The Ontario Securities Commission

OSC Bulletin

February 14, 2013

Volume 36, Issue 7

(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:	Fax: 416-593-8122
Market Regulation Branch:	Fax: 416-595-8940
Compliance and Registrant Regulation Branch	
- Compliance:	Fax: 416-593-8240
- Registrant Regulation:	Fax: 416-593-8283
Corporate Finance Branch	
- Team 1:	Fax: 416-593-8244
- Team 2:	Fax: 416-593-3683
- Team 3:	Fax: 416-593-8252
- Insider Reporting:	Fax: 416-593-3666
- Mergers and Acquisitions:	Fax: 416-593-8177
Enforcement Branch:	Fax: 416-593-8321
Executive Offices:	Fax: 416-593-8241
General Counsel's Office:	Fax: 416-593-3681
Investment Funds Branch:	Fax: 416-593-3699
Office of the Secretary:	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 S*ecuritiesSource*™, 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.

ISSN 0226-9325

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

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

February 14, 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
Catherine Bateman	—	CEB
James D. Carnwath	—	JDC
Sarah B. Kavanagh	—	SBK
Paulette L. Kennedy	—	PLK
Edward P. Kerwin	—	EPK
Vern Krishna	—	VK
Deborah Leckman	—	DL
Alan J. Lenczner	—	AJL
Christopher Portner	—	CP
Judith N. Robertson	—	JNR
AnneMarie Ryan	—	AMR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

February 19-22, June 3, 5-6, 10-12, 14-17, 19-20 & July 22-26, 2013
10:00 AM
Jowdat Waheed and Bruce Walter
s. 127
J. Lynch in attendance for Staff
Panel: CP/SBK/PLK

February 19, 2013
10:00 a.m.
Blackwood & Rose Inc., Steven Zetchus and Justin Kreller (also known as Justin Kay)
s. 37, 127 and 127.1
C. Rossi in attendance for Staff
Panel: JEAT

February 19, 2013
11:00 a.m.
Steven Vincent Weeres and Rebekah Donszelmann
s. 127
S. Schumacher in attendance for Staff
Panel: JEAT

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: JEAT/JNR

February 21, 2013
2:00 p.m.
Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton

s. 127

S. Horgan in attendance for Staff

Panel: EPK

February 25, 2013
10:00 a.m.
Global RESP Corporation and Global Growth Assets Inc.

s. 127

D. Ferris in attendance for Staff

Panel: JEAT

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 27, 2013
11:00 a.m.
Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh

s. 127 and 127.1

M. Vaillancourt in attendance for Staff

Panel: JEAT

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) & (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 5, 2013
2:00 p.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

J. Feasby in attendance for Staff

Panel: MGC

March 5, 2013
2:00 p.m.
Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy LLC

s. 127

J. Feasby 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 7, 2013 11:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos known as Peter Kuti), Jan Chomica, and Lorne Banks** s.127 H. Craig/C. Rossi in attendance for Staff Panel: MGC
March 11, 2013 10:00 a.m.	**AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga** s. 127 C. Rossi in attendance for Staff Panel: JEAT
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 13, 2013 10:00 a.m.	**Moncasa Capital Corporation and John Frederick Collins** s. 127 T. Center in attendance for Staff Panel: EPK
March 18-25, March 27-28, April 1-5 & April 24-25, 2013 10:00 a.m.	**Peter Sbaraglia** s. 127 J. Lynch in attendance for Staff Panel: CP
March 18-25 & March 27-28, 2013 10:00 a.m.	**2196768 Ontario Ltd carrying on business as Rare Investments, Ramadhar Dookhie, Adil Sunderji and Evgueni Todorov** s. 127 D. Campbell in attendance for Staff Panel: EPK
March 21, 2013 9:00 a.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
March 21, 2013 9:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
March 22, 2013 10:00 a.m.	**Global Energy Group, Ltd., New Gold Limited Partnerships, Christina Harper, Vadim Tsatskin, Michael Schaumer, Elliot Feder, Oded Pasternak, Alan Silverstein, Herbert Groberman, Allan Walker, Peter Robinson, Vyacheslav Brikman, Nikola Bajovski, Bruce Cohen and Andrew Shiff** s. 37, 127 and 127.1 C. Watson in attendance for Staff Panel: PLK/JNR
March 25, March 27-28, April 8, April 10-12, April 17, April 19, May 13-17, May 22 & June 24-28, 2013 10:00 a.m.	**Bernard Boily** s.127 and 127.1 M. Vaillancourt/U. Sheikh in attendance for Staff Panel: TBA
April 2, 2013 10:00 a.m.	**Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)** s. 127 M. Vaillancourt in attendance for Staff Panel: VK

April 3-5, 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
April 4, 2013 10:00 a.m.	**Sandy Winick, Andrea Lee Mccarthy, Kolt Curry, Laura Mateyak, Gregory J. Curry, American Heritage Stock Transfer Inc., American Heritage Stock Transfer, Inc., BFM Industries Inc., Liquid Gold International Corp., (aka Liquid Gold International Inc.) and Nanotech Industries Inc.** s. 127 J. Feasby in attendance for Staff Panel: JDC
April 8, April 10-16, April 22, April 24, April 29-30, May 6 & May 8, 2013 10:00 a.m.	**Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock** s. 127 C. Johnson in attendance for Staff Panel: TBA
April 11-22 & April 24, 2013 10:00 a.m.	**Morgan Dragon Development Corp., John Cheong (aka Kim Meng Cheong), Herman Tse, Devon Ricketts and Mark Griffiths** s. 127 J. Feasby in attendance for Staff Panel: EPK
April 15-22, April 25-May 6 & May 8-10, 2013 10:00 a.m.	**Heir Home Equity Investment Rewards Inc.; FFI First Fruit Investments Inc.; Wealth Building Mortgages Inc.; Archibald Robertson; Eric Deschamps; Canyon Acquisitions, LLC; Canyon Acquisitions International, LLC; Brent Borland; Wayne D. Robbins; Marco Caruso; Placencia Estates Development, Ltd.; Copal Resort Development Group, LLC; Rendezvous Island, Ltd.; The Placencia Marina, Ltd.; and The Placencia Hotel and Residences Ltd.** s.127 B. Shulman in attendance for Staff Panel: JDC
April 25, 26 & May 13, 2013 10:00 a.m.	**Matthew Robert White and White Capital Corporation** s. 8 S. Horgan/C. Weiler in attendance for Staff Panel: JEAT
April 29-May 6 & May 8-10, 2013 10:00 a.m.	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
May 9, 2013 10:00 a.m.	**New Solutions Capital Inc., New Solutions Financial Corporation, New Solutions Financial (II) Corporation, New Solutions Financial (III) Corporation, New Solutions Financial (VI) Corporation and Ron Ovenden** s.127 Y. Chisholm in attendance for Staff Panel: TBA

June 3, June 5-17 & June 19-25, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** 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
July 31, 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
September 16-23, September 25-October 7, October 9-21, October 23-November 4, November 6-18, November 20-December 2, December 4-16 & 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
May 5-May 16 & May 20-June 20, 2014 10:00 a.m.	**Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng)** s. 127 T. Center/D. Campbell in attendance for Staff Panel: TBA
TBA	**Yama Abdullah Yaqeen** s. 8(2) J. Superina in attendance for Staff Panel: TBA
TBA	**Microsourceonline Inc., Michael Peter Anzelmo, Vito Curalli, Jaime S. Lobo, Sumit Majumdar and Jeffrey David Mandell** s. 127 J. Waechter in attendance for Staff Panel: TBA
TBA	**Frank Dunn, Douglas Beatty, Michael Gollogly** s.127 K. Daniels in attendance for Staff Panel: TBA
TBA	**MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric** s. 127 & 127(1) D. Ferris in attendance for Staff Panel: TBA
TBA	**Gold-Quest International, 1725587 Ontario Inc. carrying on business as Health and Harmoney, Harmoney Club Inc., Donald Iain Buchanan, Lisa Buchanan and Sandra Gale** s.127 H. Craig in attendance for Staff Panel: TBA

TBA	**Gold-Quest International, Health and Harmoney, Iain Buchanan and Lisa Buchanan** s.127 H. Craig in attendance for Staff Panel: TBA
TBA	**Brilliante Brasilcan Resources Corp., York Rio Resources Inc., Brian W. Aidelman, Jason Georgiadis, Richard Taylor and Victor York** s. 127 H. Craig in attendance for Staff Panel: TBA
TBA	**Uranium308 Resources Inc., Michael Friedman, George Schwartz, Peter Robinson, and Shafi Khan** s. 127 H. Craig/C.Rossi in attendance for Staff Panel: TBA
TBA	**FactorCorp Inc., FactorCorp Financial Inc. and Mark Twerdun** s. 127 C. Price in attendance for Staff Panel: TBA
TBA	**York Rio Resources Inc., Brilliante Brasilcan Resources Corp., Victor York, Robert Runic, George Schwartz, Peter Robinson, Adam Sherman, Ryan Demchuk, Matthew Oliver, Gordon Valde and Scott Bassingdale** s. 127 H. Craig/C. Watson in attendance for Staff Panel: TBA
TBA	**Innovative Gifting Inc., Terence Lushington, Z2A Corp., and Christine Hewitt** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
TBA	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman in attendance for Staff Panel: TBA
TBA	**Bunting & Waddington Inc., Arvind Sanmugam, Julie Winget and Jenifer Brekelmans** s. 127 S. Schumacher in attendance for Staff Panel: TBA
TBA	**Colby Cooper Capital Inc.** **Colby Cooper Inc., Pac West Minerals Limited John Douglas Lee Mason** s. 127 B. Shulman in attendance for Staff Panel: TBA
TBA	**Beryl Henderson** s. 127 S. Schumacher in attendance for Staff Panel: TBA
TBA	**International Strategic Investm** **International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.** s. 127 C. Watson in attendance for Staff Panel: TBA

TBA **Majestic Supply Co. Inc., Suncastle Developments Corporation, Herbert Adams, Steve Bishop, Mary Kricfalusi, Kevin Loman and CBK Enterprises Inc.**

s. 37, 127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

TBA **Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)**

s.127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

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

s. 127

A. Perschy/A. Pelletier in attendance for Staff

Panel: TBA

TBA **Portus Alternative Asset Management Inc., Portus Asset Management Inc., Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg**

s. 127

H Craig in attendance for Staff

Panel: TBA

TBA **Irwin Boock, Stanton Defreitas, Jason Wong, Saudia Allie, Alena Dubinsky, Alex Khodjaiants Select American Transfer Co., Leasesmart, Inc., Advanced Growing Systems, Inc., International Energy Ltd., Nutrione Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd., Cambridge Resources Corporation, Compushare Transfer Corporation, Federated Purchaser, Inc., TCC Industries, Inc., First National Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Group**

s. 127 & 127.1

D. Campbell in attendance for Staff

Panel: TBA

TBA **Systematech Solutions Inc., April Vuong and Hao Quach**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA **Ernst & Young LLP**

s. 127 and 127.1

A. Clark in attendance for Staff

Panel: TBA

TBA **Newer Technologies Limited, Ryan Pickering and Rodger Frey**

s. 127 and 127.1

B. Shulman in attendance for staff

Panel: TBA

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

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: TBA

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

s.127

H. Craig in attendance for Staff

Panel: TBA

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

s.127

H. Craig in attendance for Staff

Panel: TBA

TBA **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

TBA **Quadrexx Asset Management Inc., Quadrexx Secured Assets Inc., Offshore Oil Vessel Supply Services LP, Quibik Income Fund and Quibik Opportunity Fund**

s. 127

D. Ferris in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

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

1.1.2 Notice of Ministerial Approval of Amendments to National Instrument 54-101 Communication With Beneficial Owners Of Securities Of A Reporting Issuer

NOTICE OF MINISTERIAL APPROVAL
OFAMENDMENTS TO
NATIONAL INSTRUMENT 54-101
COMMUNICATION WITH BENEFICIAL
OWNERS OF SECURITIES OF A
REPORTING ISSUER

AND

NATIONAL INSTRUMENT 51-102
CONTINUOUS DISCLOSURE
OBLIGATIONS

Ministerial approval of certain rules

On January 15, 2013, the Minister of Finance approved, pursuant to section 143.3 of the *Securities Act* (Ontario):

- amendments to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*; and
- amendments to National Instrument 51-102 *Continuous Disclosure Obligations*.

The amendments came into force on February 11, 2013.

Commission approval of related policy changes

In connection with this initiative, the Ontario Securities Commission made changes on November 26, 2012 to:

- Companion Policy 54-101CP *Communication with Beneficial Owners of Securities of a Reporting Issuer* (**54-101CP**); and
- Companion Policy 51-102CP *Continuous Disclosure Obligations* (**51-102CP**).

The changes to 54-101CP and 51-102CP also became effective on February 11, 2013.

February 14, 2013

1.2 Notices of Hearing

1.2.1 Steven Vincent Weeres and Rebekah Donszelmann – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
STEVEN VINCENT WEERES and
REBEKAH DONSZELMANN

NOTICE OF HEARING
(Subsections 127(1) and 127(10))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act"), at the temporary offices of the Commission, 333 Bay Street, Suite 900, Toronto, Ontario, commencing on February 19, 2013 at 11:00 a.m.;

TO CONSIDER whether, pursuant to paragraph 4 of subsection 127(10), it is in the public interest for the Commission:

1. to make an order against Steven Vincent Weeres ("Weeres") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by him cease permanently;

    b. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to him permanently;

    c. pursuant to paragraph 7 of subsection 127(1) of the Act, he resign any positions that he holds as director or officer of an issuer; and

    d. pursuant to paragraph 8 of subsection 127(1) of the Act, he be prohibited permanently from becoming or acting as an officer or director of an issuer;

2. to make an order against Rebekah Donszelmann ("Donszelmann") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by her cease until March 15, 2032;

    b. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to her until March 15, 2032;

    c. pursuant to paragraph 7 of subsection 127(1) of the Act, she resign any positions that she holds as director or officer of an issuer; and

    d. pursuant to paragraph 8 of subsection 127(1) of the Act, she be prohibited from becoming or acting as an officer or director of an issuer until March 15, 2032;

3. to make such other order or orders as the Commission considers appropriate;

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated January 31, 2013 and by reason of an order of the New Brunswick Securities Commission dated March 15, 2012, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on February 19, 2013, Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2012), 35 OSCB 10071, and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

DATED at Toronto this 6th day of February, 2013.

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

AND

IN THE MATTER OF
STEVEN VINCENT WEERES and
REBEKAH DONSZELMANN

STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. THE RESPONDENTS

1. Steven Vincent Weeres ("Weeres") is a resident of Millet, Alberta.

2. Rebekah Donszelmann ("Donszelmann") is a resident of Millet, Alberta.

II. OVERVIEW

3. Weeres and Donszelmann (collectively the "Respondents") were involved in the operations of Shaker Management Group Inc. ("SMGI"), a New Brunswick corporation incorporated in 2008.

4. Neither Respondent has ever been registered with the New Brunswick Securities Commission ("NBSC") in any capacity.

5. he Respondents are subject to an order made by the NBSC dated March 15, 2012 (the "NBSC Order") that imposes sanctions, conditions, restrictions or requirements upon them.

6. The conduct for which the Respondents were sanctioned took place from November 2008 through September 2009.

7. SMGI discontinued operations in the Fall of 2009 and is currently insolvent.

III. THE ALLEGATIONS

The NBSC Proceedings

8. In its Reason for Decision on the Merits dated November 29, 2011, a panel of the NBSC made the following findings against the Respondents:

   a. the Respondents traded in securities in New Brunswick without being registered to do so and without exemption from registration requirements, contrary to section 45(a) of the *Securities Act,* S.N.B. 2004, c. S-5.5 (the "NBSA");

   b. the Respondents did not file a prospectus with the NBSC in relation to the distribution of their securities, nor were they exempted from doing so, in contravention of section 71(1) of the NBSA;

   c. Weeres made representations relating to the future value of securities in an effort to effect a trade, thereby contravening section 58(2) of the NBSA;

   d. Weeres perpetrated a fraud, in contravention of section 69(b) of the NBSA; and

   e. Weeres made misleading and untrue statements in a material respect, in contravention of section 181 of the NBSA.

The NBSC Order

9. The NBSC Order imposed the following sanctions, conditions, restrictions or requirements:

a. upon Weeres:

i. pursuant to sections 184(1)(c),(d) and (i) of the NBSA, that Weeres cease trading in securities in New Brunswick permanently, that any exemptions from New Brunswick securities laws do not apply to him permanently and that he be prohibited from becoming or acting as a director or officer of any issuer permanently; and

ii. pursuant to subsection 186(1) of the NBSA, that Weeres pay an administrative penalty in the amount of $200,000.00;

b. upon Donszelmann:

i. pursuant to sections 184(1)(c),(d) and (i) of the NBSA, Donszelmann cease trading in securities in New Brunswick for a period of 20 years, that any exemptions from New Brunswick securities laws not apply to her for a period of 20 years and that she be prohibited from becoming or acting as a director or officer of any issuer for a period of 20 years;

ii. pursuant to subsection 186(1) of the NBSA, that Donszelmann pay an administrative penalty in the amount of $25,000.00;

c. upon the Respondents:

i. pursuant to paragraph 184(1)(p) of the NBSA, that the Respondents disgorge $22,600.00 to the NBSC;

ii. pursuant to paragraph 185 of the NBSA, that the Respondents jointly and severally pay costs in the amount of $13,575.00.

Jurisdiction of the Ontario Securities Commission

10. The Respondents are subject to an order of the NBSC imposing sanctions, conditions, restrictions or requirements on them.

11. Pursuant to paragraph 4 of subsection 127(10) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act"), an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

12. Staff allege that it is in the public interest to make an order against the Respondents under subsection 127(1) of the Act.

13. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

14. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure.*

DATED at Toronto, this 31st day of January, 2013.

1.2.2 Ground Wealth Inc. et al. – ss. 127, 127.1

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c.S.5, as amended

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER,
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.,
and ARMADILLO ENERGY LLC

NOTICE OF HEARING
(Section 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990, c.S.5, as amended (the "Act"), at the temporary offices of the Commission at ASAP Reporting Services Inc., Bay-Adelaide Centre, 333 Bay St., Suite 900, Toronto, on March 5, 2013, at 2:00 p.m., or so soon thereafter as the hearing can be held, to consider whether it is in the public interest for the Commission:

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondents cease permanently or for such period as specified by the Commission;

(b) to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of any securities by the Respondents be prohibited permanently or for such period as is specified by the Commission;

(c) to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondents permanently or for such period as specified by the Commission;

(d) to make an order pursuant to section 127(1) clause 6 of the Act that the individual Respondents be reprimanded;

(e) to make an order pursuant to section 127(1) clause 7 of the Act that the individual Respondents resign any position that the they hold as a director or officer of an issuer;

(f) to make an order pursuant to section 127(1) clause 8 of the Act that the individual Respondents be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

(g) to make an order pursuant to section 127(1) clause 8.2 of the Act that the individual Respondents be prohibited from becoming or acting as an officer or director of a registrant permanently or for such period as specified by the Commission;

(h) to make an order pursuant to section 127(1) clause 8.4 of the Act that the individual Respondents be prohibited from becoming or acting as an officer or of an investment fund manager permanently or for such period as specified by the Commission;

(i) to make an order pursuant to section 127(1) clause 8.5 of the Act that the individual Respondents be prohibited from becoming or acting as an a registrant, an investment fund manager or as a promoter permanently or for such period as specified by the Commission;

(j) to make an order pursuant to section 127(1) clause 9 of the Act that the Respondents each pay an administrative penalty of not more than $1 million for each failure by the Respondents to comply with Ontario securities law;

(k) to make an order pursuant to section 127(1) clause 10 of the Act that the Respondents disgorge to the Commission any amounts obtained as a result of the non-compliance with Ontario securities law;

(l) to make an order pursuant to section 127.1 of the Act that the Respondents, or any of them, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and,

(m) to make such other order or orders as the Commission considers appropriate.

BY REASON of the allegations set out in the Statement of Allegations of Staff, dated February 1, 2013, and such additional allegations as counsel may advise and the Commission may permit;

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

ND FURTHER TAKE NOTICE that upon failure of any party to attend at the time and place, or to submit materials in writing, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding;

DATED at Toronto this 1st day of February, 2013.

"John Stevenson"

Secretary to the Commission

TO: Ground Wealth Inc.

Michelle Dunk

Adrion Smith

Joel Webster

Douglas Deboer

Armadillo Energy Inc.

Armadillo Energy, Inc.

Armadillo Energy LLC

IN THE MATTER OF
THE SECURITIES ACT
R.S.O. 1990, c.S.5, as amended

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER,
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.,
and ARMADILLO ENERGY LLC

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. From October 2010 through April 2011 the ("Material Time"), Ground Wealth Inc. ("GWI") and others illegally distributed securities and traded securities without registration to Ontario investors. The securities entitled investors to the proceeds of the extraction and sale of oil from oil leases located in the State of Oklahoma, USA (the "Armadillo Securities"). GWI raised approximately CDN $5.3 million by distributing the Armadillo Securities to more than 130 Canadian investors (the "Investors"; the "Investor Funds"). Approximately CDN $2.8 million of the Investor Funds were paid by 68 of the investors who were Ontario residents. GWI retained at least 22% of the Investor Funds as a fee for marketing the Armadillo Securities (the "GWI Marketing Fee").

II. THE RESPONDENTS

2. GWI, formerly J.A.M.M. Tours Inc., is a company incorporated under the laws of Ontario with its office in Cambridge, Ontario. Michelle Dunk ("Dunk") and Adrion Smith ("Smith") incorporated GWI and are the beneficial owners and the only officers and directors of the company. GWI has never been registered with the Ontario Securities Commission (the "Commission") in any capacity. GWI's sole business during the Material Time was marketing the Armadillo Securities.

3. Dunk is a resident of Ontario. During the Material Time, Dunk was registered with the Ontario Ministry of Government Services (the "OMGS") as a Director, the Vice-President, and the Secretary of GWI. Dunk has never been registered with the Commission in any capacity.

4. Smith is a resident of Ontario. During the Material Time, Smith was registered with the OMGS as a Director and the President of GWI. Smith was registered with the Commission in various categories at different times between June 2008 and April 2010.

5. Joel Webster ("Webster") is a resident of Ontario. Webster has never been registered with the Commission in any capacity. At GWI, Webster held the titles of Sales Manager and Inside Sales Representative.

6. Douglas DeBoer ("DeBoer") is a resident of Ontario, and has never been registered with the Commission in any capacity. During the Material Time, marketing documents produced by Armadillo and GWI described DeBoer as the Chief Financial Officer and Financial Director of Armadillo Energy Inc. ("Armadillo Texas").

7. Armadillo Energy, Inc. ("Armadillo Nevada") is a company incorporated under the laws of the State of Nevada with operations in Oklahoma. Armadillo Nevada has never been registered with the Commission in any capacity.

8. Armadillo Texas is a company incorporated under the laws of the State of Texas. Armadillo Texas has never been registered with the Commission in any capacity.

9. Armadillo Energy LLC ("Armadillo Oklahoma") is a company incorporated under the laws of the State of Oklahoma. Armadillo Oklahoma has never been registered with the Commission in any capacity.

10. The three Armadillo companies operated as a single enterprise (collectively referred to herein as "Armadillo").

IV. PARTICULARS

The Armadillo Securities

11. The Armadillo Securities constituted securities under Ontario securities law.

12. The Armadillo Securities were sold in durations of seven, ten and fifteen years in the form of a document entitled "Partnership Agreement" setting out the terms of the investment (the "Partnership Agreement").

13. The terms of the Armadillo Securities are also described in a document entitled "Prospectus" (the "Armadillo Prospectus") which was provided to Investors.

14. After purchasing the Armadillo Securities, Investors received a document entitled "Certificate of Ownership" memorializing their investment. The words "stock certificate" are printed in the background of the document (the "Armadillo Certificate").

15. The Investor, GWI and Armadillo are all named as parties to the Partnership Agreement. The Armadillo Securities entitle the Investor to the right to receive the proceeds of the extraction and sale of a certain amount of oil from specified oil leases each month for the duration of the investment (the "Production Payments").

16. The Partnership Agreement provided that Investors were to make their cheques for the purchase of the Armadillo Securities payable to GWI.

17. The Production Payments are described in the Partnership Agreement as being net of certain fees and levies, including a Landowner Royalty of 18.75%, State Production Levies of 6%, and a $0.14 per barrel Administrative Fee.

18. Ten and fifteen year investments in the Armadillo Securities were also offered with the option of re-investing the Production Payments.

Distribution and Trading

19. During the Material Time, Dunk, Smith, Webster, DeBoer, GWI and Armadillo (the "Respondents"), as well as representatives of GWI and Armadillo, traded the Armadillo Securities to members of the public in Ontario and elsewhere in Canada (the "Investors").

20. GWI marketed the Armadillo Securities through a network of commissioned sales representatives (the "Sales Force").

21. Investors who purchased Armadillo Securities paid their funds to GWI. GWI then facilitated the transfer of the majority of the Investor Funds to Armadillo.

22. Cheques for monthly Production Payments were sent by Armadillo to GWI for delivery to investors. At different times, the Production Payment cheques were drawn on accounts held by each of the three Armadillo companies.

23. The Sales Force sold the Armadillo Securities to the public using marketing materials provided by GWI, including written materials and video presentation materials.

24. In addition, GWI hosted dinners at restaurants in the Guelph and Kitchener-Waterloo areas at which persons associated with GWI and Armadillo solicited members of the public to invest in the Armadillo Securities (the "GWI Marketing Dinners").

25. Also for the purpose of marketing the Armadillo Securities, GWI flew numerous prospective investors, including Ontario residents, together with members of the Sales Force to the State of Oklahoma, where they received a tour of oil drilling operations.

26. After deducting the GWI Marketing Fee, GWI remitted the remainder of the Investor Funds to Armadillo.

27. Members of the Sales Force and GWI management who successfully solicited Investors to purchase the Armadillo Securities were paid commissions of 5-12% of the value of each sale.

28. GWI did not disclose to Investors either in the Partnership Agreement or the Armadillo Prospectus that it was paying commissions to members of the Sales Force based on a percentage of the value of the Armadillo Securities the Investors purchased.

29. The solicitations and other acts in furtherance of the sale of the Armadillo Securities were trades in securities not previously issued and were therefore distributions. None of the Respondents has ever filed a preliminary prospectus or a prospectus with the Commission, and no prospectus receipt has ever been issued by the Director as required by section 53(1) of the Act to qualify the sale of any of the Armadillo Securities.

Michelle Dunk

30. Dunk was a directing mind for all of GWI's activities.

31. Dunk is registered with the OMGS as a Director, the Vice-President and Secretary of GWI.

32. Dunk signed all completed Partnership Agreements as President and Chief Executive Officer of GWI.

33. Throughout the Material Time, Dunk was a co-signing authority with Smith on GWI's bank accounts in Ontario and exercised control over GWI's finances.

34. Dunk trained members of the Sales Force on selling the Armadillo Securities.

35. Dunk met with prospective investors who were being solicited by members of the Sales Force to purchase the Armadillo Securities.

36. Dunk also made presentations to potential investors about the Armadillo Securities at GWI Marketing Dinners.

37. As a beneficial owner of GWI, Dunk had an interest in the funds received by GWI as the GWI Marketing Fee.

Adrion Smith

38. Throughout the Material Time, Smith was a co-signing authority with Dunk on bank accounts held by GWI in Ontario and signed numerous cheques on behalf of GWI.

39. Smith attended at least one GWI Marketing Dinner and attended on a trip to Oklahoma to see the Armadillo oil operation.

40. Smith oversaw staff members at GWI and assisted with training members of the Sales Force on sales techniques.

41. As a beneficial owner of GWI, Smith had an interest in the funds received by GWI as the GWI Marketing Fee.

Joel Webster

42. Webster assisted in drafting the Partnership Agreement for the Armadillo Securities, as well as GWI's written marketing materials.

43. Within the Material Time, Webster held signing authority over bank accounts held by GWI in Ontario.

44. Webster managed the Sales Force, including training the Sales Force on the Armadillo Securities.

45. Webster spoke on behalf of GWI in a marketing video for the Armadillo Securities and regularly spoke to potential investors at GWI Marketing Dinners.

46. Webster sold the Armadillo Securities himself and also spoke to potential investors to assist members of the Sales Force with their own sales of the Armadillo Securities.

47. Webster received sales commissions for his role in marketing the Armadillo Securities, both as a manager and for sales he made directly.

48. Webster supervised the completion of the Partnership Agreements and signed on behalf of GWI when Investors purchased the Armadillo Securities.

Douglas DeBoer

49. DeBoer developed the structure for the Armadillo Securities and introduced Armadillo to the investment concept. DeBoer subsequently provided advice to Armadillo on the structure of the Armadillo Securities.

50. DeBoer also introduced Dunk to the idea for the Armadillo Securities and put her in touch with Armadillo.

51. DeBoer participated in the training of the Sales Force on the Armadillo Securities.

Misleading Staff

52. In a compelled examination in this matter on November 29, 2012, Smith was questioned about a cheque for $20,000 he wrote to GWI in March of 2011 and a cheque he received for the same amount in April 2011 from a person named Denise Warriner ("Warriner"). The cheque was marked with the memo line "GWI repayment/investment." Smith was questioned about his knowledge of whether Warriner had invested in the Armadillo Securities and conversations he may have had with her about whether she invested. When asked "Who is Denise Warriner?" Smith identified her only as "a friend of mine," and failed to advise Staff that Warriner was his spouse.

53. Smith's answer, as described above, failed to state a fact, namely that Warriner and Smith are married, that was required to be stated or that was necessary to make the statement not misleading.

V. ALLEGATIONS

54. Staff make the following specific allegations:

(a) Between and including October 2010 and April 2011, the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so in circumstances in which no exemption was available, contrary to s. 25(1)(a) of the *Securities Act,* R.S.O. 1990, c.S.5, as amended (the "Act");

(b) Between and including October 2010 and April 2011, the Respondents distributed securities without a preliminary prospectus and prospectus having been filed and receipts having been issued for them by the Director and without an exemption from the prospectus requirement, contrary to section 53(1) of the Act;

(c) Between and including October 2010 and April 2011, Dunk and Smith, being directors and/or officers of GWI, did authorize, permit or acquiesce in the commission of the violations of sections 25 and 53 of the Act, as set out above, by GWI or by the employees, agents or representatives of GWI, contrary to section 129.2 of the Act;

(d) Between and including October 2010 and April 2011, DeBoer, being a director or officer or de facto director or officer of Armadillo, did authorize, permit or acquiesce in the commission of the violations of sections 25 and 53 of the Act, as set out above, by Armadillo or by the employees, agents or representatives of Armadillo, contrary to section 129.2 of the Act; and,

(e) On November 29, 2012, Smith made statements to Staff that, in a material respect and at the time and in light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to s. 122(1)(a) of the Act.

VI. CONDUCT CONTRARY TO THE PUBLIC INTEREST

55. The conduct of the Respondents contravened Ontario securities law and is contrary to the public interest.

56. Staff seek enforcement orders under section 127 of the Act and costs under s. 127.1 of the Act.

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

DATED at Toronto this 1st day of February, 2013.

1.2.3 Northern Securities Inc. et al. – ss. 8, 21.7

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

AND

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

AND

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

NOTICE OF HEARING
(Sections 8 and 21.7)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing (the "Hearing") at the temporary offices of the Commission at ASAP Reporting Services Inc., Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto, Ontario commencing on Thursday, February 14, 2013 at 10:00 a.m. or as soon thereafter as the Hearing can be held;

TO CONSIDER a request from Northern Securities Inc., Victor Philip Alboini, Douglas Michael Chornoboy and Frederick Earl Vance for a Hearing and Review of decisions of a hearing panel of the Investment Industry Regulatory Organization of Canada dated July 23, 2012 and November 10, 2012.

Dated at Toronto this 11th day of February, 2013

"Josée Turcotte" per

John Stevenson
Secretary to the Commission

1.4 Notices from the Office of the Secretary

1.4.1 Oversea Chinese Fund Limited Partnership et al.

FOR IMMEDIATE RELEASE
February 5, 2013

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP,
WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

TORONTO – The Commission issued a Temporary Order in the above named which provides that the Temporary Order is extended until August 1, 2013 and the hearing of this matter is adjourned to July 31, 2013 at 10:00 a.m. without prejudice to the Respondents to bring an application to vary the Temporary Order pursuant to section 144 of the Act.

A copy of the Temporary Order dated February 1, 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 AMTE Services Inc. et al.

FOR IMMEDIATE RELEASE
February 6, 2013

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

AND

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

TORONTO – The Commission issued a Temporary Order in the above named matter which provides that the Temporary Order is extended until March 12, 2013 or until further order of the Commission, and the hearing is adjourned to March 11, 2013 at 10:00 a.m. or to such other date or time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Temporary Order dated January 28, 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)

1.4.3 Steven Vincent Weeres and Rebekah Donszelmann

FOR IMMEDIATE RELEASE
February 7, 2013

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

AND

IN THE MATTER OF
STEVEN VINCENT WEERES AND
REBEKAH DONSZELMANN

TORONTO – The Office of the Secretary issued a Notice of Hearing on February 6, 2013 setting the matter down to be heard on February 19, 2013 at 11:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated February 6, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated January 31, 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)

1.4.4 Peter Sbaraglia

FOR IMMEDIATE RELEASE
February 8, 2013

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

AND

IN THE MATTER OF
PETER SBARAGLIA

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

1. The hearing for the purpose of considering a motion by the Receiver to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules is adjourned to February 27, 2013 at 10:00 a.m.;

2. The hearing for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules is adjourned to February 27, 2013 at 10:00 a.m., following the hearing to which reference is made in paragraph 1 above, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary.

