The Ontario Securities Commission

OSC Bulletin

June 6, 2013

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

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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

June 6, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

Unless otherwise indicated in the date column, all hearings will take place at the following location:

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Cadillac Fairview Tower
20 Queen Street West, 17th Floor
Toronto, Ontario
M5H 3S8

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Christopher Portner	—	CP
Judith N. Robertson	—	JNR
AnneMarie Ryan	—	AMR
Charles Wesley Moore (Wes) Scott	—	CWMS

SCHEDULED OSC HEARINGS

June 10-12, 17, 19-21, 2013 9:30 a.m. June 14, 2013 9:00 a.m. July 22-26, 2013 10:00 a.m.	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff Panel: CP/SBK/PLK
June 10-17 and June 19-25, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm in attendance for Staff Panel: JDC/EPK/CWMS
June 14, 2013 10:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
June 18, 2013 3:30 p.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: TBA
June 19, 2013 11:00 a.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT

June 26, 2013
10:00 a.m.

Pro-Financial Asset Management Inc.

s. 127

D. Ferris in attendance for Staff

Panel: JEAT

June 27, 2013
10:00 a.m.

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

s. 37, 127 and 127.1

C. Price in attendance for Staff

Panel: JDC

July 3, 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

July 4, 2013
10:00 a.m.

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: VK

July 11, 2013
10:00 a.m.

Moncasa Capital Corporation and John Frederick Collins

s. 127

T. Center in attendance for Staff

Panel: EPK

July 19, 2013
10:00 a.m.

Children's Education Funds Inc.

s. 127

D. Ferris in attendance for Staff

Panel: JEAT

July 19, 2013
11:00 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

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

August 1, 2013
10:00 a.m.

Ronald James Ovenden, New Solutions Capital Inc., New Solutions Financial Corporation and New Solutions Financial (Ii) Corporation

s. 127

Y. Chisholm in attendance for Staff

Panel: JEAT

August 14, 2013
10:00 a.m.

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

s. 127

D. Ferris in attendance for Staff

Panel: JEAT

August 27, 2013 2:30 p.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/C. Watson in attendance for Staff Panel: JDC
September 4, 2013 11:00 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
September 5, 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
September 5-9 and September 11-13, 2013 10:00 a.m.	**Onix International Inc. and Tyrone Constantine Phipps** s. 127 C. Rossi in attendance for Staff Panel: TBA
September 11, 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: JDC
September 16-23, September 25 – October 7, October 9-21, October 23 – November 4, November 6-18, November 20 – December 2, December 4-16 and December 18-20, 2013 10:00 a.m.	**Eda Marie Agueci, Dennis Wing, Santo Iacono, Josephine Raponi, Kimberley Stephany, Henry Fiorillo, Giuseppe (Joseph) Fiorini, John Serpa, Ian Telfer, Jacob Gornitzki and Pollen Services Limited** s. 127 U. Sheikh in attendance for Staff Panel: JDC
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: EPK
November 4 and November 6-18, 2013 10:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 D. Ferris in attendance for Staff Panel: TBA
January 13, January 15-27, January 29-February 10, February 12-14 and February 18-21, 2014 10:00 a.m.	**International Strategic Investments, International Strategic Investments Inc., Somin Holdings Inc., Nazim Gillani and Ryan J. Driscoll.** s. 127 C. Watson in attendance for Staff Panel: TBA

May 5-16 and 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

In writing

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

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

Panel: TBA

TBA

Frank Dunn, Douglas Beatty, Michael Gollogly

s. 127

Panel: TBA

TBA

MRS Sciences Inc. (formerly Morningside Capital Corp.), Americo DeRosa, Ronald Sherman, Edward Emmons and Ivan Cavric

s. 127 and 127(1)

D. Ferris in attendance for Staff

Panel: TBA

TBA

Gold-Quest International and Sandra Gale

s. 127

C. Johnson 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

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

M. Britton/A. Pelletier in attendance for Staff

Panel: TBA

TBA

Beryl Henderson

s. 127

C. Weiler in attendance for Staff

Panel: TBA

TBA

Crown Hill Capital Corporation and Wayne Lawrence Pushka

s. 127

A. Perschy/A. Pelletier in attendance for Staff

Panel: TBA

TBA

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

s. 127

H Craig in attendance for Staff

Panel: TBA

TBA

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

s. 127 and 127.1

D. Campbell in attendance for Staff

Panel: TBA

TBA

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

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

Global RESP Corporation and Global Growth Assets Inc.

