service providers protect Participants' confidential information; and

(i) establish processes and procedures to regularly review the performance of the service provider under any such outsourcing arrangement**.**

12 OPERATIONAL RELIABILITY

12.1 The recognized clearing agency shall obtain prior approval of the Commission before integrating any of its IT systems, clearing, settlement or depository systems, or operations with any affiliated entities (other than any integration of systems or operations between CDS Ltd. and CDS Clearing).

12.2 The recognized clearing agency shall meet the performance standards attached as Appendix "D" to this schedule, as amended by the recognized clearing agency and approved by the Commission from time to time.

12.3 The recognized clearing agency shall obtain prior Commission approval before changing its performance standards attached as Appendix "D" to this schedule.

12.4 Commencing for the fiscal year beginning on ~~November 1, 2012~~January 1, 2013, the recognized clearing agency shall annually engage an independent auditor to conduct an audit and prepare a report in accordance with established audit standards regarding its compliance with the performance standards. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board. The first annual report due would cover a 1~~5~~7-month period from August 1, 2012 to ~~October~~December 31, 2013.

13 RULES

13.1 The recognized clearing agency's rules and the process for adopting new rules or amending existing rules shall be transparent to Participants and the general public.

13.2 The recognized clearing agency shall file with the Commission all rules and amendments to the rules and comply with the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time.

14 ENFORCEMENT OF RULES AND DISCIPLINE

14.1 The rules of the recognized clearing agency shall set out appropriate sanctions in the event of non-compliance by Participants.

14.2 The recognized clearing agency shall reasonably monitor Participant activities and impose sanctions to ensure compliance by Participants with its rules.

15 CONFIDENTIALITY OF INFORMATION

15.1 The recognized clearing agency shall not release Participants' confidential information to a person or company other than the Participant, a securities regulatory authority or a regulation services provider unless:

(a) the Participant has consented in writing to the release of the information;

(b) the release of the information is required by Ontario securities law or other applicable law; or

(c) the information has been publicly disclosed by another person or company, and the recognized clearing agency reasonably believes that the disclosure was lawful.

15.2 The recognized clearing agency shall implement reasonable safeguards and procedures to protect Participants' information, including limiting access to such Participant information to employees of the recognized clearing agency, or persons or companies retained by the recognized clearing agency to operate the system.

15.3 The recognized clearing agency shall implement adequate oversight procedures to ensure that the safeguards and procedures established under paragraph 15.2 are followed.

16 PROVISION OF INFORMATION

16.1 The recognized clearing agency shall, and shall cause CDS Clearing to, promptly provide the Commission, on request, any and all data, information and analyses in the custody or control of the recognized clearing agency or any of its affiliates, without limitations, restrictions or conditions, including, without limiting the generality of the foregoing:

(a) data, information and analyses relating to all its or their businesses; and

(b) data, information and analyses of third parties in its or their custody and control.

16.2 The recognized clearing agency shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.

16.3 The disclosure or sharing of information by the recognized clearing agency pursuant to paragraphs 16.1 or 16.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

16.4 The recognized clearing agency shall make available to all Participants any reports required under paragraph 7.2 of Schedule “A” and paragraphs 2.3, 4.5, 7.9, 8.2, 12.4 and 20.1 of this Schedule, subject to redaction of any information that the recognized clearing agency reasonably believes is competitively sensitive.

16.5 The recognized clearing agency shall continue to provide to Participants an annual report containing substantially the same financial and other information that was included in the annual reports issued by CDS prior to the date of this Order.

17 REPORTING OBLIGATIONS

17.1 The recognized clearing agency shall comply with Appendix "E" to this Schedule setting out the reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

18 COMPLIANCE

18.1 The recognized clearing agency shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions applicable to it in this order and describe in detail:

(a) the steps taken to require compliance;

(b) the controls in place to verify compliance; and

(c) the names and titles of employees who have oversight of compliance.

18.2 If the recognized clearing agency, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to the recognized clearing agency under this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Risk Management and Audit Committee of the breach or possible breach. The director, officer or employee of the recognized clearing agency shall provide to the Risk Management and Audit Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

18.3 The Risk Management and Audit Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 18.4 below.

18.4 The Risk Management and Audit Committee shall promptly cause an investigation to be conducted of the breach of possible breach reported under paragraph 18.2. Once the Risk Management and Audit Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to the recognized clearing agency under this order, the Risk Management and Audit Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide

details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or impending breach, and any actions that will be taken to address it.

19 REVIEW

19.1 The recognized clearing agency shall engage an independent qualified party, acceptable to the Commission, to conduct a review of the clearing agency's rules within 9 months of the effective date of this order to assess whether such rules and the arrangements thereunder continue to be appropriate in light of change in ownership structure and for-profit business model and prepare a report on the finding, conclusions and recommendations. The Commission would have the ability to provide input into the scope of such review which may include a process for stakeholder consultation. The recognized clearing agency shall provide the written report to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

PART III – Terms and Conditions Applicable to CDS Ltd.

20 FEES

20.1 Within three years of the effective date of this order and every three years subsequent to that date, or at other times required by the Commission, CDS Ltd. shall:

(a) conduct a review of its fees and fee models and the fees and fee models of its affiliated entities that are related to clearing, settlement, depository, data and other services specified by the Commission that includes, among other things, a benchmarking or other comparison of the fees and fee models against the fees and fee models of similar services in other jurisdictions; and

(b) provide a written report on the outcome of such review to its board of directors promptly after the report's completion and then to the Commission within 30 days of providing it to its board.

21 ALLOCATION OF RESOURCES

21.1 CDS Ltd. shall, subject to paragraph 21.2 and for so long as CDS Clearing carries on business as a clearing agency, allocate sufficient financial and other resources to CDS Clearing to ensure that CDS Clearing can carry out its functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

21.2 CDS Ltd. shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial or other resources to CDS Clearing as required under paragraph 21.1.

22 FINANCIAL VIABILITY

22.1 For the purpose of monitoring its financial viability, CDS Ltd. shall calculate, on a separate basis, the following financial ratios and metric:

(a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;

(b) a financial leverage ratio, being the ratio of total assets to shareholders' equity; and

(c) working capital.

22.2 If CDS Ltd. fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1;

(b) a financial leverage ratio less than or equal to 4/1; or

(c) working capital to cover 6 months operating expenses (excluding from such operating expenses the amount of shared services fees charged to CDS Clearing);

it shall immediately notify the Commission. If CDS Ltd. fails to maintain either of the debt to cash flow ratio, the financial leverage ratio, or the working capital metric for a period of more than three months, its Chief Executive Officer shall

deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

22.3 On a quarterly basis or on filing CDS Ltd. financial statements as required under paragraph 22.4 (together with the financial statements required to be filed pursuant to paragraph 22.4), CDS Ltd. shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 22.1.

22.4 From the fiscal year commencing on January 1, 2013, CDS Ltd. shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises ("CGAAP"). The quarterly and annual financial statements of CDS Ltd. shall be provided on a separate and consolidated basis. Any annual report provided to shareholders shall be concurrently filed by CDS Ltd. with the Commission. CDS Ltd. shall file with the Commission financial statements excluding note disclosure for the period of November 1 to December 31, 2012 by April 15, 2013.

22.5 From the fiscal year commencing on January 1, 2013, CDS Ltd. shall file with the Commission (a) unaudited quarterly financial statements of each of its subsidiaries, other than CDS Clearing, within 60 days of the end of quarters one through three, and (b) audited annual financial statements of each of its subsidiaries, other than CDS Clearing, within 90 days of each year end, all prepared in accordance with CGAAP**.**

23 COMPLIANCE

23.1 CDS Ltd. shall do everything within its control to cause CDS Clearing to:

(a) carry out its activities as a clearing agency recognized under section 21.2 of the Act and in accordance with Ontario securities law; and

(b) as soon as practicable after the effective date of this order observe the FMI Principles.

PART IV – Terms and Conditions Applicable to CDS Clearing

24 FEES

24.1 CDS Clearing shall cause CDS Securities Management Solutions Inc. to provide the Commission with a schedule of fees for all the products or services offered by CDS Securities Management Solutions that is in effect within 30 days of the effective date of this order.

24.2 CDS Clearing shall cause CDS Securities Management Solutions Inc. to obtain prior Commission approval in accordance with the procedure for a material rule as set out in the rule protocol attached as Appendix "A" to this Schedule, as amended from time to time, before implementing any amendments to the fees in the schedule filed pursuant to paragraph 24.1 above and any new fees.

25 FINANCIAL VIABILITY

25.1 For the purpose of monitoring its financial viability, CDS Clearing shall calculate the following financial ratios and metric:

(a) a debt to cash flow ratio, being the ratio of total debt (including any line of credit draw downs, and the current and long-term portions of any loans, but excluding liabilities such as but not limited to accounts payable, accrued expenses, deferred revenue, current and future income taxes payable, employee benefit liabilities, provisions, amounts due to Participants, customer deposits, deferred lease inducements and other liabilities) to adjusted EBITDA (i.e. earnings before interest, taxes, stock-based compensation, depreciation and amortization) for the most recent 12 months;

(b) a financial leverage ratio, being the ratio of adjusted total assets to shareholders' equity, where adjusted total assets is calculated as total assets less customer deposits, Participant cash collateral and any other assets held by CDS Clearing on behalf of a Participant all of which are recognized on CDS Clearing's statement of financial position. CDS Clearing shall notify the Commission, in advance, of the nature of any other assets held on behalf of a Participant that will be deducted from total assets; and

(c) working capital.

25.2 If CDS Clearing fails to maintain, or anticipates it will fail to maintain:

(a) a debt to cash flow ratio less than or equal to 4/1;

(b) a financial leverage ratio less than or equal to 4/1; or

(c) working capital to cover 6 months operating expenses.

it shall immediately notify the Commission. If CDS Clearing fails to maintain either of the debt to cash flow ratio, the financial leverage ratio or the working capital metric for a period of more than three months, its Chief Executive Officer shall deliver a letter advising the Commission of the continued deficiencies and the steps being taken to address the situation.