A copy of the Order dated February 8, 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)

1.4.5 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
February 7, 2013

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

AND

IN THE MATTER OF
GROUND WEALTH INC., MICHELLE DUNK,
ADRION SMITH, JOEL WEBSTER, DOUGLAS DEBOER,
ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC.
AND ARMADILLO ENERGY LLC

TORONTO – The Office of the Secretary issued a Notice of Hearing on February 1, 2013 setting the matter down to be heard on March 5, 2013 at 2:00 p.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated February 1, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated February 1, 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)

1.4.6 Quadrexx Asset Management Inc et al.

FOR IMMEDIATE RELEASE
February 7, 2013

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

AND

IN THE MATTER OF
QUADREXX ASSET MANAGEMENT INC.,
QUADREXX SECURED ASSETS INC.,
OFFSHORE OIL VESSEL SUPPLY SERVICES LP,
QUIBIK INCOME FUND
AND QUIBIK OPPORTUNITY FUND

TORONTO – The Commission issued a Temporary Order pursuant to subsections 127(1) and (5) in the above named matter.

A copy of the Temporary Order dated February 6, 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

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

FOR IMMEDIATE RELEASE
February 7, 2013

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that this matter is adjourned to a confidential pre-hearing conference which shall take place on April 23, 2013 at 3:30 p.m. at the offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario.

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

A copy of the Order dated February 6, 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)

1.4.8 Western Wind Energy Corp. et al.

FOR IMMEDIATE RELEASE
February 8, 2013

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

AND

IN THE MATTER OF
WESTERN WIND ENERGY CORP.,
BROOKFIELD RENEWABLE ENERGY PARTNERS LP,
AND
WWE EQUITY HOLDINGS INC.

TORONTO – Following the hearing held on February 7, 2013 to consider motions relating to an Application of Western Wind Energy Corp. dated January 28, 2013, the Commission issued an Order in the above named matter.

A copy of the Order dated February 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)

1.4.9 Northern Securities Inc. et al.

FOR IMMEDIATE RELEASE
February 12, 2013

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

AND

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

AND

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

TORONTO – On February 11, 2013, the Commission issued a Notice of Hearing to consider a request from Northern Securities Inc., Victor Philip Alboini, Douglas Michael Chornoboy and Frederick Earl Vance for a Hearing and Review of decisions of a hearing panel of the Investment Industry Regulatory Organization of Canada dated July 23, 2012 and November 10, 2012.

The hearing will commence on Thursday, February 14, 2013 at 10:00 a.m. or as soon thereafter as the Hearing can be held at the temporary offices of the Commission at ASAP Reporting Services Inc., Bay Adelaide Centre, 333 Bay Street, Suite 900, Toronto, Ontario.

A copy of the Notice of Hearing dated February 11, 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)

1.4.10 Oversea Chinese Fund Limited Partnership et al.

FOR IMMEDIATE RELEASE
February 6, 2013

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED
PARTNERSHIP, WEIZHEN TANG
AND ASSOCIATES INC., WEIZHEN TANG CORP.
AND WEIZHEN TANG

TORONTO – The Commission issued a Temporary Order in the above named which provides that the Temporary Order is extended until February 6, 2013 and the hearing of this matter is adjourned to February 5, 2013 at 9:30 a.m.

A copy of the Temporary Order dated February 1, 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)

1.4.11 Peter Sbaraglia

FOR IMMEDIATE RELEASE
February 7, 2013

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

AND

IN THE MATTER OF
PETER SBARAGLIA

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

1. The hearing for the purpose of considering a motion by the Receiver to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules is adjourned to February 19, 2013 at 10:00 a.m.;

2. The hearing for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules is adjourned to February 19, 2013 at 10:00 a.m., following the hearing to which reference is made in paragraph 1 above, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary.

A copy of the Order dated February 6, 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 Sunshine Silver Mines Corporation

Headnote

National Policy 11-203 Process For Exemptive Relief Applications in Multiple Jurisdictions – relief from the prospectus requirements in connection with the use of electronic roadshow materials – cross-border offering of securities – compliance with U.S. offering rules leads to non-compliance with Canadian regime – relief required as use of electronic roadshow materials constitutes a distribution requiring compliance with prospectus requirements – relief granted from sections 25 and 53 of the Securities Act (Ontario) in connection with a cross-border offering – decision subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53 and 74.
National Policy 47-201 Trading Securities Using the Internet and Other Electronic Means, s. 2.7.

February 5, 2013

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
SUNSHINE SILVER MINES CORPORATION
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the posting of certain roadshow materials on one or more commercial services such as www.retailroadshow.com and/or www.netroadshow.com during the period (the **Waiting Period**) between the issuance of a receipt for a preliminary prospectus and a receipt for a final prospectus from the prospectus requirement under the Legislation (the **Exemption Sought**).

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

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

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

Representations

This decision is based on the following facts and representations made by the Filer:

1. The Filer was incorporated under the Delaware General Corporation Law on February 2, 2011.

2. The Filer's principal office is located at 370 17th Street, Suite 3800, Denver, Colorado. United States 80202.

3. On July 7, 2011, the Filer filed a registration statement with the United States Securities and Exchange Commission (the **SEC**) in respect of a proposed initial public offering (the **Offering**) of its shares of common stock (the **Offered Shares**) in order to register the Offered Shares under the U.S. *Securities Act of 1933,* as amended.

4. On July 8, 2011, the Filer filed a preliminary long form base PREP prospectus with the Commission and the Passport Jurisdictions in respect of the Offering. On December 28, 2011 the Filer filed an amended and restated preliminary long form base PREP prospectus, which was subsequently withdrawn when the Filer determined to delay its initial public offering due to market conditions. On December 21, 2012, the Filer filed a new preliminary long form base PREP prospectus (the **Preliminary Prospectus**) with the Commission and the Passport Jurisdictions in respect of the Offering.

5. The Filer also intends to file an amended and restated preliminary long form base PREP prospectus in connection with the Offering in Canada (the Amended Preliminary Prospectus) and to commence the marketing of the Offering in both Canada and the United States after a receipt is obtained evidencing receipt of the Amended Preliminary Prospectus from the Commission under MI 11-102.

6. Between the time that the Commission issues a receipt for the Amended Preliminary Prospectus and the final long form base PREP prospectus (the Final Prospectus), the Filer intends to use electronic roadshow materials (the **Website Materials**) to promote the Offering, as is now typical for initial public offerings in the United States.

7. Compliance with U.S. securities laws in an initial public offering requires either making a bona fide version of the roadshow, such as the Website Materials, available in a manner that affords unrestricted access to the public, or filing a copy of the roadshow on the SEC's Electronic Data-Gathering Analysis and Retrieval System (known by its acronym, **EDGAR**), which will have the same effect of affording unrestricted access. We understand that, in the view of the SEC, making documents available in a manner that affords unrestricted access to the public means that no restrictions on access or viewing may be imposed, such as password protection, both with respect to persons inside and outside of the United States.

8. The Filer and the underwriters of the Offering wish to carry out the Offering in a manner that is typical for initial public offerings in the United States, and consistent with United States federal securities law, by posting the Website Materials on an Internet-based commercial service such as www.retailroadshow.com or www.netroadshow.com, without password or other access restrictions.

9. Affording unrestricted access to Website Materials during the Waiting Period is, however, contrary to the prospectus requirement and the restrictions on permissible marketing activities during the Waiting Period, such that the Legislation would require that access to Website Materials be controlled by the Filer or the underwriters by such means as password protection and other measures, as suggested by National Policy 47-201 -- *Trading Securities Using the Internet and Other Electronic Means.*

10. As the Legislation does not permit Website Materials to be made generally available to prospective purchasers in Canada without restriction during the Waiting Period, the Filer and the underwriters of the Offering cannot carry out the Offering in Canada in a manner that is typical for initial public offerings in the United States unless the Exemption Sought is granted.

11. The Website Materials will contain a statement informing readers that the Website Materials do not contain all of the information in the Preliminary Prospectus, including any amendments, or the Final Prospectus, as supplemented and including any amendments, and that prospective purchasers should review all of those documents, in addition to the Website Materials, for complete information regarding the Offered Shares.

12. The Website Materials will be fair and balanced and will not contradict or distort information contained in the Preliminary Prospectus, the Amended Preliminary Prospectus, any further amendment to the Preliminary Prospectus or the Final Prospectus.

13. The Filer will include a hyperlink in the Website Materials to the documents referred to in paragraph 11, at such time as a particular document is filed.

14. The Filer will state in the Website Materials and in any amendment to the Preliminary Prospectus and the Final Prospectus that, in connection with the information contained in the Website Materials posted on one or more commercials services, such as www.retailroadshow.com and/or www.netroadshow.com, purchasers of the Offered

Shares in each of the provinces of Canada in which the Final Prospectus is filed and a receipt therefore is issued (or is deemed to have been issued) will have a contractual right of action for any misrepresentation in the Website Materials against the Filer and the Canadian underwriters who sign the Final Prospectus.

15. At least one underwriter that signed the Preliminary Prospectus was, and in respect of any amendment to the Preliminary Prospectus and the Final Prospectus will be, registered in each of the provinces of Canada other than Québec.

16. Canadian purchasers will only be able to purchase the Offered Shares through an underwriter that is registered in the purchaser's Canadian province of residence, unless an exemption from the dealer registration requirement is available.

17. The Filer acknowledges that the Exemption Sought relates only to the posting of the Website Materials on one or more commercial services, such as www.retailroadshow.com and/or www.netroadshow.com, and not in respect of the Preliminary Prospectus, any amendment to the Preliminary Prospectus or the Final Prospectus.

18. A Canadian investor will be deemed to have relied upon any misrepresentation in the Website Materials.

19. The Filer is not in default of any of its obligations under the Legislation or the securities legislation of any of the Passport Jurisdictions.

Decision

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

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

1. Any amendment to the Preliminary Prospectus after the date of this decision and the Final Prospectus will state that purchasers of the Offered Shares in each of the provinces of Canada in which the Final Prospectus is filed and a receipt is issued (or is deemed to have been issued) will have a contractual right of action for any misrepresentation in the Website Materials against the Filer and the Canadian underwriters who sign the Final Prospectus, substantially in the following form:

   "We may make available certain materials describing the offering (the **Website Material**s) on the website of one or more commercial services such as www.retailroadshow.com or www.netroadshow.com under the heading "Sunshine Silver Mines Corporation" during the period prior to obtaining a final receipt for the final base PREP prospectus in connection with this offering (the **Final Prospectus**) from the securities regulatory authorities in the Canadian offering jurisdictions. In order to give purchasers in each of the Canadian offering jurisdictions the same unrestricted access to the Website Materials as provided to U.S. purchasers, we have applied for and obtained exemptive relief from the securities regulatory authority in each of the Canadian offering jurisdictions. Pursuant to the terms of that exemptive relief, we and each of the Canadian underwriters signing the certificate contained in the Final Prospectus have agreed that, in the event that the Website Materials contained any untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made (a **misrepresentation** within the meaning of Canadian securities laws), a purchaser resident in a Canadian offering jurisdiction who purchases our shares of common stock pursuant to the Final Prospectus during the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against us and each Canadian underwriter signing the certificate contained in the Final Prospectus with respect to such misrepresentation as are equivalent to the rights under section 130 of the *Securities Act* (Ontario) or the comparable provision of the securities legislation of the particular province where that purchaser is resident, as the case may be, subject to the defences, limitations and other terms thereof, as if such misrepresentation were contained in the Final Prospectus."

2. The Website Materials will not include information that compares the Filer to one or more other issuers (**Comparables**) unless the Comparables are also included in the preliminary prospectus for the Offering, including any amendments, and the Final Prospectus.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Christopher Porter"
Commissioner
Ontario Securities Commission

2.1.2 Northwest & Ethical Investments L.P. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions - Relief granted from National Instrument 81-102 Mutual Funds to permit mutual funds to invest in silver and to invest up to 10% of net assets in leveraged ETFs, inverse ETFs, gold ETFs, silver ETFs, leveraged gold ETFs and leveraged silver ETFs traded on Canadian or US stock exchanges, subject to 10 % total exposure in gold and silver, and certain conditions, and custodial provision to allow the Royal Canadian Mint to act as custodian.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.3(f), 2.3(h), 2.5(2)(a), 2.5(2)(c), 6.1(1), 6.2 and 19.1.

February 1, 2013

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
NORTHWEST & ETHICAL INVESTMENTS L.P.
(the Filer)

AND

ETHICAL BALANCED FUND
NORTHWEST MACRO CANADIAN EQUITY FUND
(FORMERLY NORTHWEST SPECIALTY INNOVATIONS FUND)
NORTHWEST MACRO CANADIAN ASSET ALLOCATION FUND
(the Funds)

Decision

Background

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

(1) Paragraph 2.3(f) of NI 81-102 (the **Silver Exemption**) to permit the Funds to:

(a) purchase silver (**Physical Silver**); and

(b) purchase a certificate representing silver that is:

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

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

(iii) held in Canada;

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

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

(the **Permitted Silver Certificates**);

(2) Paragraph 2.3(h) of NI 81-102 (the **Silver Derivative Exemption**) to permit the Funds to purchase, sell or use a specified derivative the underlying interest of which is Physical Silver or a specified derivative of which the underlying interest is Physical Silver on an unlevered basis (the **Silver Derivatives** and together with Physical Silver and Permitted Silver Certificates, **Silver**);

(3) Paragraphs 2.3(h) and 2.5(2)(a) and (c) of NI 81-102 (the **ETF Exemption**) to permit the Funds to purchase and hold securities of:

(a) exchange-traded funds that seek to provide daily results that replicate the daily performance of a specified widely-quoted market index (the exchange-traded fund's **Underlying Index**) by a multiple of up to 200% (the **Leveraged Bull ETFs**) or an inverse multiple of up to 200% (the **Leveraged Bear ETFs** and together with the Leveraged Bull ETFs, the **Leveraged ETFs**);

(b) exchange-traded funds that seek to provide daily results that replicate the daily performance of their Underlying Index by an inverse multiple of 100% (the **Inverse ETFs**);

(c) exchange-traded funds that seek to replicate the performance of gold or silver or the value of a specified derivative the underlying interest of which is gold or silver on an unlevered basis (the **Gold ETFs** and the **Silver ETFs**, as the case may be, and collectively, the **Commodity ETFs**); and

(d) exchange-traded funds that seek to provide daily results that replicate the daily performance of gold or silver or the value of a specified derivative the underlying interest of which is gold or silver on an unlevered basis (the exchange-traded fund's **Underlying Gold Interest** or the exchange-traded fund's **Underlying Silver Interest**) by a multiple of up to 200% (the **Leveraged Gold ETFs** and the **Leveraged Silver ETFs**, respectively and collectively, the **Leveraged Commodity ETFs**).

Leveraged ETFs, Inverse ETFs, Commodity ETFs and the Leveraged Commodity ETFs are referred to collectively in this application as the **Underlying ETFs**.

(4) Paragraph 6.1(1) and 6.2 of NI 81-102 (the **Bullion Custody Exemption**) to permit the Funds to appoint the Royal Canadian Mint (the **Bullion Custodian**) as custodian of the Funds in respect of each Fund's bullion in Canada; and from clauses 6.1(3)(b) and 6.2 to permit the Bullion Custodian to appoint International Depository Services of Canada Inc. (the **Sub-Custodian**) as the sub-custodian of the Funds in respect of each Fund's silver bullion in Canada.

(collectively, the **Exemption Sought**)

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

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

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

Interpretation

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

Representations

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

The Filer and the Funds

2. The Filer is a limited partnership formed under the laws of Ontario with its head office in Toronto, Ontario. Northwest & Ethical Investments Inc., which is the general partner of the Filer, is a corporation formed under the laws of Ontario with its head office in Toronto, Ontario. The Filer is the trustee, manager and portfolio manager for the Funds.

3. The Filer is registered as an investment fund manager in Ontario and a portfolio manager in Ontario and British Columbia.

4. Each of the Funds is an open-end mutual fund trust established pursuant to an Amended and Restated Declaration of Trust governed under the laws of Ontario.

5. Each of the Funds is offered pursuant to a simplified prospectus and annual information form, each dated July 3, 2012, which have been filed in every province and territory of Canada.

6. OtterWood Capital Management Inc. (the "Sub-Advisor") was appointed the sub-advisor of the Ethical Balanced Fund effective May 14, 2012 and was appointed sub-advisor of the Northwest Macro Canadian Equity Fund and Northwest Macro Canadian Asset Allocation Fund effective July 3, 2012.

7. Each Fund is a reporting issuer under the securities legislation of each province and territory of Canada.

8. Neither the Filer nor any of the Funds are in default of securities legislation in the provinces and territories of Canada.

9. The investment objective of the Ethical Balanced Fund is to increase the value of an investor's investment over the long term, protect an investor's original investment and provide a high degree of current income. It invests mostly in a mix of Canadian and US equities and fixed income investments. The Ethical Balanced Fund also follows a socially responsible approach to investing, as described in its simplified prospectus.

10. The investment objective of the Northwest Macro Canadian Equity Fund is to achieve long-term capital appreciation by investing its assets, excluding the cash and cash equivalent portion, primarily in equity securities of Canadian companies and to a lesser extent, foreign companies. The Fund is able to invest in any sector and in both large and small capitalization companies.

11. The investment objective of the Northwest Macro Canadian Asset Allocation Fund is to provide investment returns and protection of capital through an active asset allocation process. It invests primarily in a mix of Canadian and foreign equity and fixed income securities including money markets instruments.

12. The simplified prospectus of the Funds dated July 3, 2012 discloses that commodity risk is a risk associated with each of the Funds.

Investments in Gold and Silver

13. Pursuant to NI 81-102, the Funds are permitted to invest in gold and permitted gold certificates and to invest in specified derivatives the underlying interest of which are gold.

14. In addition to investing in gold, the Funds propose to have the ability to invest in Silver.

15. Permitting each Fund to invest in Silver will permit the Funds additional flexibility to increase gains for the Funds in certain market conditions, which may otherwise cause the Funds to have significant cash positions.

16. The Filer believes that the markets in gold and silver are highly liquid, and there are no liquidity concerns with permitting a Fund to invest directly or indirectly through derivatives or ETFs, up to 10% of its net asset value in gold and Silver, in the aggregate.

17. To obtain exposure to gold or silver indirectly, the Filer intends to use specified derivatives the underlying interest of which is gold or Silver Derivatives and invest in Commodity ETFs (which together with gold, permitted gold certificates and Silver are referred to collectively in this decision as **Gold and Silver Products**).

18. Any investment by a Fund in Silver will be made in compliance with the custodian requirements in Part 6 of NI 81-102, except as set out below.

The Underlying ETFs

19. In addition to investing in securities of exchange traded funds that qualify as "index participation units" under NI 81-102 (**IPUs**), the Funds may also invest in Underlying ETFs which are not IPUs.

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

21. Each Leveraged ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Index will not exceed +/-200% of the corresponding daily performance of its Underlying Index.

22. Each Inverse ETF will be rebalanced daily to ensure that its performance and exposure to its Underlying Index will not exceed -100% of the corresponding daily performance of its Underlying Index.

23. Each Leveraged Commodity ETF will be rebalanced daily to ensure that its performance and exposure to its underlying gold or silver interest will not exceed +200% of the corresponding daily performance of the underlying gold and silver interest.

24. Each Fund's investment objective and investment strategies permit the Fund to invest in a number of asset classes. Investing in silver as well as gold will provide each Fund with an opportunity to diversify its investments.

25. The Filer submits that there are no liquidity concerns with permitting the Funds to invest in Commodity ETFs, since the securities of the Underlying ETFs trade on an exchange and are highly liquid.

26. In accordance with their investment objectives and investment strategies, each Fund is permitted generally to invest in ETFs.

27. The aggregate investment in Inverse/Leveraged ETFs by each Fund will not exceed 10% of each Fund's net asset value, taken at market value at the time of purchase.

28. The simplified prospectus of each Fund discloses, or will disclose the next time it is renewed after the date hereof, (i) in the Investment Strategy section of the prospectus, the fact that the Fund has obtained relief to invest in the Underlying ETFs and Silver, together with an explanation of what each Underlying ETF is, and (ii) the risks associated with investments in the Underlying ETFs and Silver.

29. An investment by a Fund in securities of an Underlying ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the particular Fund.

Custody of Bullion held by the Funds

30. Desjardins Trust Inc. (the Custodian) has been appointed by the Filer as the custodian of each of the Funds pursuant to a Custodian Agreement dated April 19, 2004, as amended, whereby the Custodian acts as the custodian of the assets of the Funds. The Custodian has advised the Filer that is does not have the operational and procedural requirements related to the transportation, storage, and management of the physical silver and gold bullion of the Funds.

31. In considering the options available to the Funds for custody of the bullion, the Filer has determined that the appointment of the Bullion Custodian as the custodian of the bullion owned by the Funds is the most efficient and cost-effective means of providing storage for the Funds' bullion and represents the least operational risk for the Funds in terms of transporting, storing and managing physical bullion. The Filer has determined that it is not economical to appoint a sub-custodian of the Funds solely for the purpose of overseeing the custodian services provided by the Bullion Custodian.

32. The Filer expects to appoint the Bullion Custodian as the custodian of the bullion owned by the Funds pursuant to certain precious metals storage agreements relating to bullion, entered into between the Filer, for and on behalf of the Funds, and the Bullion Custodian (each individually, a **Storage Agreement** and collectively, the **Storage Agreements**). These Storage Agreements will provide for the storage of bullion generally and will not place any limitations on the Filer's ability to buy or sell bullion. Each Storage Agreement, including the arrangements between the Funds and the Bullion Custodian in connection with the bullion, will comply with the requirements of Part 6 of NI 81-102. The Bullion Custodian intends, in turn, to appoint the Sub-Custodian to hold the silver bullion of the Funds in the vault facilities of the Sub-Custodian located in Canada.

33. Bullion owned by the Funds will be fully allocated and stored in the vault facilities of either the Bullion Custodian or the Sub-Custodian located in Canada.

34. The Bullion Custodian operates pursuant to the *Royal Canadian Mint Act* (Canada) and is a Canadian crown corporation. Crown corporations are "agents of Her Majesty the Queen" and, as such, their obligations generally constitute unconditional obligations of the Government of Canada. The Bullion Custodian had shareholders' equity of $258,800,000 million as at December 31, 2011. The Bullion Custodian is responsible for the minting and distribution of Canada's circulation coins. As part of its operations, the Bullion Custodian maintains a secure storage facility located in Canada that it owns and operates, and provides storage space to third parties.

35. The Bullion Custodian has advised the Filer that due to its physical storage constraints in Canada, the Bullion Custodian may be required to store and hold a portion of the Funds' silver bullion on a fully allocated basis at vault facilities located in Canada operated by the Sub-Custodian. As a result of the foregoing, the Bullion Custodian may be required to hold a portion of the Funds' silver bullion that it does not hold directly in its own vaults through the vaults of the Sub-Custodian located in Canada.

36. The Sub-Custodian is owned by its parent company, Dillon Gage Incorporated of Dallas, a U.S. based financial services firm with experience in the precious metals storage business. Dillon Gage Incorporated of Dallas has an audited net worth of US$12,837,967 as of December 31, 2011. The Sub-Custodian has vault facilities located in Mississauga, Canada.

37. The relationship between the Bullion Custodian and the Sub-Custodian will be primarily one whereby the Bullion Custodian is sub-contracting the vault facilities of this service provider for the purposes of storing the Funds' physical silver bullion. The Sub-Custodian will be appointed the sub-custodian of the Funds in Canada pursuant to a written agreement between the Bullion Custodian and the Sub-Custodian that complies with the requirements of Part 6 of NI 81-102. The Bullion Custodian will remain responsible for (i) ensuring that adequate safeguards are in place, including satisfactory insurance arrangements; and (ii) indemnifying the Funds for all direct loss, damage or expense that may occur in connection with the Fund's bullion that is stored at the vault facilities of the Bullion Custodian and/or the Sub-Custodian, and on a periodic basis thereafter, the Bullion Custodian will review the facilities, procedures, records and creditworthiness of the Sub-Custodian. The Funds will rely upon the Bullion Custodian, who is in the business of precious metals storage, to satisfy itself as to the appropriateness of the use or continued use of the Sub-Custodian as a sub-custodian of the Funds' physical silver bullion.

38. The Bullion Custodian has also advised the Funds and the Filer that, pursuant to the terms of its existing relationship with the Sub-Custodian, the Sub-Custodian has arranged for sufficient insurance coverage in respect of any material held by the Bullion Custodian through the vault facilities of the Sub-Custodian. The Filer has discussed with the Bullion Custodian the level of insurance coverage obtained by the Sub-Custodian and the risks insured against by the Sub-Custodian and believes that the level of insurance will be sufficient.

39. The Filer and the Bullion Custodian believe that the Sub-Custodian has the resources and experience required to act as a sub-custodian for the Funds' physical silver bullion held in Canada.

40. Under each of the Storage Agreements, upon the initial notice being delivered, the Bullion Custodian or its Sub-Custodian, as the case may be, will receive such bullion based on a list provided by the Filer in such written notice that specifies the amount, weight, type, assay characteristics and value, and serial number of the precious metal being delivered, as the case may be. After verification, the Bullion Custodian will issue a "receipt of deposit" that confirms the plate or ingot count. Pursuant to each of the Storage Agreements, the Bullion Custodian reserves the right to refuse delivery in the event of storage capacity limitations at either its own vault or at the vault facilities of the Sub-Custodian. In the event of a discrepancy arising during the verification process, the Bullion Custodian will promptly notify the Filer. The Bullion Custodian will keep each Fund's fully allocated bullion specifically identified as the Fund's property and will keep it physically segregated at all times from any other property belonging to the Bullion Custodian or any of its customers. The Bullion Custodian will provide a monthly inventory statement, which the Filer or its delegate will reconcile with each Fund's records of its bullion holdings. The Filer will have the right to physically count and have a Fund's auditors subject the Fund's bullion to audit procedures at the vault facilities at the Bullion Custodian and the Sub-Custodian upon request on any Bullion Custodian business day (which means any day other than a Saturday, a Sunday or a holiday observed by the Bullion Custodian or the Sub-Custodian) during the Bullion Custodian's or the Sub-Custodian's regular business hours, provided that such physical count or audit procedures do not interrupt the routine operation of the Bullion Custodian's facility.

41. Upon the Bullion Custodian's receipt and taking into possession and control (either directly or through the Sub-Custodian) of any of the Funds' bullion, whether through physical delivery or a transfer of bullion from a different customer's account at the Bullion Custodian, the Bullion Custodian's liability will commence with respect to such bullion. The Bullion Custodian will bear all risk of physical loss of, or damage to, the bullion owned by each Fund in the

Bullion Custodian's custody (regardless of the location at which the Bullion Custodian decides to store the bullion), except in the case of circumstances or causes beyond the Bullion Custodian's reasonable control, including, without limitation, acts or omissions or the failure to cooperate of the Filer, acts or omissions or the failure to cooperate by any third party, fire or other casualty, act of God, strike or labour dispute, war or other violence, or any law, order or requirement of any governmental agency or authority, and has contractually agreed to replace or pay for lost, damaged or destroyed bullion in a Fund's account while in the Bullion Custodian's or Sub-Custodian's care, custody and control. Under each of the Storage Agreements, the Bullion Custodian's liability terminates with respect to any bullion upon termination of the applicable Storage Agreement, whether or not a Fund's bullion remains in the Bullion Custodian's or Sub-Custodian's possession and control, or upon transfer of such bullion to a different customer's account at the Bullion Custodian or Sub-Custodian.

42. In the event of physical loss, damage or destruction of a Fund's bullion in the Bullion Custodian's or Sub-Custodian's custody, care and control, the Filer, on behalf of a Fund, must give written notice to the Bullion Custodian within one business day after the discovery of any such loss, damage or destruction, but, in the case of loss or destruction of a Fund's bullion, in any event no more than 60 days after the delivery by the Bullion Custodian to the Filer, on behalf of a Fund, of an inventory statement in which the discrepancy first appears. The Bullion Custodian will, at its discretion, either (i) replace, or restore to its original state in the event of partial damage, as the case may be, the Fund's bullion that was lost, destroyed or damaged as soon as practicable after the Bullion Custodian becomes aware of said loss or destruction, based on the advised weight and assay characteristics provided in the initial notice; (ii) compensate the Fund, through the Filer, for the monetary value of the Fund's bullion that was lost or destroyed, within one business day from the date the Bullion Custodian becomes aware of said loss or destruction, based on the advised weight and assay characteristics provided in the initial notice and the market value of such bullion that was lost or destroyed; or (iii) replace a portion of the lost or damaged bullion and compensate the Fund, through the Filer, for the monetary value of the remaining portion of the lost or damaged bullion based on the advised weight and assay characteristics provided in the initial notice. If such notice is not given in accordance with the terms of the applicable Storage Agreement, all claims against the Bullion Custodian will be deemed to have been waived. In addition, no action, suit or other proceeding to recover any loss, damage or destruction may be brought against the Bullion Custodian unless notice of such loss, damage or destruction has been given in accordance with the terms of the applicable Storage Agreement and unless such action, suit or proceeding shall have been commenced within 12 months from the time such notice is sent to the Bullion Custodian. The Bullion Custodian will not be responsible for any special, incidental, consequential, indirect or punitive losses or damages (including lost profits or lost savings), and whether or not the Bullion Custodian had knowledge that such losses or damages might be incurred.

43. Pursuant to each of the Storage Agreements, the Bullion Custodian will be required to exercise the same degree of care and diligence in safeguarding the property of a Fund as any reasonably prudent person acting as custodian of the bullion would exercise in the same circumstances. The Bullion Custodian will not be entitled to an indemnity from the Fund in the event the Bullion Custodian breaches its standard of care.

44. The Bullion Custodian reserves the right to reject bullion delivered to it if the bullion contains a hazardous substance or if such bullion is or becomes unsuitable or undesirable for metallurgical, environmental or other reasons.

45. The Filer may terminate the custodial relationship with the Bullion Custodian by giving written notice to the Bullion Custodian of its intent to terminate the applicable Storage Agreement if: (i) the Bullion Custodian is in default in carrying out any of its obligations under such Storage Agreement that is not cured within ten business days following the Filer giving written notice to the Bullion Custodian of such default; (ii) the Bullion Custodian is dissolved or adjudged bankrupt, or a trustee, receiver or conservator of the Bullion Custodian or of its property is appointed, or an application for any of the foregoing is filed; or (iii) the Bullion Custodian is in breach of any representation or warranty contained in such Storage Agreement. The obligations of the Bullion Custodian include, but are not limited to, maintaining an inventory of a Fund's bullion stored with the Bullion Custodian, providing a monthly inventory to the Filer, maintaining a Fund's bullion physically segregated and specifically identified as the Fund's property, and taking good care, custody and control of the Fund's bullion. The Filer believes that all of these obligations are material and anticipates that it would terminate the Bullion Custodian as custodian if the Bullion Custodian breaches any such obligation and does not cure such breach within ten business days of the Filer giving written notice to the Bullion Custodian of such breach. Prior to terminating the custodial relationship with the Bullion Custodian, the Filer will appoint a replacement custodian for bullion that complies with the requirements under NI 81-102.

46. The Bullion Custodian carries such insurance as it deems appropriate for its businesses and its position as custodian of the Funds' bullion and will provide the Filer, on behalf of the Funds, with at least 30 days' notice of any cancellation or termination of such coverage. The Funds' ability to recover from the Bullion Custodian is not contingent upon the Bullion Custodian's ability to claim on its own insurance or the Sub-Custodian's ability to claim on its own insurance.

47. Based on information provided by the Bullion Custodian, the Filer believes that the insurance carried by the Bullion Custodian, together with its status as a Canadian Crown corporation with its obligations generally constituting

unconditional obligations of the Government of Canada, provides the Funds with such protection in the event of loss or theft of each Fund's bullion stored at the Bullion Custodian or at the Sub-Custodian that is consistent with the protection afforded under insurance carried by other custodians that store gold and silver bullion commercially.

48. The Filer will ensure that bullion held by the Bullion Custodian or Sub-Custodian will be subject to a physical count by a representative of the Filer periodically on a spot-inspection basis as well as subject to audit procedures by the Funds' external auditors on at least an annual basis.

49. The Filer will ensure that no director or officer of the Filer or its General Partner, or representative of the Funds or the Filer will be authorized to enter into the bullion storage vaults without being accompanied by at least one representative of the Bullion Custodian or Sub-Custodian or, if bullion is held by another custodian, that custodian, as the case may be.

50. The Filer will ensure that no part of the stored bullion may be delivered out of safekeeping by the Bullion Custodian (except to an authorized sub-custodian thereof) or, if bullion is held by another custodian, that custodian (except to an authorized sub-custodian thereof), without receipt of an instruction from the Filer in the form specified by the Bullion Custodian or such custodian indicating the purpose of the delivery and giving direction with respect to the specific amount.

51. The Filer believes that the custodial arrangements with the Bullion Custodian and Sub-Custodian in connection with the Funds' bullion are consistent with industry practice.

52. The Filer will not be responsible for any losses or damages to the Fund arising out of any action or inaction by the Funds' custodians or any sub-custodians holding the assets of the Funds, including the Custodian or its sub-custodians holding the assets of the Funds other than bullion and the Bullion Custodian and/or the Sub-Custodian holding bullion owned by the Funds.

53. The Filer will have the authority to change the custodial arrangements described above including, but not limited to, the appointment of a replacement custodian or sub-custodian and/or additional custodians or sub-custodians subject to the requirements under NI 81-102.

