

The Ontario Securities Commission

OSC Bulletin

January 10, 2013

Volume 36, Issue 2

(2013), 36 OSCB

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

The Ontario Securities Commission

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

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

Published under the authority of the Commission by:

Carswell, a Thomson Reuters business

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

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

Contact Centre - Inquiries, Complaints:
Market Regulation Branch:
Compliance and Registrant Regulation Branch

- Compliance:
- Registrant Regulation:

Corporate Finance Branch

- Team 1:
- Team 2:
- Team 3:
- Insider Reporting:
- Mergers and Acquisitions:

Enforcement Branch:

Executive Offices:

General Counsel's Office:

Investment Funds Branch:

Office of the Secretary:

Fax: 416-593-8122

Fax: 416-595-8940

Fax: 416-593-8240

Fax: 416-593-8283

Fax: 416-593-8244

Fax: 416-593-3683

Fax: 416-593-8252

Fax: 416-593-3666

Fax: 416-593-8177

Fax: 416-593-8321

Fax: 416-593-8241

Fax: 416-593-3681

Fax: 416-593-3699

Fax: 416-593-2318



THOMSON REUTERS

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

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

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

U.S.	\$175
Outside North America	\$400

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

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

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

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

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

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

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior written permission of the publisher.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

© Copyright 2013 Ontario Securities Commission
ISSN 0226-9325
Except Chapter 7 ©CDS INC.



THOMSON REUTERS

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

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

Table of Contents

Chapter 1 Notices / News Releases	551		
1.1 Notices	551		
1.1.1 Current Proceedings before the Ontario Securities Commission	551	4.2.1 Issuer Cease Trading Orders.....	627
1.1.2 OSC Staff Notice 11-742 (Revised) – Securities Advisory Committee.....	559	4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders	627
1.1.3 Exempt Market Review – Consultation Sessions on OSC Staff Consultation Paper 45-710	560	4.2.2 Outstanding Management & Insider Cease Trading Orders	627
1.2 Notices of Hearing.....	(nil)	Chapter 5 Rules and Policies	(nil)
1.3 News Releases	(nil)	Chapter 6 Request for Comments	(nil)
1.4 Notices from the Office of the Secretary	561	Chapter 7 Insider Reporting.....	629
1.4.1 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)....	561	Chapter 8 Notice of Exempt Financings.....	731
1.4.2 Mohinder Ahluwalia	561	Reports of Trades Submitted on Forms 45-106F1 and 45-501F1	731
1.4.3 Ernst & Young LLP	562	Chapter 9 Legislation.....	(nil)
Chapter 2 Decisions, Orders and Rulings	563	Chapter 11 IPOs, New Issues and Secondary Financings.....	737
2.1 Decisions	563	Chapter 12 Registrations.....	741
2.1.1 Sunstone U.S. Opportunity (No.4) Realty Trust and Sunstone (No.4) Limited Partnership	563	12.1.1 Registrants.....	741
2.1.2 Sunstone U.S. Opportunity (No.4) Realty Trust and Sunstone (No.4) Limited Partnership	567	Chapter 13 SROs, Marketplaces and Clearing Agencies	743
2.1.3 Granite Real Estate Inc.	570	13.1 SROs	(nil)
2.1.4 Trans Québec & Maritimes Pipeline Inc. et al.	576	13.2 Marketplaces	(nil)
2.1.5 Connor, Clark & Lunn Capital Class Inc., Natural Resources Class Shares et al.....	581	13.3 Clearing Agencies	743
2.1.6 Brigata Capital Management Inc. and Brigata Canadian Equity Fund.....	585	13.3.1 ICE Clear Credit LLC – Notice of Commission Order – Application for Interim Exemptive Relief.....	743
2.1.7 Beutel Goodman Managed Funds Inc. et al.	589	Chapter 25 Other Information	745
2.1.8 Beutel Goodman Managed Funds Inc. et al.	593	25.1 Approvals	745
2.1.9 Institute of Advanced Financial Planners and Value Partners Investments Inc.	597	25.1.1 NewGen Asset Management Limited – s. 213(3)(b) of the LTCA	745
2.1.10 Sunstone U.S. Opportunity Realty Trust and Sunstone U.S. (2008) L.P.....	601	25.1.2 Galibier Capital Management Ltd. – s. 213(3)(b) of the LTCA	746
2.1.11 Organic Resource Management Inc. – s. 1(10)	605	25.1.3 Blair Franklin Asset Management Inc. – ss. 213(3)(b) of the LTCA	746
2.2 Orders.....	606	Index.....	747
2.2.1 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)....	606		
2.2.2 Mohinder Ahluwalia – ss. 127, 127.1.....	610		
2.2.3 ICE Clear Credit LLC – s. 147	612		
2.2.4 Ernst & Young LLP – ss. 127, 127.1	615		
2.3 Rulings	(nil)		
Chapter 3 Reasons: Decisions, Orders and Rulings	617		
3.1 OSC Decisions, Orders and Rulings	617		
3.1.1 Mohinder Ahluwalia – ss. 127, 127.1.....	617		
3.2 Court Decisions, Order and Rulings.....	(nil)		
Chapter 4 Cease Trading Orders.....	627		
4.1.1 Temporary, Permanent & Rescinding			

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

January 10, 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.
Bay Adelaide Centre
333 Bay Street
Suite 900
Toronto, Ontario
M5H 2T4

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

CDS

TDX 76

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

THE COMMISSIONERS

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

SCHEDULED OSC HEARINGS

January 14,
2013

**Global RESP Corporation and
Global Growth Assets Inc.**

9:00 a.m.

s. 127

D. Ferris in attendance for Staff

Panel: JEAT

January 14,
2013

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

Jowdat Waheed and Bruce Walter

s. 127

J. Lynch in attendance for Staff

Panel: CP/SBK/PLK

10:00 a.m.

January 15,
2013

**Nest Acquisitions and Mergers,
IMG International Inc., Caroline
Myriam Frayssignes, David
Pelcowitz, Michael Smith, and
Robert Patrick Zuk**

3:00 p.m.

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

Moncasa Capital Corporation and John Frederick Collins

s. 127

10:00 a.m.

T. Center in attendance for Staff

Panel: EPK

January 23-25 and January 30-31, 2013

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

10:00 a.m.

s. 127

C. Watson in attendance for Staff

Panel: TBA

January 28, 2013

AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga

10:00 a.m.

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

Peter Sbaraglia

s. 127

J. Lynch in attendance for Staff

10:00 a.m.

Panel: CP

March 18-25 and March 27-28, 2013

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

10:00 a.m.

s. 127

D. Campbell in attendance for Staff

Panel: EPK

March 21, 2013

Knowledge First Financial Inc.

9:00 a.m.

s. 127

D. Ferris in attendance for Staff

Panel: JEAT

March 21, 2013

Heritage Education Funds Inc.

9:00 a.m.

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

Bernard Boily

s. 127 and 127.1

M. Vaillancourt/U. Sheikh in attendance for Staff

Panel: TBA

10:00 a.m.

April 2, 2013

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

10:00 a.m.

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

Energy Syndications Inc. Green Syndications Inc., Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock

10:00 a.m.

s. 127

C. Johnson in attendance for Staff

Panel: TBA

April 11-22 and April 24, 2013

Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths

10:00 a.m.

s. 127

J. Feasby in attendance for Staff

Panel: EPK

April 15-22, April 25 – May 6 and May 8-10, 2013

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.

10:00 a.m.

s. 127

B. Shulman in attendance for Staff

Panel: JDC

April 29 – May 6 and May 8-10, 2013

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

10:00 a.m.

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	<p>MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric</p> <p>s. 127 and 127(1)</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan</p> <p>s. 127</p> <p>H. Craig/C.Rossi in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmony, Harmony Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun</p> <p>s. 127</p> <p>C. Price in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Gold-Quest International, Health and Harmony, Iain Buchanan and Lisa Buchanan</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>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</p> <p>s. 127</p> <p>H. Craig/C. Watson in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York</p> <p>s. 127</p> <p>H. Craig in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt</p> <p>s. 127</p> <p>M. Vaillancourt in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)</p> <p>s. 127</p> <p>T. Center/D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>David M. O'Brien</p> <p>s. 37, 127 and 127.1</p> <p>B. Shulman in attendance for Staff</p> <p>Panel: TBA</p>

TBA	<p>Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans</p> <p>s. 127</p> <p>S. Schumacher in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)</p> <p>s. 127 and 127.1</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Colby Cooper Capital Inc. Colby Cooper Inc., Pac West Minerals Limited John Douglas Lee Mason</p> <p>s. 127</p> <p>B. Shulman in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Crown Hill Capital Corporation and Wayne Lawrence Pushka</p> <p>s. 127</p> <p>A. Perschy/A. Pelletier in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Beryl Henderson</p> <p>s. 127</p> <p>S. Schumacher in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg</p> <p>s. 127</p> <p>H Craig in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.</p> <p>s. 127</p> <p>C. Watson in attendance for Staff</p> <p>Panel: TBA</p>	TBA	<p>Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiaants 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</p> <p>s. 127 and 127.1</p> <p>D. Campbell in attendance for Staff</p> <p>Panel: TBA</p>
TBA	<p>Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.</p> <p>s. 37, 127 and 127.1</p> <p>D. Ferris in attendance for Staff</p> <p>Panel: TBA</p>		

TBA	Systematech Solutions Inc., April Vuong and Hao Quach s. 127 D. Ferris in attendance for Staff Panel: TBA	Global Privacy Management Trust and Robert Cranston Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol
TBA	Ernst & Young LLP s. 127 and 127.1 A. Clark in attendance for Staff Panel: TBA	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
TBA	Newer Technologies Limited, Ryan Pickering and Rodger Frey s. 127 and 127.1 B. Shulman in attendance for staff Panel: TBA	Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson

ADJOURNED SINE DIE

1.1.2 OSC Staff Notice 11-742 (Revised) – Securities Advisory Committee

REVISED ONTARIO SECURITIES COMMISSION STAFF NOTICE 11-742

SECURITIES ADVISORY COMMITTEE

In a Notice published in the OSC Bulletin on October 11, 2012, the Commission invited applications for positions on the Securities Advisory Committee ("SAC"). SAC provides advice to the Commission and staff on a variety of matters including legislative and policy initiatives and important capital markets trends and brings various issues to the attention of the Commission and staff.

The Commission was very impressed with the number of highly qualified practitioners who applied for positions on SAC. Unfortunately, there were far more applicants than there were positions available and selection from among the group was very difficult. The Commission would like to thank everyone who applied, for their interest in serving on SAC.

The Commission is pleased to publish the names of the four new members who will be participating on SAC for the next three years.

- Douglas Bryce Osler Hoskin & Harcourt LLP
- Carol Derk Borden Ladner Gervais LLP
- Shahen Mirakian McMillan LLP
- Sean Vanderpol Stikeman Elliott LLP

The members of SAC have staggered terms. The continuing members of SAC are:

- Brad Brasser Jones Day, USA
- Jeff Davis Ontario Teachers' Pension Plan
- Chris Hewat Blake, Cassels & Graydon LLP
- Leslie McCallum Torys LLP
- Grant McGlaughlin Goodmans LLP
- Tina Woodside Gowling Lafleur Henderson LLP
- Robert Wortzman Wildeboer Dellelce LLP
- Heather Zordel Cassels Brock & Blackwell LLP

The Commission would like to take this opportunity to thank the four members of SAC, listed below, who completed their term in December, 2012, having served on the Committee with great dedication over the last two years. Their advice and guidance on a range of issues has been very valuable to the Commission.

- Robert Black Davis LLP
- Steven C. Cohen Burnet, Duckworth & Palmer LLP
- Peter Hong Davies Ward Phillips & Vineberg LLP
- James McVicar Heenan Blaikie LLP

The Commission will publish a notice in Fall 2013 inviting applications for the next group of new SAC members, who will commence their terms in January 2014.

Reference: Monica Kowal
General Counsel
Tel: (416) 593-3653
Fax: (416) 593-3681
mkowal@osc.gov.on.ca

January 4, 2013

1.1.3 Exempt Market Review – Consultation Sessions on OSC Staff Consultation Paper 45-710

EXEMPT MARKET REVIEW

Consultation Sessions on OSC Staff Consultation Paper 45-710

Staff of the Ontario Securities Commission (OSC) invite you to attend a consultation session in connection with the OSC's exempt market review, described in OSC Staff Consultation Paper 45-710 *Considerations for New Capital Raising Prospectus Exemptions*.

Choice of Sessions

Dates: Monday, January 21, 2013 (9:00 am to 11:00 am)
Wednesday, January 30, 2013 (9:00 am to 11:00 am)
Thursday, February 7, 2013 (9:00 am to 11:00 am)
Friday, February 8, 2013 (9:00 am to 11:00 am)



ONTARIO
SECURITIES
COMMISSION

Location: January 21 and February 8, 2013
250 Yonge Street, Toronto, Ontario
Seminar Room, 35th Floor

January 30 and February 7, 2013
10 Adelaide Street East, Toronto, Ontario
Birkbeck Room, 2nd Floor

Cost: No charge

RSVP: Email: exemptmarketconsultations@osc.gov.on.ca
Deadline: Thursday, January 17, 2013

OBJECTIVE OF CONSULTATION SESSIONS

On December 14, 2012, we published OSC Staff Consultation Paper 45-710 *Considerations for New Capital Raising Prospectus Exemptions*. The Consultation Paper sets out four concept ideas for new prospectus exemptions in Ontario, together with a number of specific consultation questions. The concept ideas are:

- a concept for an exemption to allow crowdfunding subject to limits for issuers and retail investors,
- a concept for an offering memorandum exemption,
- a concept for an exemption based on an investor's investment knowledge, and
- a concept for an exemption based on an investor receiving advice from a registrant.

The purpose of the Consultation Paper and related consultation sessions is to obtain input from interested stakeholders on these concept ideas. The consultation sessions will have a particular focus on crowdfunding.

For further information, please refer to the Consultation Paper which is available on the OSC website at http://www.osc.gov.on.ca/documents/en/Securities-Category4/sn_20121214_45-710_exempt-market-review.pdf.

Written comments may also be provided until February 12, 2013.

WHO SHOULD ATTEND

- Retail and institutional investors
- Management of issuers, particularly smaller issuers at an early stage of development
- Investment dealers, advisors to investors and other registrants
- Internal and external legal counsel, auditors and other professional advisors to issuers

1.4 Notices from the Office of the Secretary

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

**FOR IMMEDIATE RELEASE
January 4, 2013**

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the Merits Hearing will be reconvened on April 2, 2013 at 10:00 a.m. for the purpose of hearing oral closing submissions of Staff and Medra.

A copy of the Order dated January 4, 2013 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 Mohinder Ahluwalia

**FOR IMMEDIATE RELEASE
January 7, 2013**

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

AND

**IN THE MATTER OF
MOHINDER AHLUWALIA**

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 January 4, 2013 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)

1.4.3 Ernst & Young LLP

FOR IMMEDIATE RELEASE
January 8, 2013

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

AND

IN THE MATTER OF
ERNST & YOUNG LLP

TORONTO – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference to be held on March 4, 2013 at 11:00 a.m. or such other date and time as is agreed by the parties and set by the Office of the Secretary.

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

A copy of the Order dated January 7, 2013 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)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Sunstone U.S. Opportunity (No.4) Realty Trust and Sunstone (No.4) Limited Partnership

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Relief from section 8.2 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) which would otherwise require filer to file a business acquisition report (BAR) pursuant to section 13.1 of NI 51-102 – Filer is a real estate investment trust that acquired individual real estate properties – Filer has been unable to obtain the information needed to prepare the required financial statements – Instead of the required historical financial statements, each BAR will include: an audited statement of assets acquired and liabilities assumed as at the acquisition date; an appraisal report prepared by an accredited appraiser; and a property condition report prepared by an independent third party – the BAR will contain sufficient alternative information about the significant acquisition, which is consistent with industry practices and standards in real estate acquisitions.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.2, 13.1.

December 20, 2012

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA AND ONTARIO

AND

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

AND

IN THE MATTER OF
SUNSTONE U.S. OPPORTUNITY (NO.4) REALTY TRUST AND
SUNSTONE (NO.4) LIMITED PARTNERSHIP
(the Filer)

DECISION

Background

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements in section 8.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) to include certain financial statements in a business acquisition report (BAR) (the Exemption Sought).

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

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

- 3 This decision is based on the following facts represented by the Filer:
1. Sunstone U.S. Opportunity (No.4) Realty Trust (the Trust) is an unincorporated, open-ended real estate investment trust formed pursuant to a Declaration of Trust dated February 11, 2011, under and governed by the laws of British Columbia;
 2. Sunstone (No.4) Limited Partnership (the LP) is a limited partnership formed pursuant to and governed by the laws of Nevada and created by a Limited Partnership Agreement dated February 9, 2011;
 3. the Filer's head office is located at Suite 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2;
 4. the Filer's financial year end is December 31;
 5. on July 26, 2011, the Filer acquired Embassy Suites Dallas Fort Worth (Embassy Suites) located in Irving, Texas, for \$22,295,000 from Felcor Lodging Trust Incorporated (Felcor); the Filer financed the acquisition of Embassy Suites through a combination of new mortgage financing of approximately \$20,200,000 and cash on hand;
 6. the Filer is a venture issuer; the purchase price of Embassy Suites was \$22,295,000; the Filer's consolidated assets as of June 30, 2011 were \$44,104,502; the Filer's interest in Embassy Suites exceeds 40% of its consolidated assets as at June 30, 2011; accordingly, the acquisition of Embassy Suites is a significant acquisition of the Filer under section 8.3(4)(a) of NI 51-102, requiring the Filer to file a BAR under section 8.2 of NI 51-102;
 7. under Section 8.4 of NI 51-102, the BAR must include:
 - (a) annual financial statements for the significant acquisition for its two most recently completed financial years prior to the acquisition; the financial statements for the most recently completed financial year prior to the acquisition must be audited;
 - (b) unaudited interim financial statements for the significant acquisition for its most recently completed interim period and the comparable period in the preceding year; and
 - (c) pro forma financial statements of the Filer giving effect to the significant acquisition;
 8. Felcor is a reporting company in the United States; Felcor's Annual Report on Form 10-K, available at www.sec.gov, provides as follows:
 - (a) Felcor is a corporation operating as a real estate investment trust;
 - (b) Felcor's business is conducted as one reportable segment: hospitality;
 - (c) Felcor's total assets were \$2,359,435,000 as at December 31, 2010;
 - (d) Felcor's hotel revenue and total operating costs were \$925,137,000 and \$1,065,851,000, respectively, for the year ended December 31, 2010; and
 - (e) Embassy Suites represents one of 82 hotels in which Felcor held an ownership interest as of December 31, 2010;
 9. the Filer requested the requisite financial information for Embassy Suites in order to prepare the financial statements required under section 8.4 of NI 51-102; the Filer was advised that Felcor does not operate its hotels as a stand-alone business or division of its operations, and does not maintain separate financial records for Embassy Suites; accordingly, the Filer is unable to prepare the financial statements required under section 8.4 of NI 51-102 for inclusion in the BAR;

10. it is impracticable to prepare “carve-out” financial statements for Embassy Suites because Felcor’s business is conducted as one reportable segment and Felcor did not maintain separate financial records for Embassy Suites;
11. in lieu of the financial statements required by section 8.4 of NI 51-102 , the Filer will include in the BAR for Embassy Suites the following alternate financial and other disclosure:
 - (a) an audited statement of assets acquired and liabilities assumed as of the date of acquisition;
 - (b) the appraisal (the Appraisal) dated June 8, 2011, prepared by CB Richard Ellis (the Appraiser) addressed to Wells Fargo Retchs, the Filer’s mortgage lender; and
 - (c) a property condition report (the PCR) dated March 28, 2011, as revised June 16, 2011, prepared by Eckland Consultants Inc. addressed to Felcor;(collectively, (a) to (c) are referred to as the Alternate Disclosure);
12. the Filer formed its decision to purchase the property based, in part, on the information contained in the Appraisal and the PCR; the Appraisal contains additional information about Embassy Suites, including capital improvements, operating history, operating forecast, and comparables; the PCR contains additional information about Embassy Suites, including an assessment of the condition of the property, the general physical condition of improvements on the property, and physical deficiencies and issues identified with costs;
13. the reported analyses, opinions, and conclusions were developed, and the Appraisal was prepared, in conformance with the Appraiser’s interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute, a global association of professional real estate appraisers, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the U.S. Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and Title XI Regulations; in addition, the signatories on the Appraisal have completed the requirements of the continuing education program of the Appraisal Institute and The Texas Appraiser Licensing and Certification Act;
14. the Filer’s due diligence process also included the retention of Maverick Management Ltd. (Maverick), a division of the O’Neill group, as well as a consultant, Mr. Carl Johnson, to assist with financial and other due diligence on Embassy Suites; the O’Neill Group has a long and successful history of hotel management and Mr. Johnson is an experienced hotel controller and familiar with the Dallas-Fort Worth area; Mr. Johnson assisted the Filer with completing the financial due diligence on Embassy Suites and examined major areas of the hotel’s operations, including but not limited to accounting, staffing, oversight over mechanical and maintenance items, marketing and promotion, insurance, and overall impressions; in addition to the Appraisal and PCR, the Filer based its decision to acquire Embassy Suites on:
 - (a) the information and review of other detailed reports received by it and Maverick; and
 - (b) the Filer’s examinations of the property and records, including but not limited to invoices, ledgers, receivables reports, operating and expense reports, payables reports, tax information, revenue reports, taxes, insurance, and employee information;
15. apart from the requirement to include the financial statements required under section 8.4 of NI 51-102 for the acquisition of Embassy Suites, the Filer is otherwise able to prepare and file the BAR in accordance with NI 51-102, which will include the Alternate Disclosure described above;
16. other than the failure to file the BAR and a business acquisition report for the acquisition of an interest in Grand Parkway, located in Katy, Texas, the Filer is not in default of any requirement of Canadian securities laws; and
17. the Filer acknowledges that any right of action available to any person, company, or securities regulatory authority against the Filer for failure to file the BAR by the filing deadline of November 9, 2011, is not terminated or altered as a result of this decision.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted with respect to the BAR for Embassy Suites, provided the BAR includes the Alternate Disclosure and otherwise complies with applicable BAR requirements.