25.3 On a quarterly basis or on filing CDS Clearing financial statements as required under paragraph 25.4 (together with the financial statements required to be filed pursuant to paragraph 25.4), CDS Clearing shall report to the Commission that quarter's monthly calculation of the financial ratios and metric required under paragraph 25.1.

25.4 From the fiscal year commencing on January 1, 2013, CDS Clearing shall file with the Commission unaudited quarterly financial statements within 60 days of the end of quarters one through three and audited annual financial statements within 90 days of each year end, all prepared in accordance with CGAAP. CDS Clearing shall file with the Commission financial statements excluding note disclosure for the period of November 1 to December 31, 2012 by April 15, 2013.

PART V – Terms and Conditions Applicable to Maple

26 PUBLIC INTEREST RESPONSIBILITY

26.1 Maple shall, and shall ensure that the recognized clearing agencies, conduct their business and operations in a manner that is consistent with the public interest.

27 FEES

27.1 Maple shall ensure that any of its affiliated entities do not, through any fee schedule, fee model or any contract with any marketplace participant or other market participant, provide any discount, rebate, allowance, price concession or similar arrangement on any services or products offered by the affiliated entity that is conditional upon the purchase of any service or product provided by the recognized clearing agency.

28 ALLOCATION OF RESOURCES

28.1 Maple shall, for so long as the recognized clearing agencies carry on business as clearing agencies, allocate sufficient financial and other resources to the recognized clearing agencies to ensure that the recognized clearing agencies can carry out their functions in a manner that is consistent with the public interest and in compliance with Ontario securities law.

28.2 Maple shall notify the Commission immediately upon becoming aware that it is or will be unable to allocate sufficient financial and other resources to the recognized clearing agencies, as required under paragraph 28.1.

29 PROVISION OF INFORMATION

29.1 Maple shall, and shall cause the recognized clearing agencies, to promptly provide the Commission, on request, any and all data, information and analysis in the custody or control of the recognized clearing agencies, without limitations, restrictions or conditions, including data, information and analysis relating to all of the recognized clearing agencies' businesses.

29.2 Maple shall, and shall cause the recognized clearing agencies to, share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt exchanges, recognized or exempt quotation and trade reporting systems, registered alternative trading systems, recognized self-regulatory organizations, investor protection funds and other appropriate regulatory bodies.

29.3 The disclosure or sharing of information by Maple and the recognized clearing agencies pursuant to paragraph 29.1 and 29.2 shall be subject to any confidentiality provisions contained in agreements entered into with the Bank of Canada pertaining to information received from the Bank of Canada in its roles as registrar, issuing agent, transfer agent or paying agent for the Government of Canada.

30 CONFLICTS OF INTEREST

30.1 Maple shall establish, maintain, and require compliance with policies and procedures that identify and manage any conflicts of interest or potential conflicts of interest, perceived or real, arising from its interest in CDS, and from the involvement of any partner, director, officer or employee of a significant Maple shareholder in the management or oversight of the operations of CDS and the services and products provided by CDS.

30.2 Maple shall regularly review compliance with the policies and procedures established in accordance with paragraph 30.1, and shall document each review and any deficiencies and how those deficiencies were remedied. A report detailing the review(s) conducted shall be provided to the Commission on an annual basis.

30.3 The policies established in accordance with paragraph 30.1 shall be made publicly available on Maple's website.

31 COMPLIANCE

31.1 Maple shall promote fair access to the recognized clearing agencies and shall not unreasonably prohibit, condition or limit access by a person or company to any services provided by the recognized clearing agencies.

31.2 Maple shall promote within the recognized clearing agencies a corporate governance structure that minimizes the potential for any conflict of interest between any marketplace owned or operated by Maple or Maple's affiliated entities and the recognized clearing agencies that could adversely affect the clearance and settlement of trades in securities or the effectiveness of the recognized clearing agencies' risk management policies, controls and standards.

31.3 Maple shall do everything within its control to cause the recognized clearing agencies to carry out their activities as clearing agencies recognized under section 21.2 of the Act and in compliance with Ontario securities law, and to observe the FMI Principles as soon as possible after the publication of the final FMI Principles by CPSS-IOSCO.

31.4 Maple shall certify in writing to the Commission, in a certificate signed by its chief executive officer and general counsel, within one year of the effective date of this order and every year subsequent to that date, or at other times required by the Commission, that Maple is in compliance with the terms and conditions applicable to it in this order and describe in detail:

(a) the steps taken to require compliance;

(b) the controls in place to verify compliance; and

(c) the names and titles of employees who have oversight of compliance.

31.5 If Maple, or its directors, officers or employees, becomes aware of a breach or a possible breach of any of the terms and conditions applicable to Maple in this order, such person shall, within two business days after becoming aware of the breach or possible breach, notify the Regulatory Oversight Committee of Maple of the breach or possible breach. The director, officer or employee of Maple shall provide to the Regulatory Oversight Committee details sufficient to describe the nature, date and effect (actual and anticipated) of the breach or possible breach.

31.6 The Regulatory Oversight Committee shall, within two business days after being notified of the breach or possible breach, notify the Commission and confirm that the breach or possible breach is under investigation as required by paragraph 31.7 below.

31.7 The Regulatory Oversight Committee shall promptly cause an investigation to be conducted of the breach or possible breach reported under paragraph 31.5. Once the Regulatory Oversight Committee has made a determination as to whether there has been a breach, or that there is an impending breach, of any terms and conditions applicable to Maple in this order, the Regulatory Oversight Committee shall, within two business days of such determination, notify the Commission of its determination and shall provide details sufficient to describe the nature, date and effect (actual or anticipated) of the breach or impending breach, and any actions that will be taken to address it.

APPENDIX "A"

RULE PROTOCOL REGARDING THE REVIEW AND APPROVAL OF CDS CLEARING AND DEPOSITORY SERVICES INC. RULES BY THE ONTARIO SECURITIES COMMISSION

1. Purpose of the Protocol

On July 4, 2012 the Ontario Securities Commission ("Commission") issued a recognition order ("Recognition Order") with terms and conditions governing the recognition of each of The Canadian Depository for Securities Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing") as a clearing agency pursuant to subsection 21.2(1) of the *Securities Act* (Ontario). To comply with the Recognition Order, CDS Clearing shall file, among other things, its rules with the Commission for approval. This protocol sets out the procedures for the submission of a rule by CDS Clearing and the review and approval of the rule by the Commission.

2. Definitions

In this protocol:

"rule" means a proposed new or amendment to or deletion of a participant rule, operating procedure, user guide, manual or similar instrument or document of CDS Clearing which contains any contractual term setting out the respective rights and obligations between CDS Clearing and participants or among participants.

All other terms have the respective meanings ascribed to them in the Recognition Order and in securities legislation as that term is defined in NI 14-101.

3. Classification of Rules

CDS Clearing shall classify a rule as either "material" or "technical/housekeeping" for the purposes of the approval process set out in this protocol.

(a) Technical/Housekeeping Rules

For the purpose of this protocol, a rule shall be classified as "technical/housekeeping" if the rule involves only:

(i) matters of a technical nature in routine operating procedures and administrative practices relating to the CDS Services;

(ii) consequential amendments intended to implement a material rule that has been published for comment pursuant to this protocol which only contain material aspects already contained in the material rule or disclosed in the notice accompanying the material rule;

(iii) amendments required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement;

(iv) the correction of spelling, punctuation, typographical or grammatical mistakes or inaccurate cross-referencing; or

(v) stylistic formatting, including changes to headings or paragraph numbers.

(b) Material Rules

A rule that is not a technical/housekeeping rule, as defined above, would be classified as a "material" rule.

4. Procedures for Review and Approval of Material Rules

(a) Prior Notice of a Significant Material Rule

If CDS Clearing is developing a material rule that it anticipates will result in a significant change in its policy, will require amendments to a significant number of rules or may be the subject of significant public comment as a result of publication, then CDS Clearing shall notify Commission staff in writing at least 30 calendar days prior to submitting such a significant material rule. The purpose of such prior notification is to enable the Commission to react in a timely manner to the material rule upon filing. Prior notification shall not be interpreted as an opportunity for Commission staff to participate in CDS Clearing policy development. Commission staff will not begin a formal review of the material rule until all relevant documents have been filed.

(b) Documents to be Filed

For a material rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification and includes a statement that the rule is not contrary to the public interest;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule;

(iii) a notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a description of the rule,

B. a concise statement, together with supporting analysis, of the nature and purpose of the rule,

C. a description and analysis of the possible effects of such rule on CDS Clearing, participants and other market participants and the securities and financial markets in general, including but not limited to any impact on competition, risks and the costs of compliance borne by any of the foregoing parties or within any market, and where applicable, a comparison of the rule to international standards promulgated by Committee on Payment and Settlement Systems of the Bank for International Settlements, the Technical Committee of the International Organization of Securities Commissions and the Group of Thirty,

D. a description of the rule drafting process, including a description of the context in which the rule was developed, the process followed, the issues considered, consultation done, the alternative approaches considered, the reasons for rejecting the alternatives and a review of the implementation plan,

E. where the rule requires technological systems changes to be made by participants, other market participants or CDS Clearing, CDS Clearing shall provide a description of the implications of the rule on such systems and, where possible, an implementation plan, including a description of how the rule will be implemented and the timing of the implementation,

F. where CDS Clearing is aware that another clearing agency has a counterpart to the rule, CDS Clearing shall include a reference to the rules of the other clearing agency, including an indication as to whether that clearing agency has a comparable rule or has made or is contemplating making a comparable rule, and a comparison of the rule to same,

G. a statement that CDS Clearing has determined that the rule is not contrary to the public interest, and

H. an explanation that all comments should be sent to CDS Clearing with a copy to the Commission, and that CDS Clearing will make available to the public on request all comments received during the comment period.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (b).