s. 127

D. Ferris in attendance for Staff

Panel: TBA

TBA

Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: TBA

TBA

Rezwealth Financial Services Inc., Pamela Ramoutar, Justin Ramoutar, Tiffin Financial Corporation, Daniel Tiffin, 2150129 Ontario Inc., Sylvan Blackett, 1778445 Ontario Inc. and Willoughby Smith

s. 127(1) and (5)

A. Heydon/Y. Chisholm in attendance for Staff

Panel : TBA

TBA

Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein

s. 127

A. Clark/J. Friedman in attendance for Staff

Panel: TBA

TBA

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

s. 127

M. Vaillancourt in attendance for Staff

Panel: TBA

TBA

Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson

s. 127

J. Lynch in attendance for Staff

Panel: TBA

TBA

Heritage Management Group and Anna Hrynisak

s. 127

C. Rossi in attendance for Staff

Panel: TBA

TBA

Global Consulting and Financial Services, Global Capital Group, Crown Capital Management Corp., Michael Chomica, Jan Chomica and Lorne Banks

s. 127

C. Rossi in attendance for Staff

Panel: TBA

TBA

**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

TBA

Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (also known as Peter Kuti), Jan Chomica, and Lorne Banks

s. 127

C. Rossi in attendance for Staff

Panel: TBA

TBA

New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

New Hudson Television LLC & Dmitry James Salganov

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

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: TBA

TBA

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: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

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

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

1.1.2 OSC Investor Roundtable – Investing in Start-ups or Small and Medium Sized Companies

Interested in investing in start-ups or small and medium sized companies? Interested in investing through crowdfunding over the internet?

If so, the OSC wants to hear from you

You are invited to attend an OSC investor roundtable to share your views on investing in start-ups or small and medium sized companies (SMEs).

Date: **Tuesday, June 11, 2013**
9:00 am to 11:00 am

Location: 22nd Floor OSC Training Room
20 Queen Street West, Toronto, Ontario

OSC ONTARIO SECURITIES COMMISSION

Cost: **No charge**

RSVP: Email: exemptmarketconsultations@osc.gov.on.ca
Deadline: Thursday, June 6, 2013
Please note that space is limited so reserve your spot now

WHO SHOULD ATTEND AND WHY?

Anyone who is interested in:

- investing in start-ups or SMEs, or
- learning more about crowdfunding (which involves investing over the internet).

This is your opportunity to share your views with OSC staff. At the session, there will be a brief presentation by OSC staff, followed by an open discussion with attendees.

WHAT IS THE ROUNDTABLE ABOUT?

The OSC is considering ways to help start-ups and SMEs raise money by issuing securities, such as shares. One option under consideration is “crowdfunding”, which would allow businesses to sell securities over the internet. If crowdfunding was adopted, we would need to ensure that there are sufficient protections for investors. For more information, please see the attached note.

The OSC wants to know if you want greater access to investment opportunities in start-ups and SMEs, and, if so, what kind of information you would want to have and how much you would be willing to invest.

1.1.3 OSC Exempt Market Review – Investor Roundtable – Backgrounder

ONTARIO SECURITIES COMMISSION (OSC) EXEMPT MARKET REVIEW
INVESTOR ROUNDTABLE – BACKGROUNDER

JUNE 11, 2013

The OSC is considering ways to help businesses raise money, particularly start-ups and small and medium sized enterprises (SMEs), while protecting the interests of investors. We are considering options for allowing businesses to sell securities (such as shares) to the public without having to prepare and file a prospectus first. There are additional risks when you invest in a business that is not listed on a stock exchange. We want to know if people are interested in making these types of investments and if so, what kind of information they would want to have and how much they would be willing to invest.

The current framework

Shares may not be sold to the public without a prospectus. A prospectus:

- includes detailed information about the business,
- describes the shares and any risks with the investment, and
- provides for some rights to purchasers if the prospectus contains a misleading statement

A business that offers shares to the public under a prospectus becomes a public company. Public companies have certain responsibilities; for example, they must provide ongoing information to the public on how the business is doing. Start-ups and SMEs might want to raise money by selling shares to the public, but may not be ready for the costs and obligations that are involved with being a public company.