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

Decision

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

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

In respect of the ETF Exemption:

(a) The investment by a Fund in Underlying ETFs and/or Silver is in accordance with the fundamental investment objectives of the Fund;

(b) The Fund does not sell short securities of Underlying ETFs;

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

(d) The securities of the Underlying ETFs are treated as specified derivatives for the purposes of Part 2 of NI 81-102;

(e) A Fund may not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the net assets of the Fund in aggregate, taken at market value at the time of the purchase, would consist of securities of the Underlying ETFs;

(f) a Fund does not enter into any transaction if, immediately after such transaction, more than 20% of the net assets of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of Underlying ETFs and all securities sold short by the Fund;

(g) a Fund does not purchase Gold and Silver Products if, immediately after such purchase, more than 10% of the net assets of the Fund, taken at market value at the time of such purchase, would consist of Gold and Silver Products; and

(h) a Fund does not purchase Gold and Silver Products if, immediately after such purchase, the market value exposure to gold or silver through the Gold and Silver Products is more than 10% of the net assets of the Fund, taken at market value at the time of such purchase.

In respect of the Bullion Custody Exemption:

(i) The Bullion Custodian, and the Sub-Custodian or its parent company, has in excess of the highest minimum capitalization amount of shareholders' equity required under NI 81-102 for entities qualified to act as a custodian or sub-custodian for assets held in Canada.

(j) The Funds and the Bullion Custodian are limited to using the Sub-Custodian as sub-custodian for the Fund's Physical Silver only, which will be held only in Canada;

(k) In respect of the compliance reports to be prepared by the Bullion Custodian pursuant to paragraphs 6.7(1)(b), 6.7(1)(c)(ii) and 6.7(2)(c) of NI 81-102, as such paragraphs will not be applicable given the nature of the relief granted herein, the Bullion Custodian shall include a statement in such reports regarding the completion of the Bullion Custodian's review process for the Sub-Custodian and that the Bullion Custodian is of the view that the Sub-Custodian continues to be an appropriate sub-custodian to hold the Funds' silver bullion in Canada.

"Vera Nunes"
Investment Fund Branch
Ontario Securities Commission

2.1.3 Middlefield Can-Global REIT Income Fund

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Closed-end investment fund exempt from prospectus requirements in connection with the sale of units repurchased from existing security holders pursuant to market purchase programs and by way of redemption of units by security holders subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.A. 2000, c.S-4, ss. 110 and 144.

February 5, 2013

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

AND

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

AND

IN THE MATTER OF
MIDDLEFIELD CAN-GLOBAL REIT INCOME FUND
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirement to file a prospectus (the **Prospectus Requirement**) in connection with the distribution of units of the Filer (the **Units**) that have been repurchased by the Filer pursuant to the Purchase Programs (as that term is defined below) or redeemed by the Filer pursuant to the Redemption Programs (as that term is defined below) (the **Exemption Sought**).

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated closed-end investment trust established under the laws of Alberta.

2. The holders of Units (the **Unitholders**) are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer.

3. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of any of the requirements of securities legislation applicable to it.

4. The Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**). As of December 31, 2012, the Filer had 7,499,000 Units issued and outstanding.

5. Middlefield Limited, which was incorporated pursuant to the *Business Corporations Act* (Alberta), is the manager and the trustee of the Filer.

Mandatory Purchase Program

6. The constating document of the Filer provides that the Filer, subject to certain exceptions and compliance with any applicable regulatory requirements, is obligated to purchase (the Mandatory Purchase Program) any Units offered on the TSX (or any successor thereto) if, at any time after the closing of the Filer's initial public offering, the price at which Units are then offered for sale on the TSX (or any successor thereto) is less than 95% of the net asset value of the Filer (**Net Asset Value**) per Unit, provided that the maximum number of Units that the Filer is required to purchase pursuant to the Mandatory Purchase Program in any calendar quarter is 1.25% of the number of Units outstanding at the beginning of each such period.

Discretionary Purchase Program

7. The constating document of the Filer provides that the Filer, subject to applicable regulatory requirements and limitations, shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase outstanding Units in the market at prevailing market prices (the **Discretionary Purchase Program** and, together with the **Mandatory Purchase Program**, the **Purchase Programs**).

Monthly Redemptions

8. Subject to the Filer's right to suspend redemptions, Units may be surrendered for redemption (the **Monthly Redemption Program**) on the last business day of each month (**Monthly Redemption Date**) in order to be redeemed at a redemption price per Unit equal to the Monthly Redemption Price per Unit (as defined in the Filer's long form (final) prospectus dated October 26, 2012 (the **Prospectus**)).

Annual Redemptions

9. Subject to the Filer's right to suspend redemptions, Units may be surrendered for redemption (the **Annual Redemption Program**) on April 30 of each year commencing in 2014 at a redemption price per Unit equal to the Redemption Price per Unit (as defined in the Prospectus).

Additional Redemptions

10. At the sole discretion of the Manager and subject to the receipt of any necessary regulatory approvals, the Manager may allow additional redemptions from time to time of Units (Additional Redemptions and together with the Monthly Redemption Program and the Annual Redemption Program, the **Redemption Programs**), provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by Middlefield Limited or an affiliate thereof then being offered to the public by prospectus.

Resale of Repurchased Units or Redeemed Units

11. Purchases of Units made by the Filer under the Purchase Programs or Redemption Programs are exempt from the issuer bid requirements of the Legislation pursuant to exemptions contained therein.

12. The Filer wishes to resell, in its sole discretion and at its option, through one or more securities dealers and through the facilities of the TSX (or another exchange on which the Units are then listed), the Units repurchased by the Filer pursuant to the Purchase Programs (**Repurchased Units**) or redeemed pursuant to the Redemption Programs (**Redeemed Units**).

13. All Repurchased Units or Redeemed Units will be held by the Filer for a period of four months after the repurchase or redemption thereof by the Filer (the **Holding Period**), prior to any resale.

14. The resale of Repurchased Units or Redeemed Units will not have a significant impact on the market price of the Units.

15. Repurchased Units or Redeemed Units that the Filer does not resell within 12 months after the Holding Period (that is, within 16 months after the date of repurchase or redemption, as applicable) will be cancelled by the Filer.

16. During any calendar year, the Filer will not resell an aggregate number of Repurchased Units and Redeemed Units that is greater than 5% of the number of Units outstanding at the beginning of such calendar year.

17. Prospective purchasers of Repurchased Units or Redeemed Units will have access to the Filer's continuous disclosure, which will be filed on SEDAR.

18. The Legislation provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased by that issuer is a distribution and, as such, is subject to the Prospectus Requirement. In the absence of the Exemption Sought, any sale by the Filer of Repurchased Units or Redeemed Units would be a distribution that is subject to the Prospectus Requirement.

Decision

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

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

(a) the Repurchased Units and Redeemed Units are otherwise sold by the Filer in compliance with the Legislation through the facilities of and in accordance with the regulations and policies of the TSX or of any other exchange on which the Units are then listed; and

(b) the Filer complies with the conditions of paragraphs 1 through 5 of subsection 2.8(2) of National Instrument 45-102 *Resale of Securities* with respect to the sale of the Repurchased Units and Redeemed Units.

For the Commission:

"Glenda Campbell," QC
Vice-Chair

Stephen Murison
Vice-Chair

2.2 Orders

2.2.1 Oversea Chinese Fund Limited Partnership et al. – ss. 127(7), (8)

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

AND

IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP, WEIZHEN TANG AND ASSOCIATES INC.,
WEIZHEN TANG CORP. AND WEIZHEN TANG

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

WHEREAS on March 17, 2009, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made the following temporary orders (the "Temporary Order") against Oversea Chinese Fund Limited Partnership ("Oversea"), Weizhen Tang and Associates Inc. ("Associates"), Weizhen Tang Corp. ("Corp.") and Weizhen Tang (collectively, the "Respondents"):

1. that all trading in securities of Oversea, Associates and Corp. shall cease;

2. that all trading by the Respondents shall cease; and

3. that the exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS on March 17, 2009, pursuant to subsection 127(6) of the Act, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on March 18, 2009, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 1, 2009 at 2:00 p.m.;

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

AND WHEREAS prior to the April 1, 2009 hearing date, Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order, Notice of Hearing, and Staff's supporting materials;

AND WHEREAS on April 1, 2009, counsel for the Respondents advised the Commission that the Respondents did not oppose the extension of the Temporary Order;

AND WHEREAS on April 1, 2009, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order until September 10, 2009;

AND WHEREAS on April 1, 2009, the Commission ordered that the Temporary Order be extended, pursuant to subsection 127(8) of the Act, to September 10, 2009 and the hearing be adjourned to September 9, 2009;

AND WHEREAS on September 8, 2009, the Commission ordered, on consent, that the Temporary Order be extended until September 26, 2009 and the hearing be adjourned until September 25, 2009 at 10:00 a.m.;

AND WHEREAS on September 24, 2009, the Commission ordered, on consent, that the Temporary Order be extended until October 23, 2009 and the hearing be adjourned until October 22, 2009 at 10:00 a.m.;

AND WHEREAS on October 22, 2009, the Commission ordered, on consent, that the Temporary Order be extended until November 16, 2009 and the hearing be adjourned until November 13, 2009 at 10:00 a.m.;

AND WHEREAS on November 13, 2009, the Respondents brought a motion before the Commission to have the Temporary Order varied to allow Weizhen Tang to trade (the "Tang Motion") and Staff opposed this motion;

AND WHEREAS on November 13, 2009, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on November 13, 2009, the Commission considered the materials filed by the parties, the evidence given by Weizhen Tang, and the submissions of counsel for Staff and counsel for the Respondents;

AND WHEREAS on November 13, 2009, the Commission was of the opinion that, pursuant to subsection 127(8) of the Act, satisfactory information had not been provided to the Commission by any of the Respondents; it was in the public interest to order that the Tang Motion be denied; the Temporary Order be extended until June 30, 2010; and the hearing be adjourned to June 29, 2010 at 10:00 a.m.;

AND WHEREAS on June 29, 2010, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on June 29, 2010, the Respondents and Staff filed materials, including the Affidavit of Jeff Thomson, sworn on June 23, 2010;

AND WHEREAS on June 29, 2010, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and counsel for the Respondents, and the submissions of Weizhen Tang;

AND WHEREAS on June 29, 2010, the Commission ordered that the Temporary Order be extended until March 31, 2011, and the hearing be adjourned to March 30, 2011, at 10:00 a.m.;

AND WHEREAS on March 30, 2011, no one appeared on behalf of the Respondents despite being given notice of the appearance;

AND WHEREAS on March 30, 2011, the Commission ordered that the Temporary Order was extended until May 17, 2011, and the hearing was adjourned to May 16, 2011 at 10:00 a.m.;

AND WHEREAS on May 16, 2011, Staff made submissions and sought an extension of the Temporary Order and the Respondent Weizhen Tang appeared on behalf of all Respondents and made submissions opposing the extension of the Temporary Order;

AND WHEREAS on May 16, 2011, the Commission concluded pursuant to subsection 127(8) of the Act that satisfactory information had not been provided to the Commission by any of the Respondents;

AND WHEREAS on May 16, 2011, the Commission ordered that the Temporary Order be extended until November 1, 2011 and the hearing be adjourned to October 31, 2011 at 10:00 a.m.;

AND WHEREAS on October 31, 2011, Staff appeared before the Commission seeking an extension of the Temporary Order;

AND WHEREAS on October 31, 2011, Weizhen Tang appeared on behalf of all Respondents opposing the extension of the Temporary Order;

AND WHEREAS on October 31, 2011, Staff and the Respondents filed materials and made submissions before the Commission;

AND WHEREAS on October 31, 2011, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and the submissions of Weizhen Tang;

AND WHEREAS on October 31, 2011, the Commission concluded pursuant to subsection 127(8) of the Act that satisfactory information was not provided by any of the Respondents;

AND WHEREAS on October 31, 2011, the Commission advised Weizhen Tang that the Respondents could bring a motion under section 144 of the Act to vary the Temporary Order prior to the next hearing date;

AND WHEREAS on October 31, 2011, the Commission ordered that the Temporary Order be extended to September 24, 2012 and that the hearing be adjourned to September 21, 2012 at 10:00 a.m.;

AND WHEREAS on September 21, 2012, the Commission ordered that the Temporary Order be extended to January 21, 2013 and that the hearing be adjourned to January 18, 2013 at 10:00 a.m.;

AND WHEREAS on January 18, 2013, Staff appeared before the Commission to request an extension of the Temporary Order and no one appeared on behalf of the Respondents despite being given notice of the hearing;

AND WHEREAS Weizhen Tang indicated by email dated January 17, 2013 that he opposed the extension of the Temporary Order and attached materials to his email;

AND WHEREAS Weizhen Tang was not able to appear before the Commission due to an appearance in another matter;

AND WHEREAS on January 18, 2013, the Commission ordered that the Temporary Order be extended until February 4, 2013 and the hearing of this matter be adjourned to February 1, 2013 at 2:00 p.m.;

AND WHEREAS on February 1, 2013, Staff appeared before the Commission to request an extension of the Temporary Order and no one appeared on behalf of the Respondents despite being given notice of the hearing;

AND WHEREAS Staff informed the Commission that, following the appearance before the Commission on January 18, 2013, Weizhen Tang advised Staff by email that his criminal sentencing hearing before the Superior Court of Justice was also scheduled to continue on February 1, 2013;

AND WHEREAS Staff further informed the Commission that counsel for Staff was informed on February 1, 2013 at approximately 1:30 p.m. that Weizhen Tang was to be sentenced by the Superior Court of Justice at 3:00 p.m.;

AND WHEREAS Weizhen Tang had indicated through materials provided to Staff and the Commission that he opposed the extension of the Temporary Order;

AND WHEREAS on February 1, 2013, the Commission ordered that the Temporary Order be extended until February 6, 2013 and the hearing of this matter be adjourned to February 5, 2013 at 9:30 a.m.;

AND WHEREAS on February 5, 2013, Staff appeared before the Commission to request an extension of the Temporary Order and no one appeared on behalf of the Respondents;

AND WHEREAS Staff informed the Commission that, immediately following the appearance before the Commission on the afternoon of February 1, 2013, counsel for Staff attended at the Superior Court of Justice and personally advised the *amicus curiae* in the criminal proceedings involving Weizhen Tang that the hearing of this matter was adjourned to February 5, 2013 at 9:30 a.m. and that this information was then conveyed to Weizhen Tang by the *amicus curiae*;

AND WHEREAS Staff informed the Commission that, at approximately 4:30 p.m. on February 1, 2013, Weizhen Tang was sentenced by the Superior Court of Justice to six years in the penitentiary and that shortly thereafter Weizhen Tang was taken into custody;

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

IT IS ORDERED THAT the Temporary Order is extended until August 1, 2013 and the hearing of this matter is adjourned to July 31, 2013 at 10:00 a.m. without prejudice to the Respondents to bring an application to vary the Temporary Order pursuant to section 144 of the Act.

DATED at Toronto this 1st day of February, 2013.

"Mary G. Condon"

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

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

AND

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

TEMPORARY ORDER
(Subsection 127(8))

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

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

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

AND WHEREAS on October 15, 2012, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

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

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

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

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

AND WHEREAS the Commission ordered that the Temporary Order be extended until January 29, 2013 and

that the hearing be adjourned to January 28, 2013 at 10:00 a.m.;

AND WHEREAS on January 29, 2013, a hearing was held before the Commission and Staff attended to request an extension of the Temporary Order and no one appeared on behalf of the Respondents;

AND WHEREAS Staff filed the affidavit of Peaches Barnaby sworn January 25, 2013 outlining service of the Temporary Order on the Respondents and setting out communications between Staff and Ozga and Staff and counsel for Colbert;

AND WHEREAS Ozga advised Staff that he did not oppose an extension of the Temporary Order and counsel for Colbert advised Staff that Colbert took no position on an extension;

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

IT IS HEREBY ORDERED THAT the Temporary Order is extended until March 12, 2013 or until further order of the Commission, and the hearing is adjourned to March 11, 2013 at 10:00 a.m. or to such other date or time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 28th day of January, 2013.

"James E. A. Turner"

2.2.3 Quadrexx Secured Assets Inc. et al. – ss. 127(1), (5)

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

AND

IN THE MATTER OF
QUADREXX ASSET MANAGEMENT INC.,
QUADREXX SECURED ASSETS INC.,
OFFSHORE OIL VESSEL SUPPLY SERVICES LP,
QUIBIK INCOME FUND AND QUIBIK OPPORTUNITY FUND

TEMPORARY ORDER
Subsections 127(1) & 127(5)

WHEREAS it appears to the Ontario Securities Commission (the "Commission") that:

Quadrexx's Business

1. Quadrexx Asset Management Inc. ("Quadrexx") is a company incorporated pursuant to the laws of Canada with its registered office located in Toronto, Ontario. From 2004 to 2009, Quadrexx was registered under the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") as an investment counsel and portfolio manager. From 2009 to the present, Quadrexx was registered as an adviser in the category of portfolio manager. From 2005 to 2009, Quadrexx was registered as a limited market dealer. From 2009 to the present, Quadrexx has been registered as a dealer in the category of exempt market dealer. Since 2011, Quadrexx has also been registered as an investment fund manager.

2. Quadrexx is registered under the securities legislation of certain other provinces, including the *Securities Act*, R.S.A. 2000, c. S-4, as amended. In Alberta, Quadrexx is registered as a dealer in the category of exempt market dealer, as an advising representative in the category of portfolio manager and as an investment fund manager. Quadrexx has approximately 30 dealing representatives at a sales office in Calgary, Alberta.

3. Quadrexx is the portfolio manager for certain managed accounts with approximately $35 million in assets (the "Managed Accounts") held at three third party custodians.

4. Quadrexx is the investment fund manager and portfolio manager of the Quibik Income Fund ("QIF"), the Quibik Opportunity Fund ("QOF") and Quadrexx Secured Assets Inc. ("QSA").

5. Quadrexx is the portfolio manager of Diversified Assets LP ("DALP"), Offshore Oil Vessel Supply Services LP ("OOVSS") and the Canadian Hedge Watch Index Plus LP ("CHWIP").

6. QSA, QIF, QOF, OOVSS, DALP and CHWIP are collectively referred to as the "Quadrexx Funds".

7. Securities of QSA, QIF, QOF and OOVSS are being offered to investors in Ontario and in other provinces in reliance on Quadrexx's exempt market dealer registration and on purportedly available exemptions from the prospectus requirement. Securities of QSA, QIF, QOF and OOVSS are collectively referred to in this Temporary Order as the "Quadrexx Related Securities".

8. Quadrexx also distributes third party non-proprietary securities in reliance on its exempt market dealer registration.

Quadrexx's Working Capital Deficiency

9. Quadrexx has been experiencing financial difficulties since at least 2008 and had a net operating loss for each year since 2008. A going concern note has been included in each of Quadrexx's financial statements since 2008.

10. Subsection 12.1(1) of National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations ("N1 31-103") states that if, at any time, the excess working capital of a registered firm, as calculated in accordance with Form 31-103F1-Calculation of Excess Working Capital ("Form 31-103F1") is less than zero, the registered firm must notify the regulator as soon as possible. Subsection 12.1(2) of N1 31-103 states that the excess working capital of a registered firm as calculated in accordance with Form 31-103F1 must not be less than zero for two consecutive days.

11. On January 14, 2013, Quadrexx notified Staff of the Commission that the firm had an excess working capital of less than zero by delivering a Form 31-103F1 which indicated that the firm had a working capital deficiency of $115,877.

QAM I and QAM II Offerings

12. From March 2009 to February 2011, Quadrexx issued shares of itself called QAM Class I Cumulative Redeemable Retractable Convertible Preference Shares ("QAM I") and raised approximately $8 million.

13. Since March 2011, Quadrexx has issued additional preferred shares of itself, the QAM Class II Cumulative Redeemable Retractable Convertible Preference Shares ("QAM II") and raised approximately $4 million.

14. On June 20, 2012, Quadrexx provided an undertaking to Staff that all trading in the securities of Quadrexx (including QAM I and QAAM II) shall cease. This undertaking remains in effect.

15. On July 5, 2012, the Alberta Securities Commission ordered that all trading or purchasing cease in respect of any security of Quadrexx. This cease trade order remains in effect.

QSA Offering

16. By offering memorandums dated August 15, 2011 and August 30, 2012, shares and notes of QSA were offered to investors in Ontario and in other provinces purportedly in reliance on exemptions to the prospectus requirement.

AND WHEREAS Staff's investigation is ongoing;

AND WHEREAS it appears to the Commission that Quadrexx is capital deficient contrary to subsection 12.1(2) of NI 31-103 and may have engaged in conduct that is contrary to the Act;

AND WHEREAS Staff has filed the affidavit of Yvonne Lo sworn February 1, 2013 in support of the Temporary Order and made oral submissions in support of the requested Order;

AND WHEREAS Quadrexx's counsel made oral submissions opposing the requested Order;

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;

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

AND WHEREAS by Authorization Order made June 13, 2012, pursuant to subsection 3.5(3) of the Act, the Commission authorized each of Howard I. Wetston, James E. A. Turner, Kevin J. Kelly, James D. Carnwath, Mary G. Condon, Margot C. Howard, Paulette L. Kennedy, Vern Krishna, Christopher Portner and Edward P. Kerwin, acting alone, to exercise the powers of the Commission to make Orders under section 127 of the Act;

IT IS HEREBY ORDERED that all trading in the securities of Quadrexx and Quadrexx Related Securities shall cease;

IT IS FURTHER ORDERED that the following terms and conditions apply to the registration of Quadrexx as an exempt market dealer:

(i) Quadrexx shall be entitled to trade only in securities that are not Quadrexx and Quadrexx Related Securities;

(ii) Before trading with or on behalf of any client after the date hereof, Quadrexx and any dealing representative shall (a) advise such client that Quadrexx has a working capital deficiency as at December 31, 2012, and (b) deliver a copy of this Order to such client; and

(iii) Quadrexx and any dealing representatives shall not accept any new clients or open any new client accounts of any kind;

IT IS FURTHER ORDERED that the following terms and conditions apply to the registration of Quadrexx as a portfolio manager and investment fund manager:

(i) Quadrexx's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Quadrexx Funds; and

(ii) Quadrexx shall not accept any new clients or open any new client accounts of any kind;

IT IS FURTHER ORDERED that this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission.

DATED at Toronto this 6th day of February, 2013.

"James E. A. Turner"

2.2.4 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 24, 2011 with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS on March 31, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to April 28, 2011;

AND WHEREAS on April 28, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to June 7, 2011;

AND WHEREAS on June 7, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to July 27, 2011;

AND WHEREAS on July 27, 2011, the Commission heard submissions from Staff and Sbaraglia and ordered that a pre-hearing conference in this matter take place on October 28, 2011;

AND WHEREAS on October 28, 2011, the Commission held a pre-hearing conference in this matter and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to November 25, 2011 on the consent of the parties;

AND WHEREAS on November 25, 2011, following a pre-hearing conference at which the Commission heard submissions from Staff and counsel for Sbaraglia, the Commission ordered that: Sbaraglia's motion regarding Staff's disclosure, if Sbaraglia determined to bring such a motion, be scheduled for January 24, 2012; the hearing on the merits commence on June 4, 2012 and continue until June 26, 2012, excluding June 5 and 19, 2012; and a pre-hearing conference be held on April 30, 2012;

AND WHEREAS on January 24, 2012, the Commission held a hearing with respect to a disclosure motion brought by Sbaraglia, which motion was dismissed by the Commission, and the Commission ordered that the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "Rules") be extended by an additional 10 days;

AND WHEREAS on April 30, 2012, the Commission held a hearing with respect to a motion brought by counsel for Sbaraglia seeking an adjournment of the hearing on the merits, which was opposed by Staff, and the Commission ordered that: the hearing on the merits originally scheduled to commence on June 4, 2012 will commence on October 22, 2012 and continue until November 14, 2012, inclusive, with the exception of October 23, 2012 and November 5 and 6, 2012, on a peremptory basis with respect to Sbaraglia; a pre-hearing conference be held on June 4, 2012; and the extension of the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Rules ordered on January 24, 2012 be set aside;

AND WHEREAS on June 4, 2012, the Commission held a pre-hearing conference and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to July 4, 2012;

AND WHEREAS on July 4, 2012, the Commission held a pre-hearing conference and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to July 19, 2012;

AND WHEREAS on July 19, 2012, the Commission held a hearing with respect to a motion brought by counsel for Sbaraglia seeking an adjournment of the hearing on the merits, to which Staff consented;

AND WHEREAS counsel for Sbaraglia advised the Commission that, on October 2, 2012, the Court of Appeal will hear an appeal and cross-appeal of the decision of the Superior Court of Justice dated May 23, 2012 regarding Sbaraglia's motion to compel production by the Receiver of certain documents alleged by Sbaraglia to be relevant to this matter;

AND WHEREAS the Commission ordered that: the hearing on the merits scheduled to commence on October 22, 2012 will commence on March 18, 2013, on a peremptory basis with respect to Sbaraglia, and shall continue until April 5, 2013, inclusive, with the exception of March 26 and 29, 2013 and further continue on April 24 and 25, 2013; and a pre-hearing conference will be held on November 7, 2012;

AND WHEREAS on November 7, 2012, the Commission held a pre-hearing conference and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to December 12, 2012;

AND WHEREAS on December 12, 2012, the Commission held a pre-hearing conference in this matter and heard submissions from Staff and counsel for Sbaraglia;

AND WHEREAS counsel for Sbaraglia advised the Commission that Sbaraglia intended to request the issuance of summonses to a number of individuals, including the Receiver;

AND WHEREAS Staff requested that a hearing be scheduled at which time anyone to whom a summons was issued may bring a motion to have the issuance of the summons reviewed by the Commission in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS counsel for Sbaraglia undertook to advise the parties to whom summonses were issued of the date of the hearing with respect to any motion to review the issuance of the summonses;

AND WHEREAS the Commission ordered that a hearing be held on January 9, 2013 for the purpose of considering any motion to review the issuance of the summonses in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS on January 9, 2013, Staff, counsel for Sbaraglia, counsel for the Receiver and counsel for an individual to whom a summons had been issued appeared before the Commission and made submissions regarding the scheduling of motions to review the issuance of the summonses;

AND WHEREAS counsel for the Receiver advised the Commission that the Receiver intended to bring a motion to review the issuance of the summons to the Receiver;

AND WHEREAS counsel for Sbaraglia undertook to advise the parties to whom summonses have been issued of the date of the hearing with respect to any motion to review the issuance of the summonses;

AND WHEREAS on January 9, 2013, the Commission ordered that a hearing be held on February 8, 2013 at 10:00 a.m. for the purpose of considering a motion by the Receiver, if applicable, to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS on January 9, 2013, the Commission further ordered that a hearing be held on February 8, 2013 at 10:00 a.m., following the hearing to which reference is made in the paragraph above, if applicable, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary, for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS the parties to the motion failed to comply with the time requirements for the filing of motion materials set out in Rule 3 of the Rules;

AND WHEREAS on February 6, 2013, the Commission ordered that the hearing for the purpose of considering a motion by the Receiver to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules be adjourned to February 19, 2013 at 10:00 a.m.;

AND WHEREAS on February 6, 2013, the Commission further ordered that the hearing for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules be adjourned to February 19, 2013 at 10:00 a.m., following the hearing to which reference is made in the paragraph above, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary;

AND WHEREAS on February 7, 2013, counsel for Sbaraglia and counsel for the Receiver advised that they are not available on February 19, 2013 to attend the motion hearing but are available on February 27, 2013;

IT IS ORDERED THAT:

1. the hearing for the purpose of considering a motion by the Receiver to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules is adjourned to February 27, 2013 at 10:00 a.m.; and

2. the hearing for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules is adjourned to February 27, 2013 at 10:00 a.m., following the hearing to which reference is made in paragraph 1 above, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary.

DATED at Toronto this 8th day of February, 2013.

"Mary G. Condon"

2.2.5 Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus – s. 60 of the Commodity Futures Act

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

AND

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

ORDER
(Section 60 of the Commodity Futures Act)

WHEREAS on December 20, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in relation to a Statement of Allegations dated December 19, 2012, issued pursuant to sections 60 and 60.1 of the *Commodity Futures Act*, R.S.O. 1990, Ch. C.20, as amended, in respect of Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus (collectively the "Respondents");

AND WHEREAS on February 5, 2013, Staff of the Commission (“Staff”) and the Respondents attended before the Commission for a first appearance on this matter;

AND WHEREAS Staff and the Respondents agreed to attend a confidential pre-hearing conference on April 23, 2013 at 3:30 p.m.;

IT IS HEREBY ORDERED that this matter is adjourned to a confidential pre-hearing conference which shall take place on April 23, 2013 at 3:30 p.m. at the offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario.

DATED at Toronto this 6th day of February, 2013

“Mary G. Condon”
Commissioner

2.2.6 Western Wind Energy Corp. et al. – ss. 104, 127

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

AND

IN THE MATTER OF
WESTERN WIND ENERGY CORP.,
BROOKFIELD RENEWABLE ENERGY PARTNERS LP, and
WWE EQUITY HOLDINGS INC.

ORDER
(Sections 104 and 127)

WHEREAS on November 26, 2012, WWE Equity Holdings Inc., an indirect subsidiary of Brookfield Renewable Energy Partners LP, (together, the "Respondent") made an Offer to Purchase For Cash (the "Offer") all of the outstanding common shares of Western Wind Energy Corp. (the "Applicant") which had an initial expiry date of January 28, 2013 at 5:00p.m.;

AND WHEREAS on January 28, 2013, the Respondent extended the Offer by Notice of Variation and Extension until February 11, 2013 at 5:00p.m.;

AND WHEREAS the Applicant filed an application (the "Application") with the Ontario Securities Commission (the "Commission") dated January 28, 2013 requesting that the Commission issue:

(a) an order compelling the Respondent to obtain at its own expense a formal valuation of the Applicant and to otherwise comply with section 2.3 of Multilateral Instrument ("MI") 61-101;

(b) an interim and interlocutory order cease trading the Offer until the Respondent has complied with the order requested in subparagraph (a);

(c) an expedited hearing for the relief set out in subparagraphs (a) and (b) above; and

(d) a confidentiality order with respect to confidential business information of the Applicant contained in the record;

AND WHEREAS the Respondent brought a cross-motion dated February 4, 2013 (the "Respondent's Motion") for:

(a) an order dismissing the Application and, if necessary, and out of an abundance of caution, exempting the Offer from the valuation requirement under MI 61-101; and

(b) such further relief as the Commission may deem just;

AND WHEREAS on February 7, 2013, a hearing was held before the Commission to address the granting of:

(a) an interim and interlocutory order cease trading the Offer;

(b) the Respondent's Motion; and

(c) confidentiality motions;

AND WHEREAS the Commission heard oral submissions from the Applicant, the Respondent and Staff of the Commission and reviewed all the materials submitted by the parties;

AND WHEREAS the Commission is of the view that it is in the public interest to make this order with reasons to follow;

IT IS HEREBY ORDERED:

1. The Applicant's request for an interim and interlocutory order cease trading the Offer is dismissed;

2. The Respondent's Motion to dismiss the Application is granted; and

3. Only redacted copies of the record will be made publicly available and all redacted copies of hearing materials shall be filed with the Office of the Secretary by 4:30p.m. on February 11, 2013.

Dated at Toronto this 7th day of February, 2013

"Mary G. Condon"

"James E. A. Turner"

"Judith N. Robertson"

2.2.7 CGA Mining Limited

Headnote

Application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

Applicable Legislative Provisions

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

February 11, 2013

CGA Mining Limited
Level 5, The BGC Centre
28 The Esplanade
Perth, Western Australia
6000

Dear Sirs/Mesdames:

Re: CGA Mining Limited (the Applicant) – application for an order under subclause 1(10)(a)(ii) of the Securities Act (Ontario) (the Act) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under subclause 1(10)(a)(ii) of the Act that the Applicant is not a reporting issuer.

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

The Applicant has represented to the Commission that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in Ontario 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 not in default of any of its obligations under the Legislation as a reporting issuer; and

(d) the Applicant will not be a reporting issuer in any jurisdiction of Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

"Lisa Enright"
Manager, Corporate Finance
Ontario Securities Commission

2.2.8 BMO US Dividend Hedged to CAD ETF et al. - s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

Certain mutual funds designated as exchange-traded funds for the purposes of OSC Rule 48-501.

Rules Cited

Ontario Securities Commission Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions, s. 1.1.

IN THE MATTER OF
ONTARIO SECURITIES COMMISSION RULE 48-501 –
TRADING DURING DISTRIBUTIONS, FORMAL BIDS
AND SHARE EXCHANGE TRANSACTIONS
(Rule)

AND

IN THE MATTER OF
BMO US DIVIDEND HEDGED TO CAD ETF,
BMO US DIVIDEND ETF,
BMO LOW VOLATILITY US EQUITY ETF,
BMO MID-TERM US IG CORPORATE BOND
HEDGED TO CAD INDEX ETF, BMO MID-TERM US IG
CORPORATE BOND INDEX ETF, BMO MID
PROVINCIAL BOND INDEX ETF AND
BMO LONG PROVINCIAL BOND INDEX ETF
(the Funds)

DESIGNATION ORDER
Section 1.1

WHEREAS each of the Funds is or will be listed on the Toronto Stock Exchange;

AND WHEREAS under the Universal Market Integrity Rules (UMIR), each Fund is considered an Exempt Exchange-traded Fund that is not subject to prohibitions related to trading during certain securities transactions;

AND WHEREAS the definition of “exchange-traded fund” in the Rule is substantially similar to the definition of Exempt Exchange-traded Fund in UMIR, and the purpose of the Rule and UMIR are substantially similar;

THE DIRECTOR HEREBY DESIGNATES each of the Funds as an exchange-traded fund for the purposes of the Rule.