(d) Publication of a Material Rule by the Commission

As soon as practicable, Commission staff will publish in the OSC Bulletin the notice and rule filed by CDS Clearing under subsection (b) for a comment period of 30 calendar days ("comment period"), commencing on the date on which the notice first appears in the OSC Bulletin or website.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their initial review of the material rule and provide comments to CDS Clearing during the comment period. However, there will be no restriction on the amount of time necessary to complete the review of the material rule.

(f) CDS Clearing Responses to Commission Staff's Comments

(i) CDS Clearing shall respond to any comments received to Commission staff in writing.

(ii) CDS Clearing shall provide to Commission staff a summary of all public comments received and CDS Clearing's responses to the public comments, or confirmation of having received no public comments.

(iii) If CDS Clearing fails to respond to comments from Commission staff within 120 calendar days after receipt of their comment letter, CDS Clearing shall be deemed to have withdrawn the material rule unless Commission staff otherwise agree.

(g) Approval by the Commission

Commission staff will use their best efforts to prepare the material rule for approval within 30 calendar days of the later of (a) receipt of written responses from CDS Clearing to staff's comments or requests for additional information, and (b) receipt of the summary of public comments and CDS Clearing's response to the public comments, or confirmation from CDS Clearing that there were no comments received. If at any time during the review period, Commission staff determine that they have further comments or require further information from CDS Clearing in order to prepare the materials for Commission approval, the review period will be extended by an additional period of 30 calendar days commencing on the day that Commission staff receive responses to the comments or the information requested. Commission staff will notify CDS Clearing of the Commission's approval of the material rule within 5 business days.

(h) Publication of Notice of Approval

Commission staff will prepare and publish in the OSC Bulletin and on its website a short notice of approval of the material rule within 15 business days of delivery of the notification to CDS Clearing of the decision. CDS Clearing shall provide the following information to accompany the publication of the notice of approval:

(i) a short summary of the material rule;

(ii) CDS Clearing's summary of public comments and responses received, if applicable; and

(iii) if changes were made to the version published for public comment, a blacklined copy of the revised material rule.

(i) Effective Date of a Material Rule

A material rule shall be effective as of the date of the notification of approval by Commission staff in accordance with subsection (g) or on a date determined by CDS Clearing, if such date is later.

(j) Significant Revisions to a Material Rule

When a material rule is revised subsequent to its publication for comment in a way that Commission and CDS Clearing staff determine has a material effect on the substance of the rule or its effect, the revision shall be published in the OSC Bulletin with a notice for a second 30 calendar day comment period. The request for comment shall include CDS Clearing's summary of comments and responses submitted in response to the previous request for comments, together with an explanation of the revision to the material rule and the supporting rationale for the amendment.

(k) Withdrawal of a Material Rule

If CDS Clearing withdraws or is deemed to have withdrawn a rule that was previously submitted, then it shall provide a notice of withdrawal to be published by the Commission in the OSC Bulletin as soon as practicable.

5. Procedures for Review and Approval of a Technical/Housekeeping Rule

(a) Documents to be Filed

For a technical/housekeeping rule, CDS Clearing shall file with the Commission the following documents electronically, or by other means as agreed to by the Commission staff and CDS Clearing from time to time:

(i) a cover letter that indicates the classification of the rule and the rationale for that classification;

(ii) the rule and, where applicable, a blacklined version of the rule indicating the proposed changes to an existing rule; and

(iii) a short notice of publication to be published by the Commission in the OSC Bulletin that contains the following information:

A. a brief description of the technical/housekeeping rule,

B. the reasons for the technical/housekeeping classification, and

C. the effective date of the technical/housekeeping rule, or a statement that the technical/housekeeping rule will be effective on a date subsequently determined by CDS Clearing.

(b) Effective Date of Technical/Housekeeping Rules

The technical/housekeeping rule shall be effective upon CDS Clearing filing the documents in accordance with subsection (a) or on a date determined by CDS Clearing. Where CDS Clearing does not receive any communication of disagreement with the classification from Commission staff in accordance with subsection (d) within 15 business days after filing the rule, CDS Clearing may assume that the Commission staff agree with the classification.

(c) Confirmation of Receipt

Commission staff will within 5 business days send to CDS Clearing confirmation of receipt of documents filed by CDS Clearing under subsection (a).

(d) Disagreement with Classification

Where CDS Clearing has classified a rule as "technical/housekeeping" and Commission staff disagree with the classification:

(i) Commission staff will communicate to CDS Clearing, in writing, the reasons for disagreeing with the classification of the rule within 15 business days after receipt of CDS Clearing's filing.

(ii) After receipt of Commission staff's written communication, CDS Clearing shall re-classify the rule as material and the Commission will review and approve the rule under the procedures set out in section 4.

(iii) Commission staff may require that CDS Clearing immediately repeal the technical/housekeeping rule and inform its participants of the reason for the repeal of the rule.

(e) Publication of Technical/Housekeeping Rules

Commission staff will publish the notice filed by CDS Clearing under clause (a)(iii) as soon as practicable.

(f) Comments received on Technical/Housekeeping Rules

If comments are raised in response to the publication of the notice or the implementation of the technical/housekeeping rule, Commission staff may review the rule in light of the comments received. Commission staff may determine that the rule was incorrectly classified and require that the rule be classified as a material rule and reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

6. Immediate Implementation of a Material Rule

(a) Criteria for Immediate Implementation

CDS Clearing may make a material rule effective immediately where CDS Clearing determines that there is an urgent need to implement the material rule because of a substantial and imminent risk of material harm to CDS Clearing, participants, other market participants, or the Canadian capital markets or due to a change in operation imposed by a third party supplying services to CDS Clearing and to its participants.

(b) Prior Notification

Where CDS Clearing determines that immediate implementation is necessary, CDS Clearing shall advise Commission staff in writing as soon as possible but in any event at least 5 business days prior to the implementation of the rule. Such written notice shall include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify CDS Clearing, in writing, of the disagreement, or request more time to consider the immediate implementation, within 3 business days of being advised by CDS Clearing under subsection (b).

(ii) Commission staff and CDS Clearing will discuss and resolve any concerns raised by Commission staff.

(iii) If no notice is received by CDS Clearing by the 3rd business day after Commission staff received CDS Clearing's notification, CDS Clearing may assume that Commission staff does not disagree with their assessment.

(d) Review of Material Rules Implemented Immediately

A material rule that has been implemented immediately shall be published, reviewed and approved by the Commission in accordance with the procedures set out in section 4 with necessary modifications. If the Commission subsequently disapproves the material rule, CDS Clearing shall immediately repeal the material rule and inform its participants of the disapproval.

7. Miscellaneous Provisions

(a) Waiving Provisions of the protocol

Commission staff may waive any part of this protocol upon request from CDS Clearing. Such a waiver shall be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may be amended at any time or times with the agreement of the Commission and CDS Clearing.

APPENDIX "B"

FEE AND REBATE MODEL APPROVED BY THE COMMISSION

1. For the fiscal year commencing on November 1, 2011 (fiscal year 2012) and subsequent fiscal years, fees for services and products offered by the recognized clearing agency shall be the prices on the fees schedule published on CDS's website and effective November 1, 2011 (CDS 2012 Fee Schedule), attached as Appendix C.

2. Maple shall not seek approval for fee increases on clearing and other core CDS services unless there is a significant change from current circumstances.

3. For the fiscal year commencing on November 1, 2012 and subsequent fiscal years starting on January 1, 2013, Maple shall share 50% of any increase in annual revenue on clearing and other core CDS services as compared to annual revenues in the fiscal year ending on October 31, 2012 with Participants. Sharing of revenue on core services for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate by core service category to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants for such core service).

4. For the purposes of paragraphs 2 and 3 above, "clearing and other core CDS services" means services with the codes in the CDS 2012 Fee Schedule highlighted in Appendix "C":

5. ~~For the fiscal year c~~Commencing on November 1, 2012 ~~(fiscal year 2013)~~ and subsequent ~~fiscal years~~12-month periods, Maple shall rebate an additional amount to Participants each year in respect of clearing services for trades conducted on an exchange or ATS. The aggregate rebate shall be $2.75 million for the period ending ~~in fiscal year~~October 31, ~~of~~ 2013, $3.25 million for the period ending ~~in fiscal year~~October 31, ~~of~~ 2014, $3.75 million for the period ending ~~in fiscal year~~October 31, ~~of~~ 2015, and $4 million for the period ending ~~in fiscal year~~October 31, ~~of~~ 2016 and each ~~year~~12-month period thereafter. This additional rebate for any ~~fiscal year~~12-month period shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that ~~fiscal year~~12-month period, intra-year discount(s) and a ~~year-end~~ proportionate rebate to Participants at the end of the 12-month period (paid pro rata to Participants in accordance with the fees paid by such Participants in respect of clearing services for trades conducted on an exchange or ATS).

APPENDIX "C"

CDS' PUBLISHED FEE SCHEDULE EFFECTIVE NOVEMBER 1, 2011

CDS' clearing and other core services are indicated in grey shading.

CDS Clearing and Depository Services Inc.