In limited cases, shares may be sold without a prospectus. This is typically referred to as an exempt distribution that takes place in the exempt market. There are specific rules that determine when this is allowed. Generally, these rules are based on a rationale that justifies removing the prospectus requirement. For example, an exemption may be based on the idea that a certain type of purchaser is sophisticated or has the resources to obtain expert advice and therefore does not need the information and protections provided by a prospectus.

Exempt purchasers include individuals whose annual net income is at least $200,000, or $300,000 combined with a spouse. They also include people who meet other financial or net worth tests. In Ontario, only about 4% of the general population qualify.

In addition to the requirement to prepare and file a prospectus, persons or companies that are “in the business” of trading in shares or advising others about shares must register with the OSC. There is no requirement for issuers to sell shares using a registrant, but this is usually how shares are sold.

OSC exempt market review

On December 14, 2012, we published OSC Staff Consultation Paper 45-710 *Considerations for New Capital Raising Prospectus Exemptions* (the Consultation Paper). The Consultation Paper describes four concept ideas for new prospectus exemptions in Ontario. One of these concept ideas is “crowdfunding”.

Crowdfunding

Crowdfunding is a term used to describe a method of raising small amounts of money from many people over the internet. There are different types of crowdfunding that currently exist. For example, there are websites that

allow people to raise money for charity. On other websites people raise money for a particular project and in return provide a perk or reward. Currently, in Ontario, businesses are not allowed to raise money from the public over the internet by selling shares.

The Consultation Paper describes a concept idea to allow businesses to sell shares through crowdfunding. Under this concept idea:

- A business could raise up to $1.5 million under this exemption in a 12-month period
- Only certain types of securities could be issued, such as common shares
- An investor could not invest more than $2,500 in a single investment and no more than $10,000 in total in a calendar year
- Some basic information would have to be provided to investors before they purchase the shares
- Investors would have to sign a form acknowledging they are aware of the risks associated with the investment
- Investors would have two days to reconsider their investment and withdraw if they wish
- The shares would be sold through an internet website that is registered with the OSC and that is required to do criminal checks on the individuals involved with the business
- Investors would have limited ability to sell these shares

Topics for discussion

Investing in start-ups and SMEs

1. Would you like to be able to invest in a start-up or SME? Why or why not?
2. What factors would influence whether or not you decide to invest in a particular business?
3. What risks most concern you about investing in start-ups and SMEs?
4. How much would you be willing to invest?

Information you would want first

5. What types of information would you want to have to help you decide whether to invest in a start-up or SME?
6. If you decided to invest, would you want to receive ongoing information from the company on how it is doing? If yes, what information would be most important to you?

Advice

7. Would you seek advice before deciding to invest in a start-up or SME? If so, whose advice would you seek?

Crowdfunding

8. Are you familiar with existing crowdfunding websites that allow people to raise money for projects (but not sell shares), such as Kickstarter, Rockethub and Indiegogo?
9. Would you consider investing in a start-up or SME that wasn't listed on a stock exchange that you learned about over the internet? Why or why not?
10. Would you consider investing in a start-up or SME that was recommended to you by friends over the internet, such as on social media websites?
11. What do you think are the risks associated with investing over the internet?
12. Are you comfortable investing over the internet? If so, what amount of money would you be willing to invest in a business over the internet?

1.1.4 OSC Staff Notice 33-740 – Report on the Results of the 2012 Targeted Review of Portfolio Managers and Exempt Market Dealers to Assess Compliance with the Know-Your-Client, Know-Your-Product and Suitability Obligations

OSC STAFF NOTICE 33-740

REPORT ON THE RESULTS OF THE 2012 TARGETED REVIEW OF PORTFOLIO MANAGERS AND EXEMPT MARKET DEALERS TO ASSESS COMPLIANCE WITH THE KNOW-YOUR-CLIENT, KNOW-YOUR-PRODUCT AND SUITABILITY OBLIGATIONS

May 30, 2013

Purpose of this Notice

Staff of the Compliance and Registrant Regulation Branch (**Staff or we**) of the Ontario Securities Commission (**OSC**) recently conducted a targeted review (**Sweep**) of 87 portfolio managers (**PMs**) and exempt market dealers (**EMDs**) to assess their compliance with know-your-client (**KYC**), know-your-product (**KYP**), and suitability obligations under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**). This notice provides a summary of our findings.

We strongly encourage PMs and EMDs to use this report to improve their understanding of KYC, KYP and suitability obligations under NI 31-103. We also suggest that PMs and EMDs use this report as a self-assessment tool to strengthen their compliance with Ontario securities law.