Dated February 11, 2013

“Susan Greenglass”
Director, Market Regulation

2.2.9 Oversea Chinese Fund Limited et al. – ss. 127(7), (8)

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

AND

IN THE MATTER OF

OVERSEA CHINESE FUND LIMITED PARTNERSHIP, WEIZHEN TANG AND ASSOCIATES INC., WEIZHEN TANG CORP. AND WEIZHEN TANG

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

WHEREAS on March 17, 2009, pursuant to subsections 127(1) and (5) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made the following temporary orders (the "Temporary Order") against Oversea Chinese Fund Limited Partnership ("Oversea"), Weizhen Tang and Associates Inc. ("Associates"), Weizhen Tang Corp. ("Corp.") and Weizhen Tang (collectively, the "Respondents"):

1. that all trading in securities of Oversea, Associates and Corp. shall cease;

2. that all trading by the Respondents shall cease; and

3. that the exemptions contained in Ontario securities law do not apply to the Respondents.

AND WHEREAS on March 17, 2009, pursuant to subsection 127(6) of the Act, the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on March 18, 2009, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 1, 2009 at 2:00 p.m.;

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

AND WHEREAS prior to the April 1, 2009 hearing date, Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order, Notice of Hearing, and Staff's supporting materials;

AND WHEREAS on April 1, 2009, counsel for the Respondents advised the Commission that the Respondents did not oppose the extension of the Temporary Order;

AND WHEREAS on April 1, 2009, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order until September 10, 2009;

AND WHEREAS on April 1, 2009, the Commission ordered that the Temporary Order be extended, pursuant to subsection 127(8) of the Act, to September 10, 2009 and the hearing be adjourned to September 9, 2009;

AND WHEREAS on September 8, 2009, the Commission ordered, on consent, that the Temporary Order be extended until September 26, 2009 and the hearing be adjourned until September 25, 2009 at 10:00 a.m.;

AND WHEREAS on September 24, 2009, the Commission ordered, on consent, that the Temporary Order be extended until October 23, 2009 and the hearing be adjourned until October 22, 2009 at 10:00 a.m.;

AND WHEREAS on October 22, 2009, the Commission ordered, on consent, that the Temporary Order be extended until November 16, 2009 and the hearing be adjourned until November 13, 2009 at 10:00 a.m.;

AND WHEREAS on November 13, 2009, the Respondents brought a motion before the Commission to have the Temporary Order varied to allow Weizhen Tang to trade (the "Tang Motion") and Staff opposed this motion;

AND WHEREAS on November 13, 2009, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on November 13, 2009, the Commission considered the materials filed by the parties, the evidence given by Weizhen Tang, and the submissions of counsel for Staff and counsel for the Respondents;

AND WHEREAS on November 13, 2009, the Commission was of the opinion that, pursuant to subsection 127(8) of the Act, satisfactory information had not been provided to the Commission by any of the Respondents; it was in the public interest to order that the Tang Motion be denied; the Temporary Order be extended until June 30, 2010; and the hearing be adjourned to June 29, 2010 at 10:00 a.m.;

AND WHEREAS on June 29, 2010, Staff sought an extension of the Temporary Order until after the conclusion of the charges before the Ontario Court of Justice against Oversea, Associates and Weizhen Tang;

AND WHEREAS on June 29, 2010, the Respondents and Staff filed materials, including the Affidavit of Jeff Thomson, sworn on June 23, 2010;

AND WHEREAS on June 29, 2010, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and counsel for the Respondents, and the submissions of Weizhen Tang;

AND WHEREAS on June 29, 2010, the Commission ordered that the Temporary Order be extended until March 31, 2011, and the hearing be adjourned to March 30, 2011, at 10:00 a.m.;

AND WHEREAS on March 30, 2011, no one appeared on behalf of the Respondents despite being given notice of the appearance;

AND WHEREAS on March 30, 2011, the Commission ordered that the Temporary Order was extended until May 17, 2011, and the hearing was adjourned to May 16, 2011 at 10:00 a.m.;

AND WHEREAS on May 16, 2011, Staff made submissions and sought an extension of the Temporary Order and the Respondent Weizhen Tang appeared on behalf of all Respondents and made submissions opposing the extension of the Temporary Order;

AND WHEREAS on May 16, 2011, the Commission concluded pursuant to subsection 127(8) of the Act that satisfactory information had not been provided to the Commission by any of the Respondents;

AND WHEREAS on May 16, 2011, the Commission ordered that the Temporary Order be extended until November 1, 2011 and the hearing be adjourned to October 31, 2011 at 10:00 a.m.;

AND WHEREAS on October 31, 2011, Staff appeared before the Commission seeking an extension of the Temporary Order;

AND WHEREAS on October 31, 2011, Weizhen Tang appeared on behalf of all Respondents opposing the extension of the Temporary Order;

AND WHEREAS on October 31, 2011, Staff and the Respondents filed materials and made submissions before the Commission;

AND WHEREAS on October 31, 2011, the Commission considered the materials filed by the parties, the submissions of counsel for Staff and the submissions of Weizhen Tang;

AND WHEREAS on October 31, 2011, the Commission concluded pursuant to subsection 127(8) of the Act that satisfactory information was not provided by any of the Respondents;

AND WHEREAS on October 31, 2011, the Commission advised Weizhen Tang that the Respondents could bring a motion under section 144 of the Act to vary the Temporary Order prior to the next hearing date;

AND WHEREAS on October 31, 2011, the Commission ordered that the Temporary Order be extended to September 24, 2012 and that the hearing be adjourned to September 21, 2012 at 10:00 a.m.;

AND WHEREAS on September 21, 2012, the Commission ordered that the Temporary Order be extended to January 21, 2013 and that the hearing be adjourned to January 18, 2013 at 10:00 a.m.;

AND WHEREAS on January 18, 2013, Staff appeared before the Commission to request an extension of the Temporary Order and no one appeared on behalf of the Respondents despite being given notice of the hearing;

AND WHEREAS Weizhen Tang indicated by email dated January 17, 2013 that he opposed the extension of the Temporary Order and attached materials to his email;

AND WHEREAS Weizhen Tang was not able to appear before the Commission due to an appearance in another matter;

AND WHEREAS on January 18, 2013, the Commission ordered that the Temporary Order be extended until February 4, 2013 and the hearing of this matter be adjourned to February 1, 2013 at 2:00 p.m.;

AND WHEREAS on February 1, 2013, Staff appeared before the Commission to request an extension of the Temporary Order and no one appeared on behalf of the Respondents despite being given notice of this hearing;

AND WHEREAS Staff informed the Commission that, following the appearance before the Commission on January 18, 2013, Weizhen Tang advised Staff by email that his criminal sentencing hearing before Superior Court of Justice was also scheduled to continue on February 1, 2013;

AND WHEREAS Staff further informed the Commission that counsel for Staff was informed on February 1, 2013 at approximately 1:30 p.m. that Weizhen Tang was to be sentenced by the Superior Court of Justice at 3:00 p.m.;

AND WHEREAS Weizhen Tang had indicated through materials provided to Staff and the Commission that he opposed the extension of the Temporary Order;

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

IT IS ORDERED that the Temporary Order is extended until February 6, 2013 and the hearing of this matter is adjourned to February 5, 2013 at 9:30 a.m.

DATED at Toronto this 1st day of February, 2013.

“Mary G. Condon”

2.2.10 Peter Sbaraglia

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

AND

IN THE MATTER OF
PETER SBARAGLIA

ORDER

WHEREAS on February 24, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on February 24, 2011 with respect to Peter Sbaraglia ("Sbaraglia");

AND WHEREAS on March 31, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to April 28, 2011;

AND WHEREAS on April 28, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to June 7, 2011;

AND WHEREAS on June 7, 2011, the Commission heard submissions from Staff and counsel for Sbaraglia and adjourned the hearing to July 27, 2011;

AND WHEREAS on July 27, 2011, the Commission heard submissions from Staff and Sbaraglia and ordered that a pre-hearing conference in this matter take place on October 28, 2011;

AND WHEREAS on October 28, 2011, the Commission held a pre-hearing conference in this matter and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to November 25, 2011 on the consent of the parties;

AND WHEREAS on November 25, 2011, following a pre-hearing conference at which the Commission heard submissions from Staff and counsel for Sbaraglia, the Commission ordered that: Sbaraglia's motion regarding Staff's disclosure, if Sbaraglia determined to bring such a motion, be scheduled for January 24, 2012; the hearing on the merits commence on June 4, 2012 and continue until June 26, 2012, excluding June 5 and 19, 2012; and a pre-hearing conference be held on April 30, 2012;

AND WHEREAS on January 24, 2012, the Commission held a hearing with respect to a disclosure motion brought by Sbaraglia, which motion was dismissed by the Commission, and the Commission ordered that the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Ontario Securities Commission *Rules of Procedure* (2010), 33 O.S.C.B. 8017 (the "Rules") be extended by an additional 10 days;

AND WHEREAS on April 30, 2012, the Commission held a hearing with respect to a motion brought by counsel for Sbaraglia seeking an adjournment of the hearing on the merits, which was opposed by Staff, and the Commission ordered that: the hearing on the merits originally scheduled to commence on June 4, 2012 will commence on October 22, 2012 and continue until November 14, 2012, inclusive, with the exception of October 23, 2012 and November 5 and 6, 2012, on a peremptory basis with respect to Sbaraglia; a pre-hearing conference be held on June 4, 2012; and the extension of the minimum time requirements under subrule 4.3(1) and rule 4.5 of the Rules ordered on January 24, 2012 be set aside;

AND WHEREAS on June 4, 2012, the Commission held a pre-hearing conference and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to July 4, 2012;

AND WHEREAS on July 4, 2012, the Commission held a pre-hearing conference and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to July 19, 2012;

AND WHEREAS on July 19, 2012, the Commission held a hearing with respect to a motion brought by counsel for Sbaraglia seeking an adjournment of the hearing on the merits, to which Staff consented;

AND WHEREAS counsel for Sbaraglia advised the Commission that there was an appeal and cross-appeal of Justice Pattillo's decision of May 23, 2012 regarding Sbaraglia's motion to compel production by the Receiver of certain documents alleged by Sbaraglia to be relevant to this matter scheduled before the Court of Appeal on October 2, 2012;

AND WHEREAS the Commission ordered that: the hearing on the merits scheduled to commence on October 22, 2012 will commence on March 18, 2013, on a peremptory basis with respect to Sbaraglia, and shall continue until April 5, 2013, inclusive, with the exception of March 26 and 29, 2013 and further continue on April 24 and 25, 2013; and a pre-hearing conference will be held on November 7, 2012;

AND WHEREAS on November 7, 2012, the Commission held a pre-hearing conference and heard submissions from Staff and counsel for Sbaraglia and adjourned the pre-hearing conference to December 12, 2012;

AND WHEREAS on December 12, 2012, the Commission held a pre-hearing conference in this matter and heard submissions from Staff and counsel for Sbaraglia;

AND WHEREAS counsel for Sbaraglia advised the Commission that Sbaraglia intended to request the issuance of summonses to a number of individuals, including the Receiver;

AND WHEREAS Staff requested that a hearing be scheduled at which time anyone to whom a summons was issued may bring a motion to have the issuance of the summons reviewed by the Commission in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS counsel for Sbaraglia undertook to advise the parties to whom summonses were issued of the date of the hearing with respect to any motion to review the issuance of the summonses;

AND WHEREAS the Commission ordered that a hearing be held on January 9, 2013 for the purpose of considering any motion to review the issuance of the summonses in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS on January 9, 2013, Staff, counsel for Sbaraglia, counsel for the Receiver and counsel for an individual to whom a summons had been issued appeared before the Commission and made submissions regarding the scheduling of motions to review the issuance of the summonses;

AND WHEREAS counsel for the Receiver advised the Commission that the Receiver intends to bring a motion to review the issuance of the summons to the Receiver;

AND WHEREAS counsel for Sbaraglia undertook to advise the parties to whom summonses have been issued of the date of the hearing with respect to any motion to review the issuance of the summonses;

AND WHEREAS on January 9, 2013, the Commission ordered that a hearing be held on February 8, 2013 at 10:00 a.m. for the purpose of considering a motion by the Receiver, if applicable, to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS on January 9, 2013, the Commission further ordered that a hearing be held on February 8, 2013 at 10:00 a.m., following the hearing to which reference is made in the paragraph above, if applicable, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary, for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules;

AND WHEREAS the parties to the motion failed to comply with the time requirements for the filing of motion materials set out in Rule 3 of the Rules;

IT IS ORDERED THAT:

1. the hearing for the purpose of considering a motion by the Receiver to review the issuance of the summons to the Receiver in accordance with subrule 4.7(2) of the Rules is adjourned to February 19, 2013 at 10:00 a.m.;

2. the hearing for the purpose of considering a motion by any other party to whom a summons has been issued to review the issuance of a summons to such party in accordance with subrule 4.7(2) of the Rules is adjourned to February 19, 2013 at 10:00 a.m., following the hearing to which reference is made in paragraph 1 above, and on such other date and time as agreed to by the parties and determined by the Office of the Secretary.

DATED at Toronto this 6th day of February, 2013.

“Mary G. Condon”

2.2.11 LCH.Clearnet Limited – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) (Act) to vary and restate the interim order of LCH.Clearnet Limited (LCH) to extend its interim exemption, which exempts LCH under section 147 of the Act on an interim basis from recognition as a clearing agency under subsection 21.2(0.1) of the Act.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 21.2(0.1), 147 and 144.

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

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED (LCH)

VARIATION AND RESTATEMENT OF THE RESTATED INTERIM ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an interim order dated March 1, 2011 pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Initial Order**);

AND WHEREAS the Commission issued an order dated May 17, 2011 varying and restating the Initial Order to clarify that LCH may provide additional clearing services, including LCH Enclear OTC service to Ontario-resident clients (**Interim Order**);

AND WHEREAS the Commission issued an order dated August 19, 2011 varying and restating the Interim Order and issued an order dated August 28, 2012 varying the August 19, 2011 order to extend LCH's interim exemption from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Restated Interim Order**);

AND WHEREAS the Restated Interim Order will terminate on the earlier of (i) March 1, 2013, and (ii) the effective date of a subsequent order with respect to the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Subsequent Order**);

AND WHEREAS LCH has filed an application dated January 24, 2013 with the Commission pursuant to subsection 21.2(0.1) of the Act requesting that the Commission recognize LCH as a clearing agency (**Recognition Application**);

AND WHEREAS LCH has filed an application dated January 16, 2013 with the Commission pursuant to section 144 of the Act to vary the Restated Interim Order to extend its expiry date since the Applicant understands that the Commission does not have sufficient time to issue the Subsequent Order following the public comment process for the Recognition Application by March 1, 2013 (**Application**);

AND WHEREAS the Commission determined that the Restated Interim Order should also be varied to include an additional reporting requirement;

AND WHEREAS the Commission has received certain representations from LCH in connection with the Application;

AND WHEREAS the Commission has determined that it is not prejudicial to the public interest to vary and restate the Restated Interim Order;

IT IS ORDERED, pursuant to section 144 of the Act, that the Restated Interim Order be varied and restated as follows:

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

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED (LCH)

ORDER
(Section 147 of the Act)

WHEREAS the Ontario Securities Commission (**Commission**) issued an interim order dated March 1, 2011 pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Initial Order**);

AND WHEREAS the Commission issued an order dated May 17, 2011 varying and restating the Initial Order to clarify that LCH may provide additional clearing services, including the LCH EnClear OTC service (EnClear), to Ontario-resident clients (**Interim Order**);

AND WHEREAS the Commission issued an order dated August 19, 2011 varying and restating the Interim Order and issued an order dated August 28, 2012 varying the August 19, 2011 order to extend LCH's interim exemption from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Restated Interim Order**);

AND WHEREAS the Restated Interim Order will terminate on the earlier of (i) March 1, 2013, and (ii) the effective date of a subsequent order with respect to the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Subsequent Order**);

AND WHEREAS LCH has filed an application dated January 24, 2013 with the Commission pursuant to subsection 21.2(0.1) of the Act requesting that the Commission recognize LCH as a clearing agency (**Recognition Application**);

AND WHEREAS LCH has filed an application dated January 16, 2013 with the Commission pursuant to section 144 of the Act to vary the Restated Interim Order to extend its expiry date since the Applicant understands that the Commission does not have sufficient time to issue the Subsequent Order following the public comment process for the Recognition Application by March 1, 2013 (**Application**);

AND WHEREAS the Commission determined that the Restated Interim Order should also be varied to include an additional reporting requirement;

AND WHEREAS LCH has represented to the Commission that:

1.1 LCH is a clearing house incorporated under the laws of England and Wales;

1.2 LCH is a Recognised Clearing House (**RCH**) in the United Kingdom (UK) under the UK's Financial Services and Markets Act 2000 (**FSMA**) and, as such, is approved by the UK Financial Services Authority (**FSA**) to clear a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interest rate swaps and euro and sterling denominated bonds and repurchase transactions;

1.3 As of January 24, 2013, LCH.Clearnet Group Ltd., the parent company of LCH, is owned 77.5 percent by users (clearing members) and 22.5 percent by exchanges;

1.4 LCH operates as an industry utility and receives most of its revenue from clearing fees charged to its members;

1.5 LCH works closely with market participants and exchanges to identify and develop clearing services for new asset classes;

1.6 Pursuant to FSA approval, LCH clears a broad range of asset classes including: securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro and sterling denominated bonds and repos. More specifically LCH clears, exchange-traded futures and options on futures, exchange-traded options on equity indices and individual equities, and exchange-traded cash equities. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (UK Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro); equity indices (UK-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German,

Italian, Spanish and US companies); and to a broad range of commodities (non-ferrous metals -- aluminium (primary and secondary), copper, lead, nickel, tin and zinc; plastics; and 'softs' and agriculturals -- cocoa, coffee, white (refined) sugar, wheat, barley and potatoes). In addition, LCH clears cash-settled over-the-counter (**OTC**) freight forwards and options, OTC emissions contracts, iron and fertilizer swaps and clears cash-settled electric power and natural gas futures on two platforms, a screen-traded nodal auction market and an OTC negotiated (broker-matched) trade submission facility, for participants of the Nodal Exchange;

1.7 Currently, LCH provides clearing services for the following UK Recognised Investment Exchanges: NYSE Liffe Futures & Options, the London Metal Exchange and EDX London, as well as for the London Stock Exchange and in Switzerland, SIX Swiss Exchange AG;

1.8 LCH has approximately 130 members consisting of banks, securities houses/investment banks, commodity brokers and traders and, to a very limited extent, industrial companies (**Clearing Members**);

1.9 LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory;

1.10 LCH currently offers Ontario-resident clients access to its RepoClear, SwapClear. EnClear, and LCH Nodal Service and intends to offer other clearing services;

1.11 RepoClear is a service clearing cash bond and repo trades across a number of European markets and is the second largest clearer of fixed income and repo products in the world;

1.12 RepoClear clears cash bond and repo trades in the following markets: Austrian, Belgian, Dutch, German, Irish, Finnish, Portuguese and UK government bonds. Additional markets served include: German Jumbo Pfandbriefe and Supranationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repo trades: classic fixed rate repos with 1st leg settlement on a same day and forward start basis with a term not greater than one year;

1.13 A RepoClear participant has to either be a clearing member or have a clearing arrangement with a firm that is a clearing member. A RepoClear participant who clears repos is a RepoClear Clearing Member (**RCM**). A participant who has a clearing arrangement with an RCM is a RepoClear Dealer;

1.14 SwapClear was launched in 1999 and has grown to become the largest central counterparty for OTC interest rate derivatives globally. LCH anticipates clearing an expanded list of swap products and OTC derivatives on exempt commodities. Transactions cleared through SwapClear are traded by LCH Clearing Members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH;

1.15 There are broadly two recognised participants in SwapClear: (i) SwapClear Clearing Members; and (ii) SwapClear Dealers. A SwapClear Clearing Member is eligible to clear trades on its own behalf, and on behalf of its branches, affiliated companies and clients. A SwapClear Dealer is an affiliate company of a SwapClear Clearing Member which is identified separately within SwapClear and whose trades clear through the affiliated SwapClear Clearing Member based on a clearing agreement between the SwapClear Clearing Member and the SwapClear Dealer;

1.16 An applicant for either RepoClear or SwapClear must enter into a Clearing Membership Agreement with LCH before it can become a member of LCH. Applicants that wish to clear trades through RepoClear or SwapClear on their own behalf or on behalf of others must enter into a Clearing Membership Agreement. RepoClear Dealers and SwapClear Dealers must clear trades through a RepoClear Clearing Member or SwapClear Clearing Member and are not considered clearing members of LCH;

1.17 EnClear is comprised of three divisions, namely, the Energy Division, Freight Division, and Precious Metals Division;

1.18 EnClear's Energy Division provides independent multilateral netting and clearing for the global OTC spot and forward carbon allowance markets. It clears OTC emissions spot, forward and option contracts, specifically OTC Spot and Forward European Union Allowances contracts issued in accordance with the terms of Directive 1003/87/EC and OTC Spot and Forward Certified Emissions Reductions contracts issued pursuant to Article 12 of the Kyoto Protocol;

1.19 EnClear's Freight Division clears Forward Freight Agreement products, Container Freight Swap Agreement products and commodities (e.g., iron ore swaps and iron ore options, steel swaps, fertilizer swaps and fertilizer options, coal swaps and coal options);

1.20 EnClear's Precious Metals Division only clears OTC gold and silver forward contracts;

1.21 EnClear's OTC emissions contract clearing solution gives the end user the option to use its preferred voice broker or broker trading platform to capitalize on a single pool of open interest. OTC emissions contracts can be manually entered or uploaded in batch format into LCH's Extensible Clearing System (ECS), an electronic platform accessible to Approved Emissions Brokers;

1.22 EnClear's OTC spot emissions contracts cleared by LCH are physically delivered and therefore place an obligation on Clearing Members that hold an open position at expiry to deliver emissions credits;

1.23 LCH's OTC emissions clearing services allow for spot and forward contracts that have been concluded either bilaterally or through Approved Emissions Brokers to be registered for clearing. Trades are entered using the ECS by Approved Emissions Brokers, subject to the following criteria:

(a) Each party to the spot and forward trade must either be a Clearing Member or a client of a Clearing Member of LCH; and

(b) The terms of the OTC spot and forward contracts to be registered must adhere to those of an eligible trade as specified by LCH;

1.24 Applicants that wish to clear trades through EnClear on their own behalf or on behalf of others must either enter into a Clearing Membership Agreement with LCH or extend their current membership to include EnClear;

1.25 LCH Nodal Service clears cash-settled electric power and natural gas futures for participants of the Nodal Exchange on two platforms, a screen-traded nodal auction market and an OTC negotiated (broker-matched) trade submission facility;

1.26 LCH Nodal Service does not cover options contracts and there is no provision for allocation or give-ups;

1.27 LCH Nodal Service allows for futures contracts that have been concluded either bilaterally or through a broker-matched trade submission facility to be registered for clearing. Trades executed or registered through the Nodal Trading System in accordance with Nodal Exchange Rules will be designated as "Nodal Transactions" eligible for registration by LCH, subject to satisfying LCH's requirements as set out in LCH's Rules;

1.28 To date, LCH has admitted five Ontario-resident clients as SwapClear Clearing Members;

1.29 LCH currently has one Ontario-resident client who is a RepoClear Clearing Member;

1.30 An existing Ontario-resident Clearing Member wishes to utilize LCH Nodal Service for clearing of electric power and natural gas contracts;

AND WHEREAS based on the Application and previous applications connected to the Initial Order, Interim Order and Restated Interim Order and the representations LCH has made to the Commission, the Commission has determined that the granting of the exemption on an interim basis from recognition as a clearing agency under section 21.2(0.1) of the Act would not be prejudicial to the public interest;

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

PROVIDED THAT:

1. This Order shall terminate on the earlier of: (i) June 1, 2013 and (ii) the effective date of the Subsequent Order;

2. LCH shall:

(a) continue to be a RCH under the FSMA;

(b) promptly notify staff of the Commission of:

(i) any material change or proposed material change in the regulatory oversight by the FSA;

(ii) any material problems with the clearance and settlement of transactions in its RepoClear, SwapClear, EnClear, LCH Nodal Service or other clearing services that could materially affect the financial viability of LCH;

(iii) a default of an Ontario-resident client in the RepoClear, SwapClear, EnClear, LCH Nodal Service or other clearing services; and

(iv) any new Ontario-resident clients of the RepoClear, SwapClear, EnClear, LCH Nodal Service or other clearing services;

3. LCH shall provide 60 days prior written notice and a detailed description of any new clearing service to be offered to Ontario-resident clients;

4. LCH shall maintain the following updated information and submit such information to the Commission on at least a quarterly basis, and at any time promptly upon request of staff of the Commission:

(a) for each LCH clearing service provided to Ontario-resident clients, the average daily trading volume and average aggregate outstanding notional amount during the previous quarter, for each Ontario-resident client;

(b) for each LCH clearing service provided to Ontario-resident clients, the aggregate outstanding notional amounts and the associated mark-to-market values of the outstanding positions held by each Ontario-resident client at the end of the previous quarter;

(c) for each LCH clearing service provided to Ontario-resident clients, the portion of total global trading volume conducted by each Ontario-resident client for the previous quarter and outstanding notional held by each Ontario-resident client as at the end of the previous quarter; and

(d) for each LCH clearing service provided to Ontario-resident clients, the quarter-end outstanding collateral value (variation and initial margins) provided by each Ontario-resident client;

5. LCH shall provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff; and

6. LCH shall share information and otherwise cooperate with other recognized and exempt clearing agencies as appropriate.

DATED March 1, 2011, as varied on May 17, 2011, August 19, 2011, August 28, 2012 and February 12, 2013.

"Judith N. Robertson"

"Christopher Portner"

This page intentionally left blank

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
Goldbar Resources Inc.	07 Feb 13	19 Feb 13		
First Choice Products Inc.	11 Feb 13	22 Feb 13		
Medusa Mining Limited	28 Jan 13	08 Feb 13	08 Feb 13	

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
12/14/2012	3	8344094 Canada Corp. - Common Shares	100,000.00	1,000,000.00
12/13/2012	17	Active Growth Capital Inc. - Units	250,000.00	10,000,000.00
01/28/2013	11	Alpha Minerals Inc. - Flow-Through Shares	3,150,000.00	1,500,000.00
11/29/2012	17	Amazon.com, Inc. - Notes	29,562,136.29	17.00
01/24/2013	1	Aozora Bank, Ltd. - Common Shares	4,113,648.00	1,600,000.00
01/16/2013	2	ArcelorMittal - Notes	2,955,000.00	2.00
01/23/2013	1	Atlas Energy Holdings Operating Company, LLC/Atlas Resource Finance Corporation - Note	1,997,200.00	1.00
12/21/2012	3	Auropean Ventures Inc. - Units	230,000.00	1,150,000.00
10/01/2012 to 11/01/2012	3	Bennett Jones Services Trust - Trust Units	587,130.00	587,130.00
02/04/2013 to 02/07/2013	4	Biosenta Inc. - Units	120,000.60	800,004.00
01/01/2012 to 12/31/2012	33	BlackRock Canada Long Bond Index Fund - Units	1,484,813,456.28	N/A
01/01/2012 to 12/31/2012	40	BlackRock Canada Universe Bond Index Fund - Units	303,292,842.00	N/A
01/01/2012 to 12/31/2012	6	BlackRock CDN LifePath 2015 Index Fund - Units	147,792,919.90	12,834,193.95
01/01/2012 to 12/31/2012	7	BlackRock CDN LifePath 2040 Index Fund - Units	138,508,895.30	14,283,730.18
01/01/2012 to 12/31/2012	3	BlackRock CDN LifePath 2050 Index Fund - Units	6,674,734.28	649,011.20
01/01/2012 to 12/31/2012	4	BlackRock CDN LifePath Index 2010 Retirement Fund - Units	16,730,561.04	1,418,620.98
01/01/2012 to 12/31/2012	4	BlackRock CDN MSCI ACWI ex-Canada Index Fund - Units	56,681,516.85	6,514,758.23

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2012 to 12/31/2012	2	BlackRock CDN MSCI Canada IMI Index Fund - Units	115,928,839.11	11,060,170.44
01/01/2012 to 12/31/2012	6	BlackRock CDN MSCI EAFE Index Hedged Fund - Units	42,047,300.29	3,988,307.84
01/01/2012 to 12/31/2012	2	BlackRock CDN MSCI EAFE Index Plus Fund - Units	19,175,000.00	1,931,784.76
01/01/2012 to 12/31/2012	16	BlackRock CDN MSCI Emerging Markets Index Fund Class A - Units	56,753,215.89	5,703,746.15
01/01/2012 to 12/31/2012	1	BlackRock CDN Russell 3000 Index Non-Taxable Fund - Units	387,037,085.05	34,309,970.28
01/01/2012 to 12/31/2012	9	BlackRock CDN Short Term Index Fund - Units	48,630,899.82	N/A
01/01/2012 to 12/31/2012	14	BlackRock CDN US Equity Index Fund - Units	45,175,696.37	N/A
01/01/2012 to 12/31/2012	1	BlueBay Direct Lending Fund I L.P. - Limited Partnership Interest	38,961,000.00	38,961,000.00
01/22/2013	16	Brocade communications Systems, Inc. - Notes	7,416,724.40	16.00
01/01/2012 to 12/31/2012	2	B.S.P. Funds Canada Inc. - Units	3,200,000.00	30,607.00
12/17/2012	8	Cadan Resources Corporation - Units	589,500.00	2,625,000.00
01/31/2013	1	Canadian Imperial Bank of Commerce - Notes	942,400.00	9,424.00
02/04/2013	22	Canadian Imperial Bank of Commerce - Notes	1,675,000.00	16,750.00
01/11/2013	4	Canadian International Minerals Inc. - Common Shares	30,000.00	2,000,000.00
01/14/2013	4	Canasil Resources Inc. - Units	195,000.00	1,300,000.00
01/01/2012 to 12/31/2012	59	Canso Broad Corporate Bond Fund, Class C - Units	50,950,707.65	N/A
01/01/2012 to 12/31/2012	17	Canso Broad Corporate Bond Fund, Class O - Units	23,530,842.43	N/A
01/01/2012 to 12/31/2012	13	Canso Canadian Bond Fund, Class C - Units	14,308,697.67	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2012 to 12/31/2012	5	Canso Canadian Bond Fund, Class O - Units	25,368,414.08	N/A
01/01/2012 to 12/31/2012	3	Canso Canadian Equity Fund - Units	95,000.00	18,818.87
01/01/2012 to 12/31/2012	8	Canso Catalina Fund - Units	209,350.00	40,534.62
01/01/2012 to 12/31/2012	8	Canso Coriel Investment Grade Fund, Class C - Units	15,891,450.19	N/A
01/01/2012 to 12/31/2012	1	Canso Corporate and Infrastructure Debt Fund - Units	500,000.00	83,046.82
01/01/2012 to 12/31/2012	7	Canso Corporate Bond Fund, Class A - Units	1,205,768.84	N/A
01/01/2012 to 12/31/2012	37	Canso Corporate Bond Fund, Class C - Units	33,819,233.81	N/A
01/01/2012 to 12/31/2012	14	Canso Corporate Bond Fund, Class F - Units	3,162,211.43	N/A
01/01/2012 to 12/31/2012	33	Canso Corporate Bond Fund, Class O - Units	74,403,189.47	N/A
01/01/2012 to 12/31/2012	3	Canso Corporate Securities Fund - Units	254,000.00	46,938.28
01/01/2012 to 12/31/2012	90	Canso Corporate Value Fund, Class A - Units	5,348,825.11	N/A
01/01/2012 to 12/31/2012	92	Canso Corporate Value Fund, Class C - Units	42,298,795.52	N/A
01/01/2012 to 12/31/2012	148	Canso Corporate Value Fund, Class O - Units	38,897,662.35	N/A
01/01/2012 to 12/31/2012	192	Canso Corporate Value Fund, Class F - Units	9,671,912.96	N/A
01/01/2012 to 12/31/2012	2	Canso Credit Opportunities Fund - Units	25,000.00	2,782.28
01/01/2012 to 12/31/2012	5	Canso Hurricane Fund - Units	721,606.15	328,096.49