2012 PRICE SCHEDULE

Effective November 1, 2011 **All Prices Subject to Change**

	CLEARING SERVICES		
6000	Exchange Trade - Reported	Charge per trade reported to both buyer and seller	0.0041*
6010	Trade – Matched Institutional	Charge per trade to both buyer and seller using a virtual matching utility, which generates a confirmed trade in CDSX	0.08
6020	Trade – Other	Charge per trade to both submitter and confirmer for trades that are not exchange or matched institutional trades	0.0852*
6031	FINet® Subscription – Base Fee	Charge per business day to all FINet eligible CUIDs.	25.00
6032	FINet® Subscription – Supplemental Fee	Charge per business day to all FINet eligible CUIDs that net/report at the internal account level. This fee is in addition to 6031.	5.00
6050	FINet® Netting Fee	Charge per original trade that has been netted in the FINet netting processes.	0.09
6060	FINet® Trade Confirmation	Charge to participant when the status of a netted trade moves to confirmed (C).	0.18
6080	Continuous Net Settlement (CNS) Eligible Exchange Trades Netted	Charge per CNS eligible exchange trade submitted for netting to both buyer and seller	0.0041*
6085	CNS Netted and Novated Positions	Charge per CNS netted position after netting and novation to both buyer and seller	0.015
6155	Trade Reconciliation - Exchange/Exchange-type Trades	Charge for each electronic data file processed by CDS related to an exchange or an Alternative Trading System (ATS) for participants and subparticipants	4.85
	SETTLEMENT SERVICES		
6071	FINet® Settlement – Full	Charge to participant when only one transaction is required to fully settle an outstanding netted trade.	0.16
6072	FINet® Settlement – Partial	Charge to participant when more than one transaction is required to fully settle an outstanding netted trade. This fee is only applied on the first partial settlement. All subsequent partial settlements relating to the original netted trade are not subject to billing.	0.18
6076	Batch Net Settlement (BNS) FINet® Settlement	Charge per FINet trade settled fully in the BNS process	0.09
6110	Pledge Entry and Confirmation	Charge per pledge or substitution item to both submitter and confirmer for entry and confirmation, including DK's	1.43
6134	FINet® Buy-in – Pass-Through	Pass-through of FINet buy-in specialist charges.	As per FINet buy-in specialist
6100	Trade-for-Trade (TFT) Intraday Settlement	Charge per TFT trade settled intraday to both buyer and seller	0.1136*

6117	GIC Funds-Only Trade Alert - Email	Charge per addressee on the email (Effective June 4, 2012)	1.00
6118	GIC Funds-Only Trade Alert- Web	Charge per recipient of the web alert (Effective June 4, 2012)	1.00
6119	Pledge Settlement	Charge per pledged position settled intraday to both pledgee and pledgor	0.085
6120	Notice of Intent to Buy-In – Receiver	Charge to participant in a fail-to-receive position for each notice entered through CDSX indicating the intention to buy-in an outstanding trade for a specific security	0.50
6125	Notice of Intent to Buy-In – Deliverer	Charge to participant in a fail-to-deliver position for each notice received through CDSX indicating the intention to buy-in an outstanding trade for a specific security	1.00
6130	Notice of Buy-In Execution – Deliverer	Charge to participant in a fail-to-deliver position on executable date for each notice received through CDSX of the intention by the receiver to execute a buy-in	1.25
6132	Notice of Buy-In Execution – Receiver	Charge to participant in a fail-to-receive position on executable date for each notice entered through CDSX indicating the intention to execute a buy-in	0.25
6137	Buy-In Execution Trade Floor – Deliverer	Charge to participant in a fail-to-deliver position for each buy-in trade order being sent to an exchange for execution	15.00
6140	Certificate Settlement Envelope Service	Charge per envelope to both deliverer and receiver	4.50
6141	BNS TFT Settlement	Charge per TFT trade settled in BNS to both buyer and seller	0.0639*
6190	Detailed/Consolidated Cash Recap Online Report Request	Charge per online request for detailed or consolidated cash recap report	6.70
6196	BNS CNS Batch Settlement	Charge per outstanding CNS position settled in BNS to both buyer and seller	0.03
6197	CNS Real-Time Settlement	Charge per each CNS real-time settlement to both buyer and seller	0.16
	DEPOSITORY, CUSTODIAL AND ENTITLEMENT SERVICES		
6200	Deposit	Charge per deposit transaction	1.90
6231	Eligibility Certificated Non BEO	Charge per issue represented by a definitive certificate and the certificate is deposited with CDS	1,100.00
6232	Eligibility Certificated BEO Global	Charge per issue represented by a BEO global note and the note is deposited with CDS	550.00
6234	Eligibility Request Cancellation Fee	Charge for each cancellation of an eligibility request	33.00
6235	Money Market ISIN Activation Fee	Charge per money market ISIN activated	20.00
6250	Withdrawal	Charge per withdrawal transaction	25.50
6255	Withdrawal - Corporate Action	Charge per withdrawal of matured issues from system	1.94
6260 / 6261	Strip Bond Adjustment - Debit/Credit	Charge per strip debit (6260) or credit (6261) adjustment transaction processed	6.15
6270	Strip Bond (Physical Strip) Deposit Surcharge	Surcharge, in addition to the normal deposit fee for each deposit of physical strip bonds, of the greater of a) $50 and b) the number of coupons/residuals x $0.50 + the face value in thousands or part thereof (face value/1,000) x $0.30 x the number of years to maturity (i.e., maturity year - 2000 base year)	50.00 or as calculated
6300	Custody - Equity - Position	Charge per daily average of positions held; positions held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.74

6305	Custody - Equity - Volume	Charge per daily average of increments of 100,000 shares; the volumes held in sub-accounts are accumulated into a total for the month that is divided by the number of business days in the month	0.2532
6310	Custody - Debt - Position	Charge per daily average of positions held	1.62
6320	Custody - Debt - Volume	Charge per daily average of pro rata increments of $100,000 par value	0.019
6330	Custody - Strip Bond - Position	Charge per daily average of positions held	0.75
6350	Bank of Canada Safekeeping Cost	Pass-through of Bank of Canada safekeeping charge per daily average of pro rata increments of $100,000 par value	0.0026
6360	Ledger Reconciliation	Charge per electronic data file processed by CDS	9.15
6370	Ledger Account	Monthly charge per ledger account	235.50
6390	TRAX Entitlements Tracking	Charge per day on all eligible CUIDs that subscribe to the entitlements tracking service	1.75
6400	Corporate Action Transaction – Manual	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring a manual set-up for processing	23.45
6410	Corporate Action Transaction – Auto	Charge per credit or debit of a ledger position related to a corporate action event (excluding dividend events) requiring an automated set-up for processing	4.70
6417	Dividend Transaction – Manual	Charge per credit or debit of a ledger position related to a dividend event requiring a manual set-up for processing	23.74
6418	Dividend Transaction – Auto	Charge per credit or debit of a ledger position related to a dividend event requiring an automated set-up for processing	4.98
6930	Create or Acknowledge Corporate Action Liability record	Charge to participant for each record created or for each record acknowledged	6.55
6947	CALMS[1] Alert Activity – Email	Charge per addressee on the email	1.00
6948	CALMS Alert Activity – Web	Charge per recipient of the web alert	1.00
6982	TRAX Transfer Request – Deleted	Charge per TRAX transaction deleted in the system	1.94
6989	TRAX Transfer Request Alert Activity - Email	Charge per addressee on the email	1.00
6990	TRAX Transfer Request Alert Activity - Web	Charge per recipient of the web alert	1.00
7996	Reconstitution Reservation Extension	Charge per day per reconstitution reservation request extension	32.50
7997	Strip Foreign Market Bond - Incremental	Incremental charge per foreign market bond stripped	75.00
7998	Strip Ineligible Domestic Bond - Incremental	Incremental charge per ineligible domestic bond stripped	65.00
	INTERNATIONAL SERVICES		
5000	International Trade - Entry	Charge per international non-exchange trade transaction entered	0.56
5200	International Trade - Settlement	Charge per international non-exchange trade settled within CDSX	2.75

[1] Corporate Action Liability Management Service

5035	Cross-Border Movement - Pass-Through	Pass-through charge per electronic transfer of security positions between CDS and other foreign securities depositories or custodians	CAD equivalent
5036	ADR Custody Fee – Pass-through	Pass-through of ADR custody fees charged by US depositary banks of ADR	As per ADR depositary banks
5041	U.S. Deposit	Charge per regular U.S. deposit	105.00
5044	U.S. Deposit Reject	Pass-through of DTC charges per U.S. rejected deposit	CAD equivalent
5046	U.S. Withdrawal - Regular	Charge per regular U.S. withdrawal	232.00
5047	U.S. Withdrawal - Instant	Charge per instant U.S. withdrawal (Effective March 1, 2012)	316.00
5048	U.S. Withdrawal Reject	Pass-through of DTC charges per U.S. rejected withdrawal	CAD equivalent
5050	Depository Trust and Clearing Corporation (DTCC) Mark-up - Tier 1	CDS mark-up of NSCC/DTC/Omgeo monthly billing statements for New York and DTC Direct Link users based on previous month's activity; first US$20,000 in monthly billings	USD 20.60%
5051	DTCC Mark-up - Tier 2	monthly billings in USD from $20,000.01 - $35,000 per month	USD 13.60%
5052	DTCC Mark-up - Tier 3	monthly billings in USD above $35,000.00 per month	USD 9.10%
5306	Euroclear UK Direct Access ID	One-time charge for the setup of each Euroclear UK Direct service operator ID and password	100.00
5307	Euroclear UK Direct Surcharge	CDS surcharge per Euroclear UK Direct message request	1.90
5310	Euroclear UK Direct Pass Through	Pass-through of Euroclear UK & Ireland charges. These include transaction charges, custody charges, settlement fines, standing charges and other charges as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5317	Euroclear UK Direct Other	Ad-hoc and miscellaneous charges, as provided by Euroclear UK & Ireland, not included in the pass-through charges summarized under 5310 – Euroclear UK Direct Pass Through. These include charges not specific to transactions entered in Euroclear UK & Ireland's CREST Graphical User Interface (GUI). For example, charges for research, trialing, training, etc.	as per Euroclear UK & Ireland
5321	Euroclear UK Direct Volume Discount	Volume discount amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5322	Euroclear UK Direct Rebate	Rebate amounts as provided by Euroclear UK & Ireland	as per Euroclear UK & Ireland
5331	SWIFT UK – GUI Access Right	One-time charge per Euroclear UK & Ireland's CREST GUI access right, as provided by SWIFT UK	as per SWIFT UK
5332	SWIFT UK – Pass Through	Charges for messaging activity related to the Euroclear UK Direct service, as provided by SWIFT UK	as per SWIFT UK
5335	SWIFT UK PST Recovery	Charge for the recovery of provincial sales tax paid by CDS for applicable Euroclear UK Direct services provided by SWIFT UK.	8% of applicable SWIFT UK charges