Background

In June 2012, we commenced a Sweep of 87 PMs and EMDs in respect of which Ontario is the principal regulator to assess their compliance with KYC, KYP, and suitability obligations. The Sweep was the largest targeted review ever performed by Staff.

The KYC, KYP, and suitability obligations are among the most fundamental obligations owed by registrants to their clients, and are cornerstones of the OSC's investor protection regime. Despite the importance of these obligations, in recent years Staff has identified a number of significant suitability compliance issues on the part of registrants under OSC direct oversight.

Purposes of the Sweep

The purposes of the Sweep were to:

- review and assess PMs' and EMDs' compliance with KYC, KYP, and suitability obligations and to take appropriate regulatory action where serious breaches were identified,
- enhance Staff's knowledge regarding registrants' compliance with KYC, KYP, and suitability obligations and to determine whether there is a need for additional guidance, and
- highlight to PMs and EMDs the fundamental importance of these obligations and improve the level of compliance and investor protection.

Of the total of **87** firms, **42** were PMs and **45** were registered solely as EMDs (**sole EMDs**). Firms that are registered as both PMs and EMDs are included in the PM results below.

PM statistics

Of the 42 PMs included in the Sweep:

- 21 (50%) were small-sized firms, 17 (40%) were medium-sized firms, and 4 (10%) were large-sized firms,
- the firms collectively had 31,345 clients and $35 billion in assets under management,
- 16 firms (38%) were registered in another category of registration (such as EMD or investment fund manager) and 26 (62%) were sole PMs, and
- 606 client files were reviewed and 99 clients were contacted as part of Staff's new approach of calling clients to confirm the information provided by their registrant firm.

The 42 PM firms used a wide variety of investment strategies including:

- long Canadian and US equities,
- conservative strategies – large cap stocks and fixed income securities,
- balanced – investment grade bonds and equities, and
- exchange-traded funds and index funds only, etc.

EMD statistics

Of the 45 EMDs included in the Sweep:

- 33 (73%) were small-sized firms and 12 (27%) were medium-sized firms,
- 159 different products were distributed, of which 25 were products of related issuers and 20 were real estate products, and
- 582 client files were reviewed and 111 clients were contacted.

The 45 EMDs operated in two business models:

- product distribution – distributor of exempt products (22 EMDs), and
- capital raising – provided advice on capital structuring to raise financing and distribute private placement (23 EMDs).

Major findings from the Sweep

The major findings from the Sweep, outlined below, detail substantive issues with registrants' compliance practices that are unacceptable in Staff's opinion. Although our findings are shown by category of registration, we recommend that PMs and EMDs review all of the major findings outlined below as some of the information presented under the other category of registration may also be relevant to them.

Major findings on reviews of EMDs

The following were the major findings from Staff's reviews of 45 EMDs:

- EMDs selling securities to one or more clients that were non-accredited investors (without another exemption being available) (18% of EMDs reviewed),
- inadequate suitability assessments due to over-concentration (i.e., investors investing a significant percentage of their portfolio in one security) (15%),
- inadequate suitability assessments due to inadequate documentation on how suitability determination made (22%),
- misuse of a client-directed trade instruction (2%),
- inappropriate disclaimer language in client documentation (4%),
- improper delegation of KYC and suitability obligation to third parties (6%),
- inadequate relationship disclosure information (45%),
- no or inadequate policies and procedures (45%), and
- inadequate processes for the collection, documentation and maintenance of KYC information (75%).

1. Selling exempt securities to non-accredited investors

We identified 26 investors (out of a total of 582 client files reviewed) at eight of the 45 EMDs reviewed (18% of EMDs reviewed) where the EMDs appeared to have sold securities to investors who did not qualify as accredited investors (and without another prospectus exemption being available). These investors purchased a total of approximately $1.7 million in securities.

Where we identified a case of apparent non-compliance with the accredited investor exemption **(AI exemption)** in National Instrument 45-106 *Prospectus and Registration Exemptions* **(NI 45-106)**, we took steps to determine the extent of the apparent non-compliance and the causes of such non-compliance. In those cases where it was confirmed that clients were not accredited investors **(non-AIs)** (either through confirmation by the registrant or through calling the clients), registrants were required to explain what steps they intended to take to address the non-compliance.

In most cases, the EMD advised that they would contact the clients, advise the clients that they had determined that the relevant trades had been made in breach of securities law requirements, and that the EMDs proposed to redeem the investments and refund the proceeds to investors.