“Peter Brady”
Director, Corporate Finance
British Columbia Securities Commission

2.1.2 Sunstone U.S. Opportunity (No.4) Realty Trust and Sunstone (No.4) Limited Partnership

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from section 8.2 of National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) which would otherwise require filer to file a business acquisition report (BAR) pursuant to section 13.1 of NI 51-102 – Filer is a real estate investment trust that acquired individual real estate properties – Filer has been unable to obtain the information needed to prepare the required financial statements – Instead of the required historical financial statements, each BAR will include: an audited statement of assets acquired and liabilities assumed as at the acquisition date; an appraisal report prepared by an accredited appraiser; and a property condition report prepared by an independent third party – the BAR will contain sufficient alternative information about the significant acquisition, which is consistent with industry practices and standards in real estate acquisitions.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.2, 13.1.

December 20, 2012

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

AND

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

AND

**IN THE MATTER OF
SUNSTONE U.S. OPPORTUNITY (NO.4) REALTY TRUST
AND SUNSTONE (NO.4) LIMITED PARTNERSHIP
(the Filer)**

DECISION

Background

- 1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirements in section 8.4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) to include certain financial statements in a business acquisition report (BAR) (the Exemption Sought);

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

- (a) the British Columbia Securities Commission is the principal regulator for this application;
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

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

Representations

- 3 This decision is based on the following facts represented by the Filer:
1. Sunstone U.S. Opportunity (No.4) Realty Trust is an unincorporated, open-ended real estate investment trust formed pursuant to a Declaration of Trust dated February 11, 2011, under and governed by the laws of British Columbia;
 2. Sunstone (No.4) Limited Partnership is a limited partnership formed pursuant to and governed by the laws of Nevada and created by a Limited Partnership Agreement dated February 9, 2011;
 3. the Filer's head office is located at Suite 910 – 925 West Georgia Street, Vancouver, British Columbia V6C 3L2;
 4. the Filer's financial year end is December 31;
 5. on June 28, 2011, the Filer acquired its interest in Broadstone Grand Parkway (Grand Parkway) located in Katy, Texas, for \$29,250,000;
 6. the Filer financed the acquisition of its interest in Grand Parkway through a combination of new mortgage financing of approximately \$20,475,000 and cash on hand;
 7. the Filer is a venture issuer; the purchase price of Grand Parkway was \$29,250,000; the Filer's consolidated assets as of March 31, 2011, were \$10; the Filer's interest in Grand Parkway exceeds 40% of its consolidated assets as at March 31, 2011; accordingly, the acquisition of its interest in Grand Parkway is a significant acquisition of the Filer under section 8.3(4)(a) of NI 51-102, requiring the Filer to file a BAR under section 8.2 of NI 51-102;
 8. under section 8.4 of NI 51-102, the BAR must include:
 - (a) annual financial statements for the significant acquisition for its two most recently completed financial years prior to the acquisition; the financial statements for the most recently completed financial year prior to the acquisition must be audited;
 - (b) unaudited interim financial statements for the significant acquisition for its most recently completed interim period; and
 - (c) pro forma financial statements of the Filer giving effect to the significant acquisition;
 9. the vendor of Grand Parkway, a Texas limited partnership controlled by a German corporation, sold the property using a bid process; limited financial performance data is available as Grand Parkway was completed in 2010, reached stabilized occupancy in July 2010, and was listed for sale in the third quarter of 2010;
 10. the Filer has made commercially reasonable good faith efforts to obtain the requisite financial information and access to the financial and other records of the vendor of Grand Parkway in order to prepare the financial statements required under section 8.4 of NI 51-102; the Filer made requests, directly to the vendor and indirectly through the property manager, by email and telephone correspondence; although some access was granted, audit level access to the financial records of the vendor was not granted; the Filer was not able to prepare the financial statements required under section 8.4 of NI 51-102 because of: (i) insufficient access to the financial records of the vendor; and (ii) the limited operating history of Grand Parkway;
 11. in lieu of the financial statements required under section 8.4 of NI 51-102, the Filer will include in the BAR for Grand Parkway the following alternate financial and other disclosure:
 - (a) an audited statement of assets acquired and liabilities assumed as of the date of acquisition;
 - (b) the appraisal (the Appraisal) dated April 18, 2011, prepared by Butler Burgher Group, LLC (the Appraiser) addressed to Allstate Investments, LLC (Allstate), the Filer's mortgage lender; and
 - (c) the property condition assessment (the PCA) dated April 18, 2011, prepared by Professional Service Industries, Inc. addressed to Allstate;(collectively, (a) to (c) are referred to as the Alternate Disclosure);

12. the Filer formed its decision to purchase the property based, in part, on the information contained in the Appraisal and the PCA; the Appraisal contains additional information about Grand Parkway, including an unaudited operating statement from April 2010 to March 2011, and an operating budget summary and rent roll as of March 2011; the PCA contains additional information about Grand Parkway, including an assessment of the condition of the property, the general physical condition of improvements on the property, and a recommended needs summary with costs;
13. the reported analyses, opinions, and conclusions were developed, and the Appraisal was prepared, in conformance with the Appraiser's interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute, a global association of professional real estate appraisers, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the U.S. Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and Title XI Regulations; in addition, the signatories on the Appraisal have completed the requirements of the continuing education program of the Appraisal Institute and The Texas Appraiser Licensing and Certification Act;
14. the Filer's due diligence process also included working with its local counsel and property management group to prepare, analyse, and review, as applicable, among other things, title and lien reports, survey reports, IRS delinquency reports, tenant reports, local competition, rents and concessions in the immediate area, population and demographics, operating expense reports, site inspections, assessments of environmental issues, rent rolls, current leasing packages/promotional materials, employee summaries and remuneration, and all property contracts;
15. apart from the requirement to include financial statements for the acquisition, the Filer is otherwise able to prepare and file the BAR in accordance with NI 51-102, which will include the Alternate Disclosure described above;
16. other than the failure to file the BAR and a business acquisition report for the acquisition of an interest in Embassy Suites Dallas Fort Worth, located in Irving, Texas, the Filer is not in default of any requirement of Canadian securities laws; and
17. the Filer acknowledges that any right of action available to any person, company or securities regulatory authority against the Filer for failure to file the BAR by the filing deadline of September 12, 2011, is not terminated or altered as a result of this decision.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted with respect to the BAR for Grand Parkway, provided the BAR includes the Alternate Disclosure and otherwise complies with applicable BAR requirements.

"Peter Brady"
Director, Corporate Finance
British Columbia Securities Commission

2.1.3 Granite Real Estate Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief in Multiple Jurisdictions – Exemption granted from the requirement in item 14.2 of Form 51-102F5 to allow filer to include combined, rather than separate, financial statements in a management information circular for entities that will be formed as part of a reorganization – exemption also granted from the requirement in section 14.2 of Form 51-105F5 and sections 3.2 and 3.14 of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107) to allow filer to prepare certain financial information to be included in management information circular to be prepared in accordance with United States generally accepted accounting principles rather than International Financial Reporting Standards, and from the requirement in section 14.2 of Form 51-105F5 and section 3.3 of NI 52-107 to allow certain financial information to be included in management information circular to be audited in accordance with auditing standards of the Public Company Accounting Oversight Board (United States of America) rather than Canadian generally accepted auditing standards – management information circular will provide sufficient information to enable shareholders to understand the reorganization and make an informed decision.

Applicable Legislative Provisions

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

Form 51-102F5 Information Circular, s. 14.2.

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, ss. 3.2, 3.3, 3.14, 5.1.

October 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
GRANITE REAL ESTATE INC.
(the Filer)**

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (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**), 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**), that the Filer be exempted from the requirement under section 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) to provide pro forma financial statements reflecting completion of the Conversion Transaction for each of the entities whose securities will be publicly held by former holders of common shares of the Filer and form the “stapled units” following completion of the Conversion Transaction, namely a newly-formed real estate investment trust (**Granite REIT**) and a newly-formed corporation (**Granite GP**), on a stand-alone basis, as at the most recent balance sheet date of the Filer and for the most recent annual and interim financial periods of the Filer for which it has filed financial statements, and instead to provide *pro forma* combined financial statements for Granite REIT and Granite GP as at such date and for such periods (**Pro Forma Combined Financial Statements**), in the management information circular of the Filer (the **Circular**) to be prepared and sent to Granite Common Shareholders (as defined below) in connection with the Conversion Transaction; and

- (b) pursuant to section 13.1 of NI 51-102 and section 5.1 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107), that the Filer be exempted from:
- (i) the requirement under section 14.2 of the Circular Form and under sections 3.2 and 3.14 of NI 52-107 to prepare the historical opening financial statements of Granite REIT and Granite GP and the Pro Forma Combined Financial Statements, to be included in the Circular, in accordance with 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) (**IFRS**), and instead permit them to be prepared in accordance with United States generally accepted accounting principles (**U.S. GAAP**), and
 - (ii) the requirement under section 14.2 of the Circular Form and under section 3.3 of NI 52-107 to have historical audited financial statements of Granite REIT and Granite GP, to be included in the Circular, audited in accordance with Canadian GAAS and instead permit them to be audited in accordance with auditing standards of the Public Company Accounting Oversight Board (United States of America) (**U.S. PCAOB GAAS**).

Further, the principal regulator in the Jurisdiction has received a request from the Filer for a decision that the Application and this decision be kept confidential and not be made public until the earlier of (i) filing by the Filer of a management information circular for the Conversion Transaction, and (ii) 90 days after the issue of the decision with respect to the Exemption Sought (the **Confidentiality 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;
- (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 expects to call and hold a special meeting of Granite Common Shareholders (the **Granite Special Meeting**) for the purpose of voting on a special resolution to approve the Conversion Transaction.
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 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 June 30, 2012, there were approximately 46,818,376 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, it is proposed that, among other things, the following transactions will occur:
 - (a) the Filer will form Granite GP as a new corporation under the *Business Corporations Act* (British Columbia), and Granite GP (as general partner) and the Filer (as initial limited partner) will form a new limited partnership (**Granite LP**) under the laws of Québec;
 - (b) the Filer will form Granite REIT as a new trust under the laws of Ontario;
 - (c) 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 a newly created limited partnership that will be controlled indirectly by the Filer (**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;
 - (d) (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 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;
 - (e) U.S. Debtor Subsidiaries and Euro Debtor Subsidiaries of the Filer will grant security for indebtedness owed by them to Granite LP or Finance LP through the grant by such U.S. Debtor Subsidiaries and Euro Debtor Subsidiaries of movable hypothecs over securities of their respective subsidiaries;
 - (f) 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;
 - (g) all of the Granite Common Shares will become owned by Granite LP; and
 - (h) 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 approval by the Granite Common Shareholders, other 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, redemption 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 will be required to approve the Conversion Transaction by at least two-thirds of the votes cast by Granite Common Shareholders at the Granite Special Meeting. It is anticipated that the Granite Special Meeting will take place in mid-November 2012 and the Circular with respect to the Granite Special Meeting is expected to be mailed in mid-October 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, 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.

The Circular and the Requested Exemptions

21. The Conversion Transaction will be a "restructuring transaction" and will involve significant acquisitions by Granite REIT and Granite GP and therefore would require compliance with section 14.2 of the Circular Form.
22. Section 14.2 of the Circular Form requires, among other things, that the Circular contain the disclosure (including financial statements) prescribed under securities legislation for each entity resulting from the Conversion Transaction, if Granite's securityholders will have an interest in that entity after completion of the transaction, and described in the form of prospectus that entity would be eligible to use immediately prior to the sending and filing of the Circular for a distribution of its securities. As they are not currently reporting issuers, for Granite REIT and Granite GP, this would be

disclosure required by Form 41-101F1 *Information Required in a Prospectus* (the **Prospectus Form**) under National Instrument 41-101 *General Prospectus Requirements*.

23. As an SEC issuer and a reporting issuer, the Filer currently prepares its financial statements in accordance with U.S. GAAP, as permitted under NI 52-107. The Filer's financial statements for 2011 and prior years are presented in U.S. dollars. Beginning on January 1, 2012, the Filer began reporting its financial results in Canadian dollars (including restating comparative prior periods in Canadian dollars).
24. Since Granite REIT and Granite GP will be newly created Canadian issuers and will not be SEC issuers at the time the Circular is prepared and mailed, they will not be able to prepare their financial statements in accordance with U.S. GAAP but would be required under NI 52-107 to use IFRS. Similarly, Canadian issuers that are not SEC issuers must have their financial statements audited in accordance with Canadian GAAS under section 3.3 of NI 52-107. Section 3.14 of NI 52-107 requires pro forma financial statements to be prepared using accounting principles that are permitted by the issuer's GAAP.
25. 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.
26. The Filer has determined, in consultation with its auditors Ernst & Young LLP, that under both U.S. GAAP and IFRS, (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.
27. 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.
28. The Circular will contain the following financial statements and information in connection with the Conversion Transaction:
 - (a) an opening balance sheet of Granite REIT, presented in Canadian dollars and prepared in accordance with U.S. GAAP;
 - (b) an opening balance sheet of Granite GP, presented in Canadian dollars and prepared in accordance with U.S. GAAP;
 - (c) audited annual consolidated financial statements of the Filer for the years ended December 31, 2011 and 2010, presented in U.S. dollars, and unaudited interim consolidated financial statements of Granite for the three and six month periods ended June 30, 2012 and 2011, presented in Canadian dollars, together in each case with related management's discussion and analysis, prepared in accordance with U.S. GAAP and incorporated by reference from the continuous disclosure record of the Filer, in compliance with section 14.2 of the Circular Form and Items 32 and 35 of the Prospectus Form; and
 - (d) Pro Forma Combined Financial Statements for Granite REIT and Granite GP, together, presented in Canadian dollars (with applicable adjustments to convert the Filer's 2011 financial information from U.S. dollars to Canadian dollars) and prepared in accordance with U.S. GAAP, reflecting completion of the Conversion Transaction, consisting of:
 - (i) a pro forma combined balance sheet as at June 30, 2012;
 - (ii) a pro forma combined income statement for the six months ended June 30, 2012; and
 - (iii) a pro forma combined income statement for the year ended December 31, 2011.
29. The Circular will contain prospectus-level disclosure in accordance with section 14.2 of the Circular Form (except as exemptions may be granted) and will contain sufficient information to enable a reasonable security holder to form a reasoned judgment concerning the nature and effect of the Conversion Transaction and the nature of the resulting issuers, being Granite REIT and Granite GP.

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 Circular contains or incorporates by reference, as applicable, the items described in paragraphs 28 and 29, above.
3. The further decision of the principal regulator under the Legislation is that the Confidentiality Sought is granted.

“Jo-Anne Matear”
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Trans Québec & Maritimes Pipeline Inc. et al.

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – Trans Québec & Maritimes Pipeline Inc., a reporting issuer, is seeking relief from requirements in Parts 4 and 5 of NI 51-102 relating to the filing of its annual and interim financial statements on a stand-alone basis along with the accompanying annual or interim Management Discussion and Analysis provided that it files combined annual and interim financial statements for itself and Trans Québec & Maritimes Pipeline Inc., as mandatary for TQM Pipeline and Company, Limited Partnership Inc. (TQM Partnership) (the Combined Financial Statements) and accompanying MD&A based on the Combined Financial Statements; Parts 4 and 5 of NI 52-109 provided that the certificates are filed by TQM Inc. in respect of the Combined Financial Statements and related MD&A and section 3.2 of NI 52-107 so that the reporting issuer can file financial statements for TQM Partnership in accordance with Canadian GAAP (Part V of the Handbook of the Canadian Institute of Chartered Accountants (the Handbook)) (rather than IFRS) for periods relating to the issuer's financial year beginning on or after 1 January 2012 and ending December 31, 2012. TQM Partnership is a "rate regulated entity" as defined in Accounting Guideline 19 Disclosures by entities subject to rate regulation in the Handbook – The Canadian Accounting Standards Board decided on October 2012 that rate regulated entities will only be required to adopt IFRS for annual periods beginning on or after January 1, 2014 – Since Part 3 of Regulation 52-107 does not have a provision providing for a two-year deferral of the transition to IFRS for rate regulated entities subject to Regulation 52-107. TQM Inc. has requested an extension of the deferral permitted under section 5.4 of NI 52-107 – Relief granted subject to a number of conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am.,
National Instrument 51-102 Continuous Disclosure Obligations
National Instrument 52-107 Acceptable Accounting Principle and Auditing Standards
National Instrument 52-109 Certification of Disclosure in Annual and Interim Filings

December 28, 2012

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

AND

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

AND

IN THE MATTER OF
TRANS QUÉBEC & MARITIMES PIPELINE INC.
(TQM Inc.) AND
TRANS QUÉBEC & MARITIMES PIPELINE INC.,
AS MANDATARY FOR
TQM PIPELINE AND COMPANY, LIMITED PARTNERSHIP
(the Partnership)

DECISION

Background

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

1. *Regulation 51-102 respecting Continuous Disclosure Obligations (Regulation 51-102)*, that TQM Inc. be exempted from the obligations in Parts 4 and 5 of Regulation 51-102, relating to the filing of its annual and interim financial statements on a stand alone basis along with the accompanying annual or interim Management Discussion and

Analysis (**MD&A**) provided that TQM Inc. files combined annual and interim financial statements of TQM Inc. and the Partnership (hereinafter defined as the **Combined Financial Statements**) and accompanying MD&A based on the combined financial statements; and

2. *Regulation 52-109 respecting Certification of Disclosure in Annual and Interim Filings (Regulation 52-109)*, that TQM Inc. be exempted from the obligations in Parts 4 and 5 of Regulation 52-109 in respect of filing the Chief Executive Officer (**CEO**) and Chief Financial Officer (**CFO**) certificates that TQM Inc. would normally file if it prepared stand alone annual and interim financial statements and accompanying MD&A, provided that the certificates are filed by TQM Inc. in respect of the Combined Financial Statements and related MD&A.

(collectively, the **Continuous Disclosure Exemptions**).

3. *Regulation 52-107, respecting Acceptable Accounting Principles and Auditing Standards (Regulation 52-107)*, that TQM Inc. be exempted from the requirements of section 3.2 in order to permit the preparation and filing by TQM Inc. of financial statements of the Partnership for the financial year commencing January 1, 2012 and ending December 31, 2012 in accordance with Part V of the Canadian Institute of Chartered Accountants Handbook (the **Handbook**) (the **First 52-107 Exemption**).
4. *Regulation 52-107*, that TQM Inc. be exempted from the requirements of section 3.2 of Regulation 52-107 in order to permit the preparation and filing by TQM Inc. in accordance with United States generally accepted accounting principles (**U.S. GAAP**) Combined Financial Statements for financial years commencing on or after January 1, 2013 but before January 1, 2015 (the **Second 52-107 Exemption**).

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

- (a) the Autorité des marchés financiers (the **AMF**) is the principal regulator for this application;
- (b) TQM Inc. has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System (Regulation 11-102)* is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the **Passport Jurisdictions**); and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, Regulation 11-102, Regulation 51-102, Regulation 52-107 and Regulation 52-109 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

This decision is based on the following facts represented by TQM Inc.:

1. TQM Inc. was incorporated under the *Canada Business Corporations Act* on April 24, 1980. The head office of TQM Inc. is in Montreal, Québec.
2. Each of 9265-0860 Quebec Inc. (**9265**), a wholly owned subsidiary of Gaz Métro Limited Partnership (**Gaz Métro**) and TransCanada PipeLines Limited (**TransCanada**) (hereinafter collectively referred to as the **Partners**) owns 50 percent of the issued and outstanding shares in the share capital of TQM Inc.
3. The Partnership was formed on January 5, 1982 as a general partnership pursuant to the laws of Quebec. TQM Inc. was appointed mandatary of the Partnership to administer and manage the Partnership and to construct and operate a pipeline system in the Province of Québec (the **Pipeline System**) and to carry on its business in accordance with the General Partnership Agreement of the Partnership (the **Partnership Agreement**). On August 24, 1995 the Partnership was converted from a general partnership into a limited partnership governed by the laws of the Province of Québec of which Gaz Métro and TransCanada became the general partners and 3118240 Canada Inc. became the limited partner. Each of the general partners owns a 49.995 percent participation interest in the Partnership and 3118240 Canada Inc. owns the remaining 0.01 percent participation interest.
4. The Pipeline System is regulated by the National Energy Board (the **NEB**) pursuant to the National Energy Board Act (the Act). Due to the construct of the Act, there was doubt as to whether a partnership was permitted to own and operate a pipeline. As a result, TQM Inc. as a corporate entity was formed to do so on behalf of the Partnership.