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2012 to 12/31/2012	3	Canso Income Fund - Units	119,000.00	23,008.48
01/01/2012 to 12/31/2012	7	Canso India Fund - Units	483,662.63	78,943.96
01/01/2012 to 12/31/2012	1	Canso Inflation-Linked Fund - Units	33,000.00	5,536.45
01/12/2012 to 12/31/2012	5	Canso Long Short Fund - Units	122,000.00	16,767.32
01/01/2012 to 12/31/2012	22	Canso Masala Fund - Units	96,582.00	N/A
01/01/2012 to 12/31/2012	2	Canso Mustang Fund - Units	250,000.00	24,804.97
01/01/2012 to 12/31/2012	7	Canso North Star Fund - Units	555,284.76	90,344.09
01/01/2012 to 12/31/2012	4	Canso Partners Fund - Units	691,000.00	67,916.72
01/01/2012 to 12/31/2012	3	Canso Preservation Fund - Units	111,235.44	16,850.97
01/01/2012 to 12/31/2012	15	Canso Private Loan Fund - Units	179,776,000.00	N/A
01/01/2012 to 12/31/2012	5	Canso Reconnaisance Fund - Units	781,369.25	207,888.14
01/01/2012 to 12/31/2012	2	Canso Salvage Fund - Units	460,000.00	83,662.17
01/01/2012 to 12/31/2012	11	Canso Short Term and Floating Rate Income Fund - Units	4,421,299.98	N/A
01/02/2013	3	Capital Direct I Income Trust - Trust Units	40,531.43	4,053.14
01/18/2013	2	Carlyle Holdings Finance L.L.C. - Notes	13,907,069.99	2.00
12/17/2012	4	CCO Holdings, LLC/CCO Holdings Capital Corp. - Notes	13,039,325.00	13,039,325.00
05/07/2012	1	CellAegis Devices Inc. - Preferred Shares	55,616.16	2,503.00
04/20/2012	1	CellAegis Devices Inc. - Preferred Shares	119,232.52	5,366.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
02/08/2012	1	CellAegis Devices Inc. - Preferred Shares	99,990.00	4,500.00
02/01/2012	8	CellAegis Devices Inc. - Preferred Shares	353,053.58	15,889.00
12/31/2011	6	CellAegis Devices Inc. - Preferred Shares	396,249.26	17,833.00
12/31/2012	157	Centurion Apartment Real Estate Investment Trust - Units	5,406,555.13	478,685,235.00
01/23/2013	3	Clearwater Paper Corporation - Notes	2,181,941.00	3.00
01/18/2013	7	Cobalt International Energy, Inc. - Common Shares	4,623,437.68	185,000.00
01/24/2013	5	Coeur d'Alene Mines Corporation - Notes	5,915,340.00	5.00
01/11/2013	1	ConAgra Foods, Inc. - Common Shares	2,928,000.00	8,067,227.00
01/25/2013	11	ConAgra Foods, Inc. - Notes	34,228,979.67	11.00
01/21/2013	2	Cordoba Minerals Corp. - Units	400,000.05	888,889.00
12/21/2012	4	Creso Exploration Inc. - Units	590,000.00	11,800,000.00
01/30/2013	7	Critical Outcome Technologies Inc. - Units	407,142.12	2,908,158.00
01/03/2013 to 01/09/2013	3	Crown Americas LLC and Crown Americas Capital Corp. IV. - Notes	22,661,900.00	4,926.50
01/26/2013	6	CyrusOne Inc. - Common Shares	3,053,618.82	160,300.00
01/06/2012 to 12/21/2012	128	Davis Rea Balanced Pooled Fund - Units	9,189,560.72	759,426.84
01/06/2012 to 12/21/2012	176	Davis Rea Equity Pooled Fund - Units	23,515,527.14	N/A
01/06/2012 to 12/21/2012	219	Davis Rea Fixed Income Pooled Fund - Units	50,940,748.76	N/A
01/31/2012 to 12/31/2012	6	Davis Rea Partners Pooled Fund - Units	202,190.00	20,541.89
11/27/2012	2	Deluxe Corporation - Notes	4,968,000.00	2.00
01/22/2013	5	Denbury Resources Inc. - Notes	54,646,000.00	5.00
03/01/2012 to 12/01/2012	2	DGAM Diversified Strategies Feeder Fund - Common Shares	6,360,743.00	6,309.94
01/15/2013	2	DIRECTV Holdings LLC/DIRECTV Financing Co; Inc. - Notes	975,310.55	2.00
11/30/2012 to 12/07/2012	78	Discovery Ventures Inc. - Common Shares	2,392,000.00	9,568,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/14/2012	1	Duncan Park Holdings Corporation - Common Shares	25,000.00	500,000.00
01/17/2013	4	Eagle Spinco Inc. - Notes	4,433,850.00	4,500.00
12/31/2012	3	East Coast Energy Inc. - Flow-Through Shares	30,600.00	36,000.00
03/01/2012 to 10/01/2012	5	East Coast Performance Fund LP - Limited Partnership Units	6,300,000.00	N/A
11/20/2012	12	Eaton Corporation - Notes	12,928,766.99	12.00
01/25/2013 to 01/31/2013	6	eSight Corp. - Notes	450,145.00	5.00
01/01/2012 to 12/31/2012	76	FGP Balanced Pooled Fund - Units	132,637,758.00	N/A
01/01/2012 to 12/31/2012	249	FGP Bond Pooled Fund - Units	119,777,028.00	N/A
01/01/2012 to 12/31/2012	2	FGP Canadian Balanced Pooled Fund - Units	56,102,000.00	N/A
01/01/2012 to 12/31/2012	174	FGP Canadian Equity Pooled Fund - Units	164,397,057.00	N/A
01/01/2012 to 12/31/2012	45	FGP Corporate Bond Pooled Fund - Units	25,918,238.00	N/A
01/01/2012 to 12/31/2012	1	FGP Developing Markets Pooled Fund - Units	7,265,000.00	N/A
01/01/2012 to 12/31/2012	7	FGP Foreign Equity Class 'A' Pooled Fund - Units	9,571,331.00	N/A
01/01/2012 to 12/31/2012	1	FGP Foreign Equity Class 'B' Pooled Fund - Units	23,615,334.00	N/A
01/01/2012 to 12/31/2012	174	FGP Income Pooled Fund - Units	24,053,248.00	N/A
01/01/2012 to 12/31/2012	77	FGP International Equity Pooled Fund - Units	42,734,877.00	N/A
01/01/2012 to 12/31/2012	11	FGP Private Balanced Pooled Fund - Units	1,173,692.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2012 to 12/31/2012	114	FGP Private Canadian Equity Pooled Fund - Units	9,249,146.00	N/A
01/01/2012 to 12/31/2012	6	FGP Private Developing Markets Pooled Fund - Units	6,692,881.00	N/A
01/01/2012 to 12/31/2012	215	FGP Private International Equity Pooled Fund - Units	34,143,083.00	N/A
01/01/2012 to 12/31/2012	168	FGP Private U.S. Equity Pooled Fund - Units	18,142,039.00	N/A
01/01/2012 to 12/31/2012	8	FGP Short-Term Bond Pooled Fund - Units	14,652,063.00	N/A
01/01/2012 to 12/31/2012	246	FGP Short Term Investment Pooled Fund - Units	1,262,193,360.00	N/A
01/01/2012 to 12/31/2012	67	FGP Small Cap Canadian Equity Pooled Fund - Units	45,304,299.00	N/A
01/01/2012 to 12/31/2012	87	FGP U.S. Equity Pooled Fund - Units	29,816,344.00	N/A
11/29/2012	13	Firm Capital Property Trust - Options	0.00	415,000.00
11/29/2012	38	Firm Capital Property Trust - Units	10,000,000.00	2,000,000.00
12/21/2012	1	Fortune Minerals Limited - Flow-Through Shares	100,000.00	200,000.00
11/27/2012	1	FTI Consulting, Inc. - Note	993,600.00	1.00
08/17/2012 to 12/18/2012	5	Fuse Powered Inc. - Preferred Shares	1,640,699.58	742,398.00
01/01/2012 to 07/01/2012	1	Gaoling Feeder, Ltd. - Common Shares	130,609,822.00	130,609,822.00
01/28/2013	5	GenCorp Inc. - Notes	1,424,763.50	1,415,000.00
01/17/2013	3	Georgia Gulf Corporation - Notes	3,868,840.00	2,800.00
12/31/2012	5	Ginkgo Mortgage Investment Corporation - Preferred Shares	527,900.00	52,790.00
01/28/2013	4	Globex Mining Enterprises Inc. - Common Shares	241,607.00	191,640.00
12/21/2012	9	GLP J-REIT - Units	2,013,806.08	2,816.00
12/01/2012	2	Goldeye Explorations Limited - Flow-Through Units	150,000.00	1,875,000.00
12/20/2012	43	Hemisphere Energy Corporation - Units	1,189,045.00	1,829,300.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/31/2013	1	Hexion U.S. Finance Corp. - N/A	2,013,338.00	1.00
01/31/2013	6	High Desert Gold Corporation - Units	489,640.00	2,000,000.00
01/25/2013	3	Highvista Gold Inc. - Units	764,000.00	3,820,000.00
12/11/2012	7	Huldra Silver Inc. - Common Shares	3,100,000.00	2,000,000.00
01/25/2013	1	iLOOKABOUT Corp. - Units	499,837.50	1,481.00
01/15/2013	1	Integra Gold Corp. - Common Shares	1,200,000.00	5,000,000.00
01/15/2013	3	Interface Security Systems Holdings, Inc./Interface Security Systems, L.L.C. - Notes	1,967,800.00	2,000.00
01/03/2013	6	Investco Sustainable Food Fund L.P. - Limited Partnership Units	1,406,284.51	1,400.00
01/29/2013	6	Ivernia Inc. - Common Shares	1,200,000.00	10,169,491.00
01/25/2013	5	JPMorgan Chase & Co - Notes	122,917,979.79	5.00
10/24/2012	1	J.P. Morgan Structured Products B.V. - Notes	6,475,342.90	2.00
12/13/2012	13	Kermode Resources Ltd. - Common Shares	315,000.00	6,300,000.00
01/15/2013	4	Kodiak Oil & Gas Corp - Notes	4,427,550.00	350,000,000.00
01/31/2013	12	Lake Shore Gold Corp. - Common Shares	699,911.56	885,964.00
01/07/2013	11	Laurentian Goldfields Ltd. - Units	522,400.00	2,662,000.00
01/07/2013 to 01/10/2013	10	League IGW Real Estate Investment Trust - Units	292,105.43	292,105.43
12/24/2012 to 12/31/2012	20	League Opportunity Fund Ltd. - Notes	6,850,000.00	6,850,000.00
01/17/2013	3	Liquid Nutrition Group Inc. - Common Shares	68,800.00	95,714.00
02/05/2013	1	Liquid Nutrition Group Inc. - Common Shares	16,000.00	25,000.00
01/28/2013	3	Liquid Nutrition Group Inc. - Debentures	1,320,000.00	0.00
01/08/2013	21	Long Lake Income Partnership Inc. - Common Shares	2,725,002.50	988,462.00
12/31/2012	8	Manitor Minerals Inc. - Flow-Through Units	170,000.00	460,000.00
01/21/2013	7	Manitou Gold Inc. - Common Shares	31,500.00	175,000.00
01/24/2013 to 02/01/2013	15	Micromem Technologies Inc. - Units	446,182.10	2,767,021.00
12/14/2012	77	Mint Technology Corp. - Common Shares	108,692.26	1,272,700.00
12/14/2012	7	Mint Technology Corp. - Units	200,000.00	200,000.00
01/18/2013	52	Montero Mining and Exploration Ltd. - Units	1,400,000.00	11,200,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/01/2012	3	Morgan Stanley Opportunistic Mortgage Income Fund (Cayman) LP - Limited Partnership Interest	3,188,800.00	N/A
06/18/2012 to 06/19/2012	2	MOVE Trust, BNY Trust company of Canada as trustee - Notes	18,032,234.30	3.00
11/26/2012	26	National Grid Electricity Transmission plc - Notes	400,000,000.00	26.00
01/22/2013	4	NeuStar, Inc. - Notes	5,960,400.00	4.00
11/30/2012	2	New Klondike Exploration Ltd. - Common Shares	102,000.00	1,200,000.00
11/01/2012	151	New World Lenders Corp. - Bonds	13,197,901.00	13,214.00
12/21/2012	2	Noble Mineral Exploration Inc. - Common Shares	0.00	2,084,000.00
11/01/2012	3	Norrep Credit Opportunities Fund II L.P. - Units	3,700,000.00	N/A
11/16/2012	1	Norrep Credit Opportunities Fund II (Parallel) LP - Units	20,000,000.00	N/A
12/13/2012	241	Orbite Aluminae Inc. - Debentures	26,952,000.00	26,952.00
10/19/2011 to 11/14/2012	2	Patina Solutions Group, Inc. - Notes	31,714.00	2.00
01/17/2013	5	Penske Truck Leasing Co., L.P./ PTL Finance Corporation - Notes	18,623,056.77	5.00
12/27/2012	2	Petroleum Geo-Services ASA - Notes	7,959,410.00	2.00
01/28/2013	2	PNC Bank, National Association - Notes	6,019,590.55	2.00
01/15/2013	1	Potentia Solar Inc. - Common Shares	305,732.65	260,198.00
12/28/2012	1	Providence Equity Partners VII- A L.P. - Limited Partnership Interest	19,304,171.01	N/A
12/27/2012	6	Radisson Mining Resources Inc. - Common Shares	200,000.00	2,385,000.00
12/31/2012	2	Rain CII Carbon LLC - Notes	3,233,425.00	3,233,425.00
01/24/2013	3	Redbourne Realty Fund III Inc. - Common Shares	3,000.00	3.00
01/30/2013	17	Rift Basin Resources Corp. - Units	385,000.00	3,850,000.00
01/10/2013	1	Rockies Express Pipeline LLC - Notes	493,000.00	500.00
12/21/2012	2	ROI Capital/Argus Hospitality Group Ltd. - Units	547,075.95	547,075.95
12/31/2012	1	Rosterware Inc. - Common Shares	39,000.00	N/A
01/01/2013	1	Royal Bank of Canada - Notes	2,955,900.00	30,000.00
01/07/2013 to 01/14/2013	32	SecureCare Investments Inc. - Bonds	773,000.00	N/A
12/11/2012	1	Select Income REIT - Notes	37,889,280.00	10.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/21/2012	3	Sensory Technologies Inc. - Debt	400,000.00	31,932.00
11/20/2012	1	ServiceNow, Inc. - Common Shares	315,496.00	11,300.00
01/22/2013	23	SIERRA MADRE DEVELOPMENTS INC. - Units	1,015,000.00	20,300,000.00
12/31/2012	77	Signalta Resources Limited - Joint Ventures	26,520,000.00	77.00
01/11/2013	4	Silver Pursuit Resources Ltd. - Units	54,254.70	542,547.00
01/15/2013	7	Skyline Apartment Real Estate Investment Trust - Units	1,661,330.00	151,030,000.00
01/01/2013	55	Skyline Commercial Real Estate Investment Trust - Units	8,029,180.00	802,918,000.00
02/08/2013	1	Solarvest BioEnergy Inc. - Common Shares	100,000.00	500,000.00
11/08/2012	1	Southern Copper Corporation - Note	980,695.10	1.00
01/25/2013	158	Southern Pacific Resource Corp. - Notes	261,105,000.00	158.00
01/30/2013	33	Sprylogics International Corp. - Units	1,012,700.00	20,254,000.00
01/21/2013	26	Spy Hill Power L.P. - Bonds	156,307,815.00	156,307.82
01/22/2013	2	STAG Industrial, Inc. - Common Shares	318,150.00	17,500.00
01/11/2013 to 01/21/2013	30	Sulvaris Inc. - Units	5,850,000.00	4,500,000.00
01/18/2013	3	Sumitomo Mitsui Banking Corporation - Bonds	14,866,020.03	4.00
01/18/2013	11	Super Nova Minerals Corp. - Common Shares	86,000.00	1,146,662.00
01/15/2013	7	Sutter Gold Mining Inc. - Common Shares	154,482.84	506,634.00
01/22/2013	4	Tenet Healthcare Corporation - Notes	15,795,060.00	4.00
01/14/2013	4	The ADT Corporation - Notes	12,788,418.49	4.00
01/01/2012 to 12/31/2012	8	The Canso Fund - Units	198,550.00	36,593.34
01/31/2013	1	The Futura Loyalty Group Inc. - Common Shares	900,000.00	900,000.00
11/08/2012	3	The Interpublic Group of Companies Inc. - Notes	26,885,587.41	3.00
01/02/2013	2	The Toronto United Church Council - Notes	210,000.00	2.00
01/24/2013	1	Theravance, Inc. - Note	10,026.00	1.00
01/16/2013	5	TIROne Technologies Inc. - Common Shares	1,410,000.00	480,000.00
12/19/2012	8	Tosca Mining Corp. - Units	356,000.00	7,120,000.00
01/24/2013	4	Trinseo Materials Operating S.C.A. and Trinseo Materials Finance, Inc. - Notes	13,284,450.00	4.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/07/2013 to 01/10/2013	14	UBS AG, Jersey Branch - Certificates	2,677,072.66	14.00
01/15/2013	28	UBS AG, Jersey Branch - Certificates	10,789,133.12	28.00
01/21/2013 to 01/25/2013	54	UBS AG, Jersey Branch - Certificates	20,328,706.83	54.00
01/10/2013	1	UBS AG, Zurich - Certificate	163,664.13	1.00
01/24/2013	1	UBS AG, Zurich - Certificate	100,291.27	1.00
01/14/2013 to 01/17/2013	3	USB AG, Zurich - Certificates	361,909.89	3.00
12/19/2012	1	Victory Nickel Inc. - Common Shares	38,500.00	1,540,000.00
01/02/2012 to 12/03/2012	24	Vision Opportunity Fund Limited Partnership II - Limited Partnership Units	7,050,631.50	365,239.71
02/11/2012 to 12/03/2012	21	Vision Opportunity Fund Limited Partnership III - Limited Partnership Units	7,850,000.00	543,378.88
03/01/2012 to 12/03/2012	19	Vision Opportunity Fund Trust - Trust Units	3,525,153.45	370,220.12
10/01/2012 to 12/03/2012	8	Vision Opportunity Non-Resident Fund Limited Partnership - Limited Partnership Units	4,043,177.82	401,976.65
01/15/2013	1	VoIPShield Systems Inc. - Preferred Shares	250,000.10	1,448,676.00
01/24/2013	57	VVC Exploration Corporation - Units	958,500.00	19,170,000.00
11/21/2012	9	Walter Energy, Inc. - Notes	9,841,165.43	9.00
01/24/2013	164	Walton AZ Coolidge Landing Investment Corporation - Common Shares	3,996,300.00	399,630.00
01/24/2013	19	Walton CA Highland Falls LP - Limited Partnership Units	524,147.58	20,968.00
01/24/2013	19	Walton U.S. Dollar Income I Corporation - Bonds	314,488.55	314,520.00
01/18/2013	15	Wells Enterprises, Inc. - Notes	23,815,880.00	15.00
12/31/2012	3	WF Fund IV Limited Partnership - Limited Partnership Units	15,400,000.00	15,400.00
07/24/2012 to 08/15/2012	7	Woodbourne Canada Partners II (CA), LP - Limited Partnership Interest	77,542,442.00	77,542,422.00
01/22/2013	1	Yapi ve Kredi B ankasi A.S. - Note	19,868,000.00	1.00
01/25/2013	1	Zachry Holdings, Inc. - Note	5,039,000.00	1.00

This page intentionally left blank

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
AH Capital Corp.
Principal Regulator - Ontario
Type and Date:
Amendment dated February 4, 2013 to Final CPC Prospectus dated November 6, 2012
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
Minimum Offering: $200,000.00 or 2,000,000 Common Shares
Maximum Offering: $300,000.00 or 3,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Hampton Securities Limited
Promoter(s):
Martin Bernholtz
Project #1938371

Issuer Name:
Asian Mineral Resources Limited
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 5, 2013
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
$12,500,000.00 - OFFERING OF 525,207,161 RIGHTS TO SUBSCRIBE FOR
UP TO 250,000,000 COMMON SHARES
AT A PRICE OF $0.05 PER COMMON SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2012525

Issuer Name:
Brookfield Property Partners L.P.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated February 5, 2013
NP 11-202 Receipt dated February 6, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Brookfield Property Partners L.P.
Project #2012670

Issuer Name:
BSM Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 11, 2013
NP 11-202 Receipt dated February 11, 2013
Offering Price and Description:
$7,500,000.00 - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
PARADIGM CAPITAL INC.
MGI SECURITIES INC.
LOEWEN, ONDAATJE, MCCUTCHEON LIMITED
Promoter(s):
-
Project #2014013

Issuer Name:
BTB Real Estate Investment Trust
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated February 5, 2013
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
$20,000,000.00 - SERIES E 6.90%CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
Price: $1,000 per Series E Debenture
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Dundee Securities Ltd.
Canaccord Genuity Corp.
GMP Securities L.P.
TD Securities Inc.
Desjardins Securities Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
-
Project #2012449

Issuer Name:
Counsel Balanced Portfolio Class
Counsel Canadian Dividend Class
Counsel Canadian Growth Class
Counsel Canadian Value Class
Counsel Conservative Portfolio Class
Counsel Fixed Income Class
Counsel Fixed Income Corporate Class
Counsel Global Small Cap Class
Counsel Growth Portfolio Class
Counsel High Yield Fixed Income Class
Counsel International Gorwth Class
Counsel International Value Class
Counsel Short Term Fixed Income Class
Counsel Short Term Fixed Income Corporate Class
Counsel U.S. Growth Class
Counsel U.S. Value Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 7, 2013
NP 11-202 Receipt dated February 7, 2013
Offering Price and Description:
Series A, D, E and I Securities
Underwriter(s) or Distributor(s):
none
Promoter(s):
COUNSEL PORTFOLIO SERVICES INC.
Project #2013313

Issuer Name:
Dundee International Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 7, 2013
NP 11-202 Receipt dated February 7, 2013
Offering Price and Description:
$220,180,000.00 - 20,200,000 Units
Price: $10.90 per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
BROOKFIELD FINANCIAL CORP.
GMP SECURITIES L.P.
HSBC SECURITIES (CANADA) INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2013300

Issuer Name:
Guyana Goldfields Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 5, 2013
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
$100,028,000.00 - 29,420,000 Common Shares
Price: $3.40 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
RAYMOND JAMES LTD.
TD SECURITIES INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2012456

Issuer Name:
Nemaska Lithium Inc. (formerly NEMASKA EXPLORATION INC.)
Principal Regulator - Quebec
Type and Date:
Preliminary Shelf Prospectus (NI 44-102) dated February 7, 2013
NP 11-202 Receipt dated February 8, 2013
Offering Price and Description:
$100,000,000.00 - Common Shares, Debt Securities, Convertible Securities, Subscription Receipts, Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2013342

Issuer Name:
Olivut Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Shelf Prospectus dated February 7, 2013
NP 11-202 Receipt dated February 7, 2013
Offering Price and Description:
$18,000,000.00 -Common Shares, Warrants, Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2013232

Issuer Name:
Sentry U.S. Balanced Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated February 4, 2013
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
Series A, Series F and Series I units
Underwriter(s) or Distributor(s):
Sentry Investments Inc.
Promoter(s):
Sentry Investments Inc.
Project #2012208

Issuer Name:
Tricon Capital Group Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 8, 2013
NP 11-202 Receipt dated February 8, 2013
Offering Price and Description:
$75,000,000.00 - 5.60% Convertible Unsecured Subordinated Debentures
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
GMP SECURITIES L.P.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
PARADIGM CAPITAL INC.
FRASER MACKENZIE LIMITED
Promoter(s):
-
Project #2013661

Issuer Name:
AH Capital Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated CPC Prospectus dated February 4, 2013
NP 11-202 Receipt dated February 11, 2013
Offering Price and Description:
Minimum Offering: $200,000.00 or 2,000,000 Common Shares
Maximum Offering: $300,000.00 or 3,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Hampton Securities Limited
Promoter(s):
Martin Bernholtz
Project #1938371

Issuer Name:
Bell Aliant Preferred Equity Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated February 6, 2013
NP 11-202 Receipt dated February 6, 2013
Offering Price and Description:
$200,000,000.00 - 8,000,000 Cumulative 5-Year Rate Reset Preferred Shares, Series E
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
DESJARDINS SECURITIES INC.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #2011314

Issuer Name:
Cambridge Canadian Asset Allocation Corporate Class
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated January 29, 2013 to Final Simplified Prospectus and Annual Information Form dated July 26, 2012
NP 11-202 Receipt dated February 6, 2013
Offering Price and Description:
Class A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT5, IT8, O, OT5, OT8 and W Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #1915829

Issuer Name:
DeeThree Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated February 8, 2013
NP 11-202 Receipt dated February 8, 2013
Offering Price and Description:
$30,056,000.00 - 4,420,000 Common Shares
Price: $6.80 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE CAPITAL MARKETS CANADA LTD.
RAYMOND JAMES LTD.
CORMARK SECURITIES INC.
DUNDEE SECURITIES LTD.
STIFEL NICOLAUS CANADA INC.
CASIMIR CAPITAL LTD.
Promoter(s):
-
Project #2011810

Issuer Name:
DMP Canadian Dividend Class
DMP Canadian Value Class
DMP Global Value Class
DMP Power Canadian Growth Class
DMP Power Global Growth Class
DMP Resource Class
DMP Value Balanced Class
Dynamic Advantage Bond Class
Dynamic Advantage Bond Fund
Dynamic Alternative Yield Class
Dynamic Alternative Yield Fund
Dynamic American Value Class
Dynamic American Value Fund
Dynamic Aurion Canadian Equity Class
Dynamic Aurion Tactical Balanced Class
Dynamic Aurion Total Return Bond Class
Dynamic Aurion Total Return Bond Fund
Dynamic Blue Chip Balanced Fund (formerly Dynamic Focus+ Balanced Fund)
Dynamic Blue Chip Equity Fund (formerly Dynamic Focus+ Equity Fund)
Dynamic Blue Chip U.S. Balanced Class (formerly Dynamic Blue Chip Balanced Class)
Dynamic Canadian Bond Fund (formerly Dynamic Income Fund)
Dynamic Canadian Dividend Class
Dynamic Canadian Dividend Fund
Dynamic Canadian Value Class
Dynamic Corporate Bond Strategies Class
Dynamic Corporate Bond Strategies Fund
Dynamic Diversified Real Asset Fund
Dynamic Dividend Advantage Class
Dynamic Dividend Advantage Fund (formerly Dynamic Dividend Value Fund)
Dynamic Dividend Fund
Dynamic Dividend Income Class
Dynamic Dividend Income Fund
Dynamic Dollar-Cost Averaging Fund
Dynamic EAFE Value Class
Dynamic Emerging Markets Class
Dynamic Energy Income Fund (formerly Dynamic Focus+ Energy Income Trust Fund)
Dynamic Equity Income Fund (formerly Dynamic Focus+ Diversified Income Fund)
Dynamic European Value Fund
Dynamic Far East Value Fund
Dynamic Financial Services Fund (formerly Dynamic Focus+ Wealth Management Fund)
Dynamic Focus+ Resource Fund
Dynamic Global Asset Allocation Class
Dynamic Global Asset Allocation Fund (formerly Dynamic Global Value Balanced Fund)
Dynamic Global Discovery Class
Dynamic Global Discovery Fund
Dynamic Global Dividend Class (formerly Dynamic Global Dividend Value Class)
Dynamic Global Dividend Fund (formerly Dynamic Global Dividend Value Fund)
Dynamic Global Infrastructure Fund
Dynamic Global Real Estate Fund (formerly Dynamic Focus+ Real Estate Fund)
Dynamic Global Value Class
Dynamic Global Value Fund (formerly Dynamic International Value Fund)
Dynamic High Yield Bond Fund
Dynamic Money Market Class
Dynamic Money Market Fund
Dynamic Power American Currency Neutral Fund
Dynamic Power American Growth Class
Dynamic Power American Growth Fund
Dynamic Power Balanced Class
Dynamic Power Balanced Fund
Dynamic Power Canadian Growth Class
Dynamic Power Canadian Growth Fund
Dynamic Power Global Balanced Class
Dynamic Power Global Growth Class
Dynamic Power Global Growth Fund
Dynamic Power Global Navigator Class
Dynamic Power Managed Growth Class
Dynamic Power Small Cap Fund
Dynamic Precious Metals Fund
Dynamic Real Return Bond Fund
Dynamic Short Term Bond Fund
Dynamic Small Business Fund (formerly Dynamic Focus+ Small Business Fund)
Dynamic Strategic Energy Class (formerly Dynamic Global Energy Class)
Dynamic Strategic Global Bond Fund
Dynamic Strategic Gold Class
Dynamic Strategic Growth Portfolio (formerly Dynamic Fund of Funds)
Dynamic Strategic Income Portfolio (formerly Dynamic Strategic All Income Portfolio)
Dynamic Strategic Resource Class
Dynamic Strategic Yield Class
Dynamic Strategic Yield Fund
Dynamic Value Balanced Class
Dynamic Value Balanced Fund
Dynamic Value Fund of Canada
DynamicEdge 2020 Class Portfolio
DynamicEdge 2020 Portfolio
DynamicEdge 2025 Class Portfolio
DynamicEdge 2025 Portfolio
DynamicEdge 2030 Class Portfolio
DynamicEdge 2030 Portfolio
DynamicEdge Balanced Class Portfolio
DynamicEdge Balanced Growth Class Portfolio
DynamicEdge Balanced Growth Portfolio
DynamicEdge Balanced Portfolio
DynamicEdge Conservative Class Portfolio
DynamicEdge Defensive Portfolio
DynamicEdge Equity Class Portfolio
DynamicEdge Equity Portfolio
DynamicEdge Growth Class Portfolio
DynamicEdge Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated January 30, 2013
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
Series A, Series C, Series E, Series F, Series FH, Series FI, Series FP, Series FT, Series G, Series H, Series I, Series IP, Series IT, Series O, Series OP, Series P and Series T Securities

Underwriter(s) or Distributor(s):
GCIC Ltd.
GCIC Ltd.
Promoter(s):
GCIC Ltd.
Project #1997932

Issuer Name:
Dynamic Venture Opportunities Fund Ltd.
Type and Date:
Final Long Form Prospectus dated February 6, 2013
Receipted on February 7, 2013
Offering Price and Description:
Class A Shares, Series II
Continuous Offering Price - Net Asset Value Per Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2000657

Issuer Name:
Element Financial Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 5, 2013
NP 11-202 Receipt dated February 5, 2013
Offering Price and Description:
$110,175,000.00 - Per Special Warrant - $5.65
19,500,000 Common Shares Issuable on Exercise of Outstanding Special Warrants
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
BARCLAYS CAPITAL CANADA INC.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
CORMARK SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #2010861

Issuer Name:
Labrador Iron Mines Holdings Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 6, 2013
NP 11-202 Receipt dated February 6, 2013
Offering Price and Description:
$25,200,000.00 - 24,000,000 Units
price $1.05 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GUNITY CORP.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
JENNINGS CAPITAL INC.
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2006361

Issuer Name:
Marlin Gold Mining Ltd. (formerly Oro Mining Ltd.)
Principal Regulator - British Columbia
Type and Date:
Final Long Form Prospectus dated February 6, 2013
NP 11-202 Receipt dated February 7, 2013
Offering Price and Description:
$15,001,232.00 - Rights to Subscribe for up to 187,515,406 Common Shares
at a Price of $0.08 per Common Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1996347

Issuer Name:
Scotia Private Income Pool
Scotia Private U.S. Mid Cap Growth Pool
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated January 30, 2013 to Final Simplified Prospectus and Annual Information Form dated November 19, 2012
NP 11-202 Receipt dated February 6, 2013
Offering Price and Description:
Pinnacle Series and Series F, I and M units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
Scotia Capital Inc.(for Pinnacle Class and Class F units only)
Scotia Capital Inc. (for Pinnacle Class and Class F units only)
Scotia Capital Inc. (for Pinnacle Class and Class F units only)
Scotia Capital Inc. (for Pinnacle Class only)
Scotia Capital Inc. (for Pinnacle Class and Class F units)
Scotia Captial Inc. (for Pinnacle Class and Class F units only)
Scotia Capital Inc. (for Class A and F units only)
Promoter(s):
-
Project #1971939

Issuer Name:
True North Commercial Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated February 6, 2013
NP 11-202 Receipt dated February 6, 2013
Offering Price and Description:
$55,726,171.00 - 14,549,914 Units
Price: $3.83 per Unit
Underwriter(s) or Distributor(s):
RAYMOND JAMES LTD.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
GMP SECURITIES L.P.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
CANACCORD GENUITY CORP.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
STARLIGHT INVESTMENTS LTD.
Project #2008325

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender	U.S. Global Investors, Inc.	Portfolio Manager	January 30, 2013
Suspension pursuant to Section 29(1) of the Securities Act	MBT Global Trading, LP	Investment Dealer	January 31, 2013
Name Change	From: Citadel Securities Inc. To: Aston Hill Securities Inc.	Investment Dealer	February 4, 2013
Change in Registration Category	Les Conseillers en Placements Kerr Inc./Kerr Financial Advisors Inc.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	February 5, 2013
Change in Registration Category	Portfolio Strategies Corporation	From: Exempt Market Dealer and Mutual Fund Dealer To: Exempt Market Dealer, Mutual Fund Dealer and Investment Fund Manager	February 5, 2013
Change in Registration Category	Steadyhand Investment Management Ltd.	From: Portfolio Manager To: Portfolio Manager and Investment Fund Manager	February 6, 2013
New Registration	MY Capital Management Corp.	Investment Fund Manager, Exempt Market Dealer and Portfolio Manager	February 8, 2013
Change in Registration Category	BSM Capital Corporation	From: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer To: Exempt Market Dealer	February 11, 2013

This page intentionally left blank

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 Notice of Commission Approval – Material Amendments to CDS Procedures – Enhancements to the CNS Mandatory Allotment and Conversion Process

CDS CLEARING AND DEPOSITORY SERVICES INC.
MATERIAL AMENDMENTS TO CDS PROCEDURES
ENHANCEMENTS TO THE CNS MANDATORY
ALLOTMENT AND CONVERSION PROCESS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on February 1, 2013, amendments filed by CDS to its procedures relating to the CNS mandatory allotment process for mandatory corporate actions. A copy and description of the procedural amendments were published for comment on December 6, 2012 at (2012) 35 OSCB 11111. No comments were received.