Where we were satisfied that the non-compliance with the AI exemption did not represent intentional non-compliance, the EMD had taken appropriate steps to redeem the investments or otherwise resolve the matter, and the EMD had revised the KYC collection process to ensure compliance on a going-forward basis, we did not recommend further regulatory action.

However, in the review of one EMD, we found significant issues that were pervasive in nature (including selling securities to non-AIs) and we have recommended further regulatory action.

2. Inadequate suitability assessment

Another area of concern identified by Staff related to inadequate suitability assessments by EMDs in relation to investment products sold to clients.

In most cases (22%), these concerns primarily related to poor documentation practices (i.e., the EMD was unable to initially demonstrate how it determined the investment product was suitable for the client). However, the EMD was subsequently able to provide Staff with information that supported the suitability assessment.

However, in 15% of the EMDs reviewed, Staff identified cases where EMDs appeared to have sold unsuitable investments to some clients (including investments that were unsuitable due to concentration risk). These cases primarily involved mortgage investment corporations (MICs) or mortgage investment entities (MIEs).

In these cases, we noted the following:

- Some clients invested a large portion (over 30%) of their net financial assets in a single exempt product. This raises concerns as to whether the investments were suitable for them due to concentration.
- Some EMDs appear to be encouraging non-AIs to invest a high proportion of their investable assets in a single product solely to allow the EMD to distribute the product to the investor in reliance on the $150,000 minimum amount prospectus exemption (the **minimum amount exemption**) in NI 45-106.
- One EMD who distributed products of a related issuer extensively relied on the use of a client-directed trade instruction in situations where the trades were considered unsuitable for their clients.

We have identified these concerns as significant deficiencies with the EMDs in question and are considering further regulatory action with respect to these EMDs. We are also considering whether concentration “limits” for individual investments in a client account should be imposed, particularly when investments are purchased under the $150,000 minimum amount exemption. As indicated in CSA Staff Consultation Note 45-401 *Review of Minimum Amount and Accredited Investor Exemptions*, staff of the Canadian Securities Administrators **(CSA)** are reviewing, among other exemptions, the minimum amount exemption and may propose amendments to, or the repeal of, this exemption. The outcomes of this review will inform staff's recommendations on the minimum amount exemption. In the meantime, we will raise comments with EMDs that use the minimum amount exemption in circumstances where the investment made represents more than 10% of the client’s net financial assets to confirm that the EMDs are in compliance with their suitability obligations.

3. Misuse of a client-directed trade instruction

We are concerned that certain EMDs may be inappropriately relying on subsection 13.3(2) of NI 31-103 in an attempt to avoid the suitability determination obligation.

Subsection 13.3(2) states that

> If a client instructs a registrant to buy, sell or hold a security and in the registrant's reasonable opinion following the instruction would not be suitable for the client, the registrant must inform the client of the registrant's opinion, and must not buy or sell the security unless the client instructs the registrant to proceed nonetheless.

We identified that one EMD who distributed products of a related issuer that extensively relied on the use of a purported "client-directed trade instruction" in situations where there were strong grounds for concluding that the trades were unsuitable for their clients. Most of these clients signed KYC forms that indicated that they were non-AIs and that they were relying on the minimum purchase exemption (the $150,000 minimum amount exemption) to purchase the securities. In many cases, the KYC form had the client-directed trade instruction "buried" at the end of the KYC form.

In our view, this practice is not acceptable, nor is it consistent with the requirement of subsection 13.3(2) of NI 31-103 or the obligation to deal honestly, fairly and good faith in OSC Rule 31-505 *Conditions of Registration* **(OSC Rule 31-505)**. The client-directed trade instruction is not meant to be an alternative to assessing client suitability in circumstances where the clients have no other available exemptions, or where the trades likely would not be suitable for them.

We require firms to demonstrate with appropriate supporting documentation that

(a) it has analyzed whether the particular investment is suitable for the particular investor in light of the investor's investment needs, objectives, risk profile, time horizon, and other relevant criteria (collectively, **investment needs and objectives**), and formed an opinion based on this analysis;

(b) it has informed the investor of its opinion that the proposed trade would not be suitable for the investor in light of the investor's particular investment needs and objectives; and

(c) the investor, after having received the firm's opinion that the proposed trade would not be suitable for the investor in light of the investor's investment needs and objectives, has nonetheless instructed the firm in writing to proceed with the trade.