5400	International Custody Fee	Charge per $100,000 of the average monthly value of the securities held in safe custody at Euroclear France	0.50
5515	OTC[2] Correction	Charge per correction	10.00
5533	ACT Monthly Subscription Fee	Charge per month for each Market Participant Identifier (MPID)	388.00
5534	ACT Trade Fee – Tier 1	Charge per transaction per month for first 25,000 transactions per MPID	0.068
5535	ACT Trade Fee – Tier 2	Charge per transaction per month over 25,000 up to 50,000 transactions per MPID	0.019
5536	ACT Trade Fee – Tier 3	Charge per transaction per month over 50,000 transaction per MPID	0.01
5560	International Trade Reconciliation Service (ITRS)	Charge per electronic data file processed by CDS; New York Link participants' and DTCC's trade files are compared and exception reports are generated	4.85
5570	International Ledger Reconciliation Service (ILRS)	Charge per electronic data file processed by CDS; New York Link and DTC Direct Link participants' ledger position files are compared to DTC's and an exception report is generated	8.80
5576	New York Link Monitoring Service – Email	Charge per addressee on the email	1.00
5577	New York Link Monitoring Service – Web	Charge per recipient of the web alert	1.00
5580	NYL Soft Cap Alert – Email	Charge per addressee on the email	1.00
5581	NYL Soft Cap Alert – Web	Charge per recipient of the web alert	1.00
5910	Regulation SHO Close-Out Fee	Charge for each close-out initiated due to a Regulation SHO requirement	234.00
	INFORMATION AND SUPPORT SERVICES		
4001	CDSX Security Master File (SMF) Information	Charge per business day for SMF information	3.00
4003	CDSX SMF or Entitlements Information – On Request	Charge per one-time SMF or Entitlement Information transmission upon request	725.00
4006	CDSX Entitlements Information	Charge per business day for entitlements information	1.85
4007	Entitlements Messaging – MT564	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)	13.25
4008	Entitlements Messaging – MT564/568	Charge per business day for receiving ISO-15022-format entitlements information over MQ or SWIFT (SWIFT network usage and message charges may also apply)	5.25
2811	SWIFT Network – Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As per SWIFTNet
2812	SWIFT Network – International Message (Entitlements Information)	Fee charged to the subscriber directly by SWIFTNet based on the subscriber's number of transactions transmitted over SWIFTNet	As per SWIFTNet
4015	Dividend Eligibility Reporting Service – Subscription	Annual subscription charge for dividend eligibility information files	1,045.00
4016	Dividend Eligibility Reporting Service – Archive	Charge for each archive file of dividend eligibility information for a specific taxation year	1,045.00

[2] Over-the-Counter

4017	Dividend Eligibility Reporting Service – e-mail Notification	Annual subscription charge for e-mail notification service from January 1 to January 31 informing of changes to dividend eligibility information for dividends paid in the previous taxation year	91.00
4020	Mutual Fund and Limited Partnership Tax Reporting – Subscription	Annual subscription charge for each category of Mutual Fund and Limited Partnership Tax Reporting information files. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	905.00
4021	Mutual Fund and Limited Partnership Tax Reporting – Archive	Charge for each archive file of a category of Mutual Fund and Limited Partnership Tax Reporting information for a specific taxation year. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	905.00
4022	Mutual Fund and Limited Partnership Tax Reporting – e-mail Notification	Annual subscription charge for e-mail notification service on replacement records from January 1 to April 30 related to distributions made in the previous taxation year for one of the categories of Mutual Fund and Limited Partnership Tax Reporting information. Participants can choose from one or more of the following categories of information files: Mutual Fund Trusts (T3), Mutual Fund Corporations (T5), Limited Partnerships (T5013)	91.00
4050	Shareholder Meetings	Per meeting published; each publication of meetings (original and updates) in financial press as per National Instrument 54-101 (NI 54-101)	100.00
4120	Bulletins	Charge per month for 10 users (including SEDAR attachments); an additional charge of $50 applies for each additional 10 user IDs	363.00
4125	Bulletin Extraction for Tax Reporting - Subscription	Monthly subscription for receiving updated and consolidated information about wind-up redemptions and other corporate action event types via the bulletin database	75.00
4200	Strip Component Listing Inquiry	Charge per component listing provided	9.00
4220	Strip Bond Monthly Reports - Monthly E-mail	Annual charge for base service subscription by e-mail for up to five users	610.00
4221	Strip Bond Monthly Reports - Additional Users	Annual charge per five additional users added to a base subscription	50.00
4230	Strip Bond Monthly Reports - Extra Hardcopy	Hardcopy version in addition to the base service annual subscription (monthly e-mails)	120.00
4210	Strip Bond Monthly Reports - Single Month	Charge per suite of monthly reports sent to participant non-strip subscribers	100.00
4400	ATON[3] Set-up	One-time charge to set-up ATON profiles and access administration for limited participants	3,175.00
4410	ATON Request for Transfer (RFT)	Charge per RFT to deliverer and receiver; applies to all original RFTs and all residual asset RFTs linked to original RFTs	0.91[1]
4420	ATON Movement	Charge to both deliverer and receiver for a CDSX trade generated by ATON	0.81[1]
4430	ATON Confirmed Asset	Charge to both deliverer and receiver per confirmed asset	0.135[1]

[3] Account Transfer Online Notification

4610	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Serial Bond	Charge per ISIN upon initial set-up	100.00
4620	Book-Entry-Only (BEO) Set-up – Municipal and Subsidized Institutions – Other	Charge per ISIN upon initial set-up	250.00
6186	FINet® Cumulative Transaction Detail file - subscription fee	Charge for each electronic file processed by CDS.	4.85
6170	Outbound File	Charge for each electronic file processed by CDS, that can be retrieved and used as input to participant systems (e.g., for reconciliation, record-keeping, analysis or other purposes)	4.85
7000	InterLink Set-up	One-time set-up fee for InterLink service	5,770.00
7010	InterLink	Daily charge per CUID	1.80
7015	Intraday InterLink Batch File	Charge per batch file	4.85
7030	Data File Transmission	Charge per electronic transmission of data files	4.85
7050	Test Region Fee	Charge per day for access to CDS's test regions within published testing calendar dates. Tests conducted outside of the published testing calendar dates will be considered on a best efforts basis and will incur a premium charge of $1,500 per day.	1,000.00
7990	Research	Charge for research of items per customer request for items over 60 days and includes audit confirmation for participants	50.00
7020	Special Research Request	Charge per archived file accessed at five-month increments (e.g., search for past year's trades are three five-month increments)	100.00

	OTHER SERVICES		
4900	Tax Refund Claim NR7-R - Non-Canadian Claimant	Charge per tax refund claim on Canadian-source income (non-Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	USD 55.00
4910	Tax Refund Claim NR7-R - Canadian Claimant	Charge per tax refund claim on Canadian-source income (Canadian claimant); certification by CDS on Form NR7-R that non-resident tax was withheld	60.50
4992	Limited Tender	Flat charge for processing a tender for less than 20 per cent of the outstanding shares of a public company	4,000.00
7306	On-Site Contingency Service - Subscriber Standby	Monthly standby charge	109.00
7307	On-Site Contingency Service - Subscriber Usage	Usage charge (use of any part of a day)	454.00
7308	On-Site Contingency Service - Special Set-up	Special set-up charge for non-subscribing customers	3,175.00
7309	On-Site Contingency Service - Special Usage	Usage charge (use of any part of a day)	454.00
7500	TCP/IP (Frame Relay) Port and Up to 16 LUs	Monthly charge for Logical Units (LUs) of Terminals/Printers per port. Per port LUs should be less than or equal to 16.	54.50
7501	TCP/IP Port and 17-256 LUs	Total per month flat fee per port, if LUs on the port are more than 17 but less than or equal to 256. No charges against first tier will be applied	1,451.25

7502	TCP/IP Port and 257-512 LUs	Total per month flat fee per port, if LUs on the port are more than 257 but less than or equal to 512. No charges against first and second tiers will be applied	2,177.00
7503	TCP/IP Port and 513 LUs and Over	Total per month flat fee per port, if LUs on the port are more than 512. No charges against above tiers will be applied	2,903.00
7530	Enhanced IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,046.00
7531	Enhanced IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,106.00
7532	T1 IPVPN + BIHS + Single Firewall	Charge per month flat fee per connection	1,178.00
7533	T1 IPVPN + BIHS + Dual Firewall	Charge per month flat fee per connection	1,238.00
7534	Dual T1 IPVPN + Dual Firewall	Charge per month flat fee per connection	2,174.00
7535	Secured Sockets Layer (SSL)	Charge per month flat fee per connection	20.00
7540	Site-to-site connection	Charge per month flat fee per connection	251.00
7536	Fractional T1 gIPVPN + ADSL + Single Firewall	Charge per month flat fee per connection	1,870.00
7537	Fractional T1 gIPVPN + ADSL + Dual Firewall	Charge per month flat fee per connection	1,930.00
7538	T1 gIPVPN + SDSL + Single Firewall	Charge per month flat fee per connection	2,299.00
7539	T1 gIPVPN + SDSL+ Dual Firewall	Charge per month flat fee per connection	2,359.00
7550	Network and Data Processing Move/Add	Labour charges for physical and logical changes	1,000.00
7965	Transfer Agent Pass-through - CDSX	Pass-through of transfer fees charged by transfer agents	Per TA price
7966	Transfer Fees - Other	Transfer fees submitted by transfer agents where CDS uses an internal CUID to process transactions on behalf of participants	Per TA price
7967	Transfer Fees - Adjustments	Any adjustments in transfer fees submitted by transfer agent	Per TA price
7991	Invoice – Soft copy	Charge per invoice per company per month; the invoice is provided in soft copy (e.g., Excel) on a PC diskette or via email	20.00
7992	Dormant Participant Status	Annual charge for reservation of CUID by participant	4,000.00
7080	Participant Merge	Charge to receiving CUID of merger of ledger positions	13,950.00
7090	Agent Merge	Charge to receiving custodian/paying agent of merger of ledger positions	13,950.00
3010	Courier Services - Taxable	Fee passed through CDS for courier shipments within Canada. See Appendix A - CDS Delivery Services Price List	Per fee schedule
3020	Courier Services - Zero Tax	Fee passed through CDS for courier shipments to or from outside of Canada - GST-free. See Appendix A - CDS Delivery Services Price List	Per fee schedule
	INCIDENTAL FEES		
9900	Late Collateral Delivery	Charge per incident for failure to deliver collateral within required timeframes	1,000.00
9905	Central Counterparty (CCP) Services Failure to Receive	Charge per day for failure to receive delivery of securities to settle an outstanding FINet trade prior to the start of payment exchange or CNS settlement position in the last intra-day CNS cycle	1,000.00