5. TQM Inc. operates the Pipeline System, holds registered title to the Pipeline System on behalf of the Partnership and acts on behalf of the Partnership for the purposes of applying for and holding authorizations and certificates from the NEB. TQM Inc. acts solely as a mandatary and does not have an ownership interest in the Partnership, nor does it receive any revenue associated with the Pipeline System.
6. As a result of tax changes announced by Canada's Minister of Finance in its budget of March 22, 2011, affecting limited partnerships, which led to amendments to the federal Income Tax Act, Gaz Métro assigned, transferred and conveyed to 9265, its wholly owned subsidiary, all of its holdings in TQM Inc. and the Partnership, effective September 30, 2012.
7. TQM Inc. is a reporting issuer in the Jurisdictions and in each of the Passport Jurisdictions. It is a venture issuer for purposes of Regulation 51-102 and is not in default of securities legislation in any jurisdiction. Its year end is December 31.
8. TQM Inc. currently has outstanding \$75 million principal amount 4.05% Series K Bonds (the **Series K Bonds**) and \$100 million principal amount 4.25% Series L Bonds (the **Series L Bonds**). The Series K Bonds mature September 2014 and the Series L Bonds mature September 2017. The bonds of TQM Inc. are unconditionally guaranteed by the Partnership. The terms of the outstanding debt under the Partnership's credit facility and with respect to the Series K Bonds and Series L Bonds are governed by a Credit Agreement and Trust Deed, respectively, to which TQM Inc. is a party. The Credit Agreement and Trust Deed both have restrictions on TQM Inc.'s ability to incur debt, grant security and carry on business other than the business of the Partnership while the bonds remain outstanding.
9. TQM Inc. will not issue any debt in its own capacity that is not unconditionally guaranteed by the Partnership and will be in compliance with the applicable restrictions of the Credit Agreement and Trust Deed.
10. Currently, TQM Inc. files its own financial statements along with financial statements as mandatary of the Partnership, pursuant to an Undertaking dated May 1, 1985 (the **Undertaking**) with the securities regulator or regulatory authority (as applicable) in Québec, Ontario, Alberta, British Columbia, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland. The financial statements of TQM Inc. as mandatary of the Partnership are not consolidated in the financial statements of TQM Inc. but instead are combined in the financial statements of TQM Inc.
11. Despite its undertaking, TQM Inc. is also subject to the other continuous disclosure requirements under applicable securities regulation (the **Other CD Regulations**).
12. TQM Inc. and the Partnership are not SEC issuers.
13. The Partnership has "activities subject to rate regulation" as defined in Accounting Guideline 19 – Disclosures by entities subject to rate regulation – Part V of the Handbook (**AcG 19**).
14. On October 1, 2010, the Canadian Accounting Standards Board (the **AcSB**) published amendments to Part 1 of the Handbook that provided a one-year deferral of the transition to International Financial Reporting Standards (**IFRS**) for entities with qualifying rate-regulated activities. The amendments required such entities, as defined in AcG-19, to adopt IFRS for annual periods beginning on or after January 1, 2012.
15. As a "qualifying entity" for purposes of section 5.4 of Regulation 52-107, the Partnership is permitted by that provision to prepare its financial statements for its financial year commencing January 1, 2011 and ending December 31, 2011, in accordance with Canadian generally accepted accounting principles (**Canadian GAAP**) – pursuant to Part V of the Handbook.
16. In March 2012, the AcSB decided to extend the deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year, so that these entities are only required to adopt IFRS for annual periods beginning on or after January 1, 2013.
17. The March 2012 decision of the AcSB to extend, by one year, the deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities is not currently reflected in Regulation 52-107 and the Other CD Regulations.
18. In October 2012, the AcSB decided to extend the deferral of the mandatory IFRS changeover date by an additional year, such that entities with qualifying rate-regulated activities, as defined in AcG-19 of the Handbook, are only required to adopt IFRS for annual periods beginning on or after January 1, 2014.

19. The October 2012 decision of the AcSB to extend, by another year, the deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities is not currently reflected in Regulation 52-107 and the Other CD Regulations. However, given that each of the Partners of TQM Inc. and the Partnership currently use or expect to use U.S. GAAP, TQM Inc. would prefer to adopt U.S. GAAP effective January 1, 2013 and not rely on this extension.
20. Regulation 52-107 and the Other CD Regulations apply to the Partnership. Since Part 3 of Regulation 52-107 and the amendments to the Other CD Regulations do not have a provision providing for a two-year deferral of the transition to IFRS for entities with rate-regulated activities subject to Regulation 52-107 and the Other CD Regulations, TQM Inc. has applied for the First 52-107 Exemption.
21. If the Partnership was an SEC issuer, it would be permitted by section 3.7 of Regulation 52-107 to file its financial statements prepared in accordance with U.S. GAAP, which accords treatment of “activities subject to rate regulation” similar to that under Canadian GAAP – Part V of the Handbook.

Decision

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.

1. The decision of the Decision Makers under the Legislation is that the Continuous Disclosure Exemptions sought are granted provided that:
 - (a) Regulation 51-102:
 - i. TQM Inc. remains a reporting issuer in a designated Canadian jurisdiction, complies with Regulation 51-102 or the conditions of any exemptions therefrom and is an electronic filer under Regulation 13-101 *System for Electronic Document Analysis and Retrieval* (SEDAR) and will file all documents it is required to file for TQM Inc. and TQM Partnership under Regulation 51-102 or under the conditions of any exemptions therefrom;
 - ii. TQM Inc. is responsible for issuing news releases and filing material change reports in accordance with Part 7 of Regulation 51-102 for all material changes in respect of the affairs of TQM Inc. and the Partnership;
 - iii. TQM Inc. files, under its profile on the System for Electronic Document Analysis and Retrieval (SEDAR), Combined Financial Statements prepared in accordance with accounting principles permitted under the Second 52-107 Exemption sought as applicable, and then under Regulation 52-107 thereafter;
 - iv. any Combined Financial Statements filed by TQM Inc. include the applicable components specified in Parts 4 and 5 of Regulation 51-102 for annual and interim financial reporting and accompanying annual and interim MD&A;
 - v. the Combined Financial Statements are clearly identified as Combined Financial Statements of TQM Inc. and the Partnership;
 - vi. the Combined Financial Statements are supplemented by a complete description of the corporate structure of TQM Inc. in the notes;
 - vii. the annual Combined Financial Statements filed by TQM Inc. are audited;
 - viii. prior to filing unaudited Combined Financial Statements for each interim period and audited annual Combined Financial Statements, TQM Inc. and its auditor have concluded that the preparation of the Combined Financial Statements is acceptable using accounting principles permitted under the Second 52-107 Exemption sought as applicable, and then under Regulation 52-107 thereafter;
 - ix. the annual Combined Financial Statements filed by TQM Inc. are accompanied by the applicable fees; and
 - x. the MD&A filed by TQM Inc. are prepared with reference to the Combined Financial Statements.
 - (b) Regulation 52-109:

- i. TQM Inc. is responsible for filing annual and interim certificates required under Parts 4, 5 and 6 of Regulation 52-109, in connection with the filing of the Combined Financial Statements prepared in accordance with accounting principles permitted under the Second 52-107 Exemption sought as applicable, and then under Regulation 52-107 thereafter;
 - ii. the CEO and the CFO of TQM Inc. continue to sign the required certificates under Regulation 52-109 in respect of the Combined Financial Statements; and
 - iii. TQM Inc. continues to satisfy the requirements set out in Regulation 52-109 for the Combined Financial Statements on behalf of TQM Inc. and the Partnership.
2. The decision of the Decision Makers under the legislation is that the First 52-107 Exemption is granted provided that:
 - (a) for the financial year commencing January 1, 2012 and ending December 31, 2012, including interim periods therein, TQM Inc. files financial statements as mandatory of the Partnership prepared in accordance with Canadian GAAP pursuant to Part V of the Handbook; and
 - (b) information for comparative periods presented in the financial statements referred to in the preceding paragraph is prepared in accordance with Canadian GAAP pursuant to Part V of the Handbook.

This Exemption will terminate in respect of the financial statements for annual (and interim periods therein) commencing on or after the earlier of:

 - (a) January 1, 2013; and
 - (b) the date on which the Partnership ceases to be an entity subject to rate regulation, as defined in AcG-19.
3. The decision of the Decision Makers under the legislation is that the Second 52-107 Exemption is granted provided that:
 - (a) for its financial years commencing on or after January 1, 2013 but before January 1, 2015 and interim periods therein, TQM Inc. files Combined Financial Statements prepared in accordance with U.S. GAAP; and
 - (b) information for comparative periods presented in the financial statements referred to in the preceding paragraph is prepared in accordance with U.S. GAAP.

This Exemption will terminate in respect of the Combined Financial Statements for annual (and interim periods therein) commencing on or after the earlier of:

 - (a) January 1, 2015; and
 - (b) the date on which the Partnership ceases to be an entity subject to rate regulation, as defined in AcG-19.

“Louis Morisset”
Superintendent, Capital Markets
Autorité des marchés financiers

2.1.5 Connor, Clark & Lunn Capital Class Inc., Natural Resources Class Shares et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because merger does not meet the criteria for pre-approved re-organizations and transfers in National Instrument 81-102 – terminating fund and continuing fund have different investment objectives – merger not a “qualifying transaction” or a tax-deferred transaction under the Income Tax Act – securityholders of terminating funds provided with timely and adequate disclosure regarding the merger.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.6(1), 5.7(1)(b), 19.1.

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
CONNOR, CLARK & LUNN CAPITAL CLASS INC.,
NATURAL RESOURCES CLASS SHARES

AND

CONNOR, CLARK & LUNN CAPITAL CLASS INC.,
BALANCED PORTFOLIO CLASS SHARES, SERIES 1

AND

IN THE MATTER OF
CONNOR, CLARK & LUNN CAPITAL MARKETS INC.
(the “Filer”)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of Connor, Clark & Lunn Capital Class Inc., Natural Resources Class Shares (“NR”) and Connor, Clark & Lunn Capital Class Inc., Balanced Portfolio Class Shares, Series 1 (“BR”, and together with NR, the “**Merging Funds**”) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the “**Legislation**”) for approval pursuant to subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (“**NI 81-102**”) in connection with the proposed merger of the Merging Funds into Connor, Clark & Lunn Core Income and Growth Fund (“**CIGF**” or the “**Continuing Fund**”, and together with NR and BP, the “**CC&L Funds**”) (the “**Requested Approval**”).

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

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the Filer has provided notice that subsection 4.7(1) of Multinational Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New

Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and NI 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. CC&L Capital Markets is the manager of the CC&L Funds, and is a registered portfolio manager, exempt market dealer and investment fund manager in the Province of Ontario and is a leading provider of investment products.
2. The principal offices of the Filer and the CC&L Funds are located at 181 University Avenue, Suite 300, Toronto, Ontario, M5H 3M7.
3. None of CC&L Capital Markets nor the CC&L Funds is in default of the securities legislation of any province or territory of Canada.
4. Connor, Clark & Lunn Capital Class Inc. (the “**Company**”) is a corporation incorporated under the laws of Ontario. NR and BP are each a separate class of shares of the Company and are separate funds for the purposes of NI 81-102. The Company is a corporation governed by the *Business Corporations Act* (Ontario).
5. NR and BP were originally created to provide a liquidity mechanism for the Filer’s flow-through limited partnerships, which the Filer is no longer launching.
6. Each of NR, BP, and CIGF is an open-ended mutual fund subject to NI 81-102, subject to any exemptions therefrom that have been or may be granted by securities regulatory authorities.
7. The CC&L Funds are subject to the investment restrictions and practices contained in Canadian securities law, including NI 81-102, and are managed in accordance with these restrictions and practices.
8. Shares and Units of each of the CC&L Funds are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, tax-free savings accounts, registered education savings plans, deferred profit sharing plans and registered disability savings plans.
9. NR currently seeks to generate long term growth by providing investors with exposure to Canadian natural resource companies. The principal business of the companies that NR can invest in include: (i) oil and gas exploration, development and productions; (ii) mineral exploration, development and production; (iii) forestry-related investments; (iv) alternative energy development and production; and (v) resource related services such as service and infrastructure providers for natural resource companies. NR may invest up to 20% of its net assets in non-Canadian issuers.
10. CIGF currently invests in a diversified portfolio of high income investments across a broad range of income-oriented securities. These may include equities, income trusts, limited partnerships, real estate investment trusts (REITs), corporate bonds, convertible bonds, preferred shares, other income funds, and other investments in accordance with the investment objectives and investment strategy of CIGF.
11. CIGF’s diversification guidelines are to invest a minimum of 10% and a maximum of 80% of net assets in equities and income trusts, a minimum of 10% and a maximum of 50% of net assets in REITs and real estate, and a minimum of 10% and a maximum of 60% of net assets in bonds, preferred shares and cash.
12. CC&L Capital Markets is of the view that the fundamental investment objective and strategy of CIGF are not, or may be considered not to be, “substantially similar” to the fundamental investment objective and strategy of NR because NR’s exposure is currently limited to commodities (energy & materials).
13. BP currently seeks to achieve modest capital growth by investing all or substantially all of its assets in securities of Connor, Clark & Lunn Balanced Growth Portfolio, which is diversified across different types of equity and fixed income returns to generate modest growth of capital while stabilizing returns. Foreign investments will not generally exceed approximately 30% of assets.

14. CC&L Capital Markets is of the view that the fundamental investment objective and strategy of CIGF is “substantially similar” to that of BP.
15. The management fee payable to CC&L Capital Markets for acting as the manager of NR and BP is 2.0% per annum of net asset value plus an amount equal to the service fee of 0.5% of net asset value per annum. The management fee payable to CC&L Capital Markets for acting as the manager of CIGF is 1.9% per annum of net asset value of the Series A Units (which includes the amount of the 1.0% service fee).
16. The Merger is expected be beneficial to shareholders of the Merging Funds for the following reasons:
 - (a) the Continuing Fund will provide a broader asset base, stable investment attributes, and lower management expense ratio including lower management fees;
 - (b) the net assets of the Merging Funds are no longer growing such that they are not commercially viable and will be terminated if the Merger is not implemented. The Merging Funds were originally created to provide a liquidity mechanism for the Manager’s flow-through limited partnerships, which the Manager is no longer launching; and
 - (c) the Continuing Fund will have a portfolio of greater size, allowing for more efficient implementation of its investment strategy.
17. Immediately prior to the date of the Merger, the Merging Funds will sell all of the securities and assets in their portfolios. As a result, the Merging Funds will temporarily hold all or substantially all of their assets in cash as of the effective date of the Merger.
18. The value of the Merging Funds’ assets will be determined at the close of business on the business day prior to the effective date of the Merger in accordance with the articles of incorporation governing the Merging Funds.
19. The Continuing Fund will acquire the assets (i.e. cash) of the Merging Funds in exchange for units in the Continuing Fund.
20. The Continuing Fund will not assume liabilities of the Merging Funds and the Merging Funds will retain sufficient assets to pay off or satisfy its estimated liabilities, if any, as of the date of the Merger.
21. The units of the Continuing Fund received by the Merging Funds will have an aggregate net asset value equal to the value of the Merging Funds’ portfolio assets and other assets that the Continuing Fund is acquiring, which units will be issued at the applicable net asset value per unit as of the effective date of the Merger.
22. Immediately thereafter, the units of the Continuing Fund received by the Merging Funds will be distributed to shareholders of the Merging Funds in exchange for their shares in the Merging Funds, with shareholders of the Merging Funds receiving Series A Units of the Continuing Fund.
23. As soon as reasonably possible following the Merger, the Merging Funds will be wound up and the Continuing Fund will continue as a publicly offered open-end mutual fund existing under the laws of Ontario.
24. The Merger will not constitute a material change for the Continuing Fund, as the net asset value of the Continuing Fund is significantly larger than the net asset value of the Merging Funds.
25. Shareholders of BP approved the Merger at a special meeting of shareholders held on December 20, 2012, and the shareholders of NR approved the Merger at an adjourned special meeting of shareholders held on December 21, 2012, as required pursuant to section 5.1(f) of NI 81-102.
26. Subject to necessary regulatory approval and approval of shareholders of NR and BP, the Merger is expected to occur on or about January 8, 2013.
27. If all necessary approvals required for the Merger in respect of a Merging Fund are not obtained, it is the intention of CC&L Capital Markets to terminate such Merging Fund, in accordance with applicable securities laws.
28. A notice of meeting, a management information circular dated November 9, 2012 (the “**Circular**”) and a proxy in connection with the Merger has been mailed to the shareholders of NR and BP in accordance with applicable securities laws. The Circular contains a description of the proposed Merger, information about NR, BP, and CIGF, including the differences between NR and CIGF’s investment objectives and the income tax considerations for shareholders of NR and BP. The Circular discloses that shareholders of BP and NR may obtain in respect of CIGF, at no cost, the most

recent annual and interim financial statements, the current prospectus and the most recent management report on fund performance that have been made public by contacting the Filer or by accessing the website of the CC&L Funds or the System for Electronic Document Analysis and Retrieval ("**SEDAR**").

29. The Filer will pay for the costs and expenses associated with the Merger, including the cost of holding the meetings in connection with the Merger and of soliciting proxies, including costs of mailing the Circular and accompanying materials. The CC&L Funds will bear none of the costs and expenses associated with the Merger.
30. As required by National Instrument 81-107 – *Independent Review Committee*, the terms of the Merger were presented to the independent review committee (the "**Independent Review Committee**") of NR and BP for its review and recommendation. After considering the potential conflict of interest matter related to the Merger, the independent review committee provided its positive recommendation for the Merger.
31. Shares of the Merging Funds will continue to be redeemable by shareholders on a daily basis up to the business day immediately prior to the effective date of the Merger.
32. The cash and any other assets of the Merging Funds acquired by the Continuing Fund in connection with the Merger will be acquired and invested in accordance with the investment objectives, strategies, and restrictions of CIGF and NI 81-102.
33. The CC&L Funds have complied with Part 11 of NI 81-106 in connection with the making of the decision to proceed with the Merger.
34. Under section 5.6 of NI 81-102, approval of the Merger by the regulator is not required if all of the criteria for pre-approval listed in paragraphs 5.6(1)(a) through (i) are satisfied.
35. The foregoing representations contained in this application indicate that the merger will satisfy the requirements of paragraphs 5.6(1)(a) through (i) of NI 81-102 with the exception of paragraph 5.6(1)(a)(ii) for NR only, as a reasonable person would likely consider that NR does not have "substantially similar" fundamental investment objective as the Continuing Fund, and paragraph 5.6(1)(b) for both NR and BP, as the Merger of both NR and BP with CIGF will not be "qualifying exchange".

Decision

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

The decision of the principal regulator is that the Requested Approval is granted.

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

2.1.6 Brigata Capital Management Inc. and Brigata Canadian Equity Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund merger – approval required because the merger does not meet the criteria for pre-approval – the merging funds have different investment objectives – securityholders of the terminating fund provided with timely and adequate disclosure regarding the merger.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.5(3), 5.6.

December 4, 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
BRIGATA CAPITAL MANAGEMENT INC.
(the Filer or Brigata Capital or the Manager)

AND

BRIGATA CANADIAN EQUITY FUND
(the Terminating Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer on behalf of the Terminating Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval of the merger (the **Merger**) of the Terminating Fund into Brigata Canadian Balanced Fund (the **Continuing Fund**) (together with the Terminating Fund, the **Funds**) under subsection 5.5(1)(b) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Exemption Sought**).

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

- (a) the Ontario Securities Commission is the principal regulator (**Principal Regulator**) for this application, and
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the other provinces and territories of Canada (the **Other Jurisdictions**).

Interpretation

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

Representations

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

The Filer

1. Brigata Capital is a corporation governed by the laws of Canada with its head office in Ottawa, Ontario.
2. Brigata Capital is the investment fund manager of the Funds and is registered as an investment fund manager in Ontario.

The Funds

3. Each of the Funds is an open-end mutual fund trust established under the laws of the Province of Ontario.
4. Units of the Funds are currently qualified for sale under a simplified prospectus, annual information form and fund facts dated November 28, 2011 (collectively, the **Offering Documents**).
5. Each of the Funds is a reporting issuer under the applicable securities legislation of the Province of Ontario and the Other Jurisdictions (the **Legislation**).
6. Neither the Filer nor the Funds is in default under the Legislation.
7. Each of the Funds is subject to the requirements of NI 81-102.
8. The net asset value for each series of the Funds is calculated on a daily basis in accordance with the Funds' valuation policy and as described in the Offering Documents.