13.3.2 Notice of Commission Approval – Material Amendments to CDS Procedures– Enhancements to the ATON Mutual Fund Transfer Request Process

CDS CLEARING AND DEPOSITORY SERVICES INC.
MATERIAL AMENDMENTS TO CDS PROCEDURES
ENHANCEMENTS TO THE ATON MUTUAL FUND
TRANSFER REQUEST PROCESS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on January 11, 2013, amendments filed by CDS to its procedures relating to the ATON Mutual Fund Transfer Request Process. A copy and description of the procedural amendments were published for comment on November 15, 2012 at (2012) 35 OSCB 10455. No comments were received.

13.3.3 Notice of Commission Approval – Material Amendments to CDS Procedures – Decommissioning of NSCC's OTC Comparison Service

CDS CLEARING AND DEPOSITORY SERVICES INC.
MATERIAL AMENDMENTS TO CDS PROCEDURES
DECOMMISSIONING OF NSCC'S OTC COMPARISON SERVICE

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on January 11, 2013, amendments filed by CDS to its procedures relating to the decommissioning of NSCC's OTC Comparison Service. A copy and description of the procedural amendments were published for comment on November 15, 2012 at (2012) 35 OSCB 10451. No comments were received.

13.3.4 LCH.Clearnet Limited – Notice and Request for Comment – Application for Recognition as a Clearing Agency by LCH.Clearnet Limited

NOTICE AND REQUEST FOR COMMENT

LCH.CLEARNET LIMITED

APPLICATION FOR RECOGNITION AS A CLEARING AGENCY

A. Background

On March 1, 2011, subsection 21.2(0.1) of the *Securities Act* (Ontario) (OSA) came into force which prohibits clearing agencies from carrying on business in Ontario unless they are recognized as a clearing agency or are exempt from the requirement to be recognized by order of the Ontario Securities Commission (Commission).

LCH.Clearnet Limited (LCH) has applied (the Application) to the Commission for recognition as a clearing agency pursuant to subsection 21.2(0.1) of the OSA.

LCH is a recognized clearing house in the United Kingdom (U.K.) under the U.K.'*s Financial Services and Markets Act 2000* and is regulated by the U.K. Financial Services Authority (FSA). Under the U.K. regulatory reform, which will be implemented in 2013, the FSA's regulatory oversight of systemically important financial market infrastructures such as LCH will be transferred to the Bank of England (FSA and Bank of England collectively referred to as U.K. Authorities).

LCH clears a broad range of assets classes including: securities, exchange traded derivatives, freight, interest rate swaps and euro and sterling denominated bonds and repo transactions. LCH is currently operating in Ontario as a clearing agency pursuant to an interim exemption order which exempts LCH from the requirement to be recognized as a clearing agency pursuant to subsection 21.2(0.1) of the OSA.

In assessing the Application, staff followed the process set out in OSC Staff Notice 24-702 – *Regulatory Approach to Recognition and Exemption from Recognition of Clearing Agencies* (OSC Staff Notice 24-702).

B. Draft Order

In the Application, LCH has addressed the applicable criteria for recognition as a clearing agency. Subject to comments received, staff will recommend that the Commission grant a recognition order with terms and conditions to LCH based on the proposed draft recognition order (Draft Order) that is attached as Appendix A to the Application.

The terms and conditions in the Draft Order have been tailored to reflect the Commission's intention to focus its oversight of LCH on key matters that would have a significant impact on Ontario capital markets and rely on the U.K. Authorities for the day to day oversight of LCH.

The Draft Order requires LCH to comply with the following terms and conditions relating to:

1. Regulation and Ownership of LCH
2. Access
3. Rules and Rulemaking
4. Risk Controls
5. Crisis Management
6. Systems and Technology
7. Compliance
8. Information Sharing and Regulatory Cooperation
9. Submission to Jurisdiction and Agent for Service
10. Filing and Reporting Obligations

C. Comment Process

The Commission is publishing for public comment the Application and Draft Order. We are seeking comment on all aspects of the Application and Draft Order.

You are asked to provide your comments in writing and delivered on or before March 18, 2013, addressed to:

The Secretary
Ontario Securities Commission

20 Queen Street West
19th Floor, Box 55
Toronto, Ontario M5H 3S8
Fax: 416-593-2318
Email: comments@osc.gov.on.ca

We request that you also submit an electronic copy of your submission. The confidentiality of submissions cannot be maintained as a summary of written comments received during the comment period will be published.

Questions may be referred to:

Emily Sutlic
Senior Legal Counsel, Market Regulation
Tel: 416-593-2362
esutlic@osc.gov.on.ca

Aaron Ferguson
Clearing Specialist, Market Regulation
Tel.: 416-593-3673
aferguson@osc.gov.on.ca

APPLICATION FOR RECOGNITION AS A CLEARING AGENCY

PURSUANT TO SUBSECTION 21.2(0.1) OF THE SECURITIES ACT (ONTARIO)

LCH.CLEARNET LIMITED

January 24, 2013

Contents

LCH.Clearnet Limited ("**LCH**") is applying to the Ontario Securities Commission (the "**OSC**") for an order, pursuant to subsection 21.2(0.1) of the *Securities Act* (Ontario) (the "**OSA**"), recognizing LCH as a clearing agency pursuant to subsection 21.2(0.1) of the OSA.

LCH is currently carrying on business in Ontario by providing four services to Ontario-resident clearing members ("**Clearing Members**"), namely SwapClear, RepoClear, EnClear and LCH Nodal service, pursuant to an interim order granted by the OSC dated March 1, 2011, as subsequently varied and restated by the OSC on May 17, 2011, August 19, 2011 and August 28, 2012, which exempted LCH from the requirement to be recognized as a clearing agency.

PART I - BACKGROUND

1. Legal and Ownership Structure of LCH

LCH is a clearing house incorporated under the laws of England and Wales. LCH operates as a central counterparty ("**CCP**") clearing house and receives most of its revenue from treasury income and thereafter clearing fees charged to its Clearing Members.

As of January 24, 2013 and the date of this application, LCH.Clearnet Group Ltd. ("**LCH Group**"), the parent holding company of LCH, is owned 77.5 percent by users (i.e., Clearing Members) and 22.5 percent by exchanges. As at December 31, 2012, there are no shareholders of LCH Group who hold 10% or more of LCH Group's issued and outstanding shares. On December 14, 2012, the Office of Fair Trading ("**OFT**") in the United Kingdom ("**U.K.**") announced that the proposed acquisition by the London Stock Exchange Group Plc of a majority stake in LCH was cleared unconditionally.

2. Regulatory Status

LCH Group, which is incorporated in the U.K., is regulated as a Compagnie financière by the Autorité de Contrôle Prudentiel (France).

LCH has approximately 130 Clearing Members representing one of the largest memberships among derivatives clearing organisations worldwide. The Clearing Members consist of banks, securities houses/investment banks, commodity brokers and traders and, to a very limited extent, industrial companies.

LCH is a Recognised Clearing House ("**RCH**") in the U.K. under the U.K.'s *Financial Services and Markets Act 2000* ("**FSMA**") and, as such, is approved by the U.K. Financial Services Authority ("**FSA**") to clear a broad range of asset classes including: securities, exchange traded derivatives, energy, freight, interest rate swaps ("**IRS**") and euro and sterling denominated bonds and repurchase transactions. Proposed legislation was introduced into the U.K. Parliament on January 27, 2012 that will fundamentally reform the structure of financial services regulation in the U.K. Under the new framework, which will be implemented in 2013, the FSA's regulatory and oversight responsibilities of systemically important financial market infrastructures will be transferred to the Bank of England (the FSA and the Bank of England are hereinafter referred to collectively as the "**U.K. Authorities**"). As part of their regulatory oversight of LCH, the U.K. Authorities review, assess and enforce the on-going compliance by LCH with the requirements set out in FSMA including financial resources, the financial and operational requirements for Clearing Members, systems and controls, rule-making, and LCH's practices and procedures. LCH is required to provide to the U.K. Authorities, on request, access to all records and to cooperate with other regulatory authorities, including making arrangements for information-sharing.

Currently, LCH provides clearing services for the following U.K. "Recognised Investment Exchanges" and "Recognised Overseas Investment Exchanges" (as those terms are defined under the FSMA): NYSE Liffe US ("**LIFFE**") and the London Metal Exchange Limited, as well as for the London Stock Exchange ("**LSE**") and in Switzerland, the SIX Swiss Exchange AG ("**SIX Exchange**").

LCH clears a broad range of asset classes including securities, exchange traded derivatives, commodities, energy, freight, IRS, credit default swaps and euro and sterling denominated bonds and repurchase transactions, and works closely with market participants and exchanges to identify and develop clearing services for new asset classes. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (U.K. Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro), equity indices (U.K.-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and U.S. companies). In addition, LCH clears cash-settled over-the-counter ("**OTC**") freight forwards and options, OTC emissions contracts, iron and fertilizer swaps and clears cash-settled electricity futures for participants of the Nodal Exchange.

The following is an overview of (i) the requirements imposed by the FSA in the U.K. and (ii) how the oversight of LCH by the FSA ensures ongoing compliance with the criteria in Appendix A to OSC Staff Notice 24-702 *Regulatory Approach to Recognition and Exemption from Recognition of Clearing Agencies* ("**Staff Notice 24-702**"):

(a) Requirements imposed by the FSA on LCH

The following is a list of the main legislation relevant to RCHs in the U.K.[1]:

- The main primary legislation is FSMA, Part XVIII. (Recognised Investment Exchanges and Clearing Houses), which can be found here: http://www.legislation.gov.uk/ukpga/2000/8/contents.
- This is supplemented by FSMA (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (SI 2001/995): http://www.legislation.gov.uk/uksi/2001/995/contents/made.
- In addition, there is the U.K. Investment Exchanges and Clearing Houses Act 2006: http://www.legislation.gov.uk/ukpga/2006/55/enacted.
- The main source of secondary legislation is the rules and guidance contained in the FSA Handbook 'Recognised Investment Exchanges and Recognised Clearing Houses' ("**REC**") which can be found here: http://fsahandbook.info/FSA/html/handbook/REC.

(b) Description of how the oversight of LCH by the FSA ensures ongoing compliance with the criteria in Staff Notice 24-702

'*Close and continuous supervision*'

LCH maintains a good relationship with the FSA overall. There are regular meetings between the FSA and LCH's Compliance and Regulation department, and also a significant schedule of meetings with senior management and key individuals within the business. The FSA has implemented a "close and continuous" regulatory supervision relationship with LCH through a number of formal and *ad hoc* meetings and other communications at many levels and of many frequencies.

The "close and continuous" model of supervision ensures that the relevant regulatory obligations continue to be met and would identify if activities at LCH pose any risks to the FSA's statutory objectives, including maintaining market confidence. This enables the FSA to have a broad picture of LCH's activities and ability to meet the recognition requirements (REC 2) (which include but are not limited to: the maintenance of sufficient financial resources to cover all aspects of risk, including Clearing Member default, fitness and propriety). LCH must also respect 'notification requirements' (REC 3) (covering inter alia: financial information, changes to the LCH Rulebook, complaints and disciplinary proceedings, major operational issues, default events).

The supervisory relationship consists of on-going communication (typically between the Regulatory Compliance Officer and the FSA Supervisor, on an almost daily basis), as well as a more structured series of meetings between the FSA and key individuals of LCH. The frequency and nature of these meetings may vary in accordance with the risk profile of LCH.

The FSA recognises that LCH is likely to develop and adapt their businesses in response to customer demand and new market opportunities. The FSA expects LCH to take its own steps to assure itself that it will continue to satisfy the recognition requirements, and other obligations in or under FSMA when considering any changes to its business or operations. However, the FSA also expects LCH to keep it informed of all significant developments and of progress with its plans and operational initiatives, and to provide it with appropriate assurance that the recognition requirements will continue to be satisfied.

Risk based supervision

The FSA requires information to support their risk based approach to the supervision of all regulated entities. Risk based supervision is intended to ensure that the allocation of supervisory resources and the supervisory process are compatible with the regulatory objectives and the FSA's general duties under FSMA. The central element of the process of risk based supervision is an assessment by the FSA (a risk assessment) of the main risks to its supervisory objectives posed by each regulated entity. The FSA will conduct a periodic risk assessment of LCH. This assessment will take into account relevant considerations including the special position of recognised bodies under FSMA, the nature of the U.K. recognised body's members, the position of other users of its facilities and the business environment more generally.

The risk assessment will guide the FSA's supervisory focus. The FSA initially reviews its risk assessment with the staff of LCH to ensure factual accuracy and a shared understanding of the key issues, and may discuss the results of the risk assessment with key individuals of LCH. It then sends the assessment and an action plan relating to work that it considers appropriate for LCH to undertake to LCH's Board of Directors for discussion and response.

[1] The following legislation also applies to LCH: Financial Markets and Insolvency (Settlement Finality) Regulations 1999 (http://www.opsi.go.uk/si/si1999/19992979.htm); Financial Markets and Insolvency (Settlement Finality) (Amendment) Regulations 2006 (http://www.opsi.gov.uk/si/si2006/20060050.htm); Financial Markets and Insolvency (Settlement Finality)(Amendment) Regulations 2007 (http://www.opsi.gov.uk/si/si2007/uksi_20070832_en_1); Companies act 1989 Pt VII (http://www.opsi.gov.uk/acts/acts1989/ukpga_19890040_en_1).

Further information on the risk based supervision is available in chapter 4 of the REC, in particular:

4.2 The supervisory relationship with U.K. recognised bodies.

4.3 Risk assessments for U.K. recognised bodies.

4.4 Complaints.

4.5 FSA supervision of action by U.K. recognised bodies under their default rules.

4.6 The section 296 power to give directions.

4.7 The section 297 power to revoke recognition.

4.8 The section 298 procedure.

LCH expects that the FSA oversight regime described above will remain largely the same under the new framework headed by the Bank of England. The Bank of England has published its supervisory framework.[2]

LCH is also a designated clearing organization ("**DCO**") within the meaning of that term under the United States ("**U.S.**") *Commodity Exchange Act*. As a DCO, LCH is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission ("**CFTC**"), a U.S. federal regulatory agency.

LCH's DCO registration allows it, in principle, to clear for any Exempt Contract Market in the U.S., which has to this point covered IRS and Commodity and Energy derivatives. In addition, it allows LCH to clear broad-based Credit Derivative Indices. LCH's relationship with the CFTC was more one of oversight; however, with the introduction of the *Dodd Frank Wall Street Reform and Consumer Protection Act*, the relationship is more in line with LCH's relationship with the FSA. In 2011 and 2012, the CFTC conducted a due diligence visit to LCH. The CFTC's findings and reports are outstanding. It should be noted that LCH has applied for a full DCO registration to encompass all of its services. The registration application is in progress.

3. CLEARING ACTIVITIES IN ONTARIO

LCH does not have any office or maintain any other physical installations in Ontario or any other Canadian province or territory. LCH does not currently have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada.

However, LCH is currently offering the following four services to Ontario-resident Clearing Members: RepoClear (certain fixed income products), SwapClear (IRS), EnClear (OTC emissions contracts) and LCH Nodal. LCH currently has five Clearing Members who qualify as "Canadian financial institutions" within the meaning of that term in subsection 1.1(3) of National Instrument 14-101 *Definitions* and that have a head office or principal place of business in Ontario. LCH currently does not offer client clearing services to its Ontario-resident clients.

Each of these services is described below. LCH acts as the CCP in all instances.

3.1 REPOCLEAR

RepoClear is a market leading service clearing cash bond and repurchase trades across a number of European markets and is the second largest clearer of fixed income and repurchase products in the world. LCH clears approximately 74% (based on outstanding balance as December 2011) of the cleared European government bond repurchase market. Q3 2012 volumes were down by 11% on 2011 with €36 trillion of nominal values cleared (approximately CAD $57 trillion).

Established in partnership with leading market makers in 1999, it was the first multi market centralized clearing and netting facility for the European government repurchase and cash bond (outright) markets. 2011 monthly volumes average €13 trillion and RepoClear clears cash bond and repurchase trades on the following securities: Austrian, Belgian, Dutch, German, Irish, Finnish, Portugese and U.K. government bonds, German Jumbo Pfandbriefe and Supranationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repurchase trades: classic fixed rate repurchases with first leg settlement on a same day and forward start basis with a term not greater than one year.

Recently, LCH launched two new innovative repurchase products called Sterling GC and €GC. Both products are based on the clearing, netting and settlement of cash-led repurchase trades in standardized ranges of liquid bond baskets. The baskets are

[2] The Bank of England's approach to the supervision of financial market infrastructures, http://www.bankofengland.co.uk/publications/Documents/news/2012/nr161.pdf

determined either by bond type or credit rating of issuer and trade anonymously on electronic trading platforms or bilaterally via voice brokers or inter-office. This enables users to benefit from the efficiencies of a standard process for addressing funding needs, the ability to move collateral quickly easily and with minimal manual intervention and from the cost benefits of maximized settlement netting opportunities.

RepoClear is a multilateral netting facility for European government and non-government debt repurchases and cash bond markets. LCH acts as CCP to wholesale market participants.

In clearing a trade, LCH becomes counterparty to, and responsible for, the corresponding trade obligations arising from the original bilaterally negotiated trade. This principle is known as *novation or registration*. LCH does not hold positions for its own account within the RepoClear service.

The fact that LCH becomes counterparty to each trade maximizes Clearing Members' balance sheet netting potential, frees up Clearing Members' credit lines and reduces Clearing Members' operational risk and operational costs.

LCH holds the trades within its clearing database. When settlement is due, LCH nets down all movements for a Clearing Member, in each issue, within the same depository. This results in a reduction in actual settlements that are to be made. Clearing Members can select the depository used for their settlements for each separate issue country (one depository per market, though two can be used for €GC).

In order to protect itself from market and credit risks, LCH calculates exposures and calls margin. All RepoClear positions are marked-to-market daily. LCH collects and pays variation margin amounts daily in cash. Delivery margin is called in order to cover LCH's settlement risk. Initial margin is taken from both sides to a trade to provide security against future price moves. Calculation of initial margin is conducted on a portfolio basis and cover may be provided in cash, bank guarantees or securities. RepoClear nets and shapes all delivery obligations due for settlement the next business day. In some markets, the settlement netting may result in several delivery obligations for LCH due to cross-border settlement or maximum delivery size requirements. Clearing Members are then notified of their own specific delivery obligations.

If there are no securities delivery obligations all net cash delivery obligations are aggregated into one amount per market, which is paid through the appropriate depository. Margin obligations from all exchange-traded and bilaterally-traded contracts, together with any coupon payments, are netted into a single payment per currency per day and paid through the Protected Payments System ("**PPS**").

In March 2012, LCH announced it would be restructuring the RepoClear Default Fund and associated Default Management process.

The restructuring of the segregation of the RepoClear element of the existing mutual Default Fund into a stand-alone Default Fund was implemented in August 2012.

The second phase of the restructuring plan (due Q1 2013) proposes to further enhance the stand-alone RepoClear Default Fund to incorporate the Service Close (i.e., "living will") provisions and implement the Default Management process and structure of the Default Management Group ("**DMG**"), a revolving group of senior rate traders from the major IRS market makers that are seconded to LCH in the event of default.

3.2 SwapClear

The SwapClear facility is a facility for the clearing and settlement of a range of OTC interest rate derivatives. SwapClear was launched in 1999 and has expanded over time to now offer clearing and settlement services in respect of a range of OTC interest rate swap transactions.

LCH clears OTC IRS through its SwapClear facility, and anticipates clearing an expanded list of interest rate swap products and OTC derivatives. In addition, LCH clears European government bonds and repurchase agreements relative to those instruments, through its RepoClear facility. Transactions cleared through SwapClear and RepoClear are executed by Clearing Members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH.

Under the LCH Regulations, there are three recognized participants in SwapClear including a SwapClear Clearing Member ("**SCM**") a SwapClear Futures Commission Merchant ("**FCM**") and a SwapClear Dealer ("**SD**"). . An applicant must enter into a Clearing Membership Agreement with LCH before it can become a Clearing Member. The Clearing Membership Agreement contains an acknowledgement that the applicant accepts the rules and procedures of the LCH Rulebook, which contains the operating rules of LCH.

A SCM or FCM may clear trades originally transacted by itself (including those in the name of one of its branches, being within the same legal entity), and may also clear trades transacted by an SD with whom it has entered into a SD Clearing Agreement.

LCH acts as central clearing counterparty to OTC swap transactions registered with it by a SCM, FCM or by a SD. On registration of a transaction with SwapClear, the counterparty's transactions, which can be entered by either a SCM, FCM or SD, are novated to the relevant Central Counterparty.

SwapClear's fundamental purpose is to ensure the financial performance of all interest rate derivatives cleared via our service, should a Clearing Member default. In a default, LCH becomes responsible for the cleared positions of the defaulted Clearing Member and must (a) make good on any losses borne by the defaulter and (b) hedge and transfer the defaulter's open positions. In order to manage outstanding notional volumes in excess of USD $300 trillion, we have designed safeguards to protect our clients, Clearing Members and the stability of the global financial system.

SwapClear calculates the potential loss it may have to cover in the event of a default of a Clearing Member. To cover this loss an amount, known as "initial margin," must be provided to SwapClear by both Clearing Members. It is held by SwapClear and only utilized in the event of the Clearing Member's default.

Initial margin is designed to cover normal market losses that would have occurred on the portfolio within recent history and is set at the portfolio's observed worst-case five-day loss (seven days for clients of Clearing Members) over the last five years. Additionally, members' portfolios are stress tested for extreme but plausible market events and the difference between this potential loss and that coverend by IM is deposited by members in the SwapClear default fund.

Also to ensure risks are maintained appropriately to the financial status of each Clearing Member and its portfolio, SwapClear uses a framework where initial margin multipliers are usedif the Clearing Member breaches predefined risk and concentration levels.

The value of individual interest rate swap contracts changes throughout each trading day. SwapClear conducts a valuation of each individual contract (known as "marking to market") and collects losses from Clearing Members on the losing side of the trade to pay gains to Clearing Members on the gaining side of the trade. A Clearing Member's daily gain or loss is known as the Clearing Member's "variation margin."

By collecting variation margin, SwapClear ensures that Clearing Members are current on all obligations and avoids default scenarios where Clearing Member losses have accumulated over a prolonged period of time.

Many of our valuation principles have become the market standard for cleared OTC IRS, including overnight index swap (OIS) discounting and price aligned interest.

In the event of a default of a Clearing Member, LCH must hedge and transfer the defaulter's positions while meeting the financial obligations of the defaulter. At inception, SwapClear's Default Management process was revolutionary for centrally cleared products. After the successful closeout of Lehman Brothers' OTC IRS portfolio in 2008, the process has become the market standard for OTC IRS.

To meet the financial obligations of the defaulter. To do so, SwapClear employs a robust default waterfall designed to ensure the performance of cleared IRS in the worst of scenarios.

In August 2012, LCH announced it would be restructuring the Default Fund. Through a membership Restrike project, LCH created a separate SwapClear Default Fund, amended the SwapClear Default Management process and made changes to the SwapClear Membership criteria.

The segregated SwapClear Default Fund is sized based on the sum of the two largest Clearing Members' stress test losses over Initial Margin using a carefully selected set of extreme but plausible stress test scenarios, looking back at each Clearing Member's positions over the previous 60 business days.

Full details of the LCH SwapClear Default Fund are set out under section 6.1 of this application. As detailed above in section 3, LCH currently has five Ontario domiciled Clearing Members.

3.3 EnClear - OTC Emissions Clearing

The EnClear service provides independent multilateral netting and clearing for the global OTC spot and forward carbon allowance markets (e.g., OTC forward freight agreements and OTC emission contracts) that provide a risk management and delivery solution. The service clears contracts on EU Allowances ("**EUA**"[3]) and Certified Emissions Reductions ("**CER**"[4]).

[3] An EUA is an allowance to permit the emission of one tone of carbon dioxide equivalent during the relevant period that has been issued by a competent authority pursuant to the Directive* for the purposes of the scheme (* Directive 2003/87/EC of the European Parliament and of the Council of October 13, 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC).

LCH clears the following contracts:

- OTC Emissions – EUAs and CERs;
- OTC Emissions – EUA Spot and CER Spot;
- OTC Emissions – EUA Options and CER Options.

Both EUAs and CERs are physically settled contracts for the forward delivery, and they trade in sizes of one lot of 1000 EUAs / CERs, in Euros.

EUA Spot contracts are physically settled day ahead contracts for the delivery of EUA Allowances in accordance with the terms of Directive 1003/87/EC. Contracts are traded in sizes of one lot, being equal to 1000 EUA units. A unit consists of the right to emit one tonne of CO2 equivalent.

CERs are physically settled day ahead spot contracts for the delivery of certified emissions reductions issued pursuant to Article 12 of the Kyoto Protocol that may be used for determining compliance with emissions limitation commitments in accordance with the EU Emissions Trading Scheme. Excluding allowances generated by hydroelectric projects with a generating capacity exceeding 20MW. Contracts are traded in one lot sizes.

LCH's focus on OTC transaction flow allows us to clear EUA's and CER's, previously concluded by bilateral parties through OTC brokers or directly, thereby minimizing counterparty risk for emissions traders.

LCH has seen continued growth in this area, due to the appetite for cost effective and operationally efficient OTC clearing services for emissions. In addition, five new Clearing Members joined the service in 2010, facilitating access and giving market participants the choice of 14 Clearing Members.

All transactions eligible for clearing are entered into Clearway, a registration system approved Brokers or, in the case of directly negotiated trades, by the selling participants' Clearing Member.

On receipt and confirmation of eligible transactions the trades pass to the Extensible Clearing System ("**ECS**") system, where trades are governed under the rules of the LCH Rulebook.

Daily and final settlement of emissions contracts is based on prices provided by London Energy Brokers' Association (LEBA). On expiry all net positions are physically delivered.

All existing LCH Clearing Members are eligible to clear emissions contracts subject to approval.[5]

3.4 Nodal Clearing

The LCH Nodal service clears cash-settled OTC power and natural gas futures for participants of the Nodal Exchange.

Nodal Exchange is an independent electronic commodities exchange dedicated to offering locational forward trading products and services to participants in the organized North American power markets. Locational trading is used for the management of capacity constraint risk.

Nodal Exchange is a commodities exchange, covering the trading of on-peak and off-peak power contracts at significant hubs, zones and nodes in the organized North American electric markets. Currently, this is available in six market locations – PJM Interconnection (PJM), New York Independent System Operator (NYISO), Independent System Operator of New England (ISO-NE), Midwest Independent System Operator (MISO), Electric Reliability Council of Texas (ERCOT) and California Independent System Operator (CAISO) – and plans to expand to cover additional geographies.

The LCH Nodal service provides independent multilateral netting and clearing for the global OTC power and gas markets. The basic premise of the LCH Nodal service OTC power and gas clearing solution is to give the end user the option to use a screen-traded nodal auction market or a broker-matched trade submission facility to capitalize on a single pool of open interest.

The cleared OTC futures offered by the LCH Nodal service are cash-settled OTC futures contracts only and are not physically delivered. The LCH Nodal service does not currently cover options contracts and there is no provision for allocation or give-ups.

[4] A CER is certified emissions reduction, as defined in the Directive, which may be used for determining compliance with emissions limitation commitments pursuant to and in accordance with the Scheme, excluding allowances generated by hydroelectric projects with a generating capacity exceeding 20MW.

[5] For confidentiality purposes, LCH would prefer not to identify individual Clearing Members.

The LCH Nodal service allows for OTC futures contracts that have been concluded either bilaterally or through a broker matched trade submission facility to be registered for clearing. Trades executed or registered through Nodal Trading System in accordance with Nodal Exchange Rules are designated as "Nodal Transactions" and eligible for registration.

Clearing Members can set position limits in contracts on 1,800 hubs, zones and nodes on the Nodal Exchange. Trade sizes can be as little as 1 MW increments.

LCH calculates Initial Margin for Nodal Exchange transactions using a historical simulation Value-at-Risk ("**VaR**") methodology. A Clearing Member's portfolio is first revalued using historical returns, then the standard deviation of the portfolio profits and losses ("**P&L**") is used together with other parameters to estimate the portfolio VaR.

PART II – APPLICATION OF APPROVAL CRITERIA TO CLEARING AGENCY

1. Governance

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

(a) effective oversight of the clearing agency;

The activities and operations of LCH are directed and overseen by its Board. The Board of LCH is comprised of nine individuals, is chaired by an independent non-executive LCH Board member, and includes three other independent non-executive directors, four other non-executive directors who are user representatives and one executive director. Fourty-Four percent of the LCH Board consists of independent members.

LCH Group's Articles of Association state the following in respect of "independent directors":

> The Nomination Committee shall be entitled by notice in writing to the Company to nominate candidates to be "Independent Directors". The Board acting by simple majority shall appoint, if thought fit for appointment, persons nominated as Independent Directors (such persons shall be referred to for all purposes as the "Independent Directors"). A director appointed in this way may hold office only until dissolution of the next annual general meeting following his appointment unless he is elected by the Company by ordinary resolution at that meeting.
>
> The Board shall consider, in determining whether a person is fit for appointment as an Independent Director, whether such person is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, such person's judgement, including if such person:
>
> - has been an employee of the Company or its Group within the last five years;
> - has received or receives additional remuneration from the Company or its Group apart from a director's fee, participates in any share option or a performance-related pay scheme of the Company or its Group, or is a member of a pension scheme of the Company or its Group;
> - has close family ties with any of the Company's or its Group's advisers, directors or senior employees;
> - represents a significant shareholder; or
> - has served on the Board for more than nine years from the date of his first election.
>
> The Board shall state its reasons in the resolution of the directors appointing the Independent Director if it determines that a person nominated as an Independent Director is independent notwithstanding the existence of relationships or circumstances which may appear relevant to its determination including those listed in the articles.

Governance arrangements are clearly specified and information regarding them is publicly available in the annual report of the LCH Group.

The LCH Board supports the highest standards in corporate governance and, wherever possible, adopts the provisions of the Financial Reporting Council's UK Corporate Governance Code, which sets out principles of good governance for listed companies.

The LCH Board meets at least quarterly throughout the year. It has full and effective oversight of LCH and monitors the senior management through review of and discussions about information provided to it by senior management, as well as reports from internal and external audits.

LCH's Board is accountable to its shareholders. Non-executive directors of the LCH Board are drawn from the membership of the LCH Group Board. LCH Group Board membership includes representatives of users of the services of operating subsidiaries with a variety of complementary skills, product knowledge and industry experience and ensures that LCH Board and customer interests are closely aligned.

The above structure will change once the LSE-LCH Group merger has been finalized. This is not due to occur until Q2 2013 at the earliest. At that stage, LCH will be in a position to confirm the revised LCH Board structure.

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

LCH's stated corporate objectives are to (i) reduce risk and safeguard the financial infrastructure in the markets LCH serves, (ii) deliver market leading and cost-effective clearing services, and (iii) be the leading multi-asset clearing house, independently serving diverse markets around the world. LCH's governance structure is designed to ensure that LCH meets these corporate objectives. The LCH Board retains the responsibility to ensure that LCH meets these objectives.

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

See the response to (a) above.

LCH maintains Audit and Risk Committees. The Audit Committee is an independent committee which, under its terms of reference, must comprise no fewer than four non-executive directors of LCH[6], as discussed in subsection 1.1(a) above. The Risk Committee is independent from any direct influence by the management of LCH and maintains a Clearing Member and end-client representation composition. The Risk Committee is chaired by an independent non-executive director. The Audit Committee has responsibility for review of financial statements, oversight of internal and external auditors, regulatory compliance and the internal control environment. The Risk Committee oversees membership criteria, risk policies (including adequacy of the Default Fund and operational risk controls). While the Risk Committee is charged with reviewing current, and determining new, risk policies, the LCH Chief Executive Officer retains responsibility for default declaration and default handling, in order to ensure speed of action and the avoidance of potential conflicts of interest.

Day-to-day operations of LCH are the responsibility of LCH's chief executive and other senior management. Their decisions are exercised with an appropriate degree of independence from the LCH Board.

See also (b) above.

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

Membership applications are subject to the Risk Committee approved criteria and approvals or rejections are made under the delegated authority of the Risk Committee. The Risk Committee is comprised of up to nine LCH executives, two participants from the interest rate swaps market, two representatives with specialist risk, related audit and/or regulatory experience, and two buy-side participants. The external Risk Committee members attend in their capacity as risk experts and do not represent their employer.

Membership criteria are set out in the clearing house procedures. Membership criteria must be met in order for an applicant to be considered for Clearing Member status. These requirements are without prejudice to the provisions of the Clearing Membership Agreement which must be executed by the applicant, and must equally be met by Clearing Members.

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

[6] No fewer than two directors shall be "public directors" of the LCH Board, as such term is defined in the Rules of the U.S. Commodity Futures Trading Commission (**CFTC)** in force from time to time. One director shall be a member of the Risk Committee of LCH. Members of the Audit Committee shall ideally have significant, recent and relevant financial experience. At least one Audit Committee member should have a professional qualification from one of the professional accountancy bodies.

The Risk Committee and Audit Committee have procedures in place to manage potential conflicts of interest or conflicts of interest when they arise.

Both the Risk Committee and Audit Committee are governed by Terms of Reference.

Under powers formally delegated by the LCH Board, the Chief Executive of LCH has responsibility for establishing, maintaining and implementing the risk management framework (embracing principles, policies, methodologies, systems, internal controls, processes, procedures and people) in line with the Group Board's approved appetite for risk (the extent and categories of risk which the Group Board regards as acceptable for the group to bear). This explicit delegation of powers, which otherwise might anyway have been assumed to be exercised by the executive, is considered necessary formally to preserve the independence of risk management, to avoid conflicts of interest if the LCH Board or Risk Committee was involved in the decision-making and to ensure a timely response to situations which can develop and deteriorate rapidly

Matters concerning significant risks faced by the Group's operating subsidiaries are addressed by a Risk Committee of the relevant subsidiary board or, in the case of operational risk matters, by the Audit Committee of the relevant subsidiary.