9910	Proper Valuation Not Provided	Charge per unvalued security for failure to provide valuation of all transfers, deposits and withdrawals	10.00
9920	Bank Declaration Not Submitted	Charge per day per share per International Securities Identification Number (ISIN) (daily maximum of $1,000) for non-compliance with Depository Rules regarding the failure to submit a bank declaration	0.001
9925	Failure to Close-out Fails subject to SEC Regulation SHO	Charge of $5,000 against the participant upon the first failure to close out fails. A charge of $10,000 upon the second such occasion within the rolling twelve-month period from the first failure	5,000.00 or 10,000.00
9930	Failure to Provide Compliance Information	Charge for failure to provide required financial, regulatory, or other information within requested timeframe	1,000.00
9950	Envelope Not Picked Up by Close of Business	Charge per envelope per day for failure to pick up envelope before close of business	25.00
9960	Position Not Reconstituted	Charge per million par value (or part thereof) per business day reserved for failure to reconstitute a position reserved for reconstitution	1,000.00
9970	Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation for each of the first four times in a rolling 12-month period	1,000.00
9971	Non-standard Non-compliance Fee – NYL Soft Cap	Charge for exceeding the pre-defined soft cap for daily DTC/NSCC net settlement obligation more than four times in a rolling 12-month period	10,000.00
9972	Variable Non-compliance Fee – NYL Soft Cap	Fee is calculated based on the difference between the participant's net payment obligation to DTC/NSCC and the amount of the soft cap multiplied by the rate as established for CDS's credit facility per day (total 365 days)	Per CDS rate for credit facility
9990	Delay of CDSX Payment Exchange - Initial 15 Minutes	Charge for first 15-minute extension for participant requesting a delay	2,500.00
9991	Delay of CDSX Payment Exchange - Additional 15 Minutes	Charge for a further 15-minute extension for participant requesting a delay	5,000.00

Applicable taxes are not included.

The service prices listed here cover only those authorized uses that are directly related to a Participant's use of CDS depository and clearing services, and that are authorized in the CDS Participant Agreement and Service Rules and procedures. Additional authorization is required from CDS and additional fees may apply if the Participant uses a service in any other manner.

Notes:

†Prices are in Canadian dollars and are effective November 1, 2011, unless mentioned otherwise in the 'Billing Definition' column. All Trade Clearing & Settlement Services and Depository Custodial & Entitlement Services, except for 7996, 7997 and 7998, are subject to transactional volatility premium

*Discounts may apply to selected services

[1]A minimum monthly charge of $1,000 for total ATON services applies to limited participants after the first three calendar months

CDS Clearing and Depository Services Inc.

APPENDIX A
2012 PRICES FOR DELIVERY SERVICES

Effective November 1, 2011 **All Prices Subject to Change**

CDS SAME – CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Same-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to/from transfer agents in the same city.

Certificate transfers (per envelope)	6.15
New deposit envelopes (per envelope)	1.19
New withdrawal (paper input) envelopes (per envelope)	No charge
Transfer/deposit rejects surcharge (per envelope)	3.99

CDS INTER-CITY TRANSFER / DEPOSIT / WITHDRAWAL ENVELOPES

Service Description: Inter-city transfer/deposit/withdrawal envelopes are submitted through CDS for delivery to or from transfer agents located in other CDS centres.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge.**

	Toronto Montreal	Vancouver Calgary
Liability charge (per $1,000 declared value or part thereof)		
➢ Class II (negotiable items)	0.1743	0.2747
➢ Class III (non-negotiable items/registered items)	0.0630	0.1072
Plus weight charge (per 10 grams or part thereof)	0.1489	0.1883
Plus rate per package	33.36	33.83
Minimum charge per shipment	74.12	84.72

BRANCH TO BRANCH AND NEW YORK ENVELOPES

Service Description: Branch-to-Branch and New York Link envelopes are used where a participant drops off a shipment at a CDS branch location for delivery and pick-up at another CDS branch location, the Depository Trust Company (DTC) or Securities Industry Automation Corporation (SIAC).

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge.**

	Toronto Montreal Ottawa	Vancouver Calgary	New York (DTC/SIAC)
Liability charge (per $1,000 declared value or part thereof)			
➢ Class II (negotiable items)	0.1710	0.2742	0.1798
➢ Class III (non-negotiable items/registered items)	0.0622	0.1069	0.0677
Plus weight charge (per 10 grams or part thereof)	0.1486	0.1852	0.1578
Plus rate per package	27.11	27.65	64.18
Minimum charge per shipment	64.91	75.42	103.77

CONSOLIDATED COURIER – DEPOT SERVICE

Service Description:
Outbound: Where the deliverer drops off a shipment at a CDS branch location for delivery by Brink's to the receiver's location.
Inbound: Where Brink's picks up a shipment from the deliverer's location and the receiver picks up the shipment from a CDS branch location.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per $1,000 declared value or part thereof)				
➢ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➢ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment	136.61	203.34	147.31	147.31

Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.

2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

CONSOLIDATED COURIER – DOOR-TO-DOOR SERVICE

Service Description: Brink's picks up a shipment from the deliverer and delivers the shipment to the receiver.

Calculation: The greater of either **the sum of appropriate liability, weight and per package charges** or **the minimum charge**.

	Scheme A	Scheme B	Scheme C	Scheme D
	Toronto Montreal Ottawa	New York City and Other U.S. Cities	Vancouver Calgary	Halifax St. John, NB St. John's, NF Winnipeg Regina Edmonton
Liability charge (per $1,000 declared value or part thereof)				
➢ Class II (negotiable items)	0.1800	0.1800	0.2859	0.2859
➢ Class III (non-negotiable items/registered items)	0.0653	0.0653	0.1113	0.1113
Plus weight charge (per 10 grams or part thereof)	0.1518	0.1518	0.1939	0.1939
Plus rate per package	61.65	128.41	63.70	63.70
Minimum charge per shipment				

Regular schedules	162.57	229.30	172.64	172.64

Notes:

1. State taxes are applied to all shipments to or from certain U.S. states.

2. Shipments between cities under the same scheme will be charged at the same rate shown for that scheme; shipments between cities under different schemes will be charged under the scheme showing the higher schedule of rates.

APPENDIX "D"

CDS PERFORMANCE STANDARDS

Performance Standards	Measurement Criteria
Payment exchange Payment process completed by 5:30 p.m. ET	≥99.6%
CDSX availability 7:00 a.m. – 7:30 p.m. and 12:30 a.m. – 4:00 a.m. during normal business days.	≥99.8%
Operational reliability Execution of 22 daily CDSX systems deliverables.	≥99.6%
Days of disruption A day of disruption is one where: Online service is out for more than one hour between 10 a.m. and 5 p.m. Payment exchange is completed after 5:30 p.m. due to CDS error OR CDS causes a highly visible and significant disruption in the operations of a significant number of Participants (as agreed to by the Governance/HR committee of the board).	0 days
Payments on payable date Income entitlements (interest and dividends) on payable date. AND All corporate actions (re-organizations) on payable date where pre-determined. Where not pre-determined, deemed to be date on which funds are released to CDS. Except in the event where the paying agent was unable to pay CDS prior to payment exchange, due to problems on their end, and CDS successfully claimed interest (use of funds) from the paying agent/issuer or where CDS has done everything possible to obtain payment and the Governance/HR Committee agrees to exclude the payment from the calculation.	≥ 99.9%
Internal Business Process Deliverables	**Measurement Criteria**
"Clean" 3416 Report All control objectives are met for CDS Limited and there are less than 4 control exceptions.	Clean Audit Report
Disaster recovery Two-hour recovery capability from the point of failure for all CDS core services.	Performance as planned

APPENDIX "E"

REPORTING OBLIGATIONS

In addition to the notification, reporting and filing obligations set out in Schedule "B" to the Recognition Order, CDS Ltd. and CDS Clearing shall also comply with the reporting obligations set out below.

1. Prior Notification

1.1 CDS Ltd. and CDS Clearing shall provide to Commission staff prior notification of:

(a) any proposed change to CDS Ltd. and CDS Clearing's corporate governance structure other than significant changes to the governance structure or constating documents for which prior approval is required under item 4.6 of Schedule "B" to the Recognition Order;

(b) a decision to enter into an agreement, memorandum of understanding or other similar arrangement with any governmental or regulatory body, self-regulatory organization, clearing agency, stock exchange, other marketplace or market; or

(c) a decision to, either directly or through an affiliate, engage in a new type of business activity or cease to engage in a business activity in which CDS Ltd. and CDS Clearing are then engaged.

2. Immediate Notification

2.1 CDS Ltd. and CDS Clearing shall immediately notify the Commission of any event or occurrence that has caused or could reasonably be expected to cause a significant risk to; an adverse material effect on; or a significant or potential disruption to CDS Ltd., CDS Clearing, its participants, any of its services or the Canadian financial markets, including, but not limited to, a participant default; fraudulent activity; or a significant breach of CDS Clearing rules by its participant(s).

2.2 CDS Ltd. and CDS Clearing shall provide to the Commission immediate notice of:

(a) the appointment of any new director or officer, including a description of the individual's employment history; and

(b) the receipt of notice of resignation from, or the resignation of a director or officer or the auditors of CDS Ltd. and CDS Clearing, including a statement of the reasons for the resignation.