The Merger

9. In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, a press release announcing the proposed Merger was issued and filed via SEDAR on October 15, 2012 and was posted to the Manager's website. A material change report with respect to the proposed Merger was filed via SEDAR on October 25, 2012. The Terminating Fund was closed to new purchases as of October 15, 2012.
10. Pursuant to National Instrument 81-107 – *Independent Review Committee for Investment Funds (NI 81-107)*, an Independent Review Committee (the **IRC**) has been established for the Funds. As required by NI 81-107, the Filer, as manager of the Funds, presented the terms of the proposed Merger to the Funds' IRC for its review and recommendation. On October 16, 2012, the IRC reviewed the potential conflict of interest matter related to the proposed Merger and provided its positive recommendation for the proposed Merger after determining that the proposed Merger, if implemented, would achieve a fair and reasonable result for each of the Funds.
11. Approval of the Principal Regulator for the Merger is required under subsection 5.5(1)(b) of the Instrument, and pre-approval for the Merger under section 5.6(1) is unavailable, because the fundamental investment objective of the Continuing Fund is not, or may be considered by a reasonable person to not be, "substantially similar" to the investment objective of the Terminating Fund. Accordingly, the proposed Merger may not meet the criteria for pre-approved reorganizations under subsection 5.6(1)(a)(ii) of NI 81-102.
12. In the opinion of the Filer, the Merger satisfies all of the criteria for pre-approved reorganizations and transfers set forth in section 5.6 of NI 81-102, except for the criteria in section 5.6(1)(a)(ii) of NI 81-102.
13. Unitholders of the Terminating Fund will be asked to approve the Merger at a special meeting to be held on or about December 3, 2012.
14. A notice of meeting, a management information circular and a proxy in connection with the special meeting of unitholders (the **Meeting Materials**) were mailed to unitholders of the Terminating Fund on November 12, 2012 and were concurrently filed via SEDAR. Fund facts relating to the relevant series of the Continuing Fund were mailed to unitholders of the Terminating Fund with the Meeting Materials.
15. The management information circular contains the following information that the Filer has deemed to be material so that unitholders of the Terminating Fund may consider this information before voting on the proposed Merger: (i) the differences between the Terminating Fund and the Continuing Fund; (ii) the tax implications of the proposed Merger; (iii) a statement that the units of the Continuing Fund acquired by unitholders of the Terminating Fund upon the implementation of the proposed Merger are subject to the same redemption charges to which their units of the Terminating Fund were subject prior to effecting the proposed Merger; and (iv) the fact that unitholders can obtain, at no cost, the annual information form of the Continuing Fund, the fund facts for all series of the Continuing Fund, the most recent interim and annual financial statements of the Continuing Fund, and the most recent management report of

fund performance of the Continuing Fund that have been made public by contacting the Manager or by accessing the documents on the Manager's website.

16. Unitholders of the Terminating Fund will continue to have the right to redeem units of the Terminating Fund at any time up to the close of business on the business day immediately before the effective date of the Merger.
17. The Merger will be effected on a tax-deferred basis as a qualifying exchange under section 132.2 of the *Income Tax Act* (Canada) (the **Tax Act**).
18. Brigata Capital will pay for the costs of the Merger. These costs consist mainly of brokerage charges associated with the merger-related trades that occur both before and after the effective date of the Merger and legal, proxy solicitation, printing, mailing and regulatory fees.
19. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.
20. The Terminating Fund will merge into the Continuing Fund at the close of business on or about December 7, 2012 and the Continuing Fund will continue as a publicly offered open-end mutual fund. In addition, the portfolio manager of the Continuing Fund will change. Specifically, the current portfolio manager of the Terminating Fund will be appointed as the portfolio manager of the Continuing Fund effective December 7, 2012. In accordance with National Instrument 81-106 – *Investment Fund Continuous Disclosure*, a press release announcing the portfolio manager change in respect of the Continuing Fund was issued and filed via SEDAR on October 15, 2012. A material change report and an amendment to the simplified prospectus, annual information form and fund facts for the Continuing Fund with respect to the portfolio manager change, was filed via SEDAR on October 25, 2012. Also, the name of the Continuing Fund will change to "Brigata Diversified Portfolio".
21. The investment portfolio and other assets of the Terminating Fund to be acquired by the Continuing Fund in order to effect the Merger are currently, or will be, acceptable, on or prior to the effective date of the Merger, to the newly appointed portfolio manager of the Continuing Fund effective December 7, 2012, and are, or will be, consistent with the investment objective of the Continuing Fund.
22. The Terminating Fund will be wound up as soon as reasonably possible following the Merger.
23. The Merger is conditional on the approval of (i) the unitholders of the Terminating Fund; and (ii) the Principal Regulator. If the necessary approvals are obtained, the following steps will be carried out to effect the Merger, which is proposed to occur on or about December 7, 2012:
 - (a) Prior to effecting the Merger, if required, the Terminating Fund will sell any securities in its portfolio that do not meet the investment objective and investment strategies of the Continuing Fund.
 - (b) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the effective date of the Merger in accordance with the constating documents of the Terminating Fund.
 - (c) The Continuing Fund will acquire the investment portfolio and other assets of the Terminating Fund in exchange for units of the Continuing Fund.
 - (d) The Continuing Fund will not assume any liabilities of the Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the effective date of the Merger.
 - (e) The Terminating Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that the Terminating Fund will not be subject to tax for its current tax year.
 - (f) The units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the value of the portfolio assets and other assets that the Continuing Fund is acquiring from the Terminating Fund, and the units of the Continuing Fund will be issued at the applicable series net asset value per unit as of the close of business on the effective date of the Merger.
 - (g) Immediately thereafter, units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund in exchange for their units in the Terminating Fund on a dollar-for-dollar and series by series basis.
 - (h) As soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

24. The Terminating Fund and the Continuing Fund are, and are expected to continue to be at all material times, mutual fund trusts under the Tax Act and, accordingly, are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and tax-free savings accounts.
25. The Filer believes that the Merger will be beneficial to unitholders of the Terminating Fund and Continuing Fund for the following reasons:
- (a) The Merger will result in reducing the administrative and regulatory costs of operating the Terminating Fund and Continuing Fund as separate mutual funds;
 - (b) Unitholders of the Terminating Fund and Continuing Fund will enjoy increased economies of scale as part of a larger combined Continuing Fund and as a result, Brigata Capital expects that the management expense ratio of the combined Continuing Fund will be lower than that of the Continuing Fund;
 - (c) Following the Merger, the Continuing Fund will have a portfolio of greater value, which may allow for increased portfolio diversification opportunities if desired;
 - (d) There is significant overlap between the portfolio holdings of the Terminating Fund and the equity portion of the portfolio holdings of the Continuing Fund; and
 - (e) The Continuing Fund, as a result of its greater size, may benefit from its larger profile in the marketplace.

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.

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

2.1.7 Beutel Goodman Managed Funds Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from sections 15.3(4)(c), 15.6(d), 15.8(2)(a) and 15.8(3)(a) of National Instrument 81-102 Mutual Funds to permit mutual funds which offer their securities under a simplified prospectus to include in their sales communications, performance data for the period when the funds were not a reporting issuer, Section 2.1 of National Instrument 81-101 Mutual Fund Prospectus Disclosure for the purposes of the relief requested from Form 81-101F3 Contents of Fund Facts Document, and Item 4 of Part I of Form 81-101F3 to permit the Funds to include in their respective fund facts for Class I units, the past performance data for the period when the funds were not reporting issuers – the funds distributed their securities under prospectus exemptions prior to becoming reporting issuers – the funds have complied with the investment restrictions and practices in NI 81-102 since inception – the funds are managed substantially similarly since commencing to distribute securities under a simplified prospectus – the funds have prepared annual audited financial statements since inception – the performance data of the funds for the time period before it became a reporting issuer is relevant and useful information for investors.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from section 4.4 of National Instrument 81-106 Investment Fund Continuous Disclosure for the purposes of the relief requested from Form 81-106F1, Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1, and Items 3(1) and 4 of Part C of Form 81-106F1 to permit a mutual fund to include in its annual and interim management reports of fund performance the financial highlights and past performance of the funds that are derived from the funds' annual financial statements that pertain to time periods when the funds were not a reporting issuer – the funds distributed their securities under prospectus exemptions prior to becoming a reporting issuer – the funds have complied with the investment restrictions and practices in NI 81-102 since inception – the funds are managed substantially similarly since commencing to distribute securities under a simplified prospectus – the funds have prepared annual financial statements since inception and in accordance with National Instrument 81-106 Investment Fund Continuous Disclosure since NI 81-106 came into force – the financial highlights and performance data of the funds for the time periods before they became reporting issuers is relevant and useful information for investors.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.3(4)(c), 15.6(d), 15.8(2)(a), 15.8(3)(a), 19.1.

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.1.

Item 4 of Part I of Form 81-101F3 Contents of Fund Facts Document.

National Instrument 81-106 Mutual Fund Continuous Disclosure, ss. 4.4 and 17.1.

Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1.

December 17, 2012

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

AND

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

AND

**IN THE MATTER OF
BEUTEL GOODMAN MANAGED FUNDS INC.
(the Filer)**

AND

**BEUTEL GOODMAN SHORT TERM BOND FUND
(ST Bond Fund),
BEUTEL GOODMAN GLOBAL DIVIDEND FUND
(Global Dividend Fund) AND
BEUTEL GOODMAN GLOBAL EQUITY FUND**

(Global Equity Fund)
(collectively, the Funds)

DECISION

Background

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

- (a) sections 15.3(4)(c), 15.6(d), 15.8(2)(a) and 15.8(3)(a) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), to permit the Funds to include in sales communications, for Class I units, their performance data for the period prior to each Fund offering its securities under a simplified prospectus,
- (b) section 2.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) for the purposes of the relief requested from Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**); and
- (c) item 4 of Part I of Form 81-101F3 to permit the Funds to include in their respective fund facts for Class I units, the past performance data based on the 2009 annual financial statements of the predecessor private pooled funds to each of the Beutel Goodman Short Term Bond Fund and the Beutel Goodman Global Dividend Fund, and the 2010 annual financial statements of the predecessor private pooled fund to the Beutel Goodman Global Equity Fund

(collectively, 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 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 British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon and Nunavut.

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:

ST Bond Fund:

- 1. The ST Bond Fund is an open-ended prospectus-qualified mutual fund trust created under the laws of Ontario and is governed by a declaration of trust dated August 13, 2010.
- 2. The BG Short Term Bond Fund, predecessor to the ST Bond Fund, was a non-prospectus qualified pooled fund created under the laws of Ontario under declaration of trust on June 30, 2006 (**ST Bond Inception Date**) and began recording performance on July 1, 2006 (**ST Bond Performance Date**).
- 3. Since the ST Bond Inception Date until the date of receipt for the ST Bond Fund's first simplified prospectus and annual information form dated August 13, 2010 (collectively, the **ST Bond Prospectus**) filed pursuant to NI 81-101, units of the ST Bond Fund were distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* and its predecessor legislation in each province and territory of Canada (**NI 45-106**).

Global Dividend Fund:

- 4. The Global Dividend Fund is an open-ended prospectus-qualified mutual fund trust created under the laws of Ontario on August 13, 2010 and is governed by a declaration of trust dated August 13, 2010.

5. The BG Global Dividend Fund, predecessor to the Global Dividend Fund, was a non-prospectus-qualified pooled fund created under the laws of Ontario under declaration of trust on November 26, 2007 (**Global Dividend Inception Date**) and began recording performance on December 1, 2007 (**Global Dividend Performance Date**).
6. Since the Global Dividend Inception Date until the date of receipt for the Global Dividend Fund's first simplified prospectus and annual information form dated August 13, 2010 (collectively, the **Global Dividend Prospectus**) filed pursuant to NI 81-101, units of the Global Dividend Fund were distributed to investors on a prospectus-exempt basis in accordance with NI 45-106. The BG Global Dividend Fund was kept open until its closing on November 15, 2010 to allow for certain distributions to investors.

Global Equity Fund:

7. The Global Equity Fund is an open-ended prospectus-qualified mutual fund trust created under the laws of Ontario on July 6, 2011 and is governed by a declaration of trust dated July 6, 2011.
8. The Beutel Goodman Global Fund, predecessor to the Global Equity Fund, was a non-prospectus-qualified pooled fund created under the laws of Ontario under declaration of trust on April 5, 1995 (**Global Equity Inception Date**) and began recording performance on July 1, 1995 (**Global Equity Performance Date**).
9. Since the Global Equity Inception Date until the date of receipt for the Global Equity Fund's first simplified prospectus and annual information form dated July 6, 2011 (collectively, the **Global Equity Prospectus**) filed pursuant to NI 81-101, units of the Global Equity Fund were distributed to investors on a prospectus-exempt basis in accordance with NI 45-106.

The Funds and the Filer:

10. The ST Bond Inception Date, Global Dividend Inception Date and Global Equity Inception Date are collectively known as **Inception Date**.
11. The ST Bond Performance Date, the Global Dividend Performance Date and the Global Equity Performance Date are collectively referred to as the **Performance Date**.
12. The ST Bond Prospectus, Global Dividend Prospectus and Global Equity Prospectus are collectively known as the **Prospectus**.
13. Upon the issuance of the receipt for the ST Bond Prospectus and Global Dividend Prospectus on August 18, 2010, and for the Global Equity Prospectus on July 11, 2011, each of the Funds has been permitted to commence distributing its securities to the public and each of the Funds has also become a reporting issuer under the securities legislation of each province and territory of Canada. In addition, each of the Funds has become subject to the requirements of NI 81-102 and National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) that apply to investment funds that are reporting issuers.
14. The Filer is the investment fund manager of the Fund. The head office of the Filer is located in Ontario.
15. Except as noted in representation 16. below, the Filer and each of the Funds are not in default of securities legislation in any province or territory of Canada.
16. As a result of an order of the OSC dated May 9, 1989 (the **Order**), for the period beginning the Inception Date to the date of the receipt of the Prospectus for each of the Funds, the Funds were exempt from preparing and filing interim financial statements, and from filing of annual financial statements. One of the conditions of the Order was that annual audited financial statements of the Funds are sent to each holder of units of the Funds within 140 days after the end of the Fund's last completed financial year. This condition was not complied with as follows: The audited annual financial statements of the Funds were available to investors, all but three of whom were institutional investors, on their request. Representatives of Beutel, Goodman & Company Ltd. (**Beutel Goodman**), as portfolio manager and investment fund manager to the Funds, and the parent company of the Filer, met at least semi-annually with representatives of the institutional investors to review the detailed quarterly reports provided to such investors which included information on compliance, transactions, the current portfolio and portfolio performance. All three of the non-institutional investors, all of whom were invested in the Global Dividend Fund, were employees or close associates of Beutel Goodman.
17. Since the Inception Date of each Fund, each of the Funds has complied with the investment restrictions and practices contained in NI 81-102, including not using leverage in the management of its portfolio.

18. Each of the Funds has been managed substantially similarly after each became a reporting issuer as each was prior to becoming a reporting issuer. As a result of each Fund becoming a reporting issuer:
- a) each of the Fund's investment objectives have not changed, other than to provide additional detail as required by NI 81-101;
 - b) the management fee charged for Class I units of each Fund compared to the fee charged in respect of units of the predecessor funds has not changed;
 - c) the day-to-day administration of each of the Funds has not changed, other than to comply with the additional regulatory requirements associated with being a reporting issuer (none of which would have impacted the portfolio management, i.e., gross performance prior to fees and expenses, of each Fund) and to provide additional features that are available to investors of mutual funds managed by the Filer, as described in the Prospectus of each Fund; and
 - d) the management expense ratio of each Fund, Class I units, has remained the same, except for the Global Dividend Fund whose management expense ratio increased by 0.1 percent, which the Filer considers to be an immaterial amount.
19. The Filer proposes to present the performance data for Class I units of each Fund for the time period since the respective Performance Date in the sales communications pertaining to the respective Fund. Without the Requested Relief, sales communications pertaining to the Funds would not be permitted to include performance data for the period commencing from the Performance Date till the date of the receipt of each Fund's Prospectus.
20. As a reporting issuer, each Fund is required by NI 81-106 to prepare and send annual and interim management reports of fund performance (**MRFPs**) to all holders of its securities on an annual and interim basis. The Filer has filed a separate application for exemptive relief from certain provisions of NI 81-106 (the **NI 81-106 Relief**) to enable each Fund to include in its MRFPs the financial highlights and performance data of the respective Fund that are derived from its annual financial statements for the time periods prior to its becoming a reporting issuer.
21. The performance and other financial data of each Fund for the time period before it became a reporting issuer is significant and meaningful information for existing and prospective Class I investors of each Fund.
22. Class I units of the Funds are offered under the current prospectus of each Fund to institutional investors who have invested a minimum of \$500,000 in a Fund and who have entered into an investment management agreement with the Filer or its parent company, Beutel Goodman, portfolio adviser to the Funds. At the Filer's discretion, the Filer may waive the investment minimum. As when the Funds were pooled funds, for these types of investors, management fees were and are payable by the investor, not by the Fund, as they were and are negotiated and paid directly by the investor.
23. Each of the Funds has not included past performance data in its MRFPs or fund facts filed since each Fund's Prospectus other than past performance data related to the full calendar years from the date of the Prospectus for each Fund.

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 provided that:

- a) any sales communication and any Fund Facts for Class I units of each Fund that contains performance data of each Fund relating to a period prior to when the Fund was a reporting issuer discloses:
 - (i) that the Fund was not a reporting issuer during such period; and
 - (ii) that the expenses of the Fund would have been higher during such period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer; and
- b) each Fund prepares its MRFPs in accordance with the NI 81-106 Relief.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

2.1.8 Beutel Goodman Managed Funds Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from sections 15.3(4)(c), 15.6(d), 15.8(2)(a) and 15.8(3)(a) of National Instrument 81-102 Mutual Funds to permit mutual funds which offer their securities under a simplified prospectus to include in their sales communications, performance data for the period when the funds were not a reporting issuer, Section 2.1 of National Instrument 81-101 Mutual Fund Prospectus Disclosure for the purposes of the relief requested from Form 81-101F3 Contents of Fund Facts Document, and Item 4 of Part I of Form 81-101F3 to permit the Funds to include in their respective fund facts for Class I units, the past performance data for the period when the funds were not reporting issuers – the funds distributed their securities under prospectus exemptions prior to becoming reporting issuers – the funds have complied with the investment restrictions and practices in NI 81-102 since inception – the funds are managed substantially similarly since commencing to distribute securities under a simplified prospectus – the funds have prepared annual audited financial statements since inception – the performance data of the funds for the time period before it became a reporting issuer is relevant and useful information for investors.

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from section 4.4 of National Instrument 81-106 Investment Fund Continuous Disclosure for the purposes of the relief requested from Form 81-106F1, Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1, and Items 3(1) and 4 of Part C of Form 81-106F1 to permit a mutual fund to include in its annual and interim management reports of fund performance the financial highlights and past performance of the funds that are derived from the funds' annual financial statements that pertain to time periods when the funds were not a reporting issuer – the funds distributed their securities under prospectus exemptions prior to becoming a reporting issuer – the funds have complied with the investment restrictions and practices in NI 81-102 since inception – the funds are managed substantially similarly since commencing to distribute securities under a simplified prospectus – the funds have prepared annual financial statements since inception and in accordance with National Instrument 81-106 Investment Fund Continuous Disclosure since NI 81-106 came into force – the financial highlights and performance data of the funds for the time periods before they became reporting issuers is relevant and useful information for investors.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.3(4)(c), 15.6(d), 15.8(2)(a), 15.8(3)(a) and 19.1.

National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.1.

Item 4 of Part I of Form 81-101F3 Contents of Fund Facts Document.

National Instrument 81-106 Mutual Fund Continuous Disclosure, ss. 4.4 and 17.1.

Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1.

December 17, 2012

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

AND

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

AND

**IN THE MATTER OF
BEUTEL GOODMAN MANAGED FUNDS INC.
(the Filer)**

AND

**BEUTEL GOODMAN SHORT TERM BOND FUND
(ST Bond Fund),
BEUTEL GOODMAN GLOBAL DIVIDEND FUND
(Global Dividend Fund) AND
BEUTEL GOODMAN GLOBAL EQUITY FUND**

(Global Equity Fund)
(collectively, the Funds)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from the Filer on behalf of the Funds, of which the Filer is the investment fund manager and to which National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) applies for a decision under the securities legislation of the regulator (the **Legislation**) exempting the Funds from:

- a) section 4.4 of NI 81-106 for the purposes of relief requested herein from Form 81-106F1 – *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**); and
- b) items 3.1(7), 4.1(1) regarding the requirement to comply with sections 15.3(2) and 15.3(4)(c) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1, and items 3(1) and 4 of Part C of Form 81-106F1 to permit each of the Funds to include, with respect to the Class I units, in their annual and interim management reports of fund performance,
 - i. the financial highlights and past performance data of the Global Dividend Fund that are based on the 2009 annual financial statements of the BG Global Dividend Fund,
 - ii. the financial highlights and past performance data of the ST Bond Fund that are based on the 2009 annual financial statements of the BG Short Term Bond Fund, and
 - iii. the financial highlights and past performance data of the Global Equity Fund that are based on the 2010 annual financial statements of the Beutel Goodman Global Fund

(collectively, 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 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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Nunavut and Yukon.

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:

ST Bond Fund:

- 1. The ST Bond Fund is an open-ended prospectus-qualified mutual fund trust created under the laws of Ontario and is governed by a declaration of trust dated August 13, 2010.
- 2. The BG Short Term Bond Fund, predecessor to the ST Bond Fund, was a non-prospectus qualified pooled fund created under the laws of Ontario under declaration of trust on June 30, 2006 (**ST Bond Inception Date**) and began recording performance on July 1, 2006 (**ST Bond Performance Date**).
- 3. Since the ST Bond Inception Date until the date of receipt for the ST Bond Fund's first simplified prospectus and annual information form dated August 13, 2010 (collectively, the **ST Bond Prospectus**) filed pursuant to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), units of the ST Bond Fund were distributed to investors on a prospectus-exempt basis in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions* and its predecessor legislation in each province and territory of Canada (**NI 45-106**).