The Chairman of the Risk Committee of each subsidiary reports to the Board on the discussions, decisions and recommendations of the committee in order for the Board to understand the business implications and where necessary to formally ratify these decisions and recommendations. Under powers formally delegated by the Board, the Chief Executive of each subsidiary has responsibility for all risk decisions taken within the framework of agreed risk policies. All changes to risk policy require thorough review by the Risk Committees and either their approval or recommendation for Board approval.

Conflicts of interest are monitored closely. First, conflicts of interest for every director are investigated at the time of appointment, considered and approved by the LCH Board and reviewed annually. Second, conflicts of interest for every director are also addressed at every LCH Board meeting in relation to the agenda items and the sensitivity of projects arising in the course of LCH Board business.

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

Each LCH Board member has extensive experience, knowledge and skills necessary to operate LCH's clearing facility. The LCH Board meets at least quarterly throughout the year. It has full and effective oversight of LCH and monitors the senior management through review of and discussions about information provided to it by senior management, as well as reports from internal and external audits.

As at end of December 2012, there is no single shareholder with a holding of 10% or more of LCH's issued and outstanding shares. There is currently no legal or regulatory restriction in respect of a shareholding of greater than 10%.

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

See 1.1(a) and 1.1(b) above.

The Chief Executive Officer and senior management of LCH have responsibility for the day-to-day operations of LCH. Their decisions are exercised with an appropriate degree of independence from the LCH Board. See also paragraph 1.1(d) above on the Risk and Audit Committee structure.

LCH's Directors and Officers insurance is in place.

2. Fees

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

LCH has in place procedures to control its costs of operation; regular analysis and benchmarking on charges are undertaken. Over the past three years, competition has led to significant fee reductions. In terms of fees, there are many different fee-structures within LCH, fee–structures are transparent and available on the LCH website.

LCH is entitled to levy fees in respect of such matters and at such rates as may from time to time be prescribed. Fees shall be

payable by Clearing Members, as may be prescribed by LCH Procedures.

A minimum monthly charge per Clearing Member of €5,000 is applied across all LCH activity in RepoClear, the total registration fees chargeable to a Clearing Member are detailed in the fee schedule on LCH's website. There are no transaction fees per se for SwapClear. Clearing Members pay a fixed annual clearing fee to participate in the SwapClear service. Smaller Clearing Members may from time to time incur a transaction fee if certain thresholds are exceeded.

LCH's EnClear service fees are calculated on a per lot basis depending upon the contract. The fee schedule for EnClear can be found on LCH's website.

The fee schedule for Nodal is detailed on LCH's website.

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

See 2.1 above.

Fees are determined at the LCH Group Board level. Clearing fee income and associated rebates, together with other fee income, is recognized on a transaction by transaction basis in accordance with the Group's fee scales. The Group does not operate an ex-ante rebate scheme. Any changes made to the fees and charges payable shall take effect, as prescribed by the LCH Procedures. Fees are notified to the regulators prior to taking effect.

3. Access

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

By virtue of the membership agreement that Clearing Members sign with LCH, Clearing Members are subject to the rules made by LCH in the conduct of their business.

The rules and procedures are publicly available on the LCH website and the governing laws and regulations are available on relevant websites.

LCH has clear internal procedures for access to its services. These are consistent with the LCH rules and procedures publicly available.

The Rules of LCH are published and amended from time to time to accurately reflect the services provided. LCH notifies the FSA and Clearing Members of new rules and rule changes in line with FSMA. LCH notifies the FSA and CFTC of the Rules of LCH where applicable and publishes them upon approval. LCH notifies both the FSA and CFTC of Default Fund Rules 14 days prior to publication.

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

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

In considering a new Clearing Member application, LCH conducts thorough reviews into the organization concerned. Potential Clearing Members must meet the basic requirement to be considered for membership, which is a minimum net capital requirement of £5million.[7] The minimum contribution for the four clearing services set out in this application are defined in LCH's Default Fund Rules. Appropriate banking arrangements must be put in place, and the organization must have appropriate systems to cope with their clearing activities.

Members are now subject to an internal credit rating. The final rating is determined by the Risk Executive's interpretation of:

- Market Implied Ratings / Credit Edge
- Financial Resources

[7] The minimum requirements applicable to Clearing Members whose clearing relationship with the Clearing House is confined to the clearing of one market, subject, in relation to categories B to D, to an absolute minimum Net Capital requirement of £5mn sterling.

In order to clear FCM SwapClear Contracts or FCM EnClear Contracts members must maintain adjusted net capital, as defined in CFTC Regulation 1.17, of at least $50,000,000

- Operational capability
- Support – (where an explicit statement of support is provided froma higher rated entity).

With respect to becoming an EnClear Member, the Clearing Member must either be, or have applied to become, a RepoClear Clearing Member, a SCM, an EquityClear Clearing Member, a Clearing Member of the relevant exchange(s), an LCH EnClear OTC Clearing Member or a Special Clearing Member. Clearing Member status may be granted on a conditional basis before any Clearing House requirements have been fully met or before related exchange clearing membership(s) requirements are met, but cannot be operational until such requirements are satisfied.

A Clearing Member will need to satisfy the criteria for membership set out in section 1 of the LCH Procedures. The minimum membership criteria also act as a default protection mechanism for LCH by ensuring that all Clearing Members are of sufficient financial resource and operational standing.

In considering an organization for membership, analysis is conducted on the following areas:

- Legal formation and history of incorporation, including subsequent mergers & acquisitions;
- The corporate organization (subsidiaries, branches, sister companies, representation offices) indicating whether or not the counterparty subcontracts its activity;
- Regulation - level and quality of regulation across different jurisdictions;
- Ownership;
- History of markets and clients cleared and current clearing member status.

The above process is fully documented.

A formal process is in place for appeals for Clearing Members and or certain other circumstances. This process is set out in the LCH Procedures.

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

Under Section 1.2 of LCH's Clearing House Procedures, the denial of access or limitation of access, including the reasons for denying or limiting access to a Clearing Member is documented and transparent. LCH may, in its sole discretion, refuse an application for membership where it considers it appropriate to do so in accordance with its internal risk management policies and procedures as amended from time to time. LCH may, at any time, impose additional conditions relative to continued Clearing Member status, and at any time vary or withdraw any such conditions. These conditions may include, but are not limited to, a requirement to deposit additional security in cash or collateral as determined by LCH.

4. Rules and Rulemaking

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

(a) are not inconsistent with securities legislation,

LCH has obtained legal opinions on both Canadian federal and Ontario law to ensure that its arrangements are consistent with local law. From these opinions LCH has taken comfort that its rules are consistent with Canadian federal and Ontario law.

LCH is required under the FSMA to have procedures and arrangements in place to enforce its rules. In practice, as the majority of the rules, as laid out in the LCH Regulations including its Procedures, are in relation to the daily compliance with financial obligations, the daily or monthly compliance with delivery obligations, and the quarterly re-calculation of the Default Fund contributions, therefore, enforcement is routine and essentially automated. As a leading independent CCP, LCH does not have conduct of business rules of the kind established by the exchanges whose contracts it clears or the regulators of its Clearing Member firms. FSMA Regulations 2001, Paragraph 23 requires a Recognized Clearing House to have effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its regulatory functions, including arrangements for the investigation of a complaint by a person independent of the clearing house. To date, LCH has not had need of such a formal procedure to date, and has not had to deal with any such complaint.

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

Because non-compliance with most rules is so visible – and would constitute an act of default under LCH's Default Rules – compliance can be said to be mandatory. In the case of financial resource requirements, LCH CRO staff check compliance; their work being independent of the requirement on Clearing Members to inform LCH if they fall below the lowest amount.

LCH has no published list of disciplinary actions. LCH's rules do not discriminate among Clearing Members as they apply equally to all Clearing Members.

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

Clearing Members have the right to apply for approval to clear one or more of the markets cleared by LCH, subject to meeting the requirements of LCH in respect of each such market and not imposing unnecessary or inappropriate burdens on competition.

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

LCH Rules are transparent and available to the public. LCH Rules are maintained on the LCH website.

The Rules of LCH are published and amended from time to time to accurately reflect the services provided. LCH notifies the FSA and Clearing Members of new rules and rule changes in line with FSMA. LCH also notifies the CFTC of changes to the Rules of LCH where applicable and publishes them upon approval. Under the European Market Infrastructure Regulation (EMIR), LCH will be required to publicly consult on rule changes.

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

LCH monitors Clearing Member activities to ensure compliance with the rules by conducting a risk-based review which incorporates both a qualitative and quantitative assessment: qualitative in terms of due diligence reviews and visits and quantitative tools that include credit ratings and more sensitive market indicators such as implied ratings and expected default frequency. The process draws together data from a number of sources to give an overall impression of the counterparty risk associated with the Clearing Member.

Clearing Members can be subject to due diligence visits by LCH, the purpose of this assessments is to discuss ongoing corporate structure and strategy; the scope of the Clearing Member's business generally and clearing activities specifically; financials; regulation; operational processes; banking facilities, and risk management (of clients and any proprietary business, margining, credit management policy, stress testing, etc.). The analysis looks at exposure to LCH, such as details of current and historical margins, collateral held, market concentrations and stress testing results, T-Ratio Analysis, future plans and other exposures (e.g., as a treasury investment counterparty, PPS Bank).

For delivery failures in the case of LCH's RepoClear, LCH Regulation 59(c) establishes that if a Clearing Member persistently fails to deliver securities to LCH, LCH shall be entitled to terminate membership of the firm in question, on written notice, requiring liquidation or transfer of open contracts. LCH has not had to apply Regulation 59(c).

In the case of LCH's SwapClear, a failure to delivery will be deemed a failed delivery on Delivery Day +1. Buying-in will occur at 11:00hrs on the Delivery Day +1.

In respect of EnClear, buying-in will be executed in respect of a failure by the Selling Clearing Member to make a Transfer Request that results in the receipt of the necessary Instruments into the Holding Account of LCH.

See also section 4.1(b) above.

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

See above 4.1(b) and 4.3 above.

5. Due Process

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

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

Full LCH appeals procedure can be found on LCH's website. A brief overview of the process is set out below.

A Clearing Member or, in certain cases, a RepoClear Dealer or SD or other non-member, may appeal against a decision of LCH.

A Clearing Member may appeal against any of the following decisions made by LCH:

- A decision that the Clearing Member does not meet the criteria for extension of its clearing relationship with LCH;
- A decision by LCH to rescind that Clearing Member's eligibility to have contracts of a certain category or categories registered in its name;
- A decision by LCH to terminate that Clearing Member's Clearing Membership Agreement other than when such decision occurs in connection with the operation by LCH of its Default Rules and Procedures.

Appeals must be made lodging an appeal via an appeal form to the Company Secretary, who shall acknowledge receipt within 7 days. Further information may be requested.

There are several steps by which an appeal can proceed, namely, the appeal can be submitted by the Company Secretary to the Appeal Committee, or to an Appeal Tribunal in the event that a notice of further appeal is made.

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

LCH keeps a record of, and gives reasons for, its decisions that affect an applicant or Clearing Member, including a decision relating to access. Additionally, LCH provides for appeals or reviews of its decisions. A Clearing Member who is aggrieved by any action taken by LCH or decision of LCH (other than any decision set out in 11.2 of Clearing House Procedures), or any decision taken under Regulation 26 in or under or in connection with LCH's powers under the Default Rules and Procedures may, no later than 14 days after the date of the decision or action, request a review of such action or decision by the Chief Executive of LCH.

6. Risk Management

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

As a CCP, LCH is responsible for the performance of all registered contracts through to their final settlement. In the case of all swap contracts, that final settlement takes the form of a cash payment from one Clearing Member to another – that last payment bringing to an end the chain of periodic payments initiated after registration and made on the basis of settlement to latest market prices. All such cash payments are made through LCH's PPS, which is an assured payments arrangement operated by LCH and twelve banks in the U.K. and seven banks in the U.S. that act as bankers to LCH's Clearing Members. LCH currently has no PPS arrangements in Canada.

LCH has a rigorous intra-day margining policy and monitors the creditworthiness and market exposure of each Clearing Member on an ongoing basis. (For further information please refer to section 6.3(1)).

Before the SwapClear Restrike project (referred to previously), LCH maintained a single default fund comprised of contributions from Clearing Members across all markets cleared by LCH. Technically, this consisted of four default funds, each with a predetermined maximum fund size: the Exchange Fund (£310 million); the EquityClear Fund (£100 million); the RepoClear Fund (£105 million); and the SwapClear Fund (£125 million). Contributions to each fund were called from all Clearing Members authorized to clear the relevant products, and were pro-rated on the basis of initial margin, except for the Exchange Fund, which also considered the share of cleared volume when calculating contributions. Notwithstanding the distinction between funds, in the event of a default the funds acted as one default fund; that is, the aggregate amount was available for losses incurred as a result of a default in any market.

In May 2012, LCH segregated the SwapClear Default Fund under a "Limited Recourse" structure. The new Default Fund size is set with a floor of £1 billion and a cap of £5 billion. For each Clearing Member the stress test losses over initial margin will be evaluated based on the exposures across each Clearing Member's House accounts plus the exposures of their clients.

SwapClear Contributions are risk weighted, with each SCM being required to contribute a minimum of £10 million. The segregation of the SwapClear Fund means that, in the event of a default of a SCM, LCH will not have recourse to contributions of non-SCMs. Equally, LCH will not have recourse to contributions of SCMs in the event of a default of a non-SCM(s). Contributions of the defaulter itself will be available across services.

In the event that the default of a SCM exhausts all of the resources available to LCH in relation to that default (the "**SwapClear Waterfall**"), the SwapClear Service will close. In contrast to the current arrangements the SwapClear Waterfall is limited recourse in that (i) it does not extend to the general capital of LCH, and (ii) SCMs are not obliged to make additional payments to make good any shortfall to LCH. Ontario resident SCMs are, and will continue to be, subject to the Gross Omnibus Default Waterfall shown below.

All SCMs will be obliged to provide additional unfunded Default Fund contributions limited to one such payment per SCM default up to a maximum of three defaults in six months.

In August 2012, LCH segregated the RepoClear Default Fund, and the maximum size of the default fund, based on the stress tests applied to current positions of RepoClear members, is set at €620 million with a cap of €1,500 million.[8] LCH further proposes to implement an enhanced RepoClear Default Fund and related Default Management process. Discussions are in progress with LCH's Product Advisory Group and RepoClear Default Fund Design Group. Phase II of this process is developing the Service Closure component ("living will") of the Default Fund, and a formalized Default Management process. Implementation is scheduled for the first half of 2013.

Notwithstanding the separation of the default funds, a defaulting Clearing Member's contribution to any default fund will be available to cover a loss arising from any clearing service.[9] By contrast, surviving Clearing Members' contributions to a particular default fund will be available only to cover losses arising from the clearing service(s) relevant to that default fund.

In November 2012, LCH SwapClear moved to a Legal Segregation with Operational Commingling (LSOC) model which restricts a DCO from utilizing the assets of one customer to meet the obligations of another customer or FCM in the event of a default (as depicted above).

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

LCH recognizes that the management of counterparty and market risk associated with its CCP role, maintenance of adequate capacity and security with respect to its automated (IT) systems and the establishment, testing, evaluation and modification of, and back-up plans with respect to, such systems is integral to the achievement of its objective of providing secure and efficient clearing services to Clearing Members.

The most obvious risk managed by LCH is that of a clearing member no longer meeting, or being able to meet, its financial obligations to the clearing organisation. As the contractual CCP to all Clearing Members, LCH is legally obliged to assume the open, registered positions of the defaulting Clearing Member and to ensure their settlement or transfer. In so doing, LCH protects the non-defaulting Clearing Members, their clients, and the markets from de-stabilizing and contagious consequences. It has become standard practice to describe this central role as one of protecting against systemic risk. LCH has detailed

[8] LCH is reviewing the General Default Fund, and proposed changes are expected to be announced in Q1 2013.
[9] If LCH calls a Clearing Member into default for any reason, it is deemed to put that Clearing Member in default in respect of all LCH-cleared markets.

policies and procedures across all services and product lines, and specific market margin policies for the Fixed Income, SwapClear, EnClear and LCH Nodal services, among others.

LCH SwapClear's primary goal after the default of a Clearing Member is to reduce the risk of the outstanding positions. Upon a default, LCH SwapClear immediately facilitates the porting of non-defaulting clients to solvent Clearing Members. LCH SwapClear then begins hedging the portfolio via its DMG.

The DMG meets periodically throughout the year and participates in our default fire drills to ensure preparedness in the event of a default. Once the risk of the portfolio is substantially reduced by the DMG, LCH's SwapClear has the ability to split the defaulter's portfolio by currency and then (at the discretion of the DMG) into small sub-portfolios within that currency. The DMG then conducts an auction for each portfolio. The ability to operationally receive and price an auctioned portfolio is one of the criteria validated by LCH SwapClear prior to granting membership. Further, the operational capabilities of each Clearing Member during a default are tested regularly via our fire drill.

For losses greater than the financial resources of the defaulter, the funded Default Fund contributions of the LCH SwapClear Clearing Members will be attributed into tranches based upon bidding behaviour in the auction:

- Tranche 1 – Non Bidders;
- Tranche 2 – Auction Bidders (not winner);
- Tranche 3 – Auction Winner (plus those with same bid as winner).

As described above, in order to control the default risks that it manages, LCH sets minimum capital requirements for Clearing Members, and monitors compliance with those requirements and the general financial health of its Clearing Members; establishes margining policies of various kinds, together with monitoring and limits on exposures relative to capital; and maintains a Default Fund and related default cover as a precaution against any situation in which a defaulter's initial margin is insufficient to cover the cost to LCH of managing a default.

All SCMs will continue to demonstrate operational capability during a default scenario. All SCMs will be entitled to outsource default management responsibilities to a third party on a case by case basis and on the proviso that certain outsourcing conditions are met and subject always to the discretion of LCH.

In respect of the SwapClear service, LCH relies on non-defaulting SCMs to supply impartial expertise through the DMG and to bid for the portfolio of a defaulting SCM. LCH is committed to ensure that its post-default backing is of appropriate size. Current assessment of the appropriate size of the Default Fund is based on a scenario-based stress testing approach using historical and theoretical scenarios. They include: 1987 Stock Market crash; Long Term Capital Management default; 1992 Sterling ERM exit; 1994 Bond Market collapse; 2008 Lehman Brothers default; 1991 Gulf War; and Hurricane Katrina.

There are other historical scenarios as well as individual product and theoretical scenarios aimed at assuring that LCH's stress testing across the broad range of products offered is not overly reliant on history. The models assess the adequacy of initial margin requirements across the entire membership of LCH, looking at house and client accounts separately, on the basis of a series of extreme price movements in all contracts. The tests are run on a daily basis and the results assessed alongside other risk measures and ratios. The emphasis has been on whether the Default Fund is adequate in size to enable LCH to cope with (i) the default of the largest Clearing Member exposure and five small Clearing Members in the very extreme conditions replicated in the model, or (ii) the simultaneous default of the second and third largest Clearing Member under the same extreme conditions. LCH is committed to continuance of the testing and to taking action in relation to any findings that suggest that the Default Fund would be insufficient to cover these events. Results are assessed daily by the Risk Department[10] and on a quarterly basis by the Risk Committee which reports on adequacy to the LCH Board.

In putting in place these arrangements and procedures; LCH protects itself from attack under insolvency laws by virtue of Part VII of the U.K. *Companies Act 1989* ("**U.K. Companies Act**"), as amended. Part VII provides, broadly, that procedures carried out pursuant to the default rules of an RCH take precedence over the rights of a liquidator or other insolvency office-holder.

The policies and controls relating to counterparty and market risk (including policies relative to money settlement and exposures to banks) fall under the responsibilities of the Risk Department of LCH. New policies designed by the Risk Department are submitted to the Risk Committee, which also reviews existing policies. The boundaries of responsibility are drawn at the frontier between policy and efficacy of policy (Risk Committee responsibility) and day-to-day risk management decisions and actions (Risk Department responsibility).

[10] The Risk Department's aim is to provide frequent and focused analysis that alters the risk management to any issues or trends that may represent a material risk to LCH.

Internal Audit

The internal audit function conducted by LCH's Internal Audit department covers all aspects of LCH's activities, drawing on external audit expertise as appropriate. The unit, whose head reports to the Chief Administrative Officer, as well as the Chairman of the Audit Committee, has appropriate independence and its work is considered and reinforced by the Audit Committee of the LCH Board.

The review by Internal Audit of the Risk Department focuses on the testing of key policies and procedures relating to governance, internal risk framework, key risk indicators and monitoring and reporting to ensure the robustness of the framework. The detailed reviews are conducted utilizing external expertise where required. Internal Audit do to an extent place reliance upon the expertise of the management within the Risk Department, which in turn provides assurance to the LCH Board, senior management and external regulators (*e.g.*, FSA), that LCH's operational risks are being managed in an effective, timely and appropriate manner.

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

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

Role of the Risk Department

LCH's Risk Department is underpinned by harmonized policies for all LCH services, thereby eliminating major differences in how risk is controlled. The aim of LCH's Clearing Member and position monitoring is to detect, as early as possible, events that may threaten the ability of a Clearing Member to continue to meet its obligations to LCH. The Risk Department of LCH monitors information on Clearing Members' creditworthiness and financial condition. The primary information considered by the Risk Department comprises: (i) financial reports and regulatory returns; (ii) external credit-ratings, market implied ratings and expected default frequency; and (iii) LCH's evaluation of its operational capability, business strategy and level of support from parent or sovereign. .

In this latter regard, the Risk Department will consider, in addition to financial reports and regulatory returns and external credit ratings, factors such as: (i) the Clearing Member's legal and ownership structure; (ii) if part of a holding company, the nature of the group business; (iii) the principal officers of the Clearing Member; (iv) operational issues that have been identified; (v) how the Clearing Member compares with its peers (*e.g.*, markets cleared, net capital, external ratings); and (vi) the financial support available to the Clearing Member and whether the support is implicit or explicit, taking into account the systemic risk that may be posed by the Clearing Member.

In, deriving an internal credit score for Clearing members, a score attached to each of the quantitive factors is assigned a specific weight. The total score from these factors can be amended following further assessment of qualitative information regarding operational capability and business strategy to give a final score for each Clearing Member.. The Risk Department recommends the internal credit scores to the Executive Risk Committee[11] (ERCO), for approval or further review. The internal credit score influences the Risk Department's response to specific risks identified by the Daily Risk Monitoring and determines the frequency with which the Risk Department will conduct future assessments of the Clearing Member.

LCH pays particular attention to positions that are large in relation either to a Clearing Member's financial resources or to open interest in a particular contract and that would challenge LCH's holding periods and close-out assumptions. In relation to futures business the position monitoring looks at house and client accounts separately and in the aggregate. The basic assessment is undertaken daily on the basis of end-of-day positions. However, LCH has full intra-day risk assessment capability for both its futures and non-futures business (including OTC derivatives and cash equities) and performs routine intra-day monitoring of valuation losses and re-calculated initial margin requirements, including new business. If monitoring gives rise to concerns about the size of positions in a Clearing Member's client account (which at LCH may be an omnibus account or for certain cleared business LSOC (see section 6.1 or full segregated), further information is sought from the Clearing Member, notably about the concentration of individual client positions. Although LCH does not routinely collect information on individual client positions, LCH may require Clearing Members to provide such information (refer to LCH Procedures 1.1.3).

Initial and Intraday Margin

A key monitoring ratio is that of initial margin to financial resources, whereby the level of initial margin is monitored and action can be takne if it exceeds a threshold in comparison to net capital. Thresholds are set in relation to internal credit scores.

[11] ERCO is an internal Risk Committee chaired by the Group Chief Risk Officer, and has day-to-day responsibility for all risk decisions at the working level. Decisions are presented to the Risk Committee (external attendees) for overall approval or further appraisal.

LCH has a clear statement from the LCH Board on its Risk Appetite for initial margin that applies across all product lines; the Risk Management Department is expected to ensure that initial margin is sufficient to cover 99.7 percent of observed profits and losses over the assumed holding period of the contract(s). This Risk Appetite is backtested regularly and reported to the Risk Committee on at least a quarterly basis. LCH generates initial margin requirements for cleared swaps (SwapClear) using Probabilistic Approach to Interest-Rate Scenarios ("**PAIRS**").

Where LCH algorithms require the setting of margin rates, they are routinely reviewed for all major contracts (e.g., contracts with significant open interest are reviewed at least monthly). Additional reviews occur when a margin level is challenged or exceeded by price movements or when an unexpected event occurs between scheduled reviews (e.g., sudden news of a political or economic event). The primary focus in setting margin levels is on price history, close-to-close and intra-day range movements. Analysis based on price data is augmented by the implied volatility of related option contracts and assessment of imminent, known price-sensitive events. In the case of commodity contracts, observed seasonal patterns are also taken into account in setting margin levels. LCH has full authority to implement an increase in margin levels applicable to any or all of its Clearing Members under LCH Regulation 12. The levels of margin held and their appropriateness against observed profits and losses is reviewed daily for each Clearing Member and back testing results are reviewed at least monthly by the Risk Department.

LCH has an intra-day margin policy for all products that it clears, including exchange-traded futures and options on futures. The policy is based on full re-valuation and re-calculation of initial margin requirements in respect of all registered contracts, including contracts entered into on the day of the call. The intra-day margin policy provides for regular intra-day recalculations and the collection of additional margin liabilities above a *de minimis* level set for each Clearing Member in relation to its internal credit score.

Where additional funds are required, they are collected in cash through the PPS, discussed in Section 6.1 above, with the possibility of late calls for dollars in New York. Where surplus cover, in cash or non-cash collateral, is available, it is utilized by LCH to satisfy the call.

Intra-day calls must be confirmed by PPS banks no later than one hour after they are made. The PPS agreement establishes 14:00 London time as the latest time at which LCH may make a call in London and 21:00 London time as the latest time at which LCH may make a call in New York.

SwapClear

Initial margin is collected from each Clearing Member to cover potential losses in the event of a default under prevailing market conditions over a specified holding period and at a specified confidence level. LCH's SwapClear initial margin is calculated on the basis of a five-day holding period per member's house positions and seven-days for clients and is the aggregate worst case loss across all currencies over the historical period, using LCH's proprietary PAIRS margin methodology. PAIRS is a VaR model based on filtered historical simulation incorporating modified volatility scaling. The model uses five years (1250 days) of historical market data to simulate changes in portfolio value from which an estimate of potential loss is calculated. Portfolio positions are fully revalued in each scenario. PAIRS addresses the effects of volatility clustering in interest rate markets by implementing a modified volatility scaling methodology, whereby historical scenarios are explicitly scaled to reflect prevailing market conditions. Volatility scaling is applied based on an "Exponentially Weighted Moving Average" (EWMA) model with a decay factor of 0.97.

In addition to PAIRS initial margin, SwapClear applies margin add-ons covering Credit Risk, Liquidity Risk Sovereign Risk and Concentration Risk where a particular Clearing Member's inherent risk exposure is not captured within the PAIRS model.

In the case of any future expansion of contract types cleared as a registered DCO, LCH would look to use one of its established initial margining methods, with necessary adaptation, on the basis of an assessment of which most appropriately measures the risk of a new contract type to ensure consistency with its 99.7 percent Risk Appetite.

RepoClear

RepoClear uses an adaptation of London SPAN® (Standard Portfolio Analysis of Risk system) and the reviews of the appropriateness of the price assumptions about the different types of bonds are similar to those for comparable reviews of futures contracts.[12] As above, RepoClear applies margin add-ons covering Credit Risk, Wrong Way Risk, Sovereign Risk and Concentration Risk and Stress test losses.

[12] In Q1 2013, LCH will be introducing a harmonised VaR model for Initial Margin for the RepoClear and SwapClear services.

EnClear

LCH's EnClear Service also uses London SPAN® that incorporates both futures and options, and calculates the net Initial Margin requirement. There are three major inputs to the London SPAN margin calculation - Positions, Prices and Parameters (determined by LCH and reviewed on a continual basis). A change to any one of these will result in a change to the margin requirement.

LCH Nodal

For Nodal Exchange Margining Methodology**,** LCH calculates Initial Margin for Nodal Exchange transactions using a historical simulation VaR methodology. A Clearing Member's portfolio is first revalued using historical returns, then the standard deviation of the portfolio P&L is used together with other parameters to estimate the portfolio VaR.

LCH also calculates a minimum margin figure to ensure that a minimum level of margin is called. To calculate the minimum margin, the Minimum Margin Percentage (MP), a parameter set by LCH, is multiplied by the total gross portfolio value (the absolute value of the long positions plus the absolute value of the short positions).

To calculate accurate initial margin requirements, the VaR methodology relies on price histories that represent the historical volatility of the contract. In most cases, the historical price series for the contract are used in the VaR calculation, but in two situations – current month contracts and contracts that have not traded before – a constructed price history is used. The historical price series for the contract prior to the current month is less volatile than its price behavior in the current month. To more accurately reflect a contract's volatility in the current month, therefore, a price series formed from the concentration of prior current month price histories for that location is constructed and used in the VaR calculation. For contracts that have never been traded, synthetic price history methodologies have been developed, which employ combinations of the historical day-ahead locational marginal prices ("**LMPs**") for the specific RTO node location and correlated exchange pricing history. As the contract trades, the synthetic prices are replaced by the daily price marks.

In order to support twice daily marks to market, Nodal Exchange provides a settlement price for all contracts (combinations of location and expiry date) available to the market. If a contract does not trade that day, Nodal Exchange still provides both a mid-day and an end of day settlement price. As Nodal Exchange offers auctions with all locations only once per week, the prices of most contracts are necessarily extrapolated. To extrapolate the price of a contract, each nodal location is paired with the hub or zone its historical pricing behavior is most closely correlated with based on the past one-two years of LMP history. The price at the untraded nodal location is then simply extrapolated from the change in price of the hub or zone contract with the same expiry.

Collateral

LCH limits the range of acceptable collateral a Clearing Member may lodge to cover its obligations and restricts its investment of any funds in terms of the range of products and counterparties with which it deals. The range of collateral accepted is publicly disclosed. LCH currently accepts collateral in the form of cash (nine currencies[13]), government bills, notes and bonds (all major European government issuers plus Japanese, Australian, U.S. and Canadian Treasuries), performance bonds issued by approved banks and certificates of deposits issued by approved banks under a government guarantee scheme such as TARP. The performance bonds are limited to £50 million (or equivalent in other currencies) as the maximum amount that a single issuer can provide for a single Clearing Member.

The cash margin (currently 32 percent of total cover) is invested securely in accordance with LCH's Treasury Investment Policy and Liquidity Policy through either tri-party repurchases of unsecured deposits with approved banks or used to purchase government or zero-weighted securities. LCH policy states that the portfolio must be secured to a minimum of 90 percent and that unsecured deposits cannot exceed LCH's capital. The minimum credit-rating standards for approved banks and the associated policy on exposure limits are set by the Board of LCH. There have been no losses on such deposits.

The government securities held as margin cover are marked to market daily and subject to haircuts, currently ranging from 3 percent to 8.38 percent, whose appropriateness is regularly reviewed.[14] LCH monitors liquidity on a daily basis, in real time, within its Treasury management system. A daily minimum liquidity target is set by the LCH Risk Committee. All investments are assessed for their liquidity potential, depending on market conventions/conditions and

[13] The following currencies are acceptable as cash collateral: Sterling, Euros, U.S. Dollars, Canadian Dollars, Swiss Francs, Japanese Yen, Swedish Krona, Danish Krone and Norwegian Kroner.

[14] Securities deposited as margin cover at LCH must be accompanied by standard documentation establishing LCH's rights, before securities belonging to Clearing Members' clients are accepted as margin cover, a separate client consent form must be completed under which the client acknowledges LCH's rights to apply the securities in accordance with the LCH Regulations.

credit quality in a distressed market event. LCH Treasury's normal practice is to carry a level of liquidity significantly higher than the target, usually 3 to 5 times above the minimum. The daily liquidity target has never been breached.

Securities held as margin cover are deposited with depositories and custodians whose credit standing and procedures are evaluated by LCH and kept under review. The cash and non-cash collateral collected by LCH from Clearing Members as margin cover is held, used or lodged in accordance with LCH's general policies. Such policies do not distinguish either between margin relating to a particular market (for example LIFFE or SwapClear) or between margin provided by any type or nationality of Clearing Member.

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

The PPS is a payment mechanism operated by LCH to effect the transfer of funds to and from its Clearing Members in the currencies in which it incurs exposures[15]. The PPS is the mechanism by which LCH discharges obligations relating to cash-settled transactions, collects initial margin and transfers variation margin. It consists of a network of commercial banks (referred to as the PPS banks), which provide a settlement bank service to, and process payment transfers between LCH and its Clearing Members.

The Bank of England has regulatory oversight over the operation of the PPS being a "recognised system" under section 184 of the U.K. *Banking Act 2009* ("**U.K. Banking Act**").

LCH has accounts with each of the PPS banks, and each PPS bank must sign a PPS Agreement with LCH. Under the terms of the PPS Agreement with LCH, a PPS bank is obliged to make irrevocable transfers to LCH accounts on receiving payment instructions from LCH (such instructions also being sent to Clearing Members, the clients of the banks). LCH makes payments to Clearing Members by the same arrangements, instructing transfers from LCH's accounts to Clearing Members' accounts at the PPS banks. Payment for the physical delivery of all commodity contracts cleared by LCH is also made through PPS.