2.3 CDS Ltd. and CDS Clearing shall immediately notify the Commission if either organization:

(a) becomes the subject of any order, directive or other similar action of a governmental or regulatory authority;

(b) becomes aware that either organization is the subject of a criminal or regulatory investigation; or

(c) becomes, or is aware that either organization will become, the subject of a material lawsuit.

2.4 CDS Clearing shall immediately file with the Commission copies of all notices, bulletins and similar forms of communication that CDS Clearing sends its participants.

2.5 CDS Ltd. and CDS Clearing shall immediately file with the Commission any unanimous shareholder agreements to which it is a party.

2.6 CDS Ltd. and CDS Clearing shall immediately file with the Commission any minutes of the board of directors, board committees, management committees and Participants committees promptly after their approval.

3. Quarterly Reporting

3.1 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of the internal audit reports and risk management reports issued in the previous quarter.

3.2 CDS Ltd. and CDS Clearing shall file quarterly with the Commission a list of integration of its information technology systems, clearing, settlement or depository systems, or operations with any affiliated entities in the previous quarter that are not subject to the prior approval requirement under term and condition 12.1.

4. Annual Reporting

4.1 CDS Ltd. and CDS Clearing shall provide to the Commission annually:

(a) a list of the directors and officers of CDS Ltd. and CDS Clearing;

(b) a list of the committees of the CDS Ltd. and CDS Clearing boards of directors, setting out the members, mandate and responsibilities of each of the committees;

(c) a list of all participants in each settlement service operated by CDS Clearing;

(d) CDS's strategic plan; and

(e) CDS's assessment of the risks facing CDS and the plans for addressing the risks.

5. General

5.1 CDS Ltd. and CDS Clearing shall continue to comply with the reporting obligations set out in their tailored Automation Review Program document.

Tab "B"

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (CDS)

CHANGE IN YEAR END OF THE CDS GROUP OF COMPANIES FROM OCTOBER 31ST TO DECEMBER 31ST

A. BACKGROUND

A formal request for approval by the Ontario Securities Commission ("OSC") was filed on November 23, 2012 by The Canadian Depository for Securities Limited ("CDS Limited") on behalf of CDS Limited and CDS Clearing and Depository Services Inc. ("CDS Clearing"), for proposed amendments to the by-laws of these two CDS companies due to a planned change in their year ends, as required under S.4.6 of Schedule "B" to the OSC's Recognition Order dated July 4, 2012 ("OSC 2012 Order"). Such formal request was also for OSC approval of the proposed application of certain regulatory requirements as these companies transitioned to their new fiscal year, and of related proposed amendments to the said OSC 2012 Order, pursuant to S.144 of the Securities Act (Ontario). The OSC's approval of this initiative was provided on December 21, 2012.

The CDS group of companies has been going through an extensive integration process following its amalgamation into the TMX Group (formerly the Maple Group) on August 1, 2012. This integration process has sought to achieve greater efficiencies and synchronization among the two groups of companies, and the proposal to change the year end of the CDS companies to December 31 was part of this overall effort. CDS Limited and all of its subsidiaries had an October 31 year end, while the TMX and all of its subsidiaries had a December 31 year end.

The proposal to synchronize the year ends of the two groups of companies has a number of important benefits: it will eliminate the early release of CDS companies' financial statements and results (asynchronous with the results of the TMX Group), it will enable ease of understanding of CDS and TMX financial statements covering the same periods particularly for stakeholders and regulators, it will simplify quarterly financial reporting and year end financial reporting, and it will produce greater efficiencies through the simultaneous filing of reports pursuant to regulatory requirements.

B. TRANSITION METHOD

The CDS group of companies completed their year end on October 31, 2012 and are in the process of complying with the relevant regulatory requirements, such as conducting an audit for the November 1, 2011 to October 31, 2012 fiscal year. The transition method for the change in year end was to first establish a new two-month fiscal year for the CDS companies from November 1 to December 31, 2012. The second part of the transition method was to establish a new January 1 to December 31, 2013 fiscal year for the CDS companies, and thus set a new baseline for future annual audits and reports required pursuant to the OSC 2012 Order. The comparative period for this new fiscal year will be the 14-month period from November 1, 2011 to December 31, 2012.

C. IMPACT OF CHANGE

CDS Companies

The change in the year end of the CDS group of companies from October 31 to December 31 was an important initiative which will have a very positive long term impact by making these companies more efficient and synchronized with the TMX Group. The more immediate impact of this initiative however, was evident in the required changes to the companies' by-laws and the proposed application of certain regulatory requirements as these companies transition to their new fiscal year.

The implementation of this initiative required the by-laws of the CDS companies to be amended. S.2.3 of the by-laws of the CDS companies was identical, referring specifically to the last day of October as their year end. This was amended as follows:

> S.2.3 **Financial Year** - *Until changed by the Board, the financial year of the Corporation shall end on the last day of ~~October~~December in each year*.

The change of the year end of the CDS group of companies also required a thorough assessment of their regulatory obligations with the goal of identifying which obligations would be impacted and how the same should be addressed during the transition to the new fiscal year. A summary discussion of the proposed amendments to the OSC 2012 Order and the related application of certain regulatory requirements as these companies transition to their new fiscal year, is presented below in Section F of this Notice (Amendments to OSC 2012 Order).

CDS Participants

The change in the year end of the CDS group of companies has minimal impact on CDS participants. As stated above, this change was part of a broader integration process between the CDS and TMX group of companies, seeking greater efficiencies and synchronization among the two groups. One area of interest to CDS Participants that is minimally impacted by the change of year end is the timing of the payment of what is referred to as the '50/50 revenue rebate' or sharing of revenues pursuant to S.3 of Appendix "B" to Schedule "B" of the OSC 2012 Order (as amended):

> *For the fiscal year commencing on November 1, 2012 and subsequent fiscal years starting on January 1, 2013, Maple shall share 50% of any increase in annual revenue on clearing and other core CDS services as compared to annual revenues in the fiscal year ending on October 31, 2012 with Participants. Sharing of revenue on core services for any fiscal year shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that fiscal year, intra-year discount(s) and a year-end proportionate rebate by core service category to Participants (paid pro rata to Participants in accordance with the fees paid by such Participants for such core service).*

The base year for calculating the 50/50 revenue rebate is the fiscal year November 1, 2011 to October 31, 2012, as originally outlined by the Maple Group and as set out in the OSC 2012 Order. The base year revenue for each of clearing and other core CDS services will be determined based on the final revenue numbers that were billed and recorded as revenue for the fiscal year ending on October 31, 2012 (covering 12 months). Clearing and other CDS core services are those revenue categories identified on the price list attached in Appendix "C" to the OSC 2012 Order.

The 50/50 revenue rebate for the two-month fiscal year of November and December 2012 will be calculated on a pro-rata basis based on the 12-month base period ending on October 31, 2012. The total revenue for the base year identified above will be divided by twelve and multiplied by two, representing the average revenue for the two month equivalent of the base year. This base period amount will be subtracted from the revenue billed and recorded as revenue in the two-month fiscal year November and December 2012 to provide the excess or deficit revenue relating to the period that is available for sharing. If there is an excess revenue amount compared to the base year, CDS will provide a rebate equivalent to 50% of the excess revenue amount to its Participants based on the pro rata usage of those services. If the calculation provides an amount equal to or less than zero there will be no revenue share provided to the CDS Participants.

The 50/50 revenue rebate for the two-month fiscal year of November and December 2012 is expected to be paid out to CDS participants in February of 2013. All 50/50 revenue rebates going forward will be based on the same November 1, 2011 to October 31, 2012 base year and paid out to CDS participants in or about February of each year. The impact of the change in year end of CDS companies on the payment of the 50/50 revenue rebate is therefore minimized in that Participants will be receiving a previously unexpected payment in February of 2013 for the two-month fiscal year of November and December 2012.

Another area of interest to some CDS Participants is the impact of the change in the year end on the timing of the payment of the additional rebate pursuant to paragraph 5 of Appendix "B" to Schedule "B" of the OSC 2012 Order (as amended):

> *~~For the fiscal year c~~Commencing on November 1, 2012 ~~(fiscal year 2013)~~ and subsequent ~~fiscal years~~ 12-month periods, Maple shall rebate an additional amount to Participants each year in respect of clearing services for trades conducted on an exchange or ATS. The aggregate rebate shall be $2.75 million for the period ending ~~in fiscal year~~ October 31, 2013, $3.25 million for the period ending ~~in fiscal year~~ October 31, 2014, $3.75 million for the period ending ~~in fiscal year~~ October 31, 2015, and $4 million for the period ending ~~in fiscal year~~ October 31, 2016 and each ~~year~~ 12-month period thereafter. This additional rebate for any ~~fiscal year~~ 12-month period shall be paid through one or more of the following methods as may be determined by CDS: an annual adjustment of the quoted fee at the start of that ~~fiscal year~~ 12-month period, intra-year discount(s) and a ~~year-end~~ proportionate rebate to Participants at the end of the 12 month period (paid pro rata to Participants in accordance with the fees paid by such Participants in respect of clearing services for trades conducted on an exchange or ATS).*

The formula for calculating the additional rebate in respect of clearing services for trades conducted on an exchange or an alternative trading system remains unchanged, as do the timing of payment and the pre-set amounts listed in the paragraph above. What was proposed was that this paragraph be amended so that it did not identify November 1, 2012 as the beginning of a fiscal year, and to clarify that subsequent payment of this additional rebate will be based on 12-month periods instead of fiscal years. Payment of this additional rebate will continue to be based on a November 1 to October 31 timeframe and will not be impacted by the change in the year end of the CDS companies.

D. DESCRIPTION OF THE CHANGE REVIEW PROCESS

The change in the year end of the CDS group of companies was discussed and approved by the CDS Risk Management and Audit Committee and the Board of Directors.