Global Dividend Fund:

4. The Global Dividend Fund is an open-ended prospectus-qualified mutual fund trust created under the laws of Ontario on August 13, 2010 and is governed by a declaration of trust dated August 13, 2010.
5. The BG Global Dividend Fund, predecessor to the Global Dividend Fund, was a non-prospectus-qualified pooled fund created under the laws of Ontario under declaration of trust on November 26, 2007 (**Global Dividend Inception Date**) and began recording performance on December 1, 2007 (**Global Dividend Performance Date**).
6. Since the Global Dividend Inception Date until the date of receipt for the Global Dividend Fund's first simplified prospectus and annual information form dated August 13, 2010 (collectively, the **Global Dividend Prospectus**) filed pursuant to NI 81-101, units of the Global Dividend Fund were distributed to investors on a prospectus-exempt basis in accordance with NI 45-106.

Global Equity Fund:

7. The Global Equity Fund is an open-ended prospectus-qualified mutual fund trust created under the laws of Ontario on July 6, 2011 and is governed by a declaration of trust dated July 6, 2011.
8. The Beutel Goodman Global Fund, predecessor to the Global Equity Fund, was a non-prospectus-qualified pooled fund created under the laws of Ontario under declaration of trust on April 5, 1995 (**Global Equity Inception Date**) and began recording performance on July 1, 1995 (**Global Equity Performance Date**).
9. Since the Global Equity Inception Date until the date of receipt for the Global Equity Fund's first simplified prospectus and annual information form dated July 6, 2011 (collectively, the **Global Equity Prospectus**) filed pursuant to NI 81-101, units of the Global Equity Fund were distributed to investors on a prospectus-exempt basis in accordance with NI 45-106.

The Funds and the Filer:

10. The ST Bond Inception Date, Global Dividend Inception Date and Global Equity Inception Date are collectively known as **Inception Date**.
11. The ST Bond Performance Date, the Global Dividend Performance Date and the Global Equity Performance Date are collectively referred to as the **Performance Date**.
12. The ST Bond Prospectus, Global Dividend Prospectus and Global Equity Prospectus are collectively known as the **Prospectus**.
13. Upon the issuance of the receipt for the ST Bond Prospectus and Global Dividend Prospectus on August 18, 2010, and for the Global Equity Prospectus on July 11, 2011, each of the Funds has been permitted to commence distributing its securities to the public and each of the Funds has also become a reporting issuer under the securities legislation of each province and territory of Canada. In addition, each of the Funds has become subject to the requirements of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) and National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) that apply to investment funds that are reporting issuers.
14. As a result of an order of the OSC dated May 9, 1989 (the **Order**), for the period beginning the Inception Date to the date of the receipt of the Prospectus for each of the Funds, the Funds were exempt from preparing and filing interim financial statements, and from filing of annual financial statements. One of the conditions of the Order was that annual audited financial statements of the Funds are sent to each holder of units of the Funds within 140 days after the end of the Fund's last completed financial year. This condition was not complied with as follows: The audited annual financial statements of the Funds were available to investors, all but three of whom were institutional investors, on their request. Representatives of Beutel, Goodman & Company Ltd. (**Beutel Goodman**), as portfolio manager and investment fund manager to the Funds, and the parent company of the Filer, met at least semi-annually with representatives of the institutional investors to review the detailed quarterly reports provided to such investors which included information on compliance, transactions, the current portfolio and portfolio performance. All three of the non-institutional investors, all of whom were invested in the Global Dividend Fund, were employees or close associates of Beutel Goodman.
15. Since the Inception Date of each Fund, each of the Funds has complied with the investment restrictions and practices contained in NI 81-102, including not using leverage in the management of its portfolio.
16. Each of the Funds has been managed substantially similarly after each became a reporting issuer as each was prior to becoming a reporting issuer. As a result of each Fund becoming a reporting issuer:

- (a) each of the Fund's investment objectives have not changed, other than to provide additional detail as required by NI 81-101;
 - (b) the management fee charged for Class I units of each Fund compared to the fee charged in respect of units of the predecessor funds has not changed;
 - (c) the day-to-day administration of each of the Funds has not changed, other than to comply with the additional regulatory requirements associated with being a reporting issuer (none of which would have impacted the portfolio management, i.e., gross performance prior to fees and expenses, of each Fund) and to provide additional features that are available to investors of mutual funds managed by the Filer, as described in the Prospectus of each Fund; and
 - (d) the management expense ratio of each Fund, Class I units, has remained the same, except for the Global Dividend Fund whose management expense ratio increased by 0.1 percent, which the Filer considers to be an immaterial amount.
17. Without the Requested Relief, the MRFPs of the Funds cannot include financial highlights and performance data derived from its annual and interim financial statements for the time periods prior to each of them becoming a reporting issuer.
18. The Filer has filed a separate application for exemptive relief from certain provisions of National Instrument 81-102 – *Mutual Funds (NI 81-102)* to permit the Funds, for Class I units, to use past performance data since the Inception Date of each Fund in sales communications.
19. Except as noted in representation 14. above, the Filer and each of the Funds are not in default of securities legislation in any province or territory of Canada.
20. The performance and other financial data of each of the Funds for the time period before each of them became a reporting issuer is significant and meaningful information for existing and prospective investors of Class I units of each Fund.

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 provided that:

- (a) any MRFP that includes performance data or financial highlights of a Fund relating to a period prior to when the Fund was a reporting issuer discloses:
 - (i) that the Fund was not a reporting issuer during such period;
 - (ii) that the expenses of the Fund would have been higher during such period had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer; and
 - (iii) that the financial statements of the Fund for such period are available to investors upon request;
- (b) the Filer makes the financial statements of the Fund since the Inception Date available to (potential) investors upon request; and
- (c) the Fund prepares the Prospectus and sales communications in accordance with the NI 81-102 Relief.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

2.1.9 Institute of Advanced Financial Planners and Value Partners Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Exemption granted to mutual fund organizations from prohibition contained in subsection 5.4(1) of National Instrument 81-105 Mutual Fund Sales Practices permitting mutual fund organizations to pay a portion of the direct costs incurred by the Institute of Advanced Financial Planners in organizing conferences, seminars, courses and other educational events, provided certain conditions are met – National Instrument 81-105 Mutual Fund Sales Practices.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 5.4(1), 9.1.

August 10, 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 JURISDICTION**

AND

**IN THE MATTER OF
THE INSTITUTE OF
ADVANCED FINANCIAL PLANNERS
(IAFP)**

AND

**VALUE PARTNERS INVESTMENTS INC.
(VPI)
(collectively, the Filers)**

DECISION

Background

The securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) under section 9.1 of National Instrument 81-105 *Mutual Fund Sales Practices* (NI 81-105) exempting the Mutual Fund Organizations (as defined herein) from the prohibition in subsection 5.4(1) of NI 81-105 to permit them to pay the direct costs (as such term is defined in NI 81-105) incurred by IAFP relating to a conference, seminar, course or other educational event (collectively, the Annual National Symposia) that is organized and presented by IAFP (the Requested Relief).

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

- (a) Manitoba is the principal regulator for this application;
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in all provinces and territories in Canada; 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

Defined terms contained in National Instrument 14-101 *Definitions* or in NI 81-105 have the same meanings in this decision unless they are otherwise defined in this decision.

"Mutual Fund Organizations" shall mean a member of the organization of a mutual fund (as defined in NI 81-105) that wishes to pay the direct costs relating to an Annual National Symposium organized and presented by IAFP and shall include VPI, as Filer.

"IAFP" shall refer to the Institute of Advanced Financial Planners, as Filer.

"VPI" shall refer to Value Partners Investments Inc., as Filer.

Representations

1. IAFP is a not for-profit corporation incorporated under the Canada Corporations Act. It is an industry organisation promoting professional development and expertise for individuals employed in the financial services industry who engage in financial planning. IAFP grants and administers the Registered Financial Planner (R.F.P. ®) designation. IAFP was formed in 2002 when the Canadian Association of Financial Planners (the former granting body for the R.F.P. ® designation) merged with the Canadian Association of Insurance and Financial Advisors to form Advocis. Advocis joined with a number of other organisations in supporting the exam-based CFP designation granted by the Canadian Institute of Financial Planners. . At the same time, some R.F.P. ® holders established IAFP as a separate designation-granting body to maintain a separate identity for themselves as financial planners and to continue the RFP designation separate from the CFP designation.
2. The head office of IAFP is located at:

6362 Fraser Street, Suite #449
Vancouver, B.C. V5W 0A1
3. In addition to educational programs, IAFP promotes professionalism in financial planning by advocating policy and legislation before government regulators at all levels, collaborating with other trade and industry associations in Canada, and administering a code of ethics that its members agree to abide by. The IAFP Code of Professional Ethics (the Code) governs the conduct of all of its members. The Professional Standards of Practice supplements the Code with practice guidance for the Registered Financial Planner (R.F.P. ®). All holders of the RFP® designation must comply with the standards as appropriate, or be subject to disciplinary procedures.
4. IAFP has approximately 400 members, who reside in the Jurisdictions. These members provide financial planning in accordance with the Professional Standards of Practice to include recommendations and advice relating to the purchase or sale of specific financial products. Members include individuals registered or licensed to sell life insurance, mutual funds or who act as fee only financial planners. There are four parts to the process of qualifying for the R.F.P.® designation — obtaining three character references from other professionals, submitting a comprehensive financial plan for peer review, and writing two examinations; one dealing with Ethics & Practice Standards, and the other being a full-day Technical Competencies exam.
5. There are four levels of IAFP membership.
 - (a) Affiliate Membership: members who do not plan to be practicing financial planners. Affiliate members may attend the Annual National Symposia and other membership meetings.
 - (b) Associate Membership: members must be employed in the financial services industry and are expected to obtain the R.F.P. ® designation within 5 years. There are four parts in qualifying for the R.F.P. ® designation: obtaining three character references from other professionals, one of whom must be a Professional Member, submitting a comprehensive financial plan for peer review, successfully writing the Ethics & Practice Standards examination, and successfully writing the Technical Competencies exam.
 - (c) Professional Membership: Associate Members of IAFP who have obtained the R.F.P. ® designation, a university degree (or equivalent), basic financial planning education (such as completion of the CFP requirements or equivalent) and a minimum of 3 years experience in financial planning, must carry a minimum of \$1 million Errors & Omissions insurance, are financially solvent, have no criminal record and whose primary occupation is comprehensive financial planning as defined by IAFP.
 - (d) Retired Membership: Professional Members who retire from their financial planning practice and who no longer service clients but who wish to remain in contact with their peers and colleagues.

6. As part of its services to all members, IAFP organizes and presents the Annual National Symposia, educational conferences held for the benefit of its members and other financial planning practitioners. The primary purpose of the Annual National Symposia is to provide educational information about financial planning, investing in securities, mutual fund industry matters, and mutual fund issues generally, and therefore complies with the requirements of paragraph 5.4(2)(a) of NI 81-105. IAFP operating costs are covered solely through membership fees and Annual National Symposia revenues. These Annual National Symposia are usually held in British Columbia or Ontario. Attendees generally earn credit hours towards their annual continuing education credits
7. VPI is a corporation existing under the laws of Manitoba, with its head office being located in Winnipeg, Manitoba. VPI is registered as an Investment Fund Manager in Manitoba.
8. VPI is the manager and principal distributor of a number of mutual funds that are qualified for distribution in certain provinces and territories of Canada. Accordingly, VPI is a member of the organization of a mutual fund family within the meaning of NI 81-105.
9. VPI wishes to sponsor certain or all of the National Annual Symposia. However, subsection 5.4(1) of NI 81-105 prohibits Mutual Fund Organizations from sponsoring the costs or expenses relating to a conference, seminar or course that is organized and presented by the Investment Funds Institute of Canada (IFIC), the Investment Dealers Association of Canada (IDA) (now named the Investment Industry Regulatory Organization of Canada or IIROC) or another trade or industry association.
10. The IAFP can be considered to be another trade or industry association as contemplated by NI 81-105.
11. Subsection 5.4(2) of NI 81-105 provides an exemption to permit members of the organization of a mutual fund to sponsor conferences, seminars or courses organized and presented by IFIC, IDA (now IIROC) or their respective affiliates in accordance with the conditions set out therein. No equivalent exemption is provided in NI 81-105 for trade or industry associations such as the IAFP.
12. VPI proposes to sponsor the Annual National Symposia in accordance with the conditions set out in subsection 5.4(2) of NI 81-105 that are applicable to a conference organized and presented by IFIC or the IDA (now IIROC).
13. IAFP anticipates that other Mutual Fund Organizations will similarly wish to sponsor a portion of the costs of its Annual National Symposia and agree to pay such costs for such Annual National Symposia on the same conditions. If the Requested Relief is granted, IAFP will ensure that VPI and other Mutual Fund Organizations sponsor the Annual National Symposia in accordance with the following conditions:
 - (a) the primary purpose of an Annual National Symposium will be the provision of educational information about financial planning, investing in securities, mutual fund industry matters, and mutual fund issues generally;
 - (c) one of the Mutual Fund Organizations will pay in the aggregate more than ten percent of the total direct costs incurred by IAFP for the organization and presentation of an Annual National Symposium;
 - (d) the selection of a representative of a participating dealer to attend any Annual National Symposium will be made exclusively by the participating dealer, uninfluenced by the Mutual Fund Organizations; and
 - (d) Annual National Symposia will be held in Canada(collectively, the Conditions).

Decision

Each of the Decision Makers is satisfied that the test contained in NI 81-105 that provides the Decision Makers with the jurisdiction to make the decision has been met;

The decision of the Decision Makers under NI 81-105 is that the Requested Relief is granted, provided that:

- (a) the Mutual Fund Organizations and IAFP comply with the Conditions;
- (b) IAFP, on behalf of each Mutual Fund Organization (other than VPI) whose mutual funds are reporting issuers in Ontario and who wishes to sponsor an Annual National Symposia in reliance on this decision, file an advance written notice with the Director of the Investment Funds Branch of the Ontario Securities Commission that:

- (i) Names the Mutual Fund Organization that intends to sponsor the Annual National Symposia in reliance on this decision; and
- (ii) confirms that the Mutual Fund Organization has agreed to sponsor the Annual National Symposia in accordance with the Conditions of this decision; and
- (c) this decision, as it relates to the Jurisdiction of a Decision Maker, will terminate in that Jurisdiction one year after the publication in final form of any legislation or rule of that Decision Maker which modifies the provisions of section 5.4 of NI 81-105 in a manner which makes the relief provided for in this decision unnecessary or provides similar relief on a different basis or subject to different conditions.

“R.B. Bouchard”

Director

The Manitoba Securities Commission

2.1.10 Sunstone U.S. Opportunity Realty Trust and Sunstone U.S. (2008) L.P

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1 – General – An issuer that is a wholly-owned subsidiary seeks relief from filing specific continuous disclosure documents – The issuer is a limited partnership; the issuer's sole business is to hold interests in properties owned by a real estate investment trust; the issuer's only outstanding securities are voting units, all owned by the trust, and certain non-voting units issued to individual investors in the US for legal reasons; the trust's continuous disclosure contains all material information about the issuer and will be filed and delivered in place of the issuer's disclosure; the issuer will file material change reports for any change that is material to it but not the trust.

National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, s. 8.6 – An issuer wants relief from the requirements in Parts 4 and 5 of NI 52-109 to file annual and interim certificates – The issuer has applied for and received an exemption from filing interim and annual financial statements.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligation s. 13.1.
National Instrument 52-109 Certification of Disclosure.

December 24, 2012

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA AND ONTARIO
(THE JURISDICTIONS)**

AND

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

AND

**IN THE MATTER OF
SUNSTONE U.S. OPPORTUNITY REALTY TRUST
(the Trust) AND
SUNSTONE U.S. (2008) L.P.
(the LP, and together with the Trust, the Filer)**

DECISION

Background

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

- (i) the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) (the Continuous Disclosure Requirements) do not apply to the LP; and
- (ii) the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109) (the Certification Requirements) do not apply to the LP.

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

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

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

Interpretation

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

Representations

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

The Trust

1. the Trust is an unincorporated, open-ended investment trust formed under a Declaration of Trust (the Trust Declaration) dated April 23, 2008, and governed by the laws of British Columbia;
2. the Trust's head office is located at Suite 910 – 925 West Georgia Street, Vancouver, British Columbia;
3. the financial year end of the Trust is December 31;
4. the principal business of the Trust is to invest the proceeds from the issuance of units (Trust Units) of the Trust in the acquisition of Class A units (the LP Units) of the LP; the principal business of the LP is to issue LP Units and to invest in the limited partnership units of Sunstone U.S. Opportunity Limited Partnership (the Property LP);
5. the principal business of the Property LP is to issue limited partnership units of the Property LP and to acquire, hold, and operate a diversified portfolio of quality, income-producing REIT-eligible multifamily apartment properties, or interests in such properties, in the United States (the Properties); as a result, an investment in the Trust Units is an indirect investment in the acquisition, ownership, and operation of the Properties;
6. the Trust Units are redeemable at any time on the demand of the holders of the Trust Units; the Trust Units may be redeemed for cash in a prescribed manner in accordance with certain provisions contained in the Trust Declaration; if any such conditions preclude the payment of the redemption amount in cash, the redemption price may be satisfied by a distribution in specie of LP Units to the holders of Trust Units;
7. the Trust is a reporting issuer or the equivalent thereof in each of the Jurisdictions and an electronic filer within the meaning of National Instrument 13-101 *System for Electronic Document Analysis and Retrieval (SEDAR)* (NI 13-101);
8. the Trust complies with the Continuous Disclosure Requirements and the Certification Requirements;
9. the audited annual comparative financial statements and interim comparative financial statements filed by the Trust are prepared on a consolidated basis under International Financial Reporting Standards as issued by the International Accounting Standards Board;
10. the consolidated financial statements of the Trust comprise the financial statements of the Trust and its subsidiaries, over which the Trust has control; control exists when the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities; the consolidated financial statements of the Trust reflect the financial position, results of operations, and cash flows of the Trust and its interest in its subsidiaries (99.99% interest in the LP and the LP's 99.99% interest in the Property LP);

The LP

11. the LP is a limited partnership formed under and governed by the laws of Delaware and created by a Limited Partnership Agreement dated April 28, 2008, as amended November 24, 2008;
12. the LP's head office is located at 6529 Preston Road, Unit 100 Plano, Texas;
13. the financial year end of the LP is December 31;

14. the authorized capital of the LP consists of an unlimited number of LP Units and 1,000 Class B units; the LP Units entitle the holder to vote at meetings of the LP, cash flow distributions, and the distribution of the assets of the LP upon liquidation, dissolution or wind-up of the LP; the Class B units entitle the holder to fixed distributions in priority to the holders of the LP Units and the distribution of the assets of the LP upon liquidation, dissolution or wind-up of the LP in priority to the holders of the LP Units, and are treated as a liability for accounting purposes in the financial statements of both the LP and the Trust;
15. Class B units do not entitle the holder to vote at any meetings of the LP or to receive any continuous disclosure; the Class B units were issued in private transactions to individual investors in the United States to satisfy the requirements for the LP to qualify as a real estate investment trust (REIT) under the United States Internal Revenue Code of 1986, as amended (the Code); as at June 30, 2012, there are 28,012 LP Units and 122 Class B units outstanding;
16. the principal business of the LP is to issue LP Units and to invest in the limited partnership units of the Property LP; the principal business of the Property LP is to issue limited partnership units of the Property LP and to acquire, hold, and operate the Properties ;
17. the LP is a reporting issuer or the equivalent thereof in each of the Jurisdictions and an electronic filer within the meaning of NI 13-101;
18. the LP complies with the Continuous Disclosure Requirements and the Certification Requirements;
19. the audited annual comparative financial statements and interim comparative financial statements filed by the LP are prepared on a consolidated basis under International Financial Reporting Standards as issued by the International Accounting Standards Board;
20. the consolidated financial statements of the LP comprise the financial statements of the LP and its subsidiaries, over which the LP has control; control exists when the LP has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities; the consolidated financial statements of the LP reflect the financial position, results of operations and cash flows of the LP and its interest in its subsidiaries (99.99% interest in the Property LP); and
21. the LP currently duplicates the filings made by the Trust with no material information being supplemented or added to the Trust's filings; further, the consolidated financial statements of the Trust reflect the financial position, results of operations, and cash flows of the Trust and its interest in its subsidiaries (99.99% interest in the LP and 99.99% interest in the Property LP); as the Trust's sole investment is in the LP, the financial information and disclosures reflected in the Trust's consolidated financial statements is substantively the same as that reflected in the LP's consolidated financial statements; the disclosure of the terms of the Class B units and the rights of the holders of the Class B units is virtually identical in the financial statements of both the LP and the Trust.