In contrast to financial and commodity transactions, payment of all securities (cash transactions, repurchases and futures) takes place in the delivery-versus-payment arrangements of securities settlement systems. Bond settlement take place through Euroclear U.K. and Ireland (EUI), the London-based settlement system central securities depository, Swiss SIS, Clearstream (Luxembourg), the National Bank of Belgium and Euroclear, the Brussels-based settlement system/international central securities depository. The Swiss Financial Commission is the lead regulator of Swiss SIS; the Belgian Banking and Finance Commission is the lead regulator of Euroclear.

As a contractual CCP, LCH is obliged to make final settlement if a Clearing Member defaults in its obligations to do so. In the event LCH is required to buy in stock from the market, it will select a relevant market participant to act as buying-in agent on its behalf. Alternatively, LCH has market standard Master Securities Lending Agreements in place with both Euroclear and Clearstream, from which it is able to borrow any stock that may be required to be delivered. For the RepoClear system, LCH also has arrangements to borrow stock where necessary from major market participants. RepoClear Clearing Members will also usually have their own arrangements to borrow stock for settlement.

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

If a Clearing Member defaults because it cannot meet a payment due to LCH, LCH will make all daily settlement payments due to other Clearing Members, using the defaulter's assets (margin and Default Fund contribution) if they are immediately available or using its own balances or banking lines if they are not (ahead of realization of the defaulter's non-cash collateral held as margin cover). For further information, please refer to the default structure in section 6.2 above.

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

See above section 6.2 paragraphs 1 – 3.

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

[15] A Clearing Member is required to maintain a PPS bank accounts in London in GBP and for each currency in which it incurs settlements at one of the participating banks.

LCH relies on a private settlement bank model, to transfer cash to and from LCH and its Clearing Members through PPS. This consists of a network of commercial banks, known as PPS Banks, which is an assured payments arrangement operated by LCH and 12 banks in the U.K. and seven banks in the U.S. that act as bankers to LCH's Clearing Members.

The PPS is a payment mechanism operated by LCH to effect the transfer of funds to and from its Clearing Members in the currencies in which it incurs exposures. The PPS is the mechanism by which LCH discharges obligations relating to cash-settled transactions, collects initial margin and transfers variation margin. It consists of a network of commercial banks (referred to as the PPS banks), which provide a settlement bank service to, and process payment transfers between LCH and its Clearing Members.

The Bank of England has regulatory oversight over the operation of the PPS being a "recognized system" under section 184 of the U.K. Banking Act.

A PPS bank must sign a PPS Agreement with LCH and under the terms of the PPS Agreement, a PPS bank is obliged to make irrevocable transfers to LCH accounts on receiving payment instructions from LCH (such instructions also being sent to Clearing Members, the clients of the banks).

LCH makes payments to Clearing Members by the same arrangements, instructing transfers from LCH's accounts to Clearing Members' accounts at the PPS banks. LCH has accounts with each of the PPS banks and under the terms of their agreement with LCH the banks contract to make irrevocable transfers to LCH accounts on receiving payment instructions from LCH (such instructions also being sent to Clearing Members, the clients of the banks).

LCH makes payments to Clearing Members by the same arrangements, instructing transfers from LCH's accounts to Clearing Members' accounts at the PPS banks. Payment for the physical delivery of all commodity contracts cleared by LCH is also made through PPS.

The PPS banks provide accounts to both LCH and its Clearing Members in one or more of the currencies in which liabilities are incurred. In each currency, there is also a concentration bank which LCH holds an account with, which is used to collect surplus funds from each of the PPS Banks, and send funds to PPS Banks where LCH has a net debit position.

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

LCH currently interoperates with the Swiss SIX X-Clear ("**SIX X-Clear**") CCP in the clearing of trades executed on the LSE and on the SIX Exchange. Trading members of these exchanges can elect to clear their business in the equity products covered by the interoperability arrangement on either LCH or SIX X-Clear – both the LSE and SIX Exchange list products for trading that are not within the scope of the interoperable arrangement. There are no known additional risks as a result of these arrangements. Both CCPs must agree on net settlements for a particular product / market. Settlement netting is then conducted in accordance with the inter-CCP procedures and the Coordinating CCP's procedures, which will apply to settlement for both CCPs.

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

LCH can only engage in activities that are conducted for the "purposes of, or in connection with" the provision of clearing services, and pursuant to LCH's exemption from authorization under section 285 of FSMA. This means in practice that LCH may not undertake any activity which could potentially be a regulated activity unless that activity constitutes clearing.

7. Systems and Technology

7.1 For its settlement services systems, the clearing agency:

(a) develops and maintains

(i) reasonable business continuity and disaster recovery plans,

LCH maintains two data centers for its core clearing, risk management and banking systems. Both data centers are remote from LCH's main offices at Aldgate House and are approximately five kilometers apart. One data centre can take over the activity in its total in case the other is down. All business platforms have disaster recovery back-up and all have specified maximum times for recovery.LCH maintains three backup offices for Aldgate House. Namely Beaufort

House (close proximity), Samson House (one kilometer away) and an office with IBM at Heathrow (ninety kilometers away).

Although personnel are currently concentrated at Aldgate House, LCH believes that the likelihood of a catastrophic incident affecting a large number of staff is very low. Moreover, a high proportion of LCH employees regularly telecommute, working from locations with remote access. As a result, LCH has concluded that it can operate with no meaningful disruption in services (at least for relatively short periods of time) with approximately 25 percent attendance at Aldgate House.[16]

LCH assures the operational viability and security of its clearing, banking and treasury functions through the maintenance of high systems standards and comprehensive back-up and business recovery facilities. In order to comply with EMIR, LCH is in the process of developing a 3rd data centre in France which will be geographically diverse from the London centres. Cross training individually in London, Paris and NY is also taking place to increase personnel resiliance.

(ii) an adequate system of internal control,

In order to be able to carry out its commercial activities, LCH must comply with the regulatory requirements of the jurisdictions in which it operates. LCH is required by both its own U.K. regulatory obligations and prudent management to ensure it develops and implements comprehensive and effective internal controls and risk management systems.

These are monitored internally by various layers of functional management, supplemented by internal audit and board committees (in particular the Risk Committee and the Audit Committee), and externally by regulators and external auditors.

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

LCH's core operating systems have fully adequate capacity and that adequacy is regularly reviewed.

LCH's basic technical standard is ISO/IEC/17799.

Security Standards are coordinated by a Director whose sole responsibilities are security and business continuity and contingency planning. He reports directly to the Head of Business Operations.

LCH conducts regular reviews of its 'internal' and 'external' security penetration testing, assisted by external consultancy. The 'external' testing confirms a high level of impenetrability.

New developments are tested in separate environments outside live systems. All user access to LCH systems is coordinated by two central units.

All automated systems employed by LCH meet the guidelines issued by the International Organisation of Securities Commission (IOSCO) in 1990, as supplemented in October, 2000 and again in April 2012, including those involving physical security, environmental controls, network management, capacity and systems testing.

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

LCH seeks to ensure that all systems (both software and hardware) have headroom capacity well in excess of expected volumes. IT Services Production performs regular stress testing on key systems using the multiples of peak daily volume.

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

As discussed in (b)(i) above, LCH keeps capacity under periodic review through regular stress testing on key systems and will conduct capacity stress tests as part of the non functional testing during major changes as part of the project delivering the change, to ensure that systems are able to process transactions in an accurate, timely and efficient

[16] This conclusion is based in part on LCH's Swine flu pandemic testing as well as on the practical experience that LCH gained in early 2009, when a "blizzard day" significantly reduced the number of LCH employees who were able to travel to Aldgate House to work.

manner.

(iii) tests its business continuity and disaster recovery plans; and

LCH has comprehensive business continuity arrangements to deal with the short, medium and long-term disruptions. LCHs business recovery strategy is founded on a Business Impact Assessment, which is reviewed annually and in the event of any significant changes occurring within LCH. A business continuity framework is in operation which covers departmental emergency procedures, processes, procedures and staff contact details and agreed emergency procedures in order to maintain or restore business operations in the required timescales. Business continuity and disaster recovery plans are reviewed on an ongoing basis and assessed on a quarterly basis.

LCH has in the past year undertaken four internal exercises, and have included Disaster Recovery, Office Recovery and crisis simulation with Executive and Senior Management, table top exercises to rehearse departmental recovery teams and Call Tree exercises. In addition, LCH offers its Clearing Members to test the swap between both IT centers twice a year, on a voluntary basis. LCH successfully implemented its disaster recovery plan in October 2012 in response to Hurricane Sandy in the US.

(c) promptly notifies the regulator of any material systems failures.

LCH grades incidents affecting its key systems on a priority scale from 1 to 4, with 1 being the most serious and 4 the least. A priority 1 Incident is classified as: “An incident which prevents LCH from fulfilling its financial, legal or regulatory obligations - widespread unavailability of services to all members or Partners.” A priority 2 incident is classified as: “An incident which impairs LCH’s ability to fulfill its financial, legal or regulatory obligations - limited availability of services to multiple members or partners.”

Incidents affecting LCH’s regulatory obligations are reported to the FSA immediately, and dependent upon the service/issue also to the CFTC and Bank of England.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

As a private limited company organized under the laws of England and Wales, LCH is required to meet, and currently satisfies, the statutory annual audit requirements applicable to such companies. The Audit Committee of the LCH Board is responsible for supervising LCH’s compliance with such audit requirements, as well as other audits undertaken by LCH’s internal auditors or by external auditors on specific aspects of its operations. The Audit Committee considers and comments on all aspects of LCH’s risk appetite, tolerance and strategy, and meets the criterion by undertaking an independent systems review, taking account of the current and prospective macroeconomic and financial environment and, in particular, to comment on LCH’s “Risk Appetite” statement before it is submitted to the LCH Board for approval.

8. Financial Viability and Reporting

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

As an RCH under the FSMA, LCH is subject to the FSMA and other relevant laws, rules and regulations in the U.K. Under the FSMA, as supplemented by the U.K. Companies Act, a clearing house may be “recognised” if it appears to FSA that the clearing house, among other things: (i) has sufficient financial resources; (ii) has adequate systems and controls; (iii) has adequate arrangements and resources for the effective monitoring and enforcement of its rules; (iv) is able and willing to promote and maintain high standards of integrity and fair dealing and to cooperate by the sharing of information and otherwise, with the Secretary of State and any other authority, body or person having responsibility for the supervision or regulation of investment business or other financial services; and (v) has default rules which enable action to be taken to close out a Clearing Member’s position in relation to all unsettled market contracts to which such Clearing Member is a party, where that Clearing Member appears to be unable to meet its obligation.

The financial resources required to support LCH’s operations are achieved through a range of measures, including LCH’s own capital and financial resources, ensuring that the Clearing Members are adequately capitalized, effective margining and risk management practices and the Default Fund.

In 2009, LCH aligned the ownership of the LCH Group. The LCH Group is now owned 83% by users and 17% by exchanges which have a clearing relationship with Clearing Members of the LCH Group.

LCH’s capital and deferred income is held in compliance with its Treasury Investment Policy alongside cash margins and other

cash amounts. Investments are made in high quality and highly liquid short term Government securities and with banks, secured against hight quality collateral, meeting defined credit rating standards, subject to quantitative limits also determined by ratings. LCH maintains multi-currency bank lines of credit totalling £1113 million available to it. These lines can cover all currencies in which LCH has obligations.

In practice, the bank lines are very rarely used, because approximately 40% of LCH's total cash portfolio is placed in overnight investments in GBP, USD and EUR, where most of the cash flow volatility and operational requirements are seen. The average maturity of the total portfolio is less than 90 days. This capital is available to meet LCH's needs at any time. However, the capital is not intended to be the primary source of funds for use in the event of losses incurred as a result of a Clearing Member defaulting. In addition, LCH minimizes the risk of any loss to its capital by investing cash funds derived from margins, cash arising from settlement failures, Default Fund contributions and paid-up share capital. LCH invests the cash with approved counterparties through reverse repurchase transactions, the purchase of short term Government and quasi Government securities and minimal investments (less than 3% of the portfolio) in unsecured deposits with banks.

9. Operational Reliability

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

LCH's core operating systems have fully adequate capacity and that adequacy is regularly reviewed.

BS7799 is an old U.K. standard, superseded a number of times and now part of the ISO/IEC 27000 series. For most companies, the key standards are 27001 and 27002. The 27001 standard sets out the details of the specification (process approach) for an Information Security Management System. The 27001 standard sets out a framework for defining, implementing, operating, reviewing and maintaining security within an organisation but which must be highly influenced by the company's business needs, security requirements, working practices, size and structure. The 27002 standard is code of practice for information security, specifying numerous (100s), controls which can be utilized based on the company's information security appetite (as defined through the 27001 standard).

It is possible to achieve certification against the 27001 standard. The LCH security framework is aligned with the 27001 standard process approach which is underpinned by technical and procedural controls consistent with the 27002 standard, notwithstanding that the controls defined in the 27002 standard are static. LCH also develops its own security standards to address any new technologies that LCH wishes to use. The Security Manual sets out detailed information regarding security controls in place in respect to the security of information, the workplace environment, operations and network management, systems development and maintenance, and business continuity management.

LCH's security standards set out in the Security Manual are co-ordinated by a director whose sole responsibility is security and business continuity and contingency planning. The director reports directly to the Head of Business Operations. The IT Operations team conducts regular "internal" and "external" security penetration testing, assisted by external consultancy. Developments are tested in separate environments outside live systems. A new comprehensive test environment has been established. All user access to LCH systems is co-ordinated by two central units. LCH grades incidents affecting its key systems on a scale from 1 to 4, with 1 being the most serious and 4 being the least. It also seeks to ensure that all systems have headroom capacity in excess of expected volumes.

10. Protection of Assets

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

LCH's Clearing Member account structure and requirements are designed to complement statutory client protection mechanisms that require client funds to be segregated from a firm's own funds. LCH makes segregated client accounts available for its Clearing Members that have trading clients and that are required by applicable law or exchange regulation to segregate client funds from firm funds. Non-segregated client positions and Clearing Member proprietary positions are maintained in "house" accounts with LCH. LCH's obligations as CCP to Clearing Member trades relate separately to positions registered in a Clearing Member's house account and such Clearing Member's segregated client account. In the event of a Clearing Member's default, LCH cannot offset positions in the Clearing Member's house account with those held in the Clearing Member's segregated client account, nor can LCH apply margin cover held in relation to positions registered in Clearing Member's segregated client account to meet shortfalls with respect to positions in the Clearing Member house account.

LCH will maintain deposits only with banks and custodians that meet defined credit rating standards, subject to quantitative limits also determined by ratings. Such credit rating standards and limits are set by the Risk Committee, and ratified by the Board of LCH.

11. Outsourcing

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

Reviews are conducted by management with a number of suppliers to discuss their role as service providers.

LCH does not outsource critical functions to third parties. LCH has established a co-sourcing relationship with Tata Consulting Services ("**TCS**"), to provide certain IT support/data processing services. TCS is a leading service provider in India.

Under the arrangement TCS provides application and infrastructure support from India to cover clearing support services outside of the hours of the United Kingdom. The team in India comprises of TCS employees who have been trained by LCH. Management, control, responsibility, and accountability for the operation of the service lie with LCH. The arrangement has been reviewed in detail by the LCH Audit Committee and the FSA.

12. Information Sharing and Regulatory Cooperation

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

The FSA and the Bank of England participate in the LCH Group regulatory college led by the Autorité de Contrôle Prudentiel (France) and a Memorandum of Understanding governing information sharing has been signed by all regulators involved. The Autorité de Contrôle Prudentiel is the consolidated prudential supervisor of the group.

LCH.Clearnet Limited

"Lisa Rosen"

Group Head of Compliance & Public Affairs
Managing Director

Appendix A

Draft Order

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

AND

IN THE MATTER OF
LCH.CLEARNET LIMITED

ORDER
(Subsection 21.2(0.1) of the Act)

WHEREAS LCH.Clearnet Limited (LCH) has filed an application (Application) with the Ontario Securities Commission (Commission) requesting an order pursuant to subsection 21.2(0.1) of the Act recognizing LCH as a clearing agency;

AND WHEREAS the Commission issued an interim order dated March 1, 2011 (Interim Order) pursuant to section 147 of the Act exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act;

AND WHEREAS the Commission issued an order dated May 17, 2011 varying and restating the Interim Order to clarify that LCH may provide additional clearing services, including LCH Enclear OTC service to Ontario-resident clients (First Restated Interim Order);

AND WHEREAS the Commission issued an order dated August 19, 2011 varying and restating the First Restated Interim Order to extend the expiry of the First Restated Interim Order (Second Restated Interim Order);

AND WHEREAS the Commission issued an order dated August 28, 2012 varying the Second Restated Interim Order to extend the expiry of the Second Restated Interim Order;

AND WHEREAS LCH has represented to the Commission that:

1. LCH is a clearing house incorporated under the laws of England and Wales. LCH operates as a central counterparty (CCP) clearing house and receives most of its revenue from treasury income and thereafter clearing fees charged to its clearing members (Clearing Members);

2. As of January 12, 2012, LCH.Clearnet Group Ltd. (LCH Group), the parent holding company of LCH, is owned 77.5 percent by users (i.e., Clearing Members) and 22.5 percent by exchanges. As at December 31, 2012, there are no shareholders of LCH Group who hold 10% or more of LCH Group's issued and outstanding shares. On December 14, 2012, the Office of Fair Trading in the United Kingdom (U.K.) announced that the proposed acquisition by the London Stock Exchange Group Plc of a majority stake in LCH was cleared unconditionally;

3. LCH Group, which is incorporated in the U.K., is regulated as a Compagnie financière by the Autorité de Contrôle Prudentiel (France);

4. LCH is a Recognised Clearing House (RCH) in the U.K. under the U.K.'s Financial Services and Markets Act 2000 (FSMA) and, as such, is approved by the U.K. Financial Services Authority (FSA) to clear a broad range of asset classes including securities, exchange traded derivatives, commodities, energy, freight, interest rate swaps, credit default swaps and euro and sterling denominated bonds and repurchase transactions, and works closely with market participants and exchanges to identify and develop clearing services for new asset classes. The exchange-traded futures and options on futures relate to underlyings in short-term interest rates (Euro, Sterling, Swiss Franc); government bonds (U.K. Gilts and Japanese Government Bonds); medium and long-term swap rates (Euro), equity indices (U.K.-related FTSE indices and FTSE and MSCI pan-European indices); and individual stocks (British, Dutch, French, German, Italian, Spanish and U.S. companies) and energy;

5. The FSA is LCH's primary regulator. Proposed legislation was introduced into the U.K. Parliament on January 27, 2012 that will fundamentally reform the structure of financial services regulation in the U.K. Under the new framework, which will be implemented in 2013, the FSA's regulatory and oversight responsibilities of systemically important financial market infrastructures will be transferred to the Bank of England (the FSA and the Bank of England hereinafter referred to collectively or individually as the "U.K. Authorities");

6. As part of its regulatory oversight of LCH, the U.K. Authorities review, assess and enforce the on-going compliance by LCH with the requirements set out in FSMA including financial resources, the financial and operational requirements for Clearing Members, systems and controls, rule-making, and LCH's practices and procedures;

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

8. LCH is also a designated clearing organization (DCO) within the meaning of that term under the United States (U.S.) Commodity Exchange Act. As a DCO, LCH is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission, a U.S. federal regulatory agency;

9. LCH is currently offering the following four services to Ontario-resident Clearing Members: RepoClear, SwapClear, EnClear and LCH Nodal. LCH currently has five Clearing Members who qualify as "Canadian financial institutions" (within the meaning of that term in subsection 1.1(3) of National Instrument 14-101 *Definitions* and that have a head office or principle place of business in Ontario. LCH currently does not offer client clearing services to its Ontario-resident clients;

10. The RepoClear service clears cash bond and repurchase trades on the following securities: Austrian, Belgian, Dutch, German, Irish, Finnish, Portugese and U.K. government bonds, German Jumbo Pfandbriefe and Supranationals, Agency and Sovereign. RepoClear accepts the following types of specific bond repurchase trades: classic fixed rate repurchases with first leg settlement on a same day and forward start basis with a term not greater than one year;

11. The SwapClear service clears over-the-counter (OTC) interest rate swaps (IRS) and LCH anticipates clearing an expanded list of swap products and OTC derivatives on exempt commodities (e.g., energy and metals);

12. Transactions cleared through SwapClear and RepoClear are traded by Clearing Members on a bilateral basis, either inter-office, or through brokers, or on automated trading systems recognized by LCH;

13. The EnClear service clears OTC forward freight agreements and OTC emission contracts that provide a risk management and delivery solution. Cleared OTC Spot European Union Allowances issued in accordance with the terms of Directive 1003/87/EC (EUA) and Certified Emissions Reductions issued pursuant to Article 12 of the Kyoto Protocol (CER) contracts allow market practitioners to benefit from the security offered by a CCP and the flexibility provided by platform independence;

14. The LCH Nodal service clears cash-settled power and natural gas futures for participants of the Nodal Exchange, which is an independent electronic commodities exchange dedicated to offering locational forward trading products and services to participants in the organized North American power markets;

15. LCH maintains Clearing Member criteria that all applicants must satisfy before their applications are accepted, including fitness criteria, review of corporate constitutive documentation, financial standards, operational standards, appropriate registration qualifications with applicable statutory regulatory authorities, and LCH applies a due diligence process to ensure that all applicants meet the required criteria;

16. There are no material differences in terms of membership standards and financial requirements between Ontario-resident Clearing Members and other Clearing Members;

17. LCH utilizes processes to minimize systemic risk, which processes include operational and financial criteria for all Clearing Members, margining and financial protections, the maintenance of a clearing/guarantee fund, sound information systems, comprehensive internal controls, ongoing monitoring of Clearing Members, and appropriate oversight by the LCH Board of Directors;

18. LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory. LCH does not currently have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada; and

19. LCH permits Ontario- residents who meet the criteria set out in its rules to become registered as Clearing Members, and as a result, is considered by the Commission to be "carrying on business as a clearing agency" in Ontario. LCH cannot carry on business in Ontario as a clearing agency unless it is recognized by the Commission as a clearing agency under subsection 21.2(0.1) of the Act or exempted from such recognition under section 147 of the Act.

AND WHEREAS based on the Application and the representations LCH has made to the Commission, the Commission has determined that LCH satisfies the criteria set out in Schedule "A" to this order and that it is in the public interest to recognize LCH as clearing agency pursuant to subsection 21.2(0.1) of the Act, subject to terms and conditions that are set out in Schedule "B" of this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and LCH's activities on an ongoing basis to determine whether it is appropriate that LCH continue to be recognized subject to the terms and conditions in this order;

IT IS ORDERED by the Commission that LCH is recognized as a clearing agency pursuant to subsection 21.2(0.1) of the Act;

PROVIDED THAT LCH complies with the terms and conditions attached as hereto as Schedule "B" to this order.

DATED 2013

SCHEDULE A

Criteria for Recognition and Exemption from Recognition as a Clearing Agency

PART 1 GOVERNANCE

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

(a) effective oversight of the clearing agency;

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

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

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

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

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

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

PART 2 FEES

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

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

PART 3 ACCESS

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

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

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

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

PART 4 RULES AND RULEMAKING

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

(a) are not inconsistent with securities legislation,

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

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

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

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

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

PART 5 DUE PROCESS

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

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

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

PART 6 RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

PART 7 SYSTEMS AND TECHNOLOGY

7.1 For its clearing services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

PART 8 FINANCIAL VIABILITY AND REPORTING

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9 OPERATIONAL RELIABILITY

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable clearing services to participants.

PART 10 PROTECTION OF ASSETS

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11 OUTSOURCING

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12 INFORMATION SHARING AND REGULATORY COOPERATION

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B"

TERMS and CONDITIONS

DEFINITIONS

For the purposes of this Schedule:

"**Clearing Member**" means a clearing member as defined under LCH rules;

"**client clearing**" means a Clearing Member(s) clearing transactions on behalf of their clients who are not Clearing Members;

"**Crisis**" means (i) when one or more of LCH's major Clearing Members default on their obligations to LCH that might place LCH under financial distress that is handled with significant difficulties (ii) when LCH experiences operational problems which results in the delay of the processing of the clearance of trades for more than two hours following the disruptive event, such as an IT system or process failure, human error, management failure, fraud, or disruption from external events, such as natural disasters, physical attacks by terrorists, or cyber attacks; (iii) any material problem with the clearance of transactions that could materially affect the safety and soundness of LCH; (iv) when LCH's assets and those of its Clearing Members and/or their clients held by or on behalf of LCH suffer significant loss due to market risk or due to custody risk following the failure of the third party commercial custody bank holding such assets; (v) a default of an Ontario Clearing Member; (vi) a default of a Clearing Member where the Clearing Member is clearing on behalf of Ontario residents or (vii) any expectation of LCH that any of the foregoing is reasonably likely to occur;

"**criteria for recognition"** means the criteria for recognition set out in Schedule "A" to this order;

"**FMIs**" means financial market infrastructures as defined under the principles of the Bank for International Settlements and the International Organization of Securities Commissions;

"**Ontario Clearing Member**" means Ontario-residents who are Clearing Members of LCH;

"**Ontario securities law**" has the meaning ascribed to it in subsection 1(1) of the Act;

REGULATION OF LCH

1. LCH shall maintain its status as a RCH with the U.K. Authorities and shall continue to be subject to the regulatory oversight of the U.K. Authorities.

2. LCH shall continue to meet the criteria for recognition as set out in Schedule "A".

OWNERSHIP OF LCH

3. LCH shall provide to the Commission 90 days prior written notice and a detailed description and impact of any change to its ownership.

ACCESS

4. LCH shall request the Commission's prior written approval before offering (i) any new clearing service including client clearing to Ontario Clearing Members or (ii) any new link to FMIs (FMI Link) to be utilized by Ontario Clearing Members. Such a request shall be made at least 75 days prior to the offering of the new clearing service or FMI Link to Ontario Clearing Members and shall be accompanied by a written notice and detailed description and impact of the new clearing service or FMI Link to the safety and soundness of LCH and the existing clearing services offered to Ontario Clearing Members.

RULES AND RULEMAKING

5. LCH shall provide to the Commission a written notice and detailed description of any new substantive rules or substantive changes to current rules relating to LCH's access criteria, default management and risk management model that are specific to the clearing services utilized by Ontario Clearing Members 45 days prior to the effective date of the rule or change.

6. Notwithstanding paragraph 5, where LCH needs to implement a new substantive rule or a substantive rule change resulting in an effective date of less than 45 days, LCH shall provide to the Commission as soon as possible prior to the effective date a written notice and detailed description of the new material rule or material rule change and the reasons

for the shorter implementation.

RISK CONTROLS

7. LCH shall have clearly defined and transparent procedures for the management of risk which specify the respective responsibilities of LCH and its Clearing Members.

CRISIS MANAGEMENT

8. In the event of a Crisis, LCH shall promptly share with and provide periodic updates to the Commission on the following information:

   (a) details of the Crisis;

   (b) any actions likely to be taken by LCH including details of the use of LCH's default protections and default management processes that have occurred and which impact the resilience of the LCH clearing services and the total level of financial resources remaining at LCH for default management purposes with regard to cleared products;

   (c) actions likely to be taken by the U.K. Authorities if known to LCH; and

   (d) any other information and documentation requested by the Commission related to the Crisis.

SYSTEMS AND TECHNOLOGY

9. LCH shall promptly notify Commission staff of any material system failures graded as Priority 1 or similarly graded by the U.K. Authorities of a clearing service(s) utilized by an Ontario Clearing Member.

COMPLIANCE

10. LCH shall certify in writing to the Commission, in a certificate signed by its general counsel or head of compliance and regulation, within one year of the effective date of this Order and every year subsequent to that date, or at other times required by the Commission, that it is in compliance with the terms and conditions in this Order and the criteria for recognition set out in Schedule "A" attached to this Order and describe in detail:

    (a) the steps taken to require compliance;

    (b) the controls in place to verify compliance; and

    (c) the names and titles of employees who have oversight of compliance.

11. LCH shall immediately notify staff of the Commission of any event, circumstance, or situation concerning any of LCH's operations that could materially prevent LCH's ability to continue to comply with the terms and conditions of the Order or the criteria for recognition set out in Schedule "A" attached to the Order.

INFORMATION SHARING AND REGULATORY COOPERATION

12. LCH shall provide such information as may be requested from time to time, and otherwise cooperate with, the Commission or its staff with respect to matters subject to the Commission's jurisdiction.

13. Unless otherwise prohibited under applicable law, LCH shall share information and otherwise cooperate with other recognized or exempt clearing agencies, recognized or exempt self-regulatory organizations, investor protection funds, marketplaces, and other regulatory bodies as appropriate.

14. LCH shall comply with Appendix "A" to this Schedule setting out the filing and reporting obligations, as amended from time to time, regarding the reporting of information to the Commission.

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

15. 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 LCH's activities in Ontario, LCH shall submit to the non-

exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

16. For greater certainty, LCH 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 LCH's activities in Ontario.

Appendix "A"

Filing and Reporting Obligations

FILING REQUIREMENTS

FSA Filings

1. LCH shall provide staff of the Commission, concurrently, the following information that it is required to file with the U.K. Authorities:

   (a) the audited and unaudited financial statements of LCH;

   (b) the institution of any legal proceeding against it;

   (c) the presentation of a petition for winding up, the appointment of a receiver or the making of any voluntary arrangement with creditors;

   (d) any material changes and proposed material changes to its bylaws, constating documents, rules (other than the rules identified in paragraphs 5 and 6 of Schedule "B"), operations manual, participant agreements and other similar instruments or documents of LCH which contain any contractual terms setting out the respective rights and obligations between LCH and Clearing Members or among Clearing Members;

   (e) any reports or other similar documents that provide risk management information, and

   (f) any regulatory assessments or self assessments against international standards or requirements.

Prior Notification

2. LCH shall provide prior notification to staff of the Commission of any of the following:

   (a) a material change to its business operations or the information provided in the Application; and

   (b) any material change to the clearing services provided to Ontario Clearing Members.

Prompt Notification

3. LCH shall promptly notify staff of the Commission of any of the following:

   (a) an event of default by a Clearing Member that does not constitute a Crisis, including details of the use of LCH's default protections and default management processes that have occurred and the total level of financial resources remaining at LCH for a default management purposes with regard to cleared products in the clearing services offered to Ontario Clearing Members;

   (b) any material change or proposed material change in status or the regulatory oversight by the U.K. Authorities; and

   (c) the clearing of new products that are proposed to be offered to Ontario Clearing Members or products that will no longer be available to Ontario Clearing Members.

Quarterly Reporting

4. LCH shall maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on at least a quarterly basis within 30 days of the end of the quarter, and at any time promptly upon the request of staff of the Commission:

   (a) a current list of all Ontario Clearing Members;

   (b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the last quarter by LCH or the U.K. Authorities with respect to activities at LCH;

   (c) a list of all investigations by LCH relating to Ontario Clearing Members;

(d) a list of all Ontario applicants who have been denied Clearing Member status by LCH;

(e) for each LCH clearing service provided to Ontario Clearing Members, the aggregate nominal volumes during the period and the level of open interest as of the end of the period (by currency) in cleared products; the high and low daily nominal volumes and level of open interest during that period (with breakdowns by currency where relevant) in cleared products; the level and composition of margin and default fund collateral held with regard to cleared products (with breakdowns by currency where relevant) for each Ontario Clearing Member;

(f) the proportion of the metrics identified in paragraph (e) above for Ontario Clearing Members related to the activity of all clearing members in each of the LCH clearing services provided to Ontario Clearing Members;

(g) for each LCH clearing service provided to Ontario Clearing Members, a summary of risk management test results related to the adequacy of required margin and the adequacy of the level of the default fund, including but not limited to stress testing and back testing results, the level of payments effected over LCH's payments system(s) with regard to cleared products (or total payments processed, if not operationally viable to separate payments);

(h) for each LCH clearing service provided to Ontario Clearing Members, the total level of default protection with regard to cleared products; average daily volumes of margin calls with regard to cleared products; anonymized aggregated average daily notional position of the five and ten largest clearing members in cleared product;

(i) for each LCH clearing service provided to Ontario Clearing Members, a description of any material services outages (other than the material outages identified in paragraph 9 of Schedule "B") with regard to cleared products that have occurred since the last quarterly report;

(j) a list of all clearing members (grouped by country of incorporation of the ultimate parent) that LCH provides clearing services to who offer client clearing services in Ontario; and

(k) for each Clearing Member offering client clearing to Ontario residents, the value and volume of the client clearing transactions.

13.3.5 LCH.Clearnet Limited – Notice of Commission Order – Application for Variation and Restatement of LCH's Interim Order

LCH.CLEARNET LIMITED (LCH)

APPLICATION FOR VARIATION AND RESTATEMENT OF LCH'S INTERIM ORDER

NOTICE OF COMMISSION ORDER

On February 12, 2013, the Commission issued an order under section 144 of the *Securities Act (*Ontario) (Act) varying and restating the interim order exempting LCH under section 147 of the Act from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order). The Order extends LCH's interim exemption subject to an additional reporting requirement related to the prompt notification to the Commission of a default of an Ontario-resident client in the clearing services offered by LCH and updates LCH's representations.

LCH continues to be exempted from the recognition requirement until the earlier of (i) June 1, 2013, and (ii) the effective date of the Subsequent Order (as defined in the Order).

A copy of the Order is published in Chapter 2 of this Bulletin.

Index

This page intentionally left blank