E. PUBLIC INTEREST ASSESSMENT

The change in the year end of the CDS group of companies from October 31 to December 31 is an important initiative designed primarily to achieve greater efficiencies and synchronization between the CDS and the TMX groups of companies. It is a proposal that is not contrary to the public interest but rather essential to CDS's continued role in the Canadian capital markets.

F. AMENDMENTS TO OSC 2012 ORDER

The change in the year end of the CDS group of companies required that certain amendments be made to the OSC 2012 Order pursuant to S.144 of the Securities Act (Ontario). It also required that these companies' regulatory obligations be assessed in order to determine which paragraphs of the OSC 2012 Order might be impacted by the change, and how the same should be addressed during the transition to the new fiscal year. The underlying main objectives of this assessment were to ensure that the CDS companies continued to be in compliance with their regulatory obligations, and to propose a reasonable and realistic plan to shift the timing of such compliance to be sensitive to the timing of new reporting requirements and the resource constraints of the CDS group of companies. The change in year end and the related transition to a new fiscal year are occurring in the midst of what has been a very intense integration period for the CDS group of companies. It would be unreasonable to expect the production of all the audit reports and financial statements required under the various paragraphs of the OSC 2012 Order, for the fiscal year ending on October 31, 2012, for the two-month fiscal year ending on December 31, 2012, and again for the fiscal year ending on December 31, 2013.

The following are the paragraphs of the OSC 2012 Order that have been amended due to the change in year end of the CDS group of companies, and their proposed application for the transition to the new fiscal year:

> ***7.9 of Schedule "B"***; this paragraph refers specifically to "*the fiscal year beginning on November 1, 2012*" and requires that the recognized clearing agency[4] deliver a report regarding its compliance with the approved fee and rebate model to the OSC within ninety days of its fiscal year end. This paragraph was amended to specifically refer to CDS Limited and CDS Clearing's new fiscal year which will begin on January 1, 2013. This change sets a new baseline for the annual audits and reports required under this paragraph. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that CDS Limited and CDS Clearing be exempt from having to conduct an audit or file a report. Instead, the first report due to be filed in the new fiscal year will cover the full 14-month period from November 1, 2012 to December 31, 2013.
>
> ***8.3 of Schedule "B"***; this paragraph also refers specifically to "*the fiscal year commencing on November 1, 2012*" and requires that the recognized clearing agency deliver a report regarding its compliance with its approved internal cost allocation model and transfer pricing policies to the OSC within ninety days of its fiscal year end. This paragraph was also amended to specifically refer to CDS Limited and CDS Clearing's new fiscal year which will begin on January 1, 2013. This change sets a new baseline for the annual audits and reports required under this paragraph. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that CDS Limited and CDS Clearing be exempt from having to conduct an audit or file a report. Instead, the first report due to be filed in the new fiscal year will cover the period from January 1, 2013 to December 31, 2013 since a cost allocation model for CDS/TMX combined will not be established until the new fiscal year. CDS Limited and CDS Clearing have made no changes to their internal cost allocation and transfer pricing models since August 1, 2012.
>
> ***12.4 of Schedule "B"***; this paragraph also refers specifically to "*the fiscal year commencing on November 1, 2012*" but the first audit report required under this paragraph is not specifically tied to a twelve month year end. This paragraph was amended to specifically refer to CDS Limited and CDS Clearing's new fiscal year which will begin on January 1, 2013 and end on December 31, 2013. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that the two month period will be covered within the first annual report due to cover a 17-month period from August 1, 2012 2012 (a date previously agreed upon by the Maple Group) to the end of the new fiscal year or December 31, 2013. The performance metrics covered under this report will be tied directly to the performance score card reported on an annual basis starting in January 1, 2013.
>
> ***22.4 of Schedule "B"***; this paragraph requires CDS Limited to file with the OSC unaudited quarterly financial statements, on a separate and consolidated basis, within sixty days of the end of the first three quarters, and audited annual financial statements, also on a separate and consolidated basis, within ninety days of each year end. This paragraph was amended to specifically refer to CDS Limited's new fiscal year which will begin on January 1, 2013. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it was proposed that CDS Limited only be required to file financial statements excluding note disclosure, for that period, by April 15, 2013. CDS Limited is in the process of being audited for the November 1, 2011 to October 31, 2012 fiscal year and will be filing all the financial statements required for that fiscal year pursuant to this paragraph. The financial

[4] In the OSC 2012 Order, "*recognized clearing agency*" means each of CDS Limited and CDS Clearing.

statements that CDS Limited will file for the new January 1 to December 31, 2013 fiscal year will include the audited 14-month period from November 1, 2011 to December 31, 2012 as a comparative period. Unaudited quarterly financial statements will be filed within sixty days of the first quarter ending March 31, 2013.

22.3 of Schedule "B"; amendments were made to this paragraph because its requirements are connected to the filing of financial statements under paragraph 22.4 discussed above. This paragraph requires CDS Limited to report to the OSC, on a quarterly basis and together with the financial statements required to be filed pursuant to paragraph 22.4, each quarter's monthly calculation of the financial ratios and metric required under paragraph 22.1. As discussed above, CDS Limited will not be filing audited financial statements for the two-month fiscal year from November 1 to December 31, 2012, but the OSC still required that the financial ratios and metric required under this paragraph 22.3 be reported for that period. The proposed amendment to this paragraph 22.3 will now provide for this information to be filed with the OSC on a quarterly basis or on filling of financial statements by CDS Limited pursuant to paragraph 22.4.

22.5 of Schedule "B"; this paragraph requires CDS Limited to file with the OSC unaudited quarterly financial statements of each of its subsidiaries other than CDS Clearing, within sixty days of the end of the first three quarters, and audited annual financial statements of the same entities within ninety days of each year end. It is proposed that this section be amended to specifically refer to the CDS companies' new fiscal year which will begin on January 1, 2013. In terms of the application of this section to the two-month fiscal year from November 1 to December 31, 2012, CDS Limited will not be required to file any financial statements for its subsidiaries.

25.4 of Schedule "B"; this paragraph requires CDS Clearing to file with the OSC unaudited quarterly financial statements within sixty days of the end of the first three quarters, and audited annual financial statements within ninety days of each year end. It is proposed that this paragraph be amended to specifically refer to CDS Clearing's new fiscal year which will begin on January 1, 2013. In terms of the application of this paragraph to the two-month fiscal year from November 1 to December 31, 2012, it is proposed that CDS Clearing only be required to file financial statements excluding note disclosure, for that period, by April 15, 2013. As was proposed above for CDS Limited, CDS Clearing will be filing the financial statements required for the November 1, 2011 to October 31, 2012 fiscal year pursuant to this paragraph. It is proposed that the financial statements that CDS Clearing will file for the new January 1 to December 31, 2013 fiscal year will include the audited 14-month period from November 1, 2011 to December 31, 2012 as a comparative period. Unaudited quarterly financial statements will be filed within sixty days of the first quarter ending March 31, 2013.

25.3 of Schedule "B"; amendments were made to this paragraph because its requirements are connected to the filing of financial statements under paragraph 25.4 discussed above. This paragraph requires CDS Clearing to report to the OSC, on a quarterly basis and together with the financial statements required to be filed pursuant to paragraph 25.4, each quarter's monthly calculation of the financial ratios and metric required under paragraph 25.1. As discussed above, CDS Clearing will not be filing audited financial statements for the two-month fiscal year from November 1 to December 31, 2012, but the OSC still required that the financial ratios and metric required under this paragraph 25.3 be reported for that period. The proposed amendment to this paragraph 25.3 will now provide for this information to be filed with the OSC on a quarterly basis or on filling of financial statements by CDS Clearing pursuant to paragraph 25.4.

Amendments were also made to paragraphs 3 and 5 of Appendix "B" to Schedule "B" of the OSC 2012 Order, as discussed above under Section C (Impact of Change – CDS Participants).

G. QUESTIONS

Questions regarding this notice may be directed to:

Eduarda Matos
Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West
Toronto, Ontario M5H 2C9

Fax: 416-365-1984
e-mail: attention@cds.ca

13.3.2 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – QST Rate Changes on CDS Forms

NOTICE OF EFFECTIVE DATE – TECHNICAL AMENDMENTS TO CDS PROCEDURES

QST RATE CHANGES ON CDS FORMS

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

Pursuant to a tax coordination agreement between the governments of Canada and Quebec, changes to the Quebec Sales Tax (QST) system will take effect on January 1, 2013. As of January 1, 2013, the QST rate will be increased to 9.975%.[1]

The following amendments are housekeeping changes made in the ordinary course of review of CDS's Participant Procedures, and are required to amend the QST rate on the following forms, effective January 1, 2013:

- CDSX166 form – Notice of Record & Meeting Dates
- CDSX796 form – Application for Participation Form, Appendix F (Calculation of Entrance Fees)

CDS procedure amendments are reviewed and approved by CDS's strategic development review committee (SDRC). The SDRC determines or reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS participant community and it meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on December 21, 2012.

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website at www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed in this Notice are considered technical in nature, and are required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement, as described in Section 3 (a) (iii) of the Rule Protocols regarding review and approval of CDS Clearing and Depository Services Inc. Rules issued by the Ontario Securities Commission and by the *Autorité des marchés financiers.*

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act* and by the British Columbia Securities Commission pursuant to Section 24(d) of the British Columbia *Securities Act*. The *Autorité des marchés financiers* has authorized CDS to carry on clearing activities in Québec pursuant to sections 169 and 170 of the Québec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act.* The Ontario Securities Commission, the British Columbia Securities Commission, the *Autorité des marchés financiers* and the Bank of Canada will hereafter be collectively referred to as the "Recognizing Regulators".

CDS has determined that these amendments will become effective on January 1, 2013.

D. QUESTIONS

Questions regarding this notice may be directed to:

Laura Ellick
Manager, Business Systems

CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: (416) 365-3872
Email: lellick@cds.ca

[1] http://www.revenuquebec.ca/en/entreprise/taxes/tvq_tps/modifications-regime-tvq.aspx

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