Decision

- 4 Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.
 1. The decision of the Decision Makers under the Legislation is that the Continuous Disclosure Requirements do not apply to the LP provided that:
 - (a) the Trust remains a reporting issuer or the equivalent thereof in the Jurisdictions and an electronic filer within the meaning of NI 13-101;
 - (b) the Trust is the beneficial owner of all the issued and outstanding LP Units;
 - (c) the principal business of the Trust continues to be the investment of proceeds from the issuance of Trust Units in the acquisition of LP Units;
 - (d) the principal business of the LP continues to be the issuance of LP Units to the Trust and the investment in the limited partnership units of the Property LP on behalf of the Trust;
 - (e) the Trust complies with the Continuous Disclosure Requirements and the Certification Requirements applicable to the Trust;

- (f) the audited annual comparative financial statements and interim comparative financial statements filed by the Trust are prepared on a consolidated basis under International Financial Reporting Standards as issued by the International Accounting Standards Board or such other standards as may be permitted under the Legislation;
 - (g) if there is a material change in the affairs of the LP that is not a material change in the affairs of the Trust, the LP will comply with the requirement to issue and file a news release and file with the Decision Makers a report upon the occurrence of such material change;
 - (h) the documents required to be filed by the Trust under the Legislation are filed under the SEDAR profile for each of the Trust and the LP within the time limits and in accordance with applicable fees required for the filing of such documents;
 - (i) the LP does not issue any LP Units to the public; and
 - (j) the LP files a notice under its SEDAR profile stating that it has been granted relief from the Continuous Disclosure Requirements and the Certification Requirements and that investors should refer to the continuous disclosure documents filed by the Trust which are also available under the LP's SEDAR profile.
- 2. The further decision of the Decision Makers under the Legislation is that the Certification Requirements do not apply to the LP provided that:
 - (a) the LP is not required to, and does not, file its own Annual Filings and Interim Filings (as those terms are defined in NI 52-109);
 - (b) the LP files in electronic form under its SEDAR profile either: (i) copies of the Trust's annual certificates and interim certificates at the same time as the Trust is required under NI 52-109 to file such documents; or (ii) a notice indicating that it is relying on the Trust's annual certificates and interim certificates and setting out where those documents can be found for viewing on SEDAR; and
 - (c) the LP is exempt from or otherwise not subject to the Continuous Disclosure Requirements and the LP and the Trust are in compliance with the conditions set out in paragraph 1 above.

"Peter Brady"
Director, Corporate Finance
British Columbia Securities Commission

2.1.11 Organic Resource Management 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).

January 7, 2013

Organic Resource Management 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: Organic Resource Management Inc. (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

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

“Shannon O’Hearn”
Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

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

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

AND

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

ORDER

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

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

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

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

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

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

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

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

- (i) Subject to the receipt from Medra of a written undertaking to comply with the terms of this Order as described in subparagraph (iii)(e) below, Staff shall provide copies of all relevant materials in their possession ("the Material") to Medra, subject to redaction of personal information relating to third parties;
- (ii) If Medra believes that any of the redacted information is necessary for the purpose of making full answer and defence to the allegations made against it in these proceedings, Medra may bring a motion pursuant to Rule 3 of the Commission Rules of Procedure for a determination as to whether the redacted information is relevant to said allegations;
- (iii) The Material will be provided to Medra on the following conditions:
 - (a) Medra and its counsel shall not use the Material for any purposes other than for making full answer and defence to the allegations made against it in these proceedings;
 - (b) any use of the Material other than for the purpose of making full answer and defence to the allegations made against Medra in these proceedings will constitute a violation of this order;

- (c) Medra and its counsel shall maintain custody and control over the Material, so that copies of the Material are not improperly disseminated;
- (d) the Material shall not be used for a collateral or ulterior purpose, including for purposes of other proceedings; and
- (e) Medra shall sign an undertaking accepting the conditions set out at subparagraphs (a) to (d) above prior to any Material being provided to Medra by Staff, which undertaking shall be signed and returned to Staff within 5 business days of receipt of this Order.

AND WHEREAS on September 28, 2012, the Panel ordered that the Merits Hearing be reconvened on October 9, 2012, for the purpose of Staff providing the Panel with a status update;

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

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

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

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

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

AND WHEREAS 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 on December 19, 2012, the Commission 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.

AND WHEREAS further to the order dated December 19, 2012;

IT IS ORDERED THAT the Merits Hearing will be reconvened on April 2, 2013 at 10:00 a.m. for the purpose of hearing oral closing submissions of Staff and Medra.

DATED at Toronto this 4th day of January, 2013.

“Vern Krishna”

2.2.2 Mohinder Ahluwalia – 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
MOHINDER AHLUWALIA**

**ORDER
(Sections 127 and 127.1 of the Securities Act)**

WHEREAS on October 11, 2012, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing in connection with the Statement of Allegations issued by Staff of the Commission (“Staff”) dated September 21, 2012 to consider whether it is in the public interest pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) for the Commission to impose certain sanctions on Mohinder Ahluwalia (the “Respondent”), based on the statement of facts agreed to by Staff and the Respondent and filed with the Commission;

AND WHEREAS on November 29, 2012, the Commission conducted a hearing with respect to this matter (the “Sanctions Hearing”);

AND WHEREAS Staff and the Respondent appeared at the Sanctions Hearing and made submissions;

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

IT IS HEREBY ORDERED THAT:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondent shall cease trading in securities permanently with the exception that once payment of all monetary sanctions imposed under this Order have been paid in full, the Respondent is permitted to trade in securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (a) any “exchange-traded security” or “foreign exchange traded security” within the meaning of National Instrument 21-101 provided the Respondent does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondent is prohibited permanently with the exception that once payment of all monetary sanctions imposed under this Order have been paid in full, the Respondent is permitted to acquire securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (a) any “exchange-traded security” or “foreign exchange traded security” within the meaning of National Instrument 21-101 provided the Respondent does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;
- (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to the Respondent permanently;
- (d) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is reprimanded;
- (e) pursuant to paragraph 7 of subsection 127(1) of the Act, the Respondent shall immediately resign all positions he may hold as a director or officer of any issuer;
- (f) pursuant to paragraph 8 of subsection 127(1) of the Act, the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any issuer;
- (g) pursuant to paragraph 8.1 of subsection 127(1), the Respondent shall resign all positions he may hold as a director or officer of any registrant;
- (h) pursuant to paragraph 8.2 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any registrant;

- (i) pursuant to paragraph 8.3 of subsection 127(1), the Respondent shall resign all positions he may hold as a director or officer of any investment fund manager;
- (j) pursuant to paragraph 8.4 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any investment fund manager;
- (k) pursuant to paragraph 8.5 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as any registrant or investment fund manager;
- (l) pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent shall pay an administrative penalty of \$150,000 to the Commission, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;
- (m) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondent shall disgorge \$486,000 to the Commission, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act; and
- (n) pursuant to section 37 of the Act, the Respondent shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED at Toronto, Ontario this 4th day of January, 2013.

“James E. A. Turner”

2.2.3 ICE Clear Credit LLC – s. 147

Headnote

Application under section 147 of the *Securities Act* (Ontario) (OSA) to exempt on an interim basis ICE Clear Credit LLC from recognition as a clearing agency under subsection 21.2(0.1) of the OSA.

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
ICE CLEAR CREDIT LLC (ICC)

ORDER
(Section 147 of the OSA)

WHEREAS ICC has filed an application dated December 6, 2012 (**Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the OSA requesting an interim order exempting ICC from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the OSA (**Order**);

AND WHEREAS ICC has represented to the Commission that:

- 1.1. ICC is a limited liability corporation organized under the laws of the State of Delaware in the United States (**US**) and is a wholly owned subsidiary of IntercontinentalExchange, Inc., a publicly traded for-profit corporation organized under the laws of Delaware and listed for trading on the New York Stock Exchange;
- 1.2. ICC is a derivatives clearing organization (**DCO**) within the meaning of that term under the US Commodity Exchange Act (**CEA**). ICC is subject to regulatory supervision by the US Commodity Futures Trading Commission (**CFTC**), a US federal regulatory agency, and is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to attorney-client privilege. The CFTC reviews, assesses and enforces a DCO's adherence to the CEA and the regulations thereunder on an ongoing basis, including but not limited to, the DCO's compliance with the core principles relating to: financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards;
- 1.3. ICC is a clearing agency within the meaning of that term under the Securities Exchange Act of 1934, as amended (**Exchange Act**), and as such is regulated by the United States Securities and Exchange Commission (**SEC**). The SEC reviews, assesses and enforces a clearing agency's adherence to the Exchange Act and the regulations thereunder on an ongoing basis, including but not limited to, the clearing agency's compliance with the clearing agency standards relating to: risk management, participant access, records of financial resources and audited financial statements and minimum operating standards;
- 1.4. ICE Clear Credit was designated a Systemically Important Financial Market Utility by the Financial Stability Oversight Council in July of 2012.
- 1.5. ICC clears credit default swaps (**CDS**), currently CDS index products and single name CDS (collectively, the **Clearing Products**);
- 1.6. ICC's clearing participants consist of banks and futures commission merchant (**FCM**)/broker dealers (**BD**);
- 1.7. ICC does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory. IntercontinentalExchange, Inc. has a wholly owned subsidiary in Winnipeg, Manitoba, ICE Clear Canada, Inc., an exempt clearing agency pursuant to subsection 21.2(0.1) of the OSA;

- 1.8. A clearing firm may become eligible to clear CDS products at ICC by becoming a Clearing Participant of ICC (**ICC Clearing Participant**);
- 1.9. All ICC Clearing Participants, including those that are incorporated/domiciled in non-US jurisdictions, must complete an application for membership and make a deposit into the ICC guaranty fund;
- 1.10. ICC implements and maintains a system of financial safeguards designed to anticipate potential market exposures and ensure sufficient resources are available to cover future obligations;
- 1.11. To become an ICC Clearing Participant, a clearing firm must meet all ICC Clearing Participant qualifications and deposit a US\$20,000,000 guaranty fund contribution with ICC;
- 1.12. All ICC Clearing Participants, including those that are incorporated/domiciled in non-US jurisdictions, must be subject to a legal and insolvency regime acceptable to ICC. ICC has sought Canadian legal advice in respect of obtaining an analysis of Canada's legal and insolvency regime. Additionally, clearing participants from non-US jurisdictions must use US settlement banks for settling transactions with ICC. ICC accepts US cash, US Treasuries and G7 currency at various levels for margin and guaranty fund requirements;
- 1.13. ICE Link is a web-based graphical user interface owned, maintained and operated by IntercontinentalExchange, Inc., used to view and submit bilaterally negotiated transactions into ICC for clearing and settlement services by ICC Clearing Participants and their customers;
- 1.14. ICC proposes to offer direct clearing access in Ontario (for purposes of submission for clearing at ICC) to certain Canadian financial institutions (within the meaning of such term in subsection 1.1(3) of National Instrument 14-101 *Definitions*) that have a head office or principal place of business in Ontario (the **Ontario Clearing Members**);
- 1.15. ICC will file a full application to the Commission for a subsequent order recognizing ICC as a clearing agency under subsection 21.2(0.1) of the OSA or exempting it from the requirement to be recognized as a clearing agency under section 147 of the OSA (**Subsequent Order**).

AND WHEREAS based on the Application and the representations ICC has made to the Commission, the Commission has determined that the granting of the Order would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the OSA, ICC is exempt on an interim basis from recognition as a clearing agency under subsection 21.2(0.1) of the OSA;

PROVIDED THAT:

1. This Order shall terminate on the earlier of (i) December 31, 2013 or (ii) the effective date of the Subsequent Order;
2. ICC's clearing agency activities in Ontario are limited to the clearing of Clearing Products for Ontario Clearing Members;
3. ICC shall continue to be registered with the CFTC as a DCO under the CEA, as well as with the SEC as a registered clearing agency under the Exchange Act;
4. ICC shall promptly notify staff of the Commission of:
 - (a) any material change or proposed material change in its regulatory oversight by the CFTC and/or SEC;
 - (b) any material problems with the clearance and settlement of transactions that could materially affect the safety and efficiency of ICC;
 - (c) any new service or product cleared by ICC that ICC would like to offer to Ontario Clearing Members; and
 - (d) the admission of any Ontario Clearing Members;
5. Upon the commencement of clearing of OTC derivatives trades by ICC on behalf of Ontario Clearing Members, ICC shall maintain and submit the following information to the Commission on a quarterly basis, or promptly upon request of Commission staff in respect of each cleared Clearing Product:
 - (a) the average daily volume and value of trades cleared during the previous quarter for each Ontario Clearing Member;

- (b) the portion of total volume and value of trades cleared during the previous quarter for all clearing members that represents the total volume and value of trades cleared during the previous quarter for each Ontario Clearing Member;
 - (c) the average daily volume and value of the CDS Indices products whose referenced basket include Canadian entities cleared for both Canadian and Non-Canadian clearing members during the previous quarter; and
 - (d) the average daily volume and value of the Single Name CDS products that reference Canadian entities cleared for both Canadian and Non-Canadian clearing members during the previous quarter;
- 6. ICC shall promptly provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff;
- 7. ICC shall file with the Commission no later than March 1, 2013, a complete application with accurate information and relevant supporting documents for the Subsequent Order. If the March 1, 2013 deadline is not met, the Commission may terminate the interim order without further notice to ICC;
- 8. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of ICC's activities in Ontario, ICC shall submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario; and
- 9. ICC shall file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of ICC's activities in Ontario.

DATED: December 28, 2012

"Paulette L. Kennedy"

"James D. Carnwath"

2.2.4 Ernst & Young LLP – 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
ERNST & YOUNG LLP

ORDER
(Sections 127 and 127.1)

WHEREAS on December 3, 2012 the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing in relation to a Statement of Allegations issued pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, with respect to Ernst & Young LLP (the “Respondent”);

AND WHEREAS the Notice of Hearing stated that an initial hearing before the Commission would be held on January 7, 2013;

AND WHEREAS the Commission convened a hearing on January 7, 2013 and heard submissions from counsel for Staff of the Commission and counsel for the Respondent;

AND WHEREAS both parties jointly requested that the matter be adjourned to a confidential pre-hearing conference;

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

IT IS HEREBY ORDERED that this matter is adjourned to a confidential pre-hearing conference to be held on March 4, 2013 at 11:00 a.m. or such other date and time as is agreed by the parties and set by the Office of the Secretary.

DATED at Toronto this 7th day of January, 2013.

“Mary G. Condon”

This page intentionally left blank

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Mohinder Ahluwalia – 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
MOHINDER AHLUWALIA

REASONS AND DECISION ON SANCTIONS
(Sections 127 and 127.1 of the Securities Act)

Sanctions Hearing: November 29, 2012

Sanctions Decision: January 4, 2013

Panel: James E. A. Turner – Vice-Chair

Counsel: Carlo Rossi – For Staff of the Ontario Securities Commission

Mohinder Ahluwalia – Self-Represented

TABLE OF CONTENTS

- I. BACKGROUND
- II. THE AGREED STATEMENT OF FACTS
- III. SANCTIONS AND COSTS REQUESTED BY STAFF
- IV. THE POSITION OF THE RESPONDENT
- V. SANCTIONS
 - (a) The Law on Sanctions
 - (b) Specific Sanctioning Factors Applicable in this Matter
 - (c) Trading and Other Bans
 - (d) Disgorgement
 - (e) Administrative Penalty
- VI. CONCLUSION

Schedule “A” – Form of Sanctions Order

REASONS AND DECISION ON SANCTIONS

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the “**Commission**”) to consider pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”) whether it is in the public interest to make a sanctions order against Mohinder Ahluwalia (the “**Respondent**”).

[2] The original proceeding was commenced by a Statement of Allegations and a Notice of Hearing dated June 30, 2011. The Notice of Hearing and the Statement of Allegations were issued in connection with a proceeding against MBS Group (Canada) Ltd. ("**MBS Group**"), Balbir Ahluwalia and the Respondent (the "**MBS Proceeding**").

[3] Staff and the Respondent entered into an agreed statement of facts dated September 21, 2012 (the "**Agreed Statement of Facts**") and by order dated October 10, 2012, the Commission severed the Respondent from the MBS Proceeding and ordered that a separate hearing be held to consider whether it is in the public interest to make a sanctions order against the Respondent based on the Agreed Statement of Facts.

[4] On October 11, 2012, the Commission issued a Notice of Hearing (the "**Notice of Hearing**") and, on September 21, 2012, Staff issued a Statement of Allegations (the "**Statement of Allegations**") in connection with this proceeding against the Respondent.

[5] On November 29, 2012, the Commission held a hearing to receive submissions from Staff and the Respondent regarding sanctions (the "**Sanctions Hearing**"). Staff provided written submissions dated November 19, 2012, together with a Book of Authorities. The Respondent made oral submissions.

[6] These are my reasons and decision as to the sanctions to be ordered against the Respondent. A Sanctions Order giving effect to this decision is attached as Schedule "A".

II. THE AGREED STATEMENT OF FACTS

[7] In the Agreed Statement of Facts, the Respondent admitted, among other things, that:

- (a) From July, 2004 to May, 2006, at least \$1.6 million was raised through the sale of Electrolinks Corporation ("**Electrolinks**") shares to 89 persons or companies.
- (b) From approximately June, 2004 to June, 2007 (the "**Relevant Time**"), the Respondent engaged in and held himself out as engaging in the business of trading in securities and the Respondent, directly and through his representatives, sold Electrolinks shares to members of the public in Ontario and other jurisdictions.
- (c) The Respondent was not aware of the total number of investors or the total amount deposited in the MBS bank accounts as a result of the sale of Electrolinks shares.
- (d) During the Relevant Time, the Respondent sold approximately 1.5 million Electrolinks shares to members of the public (the "**Electrolinks Investors**") directly and through his representatives.
- (e) During the Relevant Time, the Respondent was not registered in any capacity with the Commission.
- (f) During the Relevant Time, Electrolinks was not a reporting issuer and the Electrolinks shares were not qualified by a prospectus.
- (g) The investors who purchased the Electrolinks shares from the Respondent or his representatives were not provided with a prospectus, offering memorandum or any other disclosure in respect of Electrolinks or the Electrolinks shares.
- (h) The Respondent purchased approximately four million Electrolinks shares for \$35,000. The Respondent later purchased an additional 1.5 million Electrolinks shares for \$28,000.
- (i) The Respondent and his representatives told the Electrolinks Investors that Electrolinks was in the process of going public and that they could expect a substantial return on their investment once that process was complete.
- (j) The Respondent paid his representatives commissions based on their sales of Electrolinks shares.
- (k) Over \$650,000 was deposited into bank accounts controlled by the Respondent from the sale of Electrolinks shares by his representatives. The Respondent transferred approximately \$155,500 of this amount to the MBS Group. None of the proceeds from these sales was transferred to Electrolinks. An amount of \$37,875 was paid as compensation to the Respondent's representatives who sold Electrolinks shares. Another \$37,500 was paid to an employee of MBS Group. An amount of \$8,500 was re-paid to an investor that purchased Electrolinks shares through the Respondent. Finally, \$2,500 was paid to a director of Electrolinks.

- (l) Electrolinks never became a public company nor did it make any distributions to the Electrolinks Investors. Electrolinks ceased business in 2008 and was dissolved on February 10, 2010. The Electrolinks Investors suffered a complete loss of their investment.

[8] In the Agreed Statement of Facts, the Respondent admitted that he contravened Ontario securities law as follows:

- (a) the Respondent traded and engaged in, or held himself out as engaging in, the business of trading in securities, where no exemptions were available, without being registered to trade in securities, contrary to subsection 25(1) of the Act and contrary to the public interest; and
- (b) the actions of the Respondent related to the sale of Electrolinks shares constituted distributions of securities where no preliminary prospectus and prospectus were issued or receipted by the Director, and where no exemptions were available, contrary to subsection 53(1) of the Act and contrary to the public interest.

[9] Staff submits that the Agreed Statement of Facts supports a finding by the Commission that the Respondent breached Ontario securities law in the manner referred to in paragraph 8.

III. SANCTIONS AND COSTS REQUESTED BY STAFF

[10] Staff requests the following sanctions order against the Respondent:

- (a) an order pursuant to paragraph 2 of subsection 127(1) of the Act that the Respondent cease trading in securities permanently;
- (b) an order pursuant to paragraph 2.1 of subsection 127(1) of the Act that the acquisition of any securities by the Respondent is prohibited permanently;
- (c) an order pursuant to paragraph 3 of subsection 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Respondent permanently;
- (d) an order pursuant to paragraph 6 of subsection 127(1) of the Act that the Respondent be reprimanded;
- (e) an order pursuant to paragraph 7 of subsection 127(1) of the Act that the Respondent resign all positions that he may hold as a director or officer of any issuer;
- (f) an order pursuant to paragraphs 8, 8.2, and 8.4 of subsection 127(1) of the Act that the Respondent be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
- (g) an order pursuant to paragraph 8.5 of subsection 127(1) of the Act that the Respondent be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;
- (h) an order pursuant to paragraph 9 of subsection 127(1) of the Act that the Respondent pay an administrative penalty of \$150,000;
- (i) an order pursuant to paragraph 10 of subsection 127(1) of the Act that the Respondent disgorge to the Commission \$486,000 obtained as a result of his non-compliance with Ontario securities law; and
- (j) an order pursuant to section 37 of the Act, that the Respondent be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

Administrative Penalties

[11] Staff submits that an administrative penalty of \$150,000 against the Respondent is appropriate in the circumstances. Staff says that the Respondent breached two key provisions of the Act. Staff submits that a substantial administrative penalty is necessary to deter the Respondent from engaging in the same or similar conduct in the future and to send a clear deterrent message to other market participants. In Staff's view, the requested administrative penalty falls within the range of administrative penalties ordered in previous Commission illegal distribution cases. Staff notes that the more recent decisions of the Commission show a trend of increasing administrative penalties imposed by the Commission. Staff submits that the rationale for that trend is to ensure that administrative penalties do not merely become a cost of doing business to a respondent breaching the Act.

Disgorgement

[12] Staff seeks an order under paragraph 10 of subsection 127(1) of the Act that the Respondent disgorge \$486,000 to the Commission. That is the total amount obtained by the Respondent from the sale of Electrolinks shares, minus the amount of \$155,500 paid to MBS Group and the amount of \$8,500 repaid to an Electrolinks investor.

[13] In this respect, Staff cites the reasoning in *Re Limelight Entertainment Inc.* (2008), 31 OSCB 12030 ("**Re Limelight**"). Staff submits that I should order that all the amounts obtained by the Respondent in contravention of Ontario securities law, less the two deductions referred to in paragraph 12, be disgorged to the Commission.

Staff's Conclusion on Sanctions

[14] Staff submits that the sanctions proposed are proportionate to the Respondent's serious misconduct and will serve as a specific and general deterrent. The market prohibitions requested by Staff are comprehensive and run the full gambit of sanctions that may be imposed under the Act. It is Staff's view that this is appropriate in the circumstances. The Respondent's behaviour was predatory in the sense that he purchased the Electrolinks shares for one cent and then sold them to investors at 65 to 85 times that amount, and kept more than half of the proceeds. No disclosure was made to investors. The investors were told that Electrolinks would go public and that investors could expect a substantial return. Both of those statements were made solely to entice investors to purchase Electrolinks shares. In Staff's submission, this is the very type of behaviour that the Commission seeks to eliminate from the capital markets. An order permanently removing the Respondent from the capital markets, requiring disgorgement of all funds obtained from investors, and requiring the Respondent to pay a significant administrative penalty will signal both to the Respondent and to like-minded individuals that serious misconduct will result in severe sanctions.

Costs

[15] Staff does not seek an order for the payment by the Respondent of the Commission's investigation and hearing costs. Staff submits that the Respondent has been cooperative, agreed to the Agreed Statement of Facts and has avoided the necessity for a full hearing on the merits.

IV. THE POSITION OF THE RESPONDENT

[16] The Respondent submits that the proposed sanctions are too severe and will cause him financial hardship. The Respondent did not suggest alternative sanctions.

[17] The Respondent also requested a trading carve-out from any sanctions order barring him from participation in our capital markets so that he can trade with his own funds and earn a living.

V. SANCTIONS

(a) The Law on Sanctions

[18] The Commission's dual mandate is (a) to provide protection to investors from unfair, improper or fraudulent practices; and (b) to foster fair and efficient capital markets and confidence in capital markets (section 1.1 of the Act).

[19] 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.

[20] 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).

[21] The Commission's objective when imposing sanctions is not to punish past conduct, but rather to restrain future conduct that may be harmful to investors or Ontario capital markets. An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.*:

... 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 so doing 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.

(*Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at pp. 1610 to 1611).

[22] Further, the Supreme Court of Canada has recognized general deterrence as an additional factor that the Commission may consider when imposing sanctions. In *Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 ("**Cartaway**") at para. 60 the Supreme Court 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".

[23] In *Momentas*, the Commission applied *Cartaway*, *supra*, and considered "the importance of deterring not only those involved in this matter, but also like-minded people from engaging in similar conduct." The Commission concluded that:

[i]n order to promote both general and specific deterrence we found it necessary to impose severe sanctions including permanent cease trade orders, permanent exclusions from exemptions, and a permanent prohibition from acting as an officer or director of a reporting issuer.

(*Momentas Corp. (Re)* (2007), 30 OSCB 6475 ("**Momentas**") at paras. 51 to 52).

[24] The Commission must ensure that the sanctions imposed in each case are proportionate to the circumstances, conduct and culpability of each respondent. The Commission has previously identified the following as some of the factors that a panel should consider when imposing sanctions:

- (a) the seriousness of the conduct and the breaches of the Act;
- (b) the harm to the 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 at p. 7746; and *Re M.C.J.C. Holdings Inc. and Michael Cowpland* (2002), 25 OSCB 1133).

The applicability and importance of such factors will vary according to the circumstances of each case.

(b) Specific Sanctioning Factors in this Matter

[25] Overall, the sanctions I impose must protect investors and Ontario capital markets.

[26] In considering the various factors referred to in paragraph 24, I find the following factors and circumstances to be particularly relevant.

(a) The Seriousness of the Misconduct

[27] The actions of the Respondent reflected in the Statement of Allegations involve very serious misconduct that spanned a period of three years and constituted a significant contravention of the Act.

[28] Further, the Respondent breached two key provisions of the Act by trading without registration and by engaging in distributions of securities without complying with the prospectus requirements under the Act. Both of these provisions are intended to protect investors from the very conduct that occurred here. The Respondent's actions caused significant financial harm to investors and to the integrity of Ontario's capital markets. The Electrolinks Investors suffered a complete loss of their investment.

[29] The Respondent and his representatives made representations to investors that Electrolinks was going public and that they could expect a "substantial return" on their investment. Both representations turned out to be false.

(b) The Respondent's activity in the marketplace

[30] The Respondent and his representatives were involved in a systematic process of selling securities to investors and raised a very significant amount. The Respondent and his representatives raised over \$650,000 from the sale of Electrolinks shares to the Electrolinks Investors.

(c) The Sanctions will Deter the Respondent and Like-Minded People from Engaging in Similar Abuses of the Capital Markets

[31] In this case, given the Respondent's serious misconduct, significant sanctions are appropriate to deter the Respondent and like-minded individuals from engaging in similar conduct.

(d) The Size of any Profit Made from the Illegal Conduct

[32] Over \$650,000 from the sale of Electrolinks shares was deposited into accounts controlled by the Respondent. The Respondent transferred approximately \$155,000 of that amount to the MBS Group. None of the proceeds from these sales was transferred to Electrolinks.

(e) The Restraint Any Sanctions May Have on the Ability of a Respondent to Participate Without Check in the Capital Markets

[33] Staff's requested restrictions on trading and acting as a director or officer of a reporting issuer, registrant or investment fund manager will have the effect of preventing the Respondent from participating in Ontario capital markets in a way that is directly related to the Respondent's misconduct in this matter. That misconduct related directly to distributing and trading in securities in breach of the Act.

(f) The Ability of the Respondent to Pay

[34] The Respondent submits that the administrative penalty proposed by Staff is too severe and will impose financial hardship. I am sure that the investors who lost money as a result of the Respondent's conduct would view that submission with some scepticism.

[35] Given the seriousness of the Respondent's misconduct and the lack of any evidence before me as to the Respondent's financial resources, I do not consider the Respondent's ability to pay as a significant factor in determining the appropriate sanctions in this matter.

(g) Mitigating Factors

[36] The Respondent has cooperated with Staff throughout this matter. He agreed to the Agreed Statement of Facts, thereby avoiding the necessity for a full hearing on the merits, thus reducing costs to the Commission.

[37] I also note that the Respondent was not found to be a directing mind of MBS Group or Electrolinks or to have committed fraud.

(h) Commission Precedents

[38] Staff was unable to identify any recent Commission decisions that involved conduct substantially the same as that at issue in this proceeding. However, I have reviewed the following Commission decisions referred to me by Staff: *Re White*

(2010), 33 OSCB 8893, *Re Fortuna-St. John* (1998), 21 OSCB 3851, *Re Gold-Quest International* (2010), 33 OSCB 11179 and *Re Limelight*, *supra*.

(c) Trading and Other Bans

[39] Staff submits that it is appropriate for me to order that the Respondent cease trading in securities permanently and that exemptions available under Ontario securities law not apply to the Respondent permanently.

[40] The Respondent requests a personal carve-out so that the Respondent is able to trade in securities for his own account. Staff did not oppose that request; however, Staff requested that any carve-out only take effect following full payment of any monetary sanctions imposed.

[41] The trading, market and director/officer bans sought by Staff relate directly to the Respondent's conduct in trading securities in this matter. The Respondent engaged in unregistered trading and in distributing the Electrolinks shares without the filing of a prospectus. The conduct of the Respondent spanned a period of three years and is too serious not to issue a permanent trading ban, both as a matter of specific and general deterrence. A carve-out to allow the Respondent to trade on his own behalf is reasonable, provided the financial sanctions I impose are paid.

[42] In all of the circumstances, I have concluded that it is in the public interest to make the following orders:

- (a) the Respondent shall cease trading in any securities permanently from the date of this decision, with the exception that once all monetary sanctions have been paid in full, the Respondent is permitted to trade in securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of the attached sanctions order) in (a) any "exchange-traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101 provided that he does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;
- (b) the acquisition of any securities by the Respondent shall cease permanently, with the exception that once all monetary sanctions have been paid in full, the Respondent is permitted to trade as authorized under clause (a) above;
- (c) any exemptions under Ontario securities law shall not apply to the Respondent permanently;
- (d) the Respondent shall resign all positions he may hold as a director or officer of any issuer, registrant or investment fund manager;
- (e) the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
- (f) the Respondent shall be reprimanded; and
- (g) the Respondent shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security.

(d) Disgorgement

[43] Paragraph 10 of subsection 127(1) of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained as a result of the non-compliance". The disgorgement remedy is intended to ensure that respondents do not retain any financial benefit or "profit" from their breaches of the Act.

[44] I have considered the following factors in determining whether to issue a disgorgement order against the Respondent:

- (a) the amount obtained by the Respondent as a result of his non-compliance with the Act;
- (b) the fact that the amount obtained as a result of the Respondent's non-compliance is reasonably ascertainable;
- (c) the seriousness of the misconduct and breaches of the Act;
- (d) whether the individuals who suffered losses are likely to be able to obtain redress by other means; and

(e) the deterrent effect of a disgorgement order on the Respondent and other market participants.

(See, for instance, *Re Limelight*, *supra*, at para. 52).

[45] In my view, a disgorgement order is appropriate in these circumstances. The Respondent breached Ontario securities law and obtained a large amount of money from the Electrolinks Investors. The Respondent should not be permitted to benefit from his breaches of the Act.

[46] I order that the Respondent disgorge \$486,000 to the Commission as requested by Staff. That amount represents the total amount that was obtained by the Respondent as a result of his illegal conduct, minus the amounts paid to MBS Group and the amount repaid to an investor. I defer to Staff as to the appropriateness of deducting the amount paid by the Respondent to MBS Group from the amount of the disgorgement order. In my view, no other deductions are appropriate in the circumstances. That amount shall be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act.

(e) Administrative Penalty

[47] In my view, it is appropriate to impose a substantial administrative penalty against the Respondent. I have considered the submissions made by Staff as to the appropriate administrative penalty in this case. In my view, the Respondent's behaviour was predatory; he obtained a large amount of money from investors based on misleading statements to them. In doing so, he breached key provisions of the Act. That is unacceptable conduct.

[48] I order that an administrative penalty of \$150,000 be paid by the Respondent to the Commission as requested by Staff. The Respondent committed multiple breaches of the Act over an extended period which caused serious harm to investors. That amount shall be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act.

(f) Costs

[49] Given the cooperation of the Respondent and his agreement to the Agreed Statement of Facts, Staff has not requested, and I do not impose, any order for costs.

VI. CONCLUSION

[50] I have concluded that the sanctions imposed are proportionate to the conduct and culpability of the Respondent in the circumstances and are in the public interest. I will issue a sanctions order in the form attached as Schedule "A" to these reasons.

DATED at Toronto, this 4th day of January, 2013.

"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
MOHINDER AHLUWALIA**

**ORDER
(Sections 127 and 127.1 of the Securities Act)**

WHEREAS on October 11, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in connection with the Statement of Allegations issued by Staff of the Commission ("Staff") dated September 21, 2012 to consider whether it is in the public interest pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") for the Commission to impose certain sanctions on Mohinder Ahluwalia (the "Respondent"), based on the statement of facts agreed to by Staff and the Respondent and filed with the Commission;

AND WHEREAS on November 29, 2012, the Commission conducted a hearing with respect to this matter (the "Sanctions Hearing");

AND WHEREAS Staff and the Respondent appeared at the Sanctions Hearing and made submissions;

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

IT IS HEREBY ORDERED THAT:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondent shall cease trading in securities permanently with the exception that once payment of all monetary sanctions imposed under this Order have been paid in full, the Respondent is permitted to trade in securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (a) any "exchange-traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101 provided the Respondent does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondent is prohibited permanently with the exception that once payment of all monetary sanctions imposed under this Order have been paid in full, the Respondent is permitted to acquire securities for his own account, solely through a registered dealer or, as appropriate, a registered dealer in a foreign jurisdiction (which dealer must be given a copy of this Order) in (a) any "exchange-traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101 provided the Respondent does not own beneficially or exercise control or direction over more than five percent of the voting or equity securities of the issuer(s) of any such securities; or (b) any security issued by a mutual fund that is a reporting issuer;
- (c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law do not apply to the Respondent permanently;
- (d) pursuant to paragraph 6 of subsection 127(1) of the Act, the Respondent is reprimanded;
- (e) pursuant to paragraph 7 of subsection 127(1) of the Act, the Respondent shall immediately resign all positions he may hold as a director or officer of any issuer;
- (f) pursuant to paragraph 8 of subsection 127(1) of the Act, the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any issuer;
- (g) pursuant to paragraph 8.1 of subsection 127(1), the Respondent shall resign all positions he may hold as a director or officer of any registrant;

- (h) pursuant to paragraph 8.2 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any registrant;
- (i) pursuant to paragraph 8.3 of subsection 127(1), the Respondent shall resign all positions he may hold as a director or officer of any investment fund manager;
- (j) pursuant to paragraph 8.4 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as a director or officer of any investment fund manager;
- (k) pursuant to paragraph 8.5 of subsection 127(1), the Respondent shall be prohibited permanently from becoming or acting as any registrant or investment fund manager;
- (l) pursuant to paragraph 9 of subsection 127(1) of the Act, the Respondent shall pay an administrative penalty of \$150,000 to the Commission, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act;
- (m) pursuant to paragraph 10 of subsection 127(1) of the Act, the Respondent shall disgorge \$486,000 to the Commission, which amount is designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) (i) or (ii) of the Act; and
- (n) pursuant to section 37 of the Act, the Respondent shall be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or any class of securities.

DATED at Toronto, Ontario this 4th day of January, 2013.

James E. A. Turner

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

This page intentionally left blank

Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
11/30/2012	60	ACM Commercial Mortgage Fund - Units	3,534,258.44	31,110.96
12/06/2012	27	AGCAPITA FARMLAND FUND III - Units	785,100.00	27.00
12/05/2012	95	Alpha Minerals Inc. - Units	4,000,001.00	2,666,667.00
12/10/2012	1	American Homes 4 Rent - Common Share	405,191.45	1.00
12/05/2012	3	AvalonBay Communities, Inc. - Common Shares	15,498,284.26	3.00
12/13/2012	4	Bayfield Ventures Corp. - Flow-Through Shares	1,407,010.15	4,020,029.00
10/31/2012	1	BB&T Corporation - Special Shares	12,495,000.00	N/A
11/27/2012 to 11/29/2012	364	Beaumont Energy Inc. - Common Shares	100,451,000.00	50,225,500.00
11/29/2012	64	Bentley Oil & Gas Ltd. - Common Shares	3,471,557.40	2,349,000.00
11/20/2012 to 11/28/2012	12	Bison Income Trust II - Trust Units	6,215,000.00	621,500.00
10/01/2012 to 10/09/2012	13	Bison Income Trust II - Trust Units	869,024.04	86,902.40
11/09/2012	1	Bison Income Trust II - Trust Units	30,000.00	3,000.00
12/03/2012	1	Blue Planet Environmental Inc. - Common Shares	476,544.00	4,385,746.00
10/25/2012	2	Blue River Resources Ltd. - Common Shares	25,000.00	250,000.00
12/06/2012	14	Boxxer Gold Corp. - Flow-Through Units	197,063.28	2,463,291.00
12/06/2012	23	Boxxer Gold Corp. - Units	232,669.81	3,323,854.00
12/21/2012	46	Brixton Metals Corporation - Flow-Through Shares	1,321,900.00	6,609,500.00
10/31/2012	17	Brookfield EW Energy Canadian Aggregator L.P. - Limited Partnership Units	121,326,560.42	119,524,647.56
11/15/2012	22	B.E.S.T. Active Fund 17 L.P. - Units	3,000,000.00	N/A
12/04/2012	1	CAI International, Inc. - Common Share	687,750.00	1.00
12/17/2012	43	Canadian Western Bank - Notes	250,000,000.00	250,000.00
09/28/2012	1	Canarc Resource Corp. - Units	1,130,000.00	11,300,000.00
11/29/2012	3	Carnival Corporation - Notes	6,193,216.88	3.00
12/06/2012	1	Clear Energy Systems, Inc. - Debenture	99,100.00	1.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
11/30/2012	1	Clear Energy Systems, Inc. - Debenture	99,320.00	1.00
11/30/2012	28	CMC Metals Ltd. - Units	490,000.00	4,900,000.00
12/03/2012	13	Cornerstone Metals Inc. - Units	110,000.00	880,000.00
11/15/2012	4	Debut Diamonds Inc. - Common Shares	36,000.00	600,000.00
12/07/2012	2	Delavaco Real Estate Opportunities Corp. - Notes	1,978,000.00	2.00
08/01/2012	5	Discovery Harbour Resources Corp. - Common Shares	35,000.00	5.00
12/21/2012	1	DNI Metals Inc. - Flow-Through Shares	400,000.00	1,600,000.00
11/23/2012	1	DPE Deutschland II A GmbH & Co. KG - Limited Partnership Interest	51,456,000.00	N/A
08/31/2012	2	Duncan Park Holdings Corporation - Common Shares	90,000.00	1,800,000.00
12/21/2012 to 12/28/2012	27	Eastmain Resources Inc. - Flow-Through Shares	7,605,801.72	8,709,133.00
12/12/2012	2	Ecuador Bancorp Inc. - Common Shares	10,000.00	100,000.00
12/13/2012	128	Eldorado Gold Corporation - Notes	602,045,580.00	128.00
11/14/2012 to 11/15/2012	7	Energizer Resources Inc. - Units	2,032,500.00	5,807,142.00
08/31/2012	55	Fire River Gold Corp. - Common Shares	1,079,176.09	16,602,709.00
12/03/2012	7	First Reliance Real Estate Investment Trust - Units	358,000.00	35,800.00
12/19/2012	61	Ford Credit Canada Limited - Notes	749,692,500.00	750,000.00
12/21/2012	12	Foundation Resources Inc. - Units	310,140.00	5,169,000.00
12/18/2012	18	Fronsac Real Estate Investment Trust - Units	3,750,000.00	11,718,750.00
12/11/2012	15	Garmatex Technologies, Inc. - Debentures	205,000.00	205,000.00
11/22/2012	11	Geomega Resources Inc. - Flow-Through Shares	2,310,000.00	4,620,000.00
11/30/2012	6	Ginkgo Mortgage Investment Corporation - Preferred Shares	470,000.00	47,000.00
11/30/2012	7	Gold Bullion Development Corp. - Common Shares	2,434,659.90	8,115,533.00
12/28/2012	5	Gold World Resources Inc. - Units	80,000.00	3,200,000.00
04/02/2012	1	Gramercy Distressed Opportunity Fund II, L.P. - Limited Partnership Interest	1,983,400.00	N/A
08/15/2012	1	Gulf Coast Opportunities Fund L.P. - Limited Partnership Interest	1,500,000.00	N/A
12/17/2012	1	Halton Cheshire Homes Inc. - Debenture	866,370.00	1.00
12/27/2012	16	Harte Gold Corp. - Units	622,180.00	567,000.00
12/11/2012	40	Honda Canada Finance Inc. - Debentures	400,000,000.00	400,000,000.00
12/04/2012	80	Hot Chili Limited - Units	21,649,450.00	43,298,900.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
10/19/2012 to 10/29/2012	46	Huldra Silver Inc. - Units	1,100,790.00	715,400.00
12/10/2012	2	Humana Inc. - Notes	7,876,483.79	2.00
11/30/2012	7	Imperial Capital Partners Ltd. - Capital Commitment	8,050,000.00	N/A
11/29/2012	2	Inergy Midstream, L.P. and NRGM Finance Corp. - Notes	744,750.00	750.00
12/03/2012	19	Influitive Corporation - Preferred Shares	7,286,159.86	21,855,273.00
12/21/2012	32	IOU Financial Inc. - Units	2,448,900.00	6,122,250.00
11/06/2012	29	Kesselrun Resources Ltd. - Units	1,005,000.00	2,010,000.00
12/15/2012	1	Kingwest Avenue Portfolio - Units	300,000.00	10,104.79
11/16/2012	4	LeadSift Incorporated - Common Shares	609,999.89	279,687.00
11/05/2012 to 11/19/2012	8	Lorem Hydro Trust - Trust Units	1,325,000.00	5,300,000.00
11/19/2012	1	LTP Financing Inc. - Bonds	30,000.00	30.00
11/01/2012	4	LTP Financing Inc. - Bonds	528,000.00	528.00
12/19/2012	21	Marquee Energy Ltd. - Common Shares	2,061,399.90	1,963,238.00
12/29/2012	3	McLaren Resources Inc. - Flow-Through Shares	200,000.00	2,000,000.00
12/10/2012	4	mDialog Corporation - Debentures	1,499,079.56	4.00
12/27/2010	9	Metanor Resources Inc. - Common Shares	2,642,678.88	11,001,162.00
12/05/2012	1	MM Realty Partners LP - Unit	250,000.00	1.00
12/14/2012 to 12/21/2012	1	Monarques Resources Inc. - Flow-Through Shares	300,000.00	1,200,000.00
12/14/2012 to 12/21/2012	85	Monarques Resources Inc. - Flow-Through Units	996,000.00	996.00
12/14/2012 to 12/21/2012	16	Monarques Resources Inc. - Units	675,000.00	3,375,000.00
12/21/2012	8	Moneta Porcupine Mines Inc. - Common Shares	2,680,050.06	1,079,998.00
12/21/2012	21	Moneta Porcupine Mines Inc. - Flow-Through Shares	5,387,227.15	15,392,077.00
11/03/2012	14	Morrison Laurier Mortgage Corporation - Preferred Shares	1,425,500.00	N/A
12/11/2012	7	MountainStar Gold Inc. - Units	146,800.00	564,614.00
07/26/2012	1	Mundoro Capital Inc. - Common Shares	1,580,000.00	3,950,000.00
07/20/2012	20	Nerium Biotechnology, Inc. - Common Shares	391,416.30	386,626.00
12/24/2012	42	Nevada Exploration Inc. - Units	1,000,000.00	10,000,000.00
11/30/2012	6	New Haven Mortgage Income Fund (10) Inc. - Common Shares	644,665.55	N/A

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
11/30/2012	1	North American Palladium Ltd. - Common Shares	1,031,250.00	625,000.00
11/29/2012	59	Northern Precious Metals 2012 Limited Partnership - Limited Partnership Units	2,208,000.00	2,208.00
12/05/2012	13	Northern Skye Resources Ltd. - Common Shares	407,246.25	13.00
12/10/2012	11	Northfield Metals Inc. - Common Shares	2,377,671.00	9,510,684.00
12/20/2012	1	Northquest Ltd. - Common Shares	0.00	833,333.00
12/12/2012 to 12/20/2012	23	Novo Resources Corp. - Units	4,767,035.00	0.00
11/12/2012	13	NuVista Energy Ltd. - Common Shares	67,469,100.00	13,650,000.00
11/28/2012	9	Ocean Harvest Technology (Canada) Inc. - Common Shares	965,000.00	9.00
12/05/2012	15	OMERS Realty Corporation - Bonds	420,000,000.00	15.00
12/21/2012	30	Orbite Aluminae Inc. - Units	4,999,800.00	1,000.00
12/12/2012	15	Oroco Resource Corp. - Units	654,250.00	3,271,250.00
10/01/2012 to 11/01/2012	1	Pacific Alliance Asia Opportunity Feeder Fund III Limited - Common Shares	148,000,000.00	N/A
11/30/2012	82	Pine Cliff Energy Ltd. - Common Shares	5,600,000.00	8,000,000.00
12/27/2012	3	Prophecy Platinum Corp. - Flow-Through Shares	1,249,198.50	1,135,635.00
11/23/2012	7	Protocol Biomass Corp. - Debentures	195,000.00	7.00
12/21/2012	1	Puma Exploration Inc. - Units	399,999.90	1,333,333.00
12/10/2012	17	QSOLAR Limited - Units	674,000.00	2,696,000.00
11/07/2012 to 11/13/2012	4	Redstone Investment Corporation - Notes	235,000.00	N/A
11/19/2012 to 11/28/2012	8	Redstone Investment Corporation - Notes	505,000.00	N/A
12/18/2012	108	Reservoir Capital Corp. - Common Shares	2,785,000.00	28,918,000.00
12/18/2012	9	RJK Explorations Ltd. - Common Shares	208,750.10	1,605,770.00
12/27/2012 to 01/02/2013	41	Rockcliff Resources Inc. - Flow-Through Units	701,500.00	14,030,000.00
12/21/2012	2	Rockex Mining Corporation - Flow-Through Shares	474,999.84	2,638,888.00
11/21/2012	2	Rogue Iron Ore Corp. - Flow-Through Units	543,999.94	4,945,454.00
12/06/2012	9	SGX Resources Inc. - Units	3,151,645.00	9,004,700.00
12/05/2012 to 12/14/2012	2	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	500,000.00	500,000.00
11/27/2012 to 11/30/2012	2	Solar Income Fund LP #3 - Units	46,000.00	46.00
12/31/2012	20	SouthEast Asia Mining Corp. - Common Shares	12,957.70	37,022.00

Notice of Exempt Financings

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
12/13/2012	39	Spanish Mountain Gold Ltd. - Flow-Through Units	2,710,226.64	8,212,808.00
11/30/2012	6	Spire Real Estate Limited Partnership - Units	6,282,500.00	56,315.29
12/28/2012	21	Superior Copper Corporation - Units	800,000.00	7,283,333.00
05/16/2012	14	Syncapse Corp. - Preferred Shares	1,265,875.00	38,808,185.00
11/21/2012	3	Tamaka Gold Corporation - Flow-Through Units	194,400.00	144,000.00
12/19/2012	3	Tartisan Resources Corp. - Common Shares	80,340.00	267,800.00
12/21/2012	38	Tartisan Resources Corp. - Units	1,639,650.00	1,929,000.00
07/25/2012	27	Telehop Communications Inc. - Units	750,000.00	7,500,000.00
12/11/2012	4	TerraX Minerals Inc. - Common Shares	29,500.00	100,000.00
11/28/2012	1	The Interpublic Group of Companies, Inc. - Notes	26,962,200.00	1.00
12/04/2012	1	Thunderbird Films Inc. - Common Shares	4,000,000.00	3,200,000.00
12/06/2012	18	Tower Resources Ltd. - Units	1,760,440.00	18.00
12/21/2012	1	TransGaming Inc. - Units	150,000.00	2,142,857.00
12/04/2012	10	TransGaming Inc. - Units	150,000.00	1,566,416.00
12/13/2012	96	Trilogy Energy Corp. - Notes	300,000,000.00	96.00
12/28/2012	11	U308 Corp. - Units	846,194.14	3,846,337.00
11/19/2012 to 11/22/2012	35	UBS AG, Jersey Branch - Certificates	17,910,370.78	35.00
12/03/2012 to 12/07/2012	23	UBS AG, Jersey Branch - Certificates	10,745,606.64	23.00
11/23/2012	20	UMC Financial Management Inc. - Common Shares	2,000,000.00	N/A
11/27/2012	25	Uragold Bay Resources Inc. - Warrants	0.00	1,625,500.00
12/03/2012	22	Vital Financial 10X Technologies Investors LLC - Units	380,035.00	380,035.00
12/06/2012	28	Walton AZ Coolidge Landing LP - Units	1,226,932.76	28.00
12/06/2012	25	Walton Suburban DC Land Investment Corporation - Common Shares	500,930.00	25.00
12/06/2012	15	Walton Suburban DC Land LP - Units	1,062,250.20	15.00
12/14/2012	4	West Point Resources Inc. - Flow-Through Shares	31,500.00	126,000.00
12/11/2012	23	WTH Car Rental ULC - Debentures	150,000,000.00	23.00
12/07/2012	15	XDM Resources Inc. - Common Shares	2,521,500.00	10,086,000.00
12/18/2012	1	Ziplocal Inc. - Units	250,000.00	250.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Foundation Equity Portfolio
Foundation Tactical Balanced Portfolio
Foundation Tactical Conservative Portfolio
Foundation Tactical Growth Portfolio
Foundation Yield Portfolio
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectuses dated January 7, 2013
NP 11-202 Receipt dated January 7, 2013

Offering Price and Description:

Series A, F, O units

Underwriter(s) or Distributor(s):

Portfolio Strategies Securities Inc.

Promoter(s):

PORTFOLIO STRATEGIES SECURITIES INC.

Project #2003817

Issuer Name:

Investors Capital Yield Class
Investors Managed Yield Class
iProfile Canadian Equity Class
iProfile Emerging Markets Class
iProfile International Equity Class
iProfile U.S. Equity Class
Principal Regulator - Manitoba

Type and Date:

Preliminary Simplified Prospectuses dated December 11, 2012

NP 11-202 Receipt dated January 3, 2013

Offering Price and Description:

Series I and Series TI Shares

Underwriter(s) or Distributor(s):

Investors Group Financial Services Inc.

Investors Group Securities Inc.

Promoter(s):

I.G. Investment Management Ltd.

Project #1996507

Issuer Name:

Tekmira Pharmaceuticals Corporation
Principal Regulator - British Columbia

Type and Date:

Preliminary Base Shelf Prospectus dated January 4, 2013
NP 11-202 Receipt dated January 4, 2013

Offering Price and Description:

US\$50,000,000.00:

Common Shares

Warrants

Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2003494

Issuer Name:

Alaris Royalty Corp.
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated January 4, 2013
NP 11-202 Receipt dated January 4, 2013

Offering Price and Description:

\$47,080,000.00 - 2,140,000 Common Shares at \$22.00
per Common 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:

Barometer Global Tactical Yield and Equity Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated January 2, 2013
NP 11-202 Receipt dated January 2, 2013

Offering Price and Description:

Class I Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

BAROMETER CAPITAL MANAGEMENT INC.

Project #1977391

Issuer Name:

Barometer Income Advantage Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated January 2, 2013
NP 11-202 Receipt dated January 2, 2013

Offering Price and Description:

Class A, Class F and Class I Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

BAROMETER CAPITAL MANAGEMENT INC.

Project #1977389

Issuer Name:

Dundee International Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated January 3, 2013
NP 11-202 Receipt dated January 4, 2013

Offering Price and Description:

\$1,000,000,000.00:

Units

Debt Securities

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2000527

Issuer Name:

HUSKY ENERGY INC.
Principal Regulator - Alberta

Type and Date:

Final Base Shelf Prospectus dated December 31, 2012
NP 11-202 Receipt dated December 31, 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:

NexGen U.S. Dividend Plus Registered Fund
(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)

NexGen U.S. Dividend Plus Tax Managed Fund

(Shares of the Series of: Capital Gains Class, Return of Capital 40 Class,

Dividend Tax Credit 40 Class and Compound Growth Class)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated January 2, 2013
NP 11-202 Receipt dated January 2, 2013

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
Shares of the Series of: Capital Gains Class, Return of Capital 40 Class, Dividend Tax Credit 40 Class and Compound Growth Class

Underwriter(s) or Distributor(s):

NexGen Financial Limited Partnership

Promoter(s):

NexGen Financial Limited Partnership

Project #1971021

Issuer Name:

Partners Real Estate Investment Trust
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated December 28, 2012
NP 11-202 Receipt dated January 3, 2013

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:

Pathway Multi Series Fund Inc. - Explorer Series Fund
(Mutual Fund Shares: A/Rollover Series, A/Regular Series, F Series and I Series)

Pathway Multi Series Fund Inc. - Energy Series Fund
(Mutual Fund Shares: A/Rollover Series, A/Regular Series, F Series and I Series)

Pathway Multi Series Fund Inc. - Canadian Flex Series Fund

(Mutual Fund Shares: A/Regular Series, Low Load/DSC Series, F Series and I Series)

Pathway Multi Series Fund Inc. - Resource Flex Series Fund

(Mutual Fund Shares: A/Regular Series, Low Load/DSC Series, F Series and I Series)

Pathway Multi Series Fund Inc. - Flex Dividend and Income Growth Series Fund

(Mutual Fund Shares: A/Regular Series, Low Load/DSC Series, F Series and I Series)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated December 28, 2012

NP 11-202 Receipt dated January 4, 2013

Offering Price and Description:

Mutual Fund Shares: A/Rollover Series, A/Regular Series, Low Load/DSC Series, F Series and I Series

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #1986082

Issuer Name:

Sentry Canadian Equity Class*

Sentry Canadian Equity Fund
(Series A, Series F and Series I Securities)

* a class of shares of Sentry Corporate Class Ltd.

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated January 4, 2013

NP 11-202 Receipt dated January 4, 2013

Offering Price and Description:

Series A, Series F and Series I Securities

Underwriter(s) or Distributor(s):

Sentry Investments Inc.

Promoter(s):

SENTRY INVESTMENTS INC.

Project #1979727

Issuer Name:

Sprott Treasury Fund

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated January 2, 2013

NP 11-202 Receipt dated January 3, 2013

Offering Price and Description:

Series A and Series F Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Sprott Asset Management LP

Project #1977252

Issuer Name:

Front Street Balanced Resource Income Fund

Principal Jurisdiction - Ontario

Type and Date:

Preliminary Long Form Prospectus dated April 3, 2012

Withdrawn on January 3, 2013

Offering Price and Description:

Maximum \$* (* Units) Price: \$10.00 per Unit Minimum

Purchase: 200 Units

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

NATIONAL BANK FINANCIAL INC.

TD SECURITIES INC.

SCOTIA CAPITAL INC.

GMP SECURITIES L.P.

CANACCORD GENUITY CORP.

DUNDEE SECURITIES LTD.

HSBC SECURITIES (CANADA) INC.

MACQUARIE CAPITAL MARKETS CANADA LTD.

RAYMOND JAMES LTD.

SHERBROOKE STREET CAPITAL (SSC) INC.

TUSCARORA CAPITAL INC.

Promoter(s):

FRONT STREET CAPITAL 2004

Project #1886886

This page intentionally left blank

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender of Registration	Strategic Analysis (1994) Corporation	Portfolio Manager	December 19, 2012
Amalgamation	Beutel, Goodman & Company Ltd. and Beutel, Goodman Managed Funds Inc. To Form: Beutel, Goodman & Company Ltd.	Mutual Fund Dealer, Portfolio Manager and Investment Fund Manager	January 1, 2013
Amalgamation	EM Investor Services Inc. and Excel Investment Counsel Inc. Amalgamated to Form Excel Investment Counsel Inc.	Exempt Market Dealer and Portfolio Manager	January 1, 2013
New Registration	Richmond Equity Management Ltd.	Exempt Market Dealer and Investment Fund Manager	January 2, 2013
Change in Registration Category	Tetrem Capital Management Ltd.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	January 2, 2013
Consent to Suspension (Pending Surrender)	Cougar Global Investments Limited Partnership	Portfolio Manager	January 2, 2013
New Registration	Cougar Global Investments Limited	Portfolio Manager	January 2, 2013
Change in Registration Category	Dixon Mitchell Investment Counsel Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	January 3, 2013

Registrations

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Deans Knight Capital Management Ltd.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Dealer	January 3, 2013
Change in Registration Category	JOG Capital Corp.	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Dealer	January 3, 2013
Change in Registration Category	Annapolis Capital Limited	From: Exempt Market Dealer To: Exempt Market Dealer and Investment Fund Manager	January 4, 2013
Change in Registration Category	McElvaine Investment Management Ltd.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Dealer	January 4, 2013

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 ICE Clear Credit LLC – Notice of Commission Order – Application for Interim Exemptive Relief

ICE CLEAR CREDIT LLC

APPLICATION FOR INTERIM EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On December 28, 2012, the Commission granted ICE Clear Credit LLC (ICC) an interim exemption from the requirement in subsection 21.2(0.1) of the *Securities Act* (Ontario) (Act) to be recognized as a clearing agency. ICC is exempted from the requirement until the earlier of (i) the date the Commission renders a subsequent order recognizing ICC as a clearing agency under subsection 21.2(0.1) of the Act or exempting it from the requirement to be recognized as a clearing agency under section 147 of the Act, and (ii) December 31, 2013. The interim exemption order is subject to certain terms and conditions.

A copy of the interim exemption order is published in Chapter 2 of this Bulletin.

This page intentionally left blank

Chapter 25

Other Information

25.1 Approvals

25.1.1 NewGen Asset Management Limited – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

December 21, 2012

Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. W
Toronto, ON M5H 3Y4

Attention: Matthew P. Williams

Dear Sirs/Medames:

**Re: NewGen Asset Management Limited (the
“Applicant”)**

**Application pursuant to clause 213(3)(b) of the
Loan and Trust Corporations Act (Ontario) for
approval to act as trustee**

Application No. 2012/0736

Further to your application dated November 16, 2012, (the “Application”) filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Wolverine Opportunity Fund and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the “Commission”) makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Wolverine Opportunity Fund and any other future mutual fund trusts which may be established and managed by the Applicant from time to

time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

“Christopher Portner”

“Judith Robertson”

25.1.2 Galibier Capital Management Ltd. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

December 21, 2012

AUM Law Professional Corporation
225a MacPherson Ave, Suite 201
Toronto, ON M4V 1A1

Attention: Stacey Long

Dear Sirs/Medames:

Re: Galibier Capital Management Ltd. (the “Applicant”)

Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporation Act* (Ontario) for approval to act as trustee

Application No. 2012/0710

Further to your application dated November 6, 2012 (the “Application”) filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Galibier North American Opportunistic Fund and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the “Commission”) makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Galibier North American Opportunistic Fund and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

“Christopher Portner”

“Judith Robertson”

25.1.3 Blair Franklin Asset Management Inc. – ss. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with no prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

December 21, 2012

Borden Ladner Gervais LLP
Scotia Plaza, 40 King St. W.
Toronto, ON M5H 3Y4

Attention: Sarah K. Gardiner

Dear Sirs/Medames:

Re: Blair Franklin Asset Management Inc. (the “Applicant”)

Application pursuant to clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario) for approval to act as trustee

Application No. 2012/0677

Further to your application dated October 22, 2012 (the “Application”) filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Blair Franklin Global Credit Fund Trust and Blair Franklin Global Rates Fund Trust and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the “Commission”) makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of Blair Franklin Global Credit Fund Trust and Blair Franklin Global Rates Fund Trust and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to prospectus exemptions.

Yours truly,

“Christopher Portner”

“Judith Robertson”

Index

Ahluwalia, Mohinder		Cougar Global Investments Limited Partnership	
Notice from the Office of the Secretary	561	Registrant	741
Order – ss. 127, 127.1	610		
OSC Reasons (Sanctions) – ss. 127, 127.1	617	Dixon Mitchell Investment Counsel Inc.	
		Registrant	741
Annapolis Capital Limited		EM Investor Services Inc. and Excel Investment Counsel Inc. Amalgamated	
Registrant	742	Registrant	741
Beutel, Goodman & Company Ltd.		Ernst & Young LLP	
Registrant	741	Notice from the Office of the Secretary	562
Beutel, Goodman & Company Ltd. and Beutel, Goodman Managed Funds Inc.		Order – ss. 127, 127.1	615
Registrant	741	Excel Investment Counsel Inc.	
Beutel Goodman Global Dividend Fund		Registrant	741
Decision	589, 593	Exempt Market Review – Consultation Sessions on OSC Staff Consultation Paper 45-710	
Beutel Goodman Global Equity Fund		Notice	560
Decision	589, 593	Galibier Capital Management Ltd.	
Beutel Goodman Managed Funds Inc.		Approval – s. 213(3)(b) of the LTCA	746
Decision	589, 593	Granite Real Estate Inc.	
Beutel Goodman Short Term Bond Fund		Decision	570
Decision	589, 593	ICE Clear Credit LLC	
Blair Franklin Asset Management Inc.		Order – s. 147	612
Approval – ss. 213(3)(b) of the LTCA	746	Clearing Agencies	743
Brigata Canadian Equity Fund		Institute of Advanced Financial Planners	
Decision	585	Decision	597
Brigata Capital Management Inc.		JOG Capital Corp.	
Decision	585	Registrant	742
Cabo Catoche Corp.		McElvaine Investment Management Ltd.	
Notice from the Office of the Secretary	561	Registrant	742
Order	606	Medra Corp.	
Cicccone, Vincent		Notice from the Office of the Secretary	561
Notice from the Office of the Secretary	561	Order	606
Order	606	Medra Corporation	
Connor, Clark & Lunn Capital Class Inc., Balanced Portfolio Class Shares, Series 1		Notice from the Office of the Secretary	561
Decision	581	Order	606
Connor, Clark & Lunn Capital Class Inc., Natural Resources Class Shares		NewGen Asset Management Limited	
Decision	581	Approval – s. 213(3)(b) of the LTCA	745
Connor, Clark & Lunn Capital Markets Inc.		Organic Resource Management Inc.	
Decision	581	Decision – s. 1(10)	605
Cougar Global Investments Limited			
Registrant	741		

OSC Staff Notice 11-742 (Revised) – Securities Advisory Committee	
Notice.....	559
Richmond Equity Management Ltd.	
Registrant.....	741
Strategic Analysis (1994) Corporation	
Registrant.....	741
Sunstone (No.4) Limited Partnership	
Decision	563, 567
Sunstone U.S. (2008) L.P	
Decision	601
Sunstone U.S. Opportunity (No.4) Realty Trust	
Decision	563, 567
Sunstone U.S. Opportunity Realty Trust	
Decision	601
Tetrem Capital Management Ltd.	
Registrant.....	741
TQM Pipeline and Company, Limited Partnership	
Decision	576
Trans Québec & Maritimes Pipeline Inc.	
Decision	576
Value Partners Investments Inc.	
Decision	597