A registrant cannot actively promote a security (and thereby recommend the security) and then rely on boiler plate language to say this was a client-directed trade and is not recommended by the registrant. This is not acceptable and Staff will consider further regulatory action in these circumstances.

Staff also has concerns about the use of the minimum purchase exemption in these circumstances since many of the clients purchasing the securities had a significant concentration of their net financial assets (e.g., over 30%) invested in the related issuer. During Staff's calls with some of these clients, we confirmed that they were not aware they had initiated a client-directed trade, nor was there any discussion of the suitability of investments in the related issuer of the EMD.

4. Inappropriate disclaimer language in client documentation

We also found a number of situations where EMDs had purported to limit their liability for breaches of suitability or other obligations through the inclusion of limitation of liability language in the KYC form or other client documentation. One EMD had included the following disclaimer in its KYC form:

> I agree that [the EMD]'s liability will be limited to the fees earned in the event [the EMD] is found through a legal proceeding to be liable for losses on investments or products purchased through it.

We are of the view that, although there may be circumstances where a limitation of liability provision may be reasonable (e.g., in a commercial agreement between two sophisticated parties), this type of blanket disclaimer language which purports to limit liability for all losses, including losses resulting from a breach by the registrant of the registrant's obligations under Ontario securities law, is not appropriate.

Where we found cases of inappropriate disclaimer language in KYC forms or other client documentation, we directed the registrant to:

- remove the disclaimer language from the KYC form or other client documentation for new clients, and
- send a letter to all existing clients (who had previously been provided with a KYC form containing this language) to advise them that this disclaimer language had been removed and that the registrant would not seek to rely on this limitation of liability.

5. Improper delegation of KYC and suitability obligation to another third party

Approximately **6%** of the EMDs reviewed (three EMDs) did not meet with some of their clients to collect KYC information and explain the product features or risks to their clients, or they delegated their KYC and suitability obligations to a third party. In some cases, we confirmed these practices through calling investors. Some investors advised that they had never met with a dealing representative or anyone else at the registrant. In one case, the EMD had a referral arrangement with an unregistered entity whose role should have been limited to referring clients to the EMD. However, in practice, the unregistered entity was meeting with clients, collecting KYC information, and explaining the product features to clients.

Staff's view is that these practices are contrary to securities law as registrants may not delegate their KYC and suitability obligations to other parties. We are taking regulatory action on the unregistered entity that was conducting registerable activities without appropriate registration.

6. Inadequate relationship disclosure information

Almost **45%** of the EMDs reviewed did not provide adequate relationship disclosure information to their clients because they did not disclose to their clients that they had a suitability obligation to them under subsection 14.2 of NI 31-103. Although they did not provide adequate disclosure to their clients about their suitability obligations, the EMDs reviewed were generally aware of their suitability obligations to their clients.

7. No or inadequate policies and procedures

Almost **45%** of the EMDs reviewed either had no written policies and procedures on KYC, KYP, or suitability practices, or their policies and procedures were inadequate. For example, there were no procedures for reviewing and approving investments before making recommendations to clients (including a list of criteria to accept or reject an investment), etc. The EMDs reviewed generally had processes in place to collect KYC information, review products (KYP), and assess suitability; however, these procedures were not documented in their policies and procedures manuals. EMDs should develop, maintain up-to-date and enforce policies and procedures to ensure compliance with securities law.

8. Inadequate process for collection, documentation and maintenance of KYC information

Over **75%** of the EMDs reviewed were deficient in collecting, documenting or maintaining adequate KYC information.

Most EMDs used a standard KYC form to collect and document KYC information. As well, most EMDs did not have an adequate process in place to collect, document and maintain KYC information. For example, EMDs did not ensure that all clients completed KYC forms or that all information on the KYC forms was completed. We saw KYC forms missing information on investment objectives, net worth, and net assets, etc. In some cases, even if the KYC forms were completed, the KYC forms were inadequate because they did not contain required information such as risk tolerance or liquidity needs. Staff's view is that, in order to comply with subsection 13.2(4) of NI 31-103, which requires a registrant to take reasonable steps to keep KYC information current, KYC information should be updated at least annually and more often if the client has a significant life event such as a marriage, divorce, birth of a child, loss of or change in employment, etc. We also believe that KYC forms should be signed and dated by clients (and by the registrant that reviewed the KYC information with the client). As well, the KYC information collected by some EMDs was not specific enough to demonstrate compliance with the AI exemption or to assess suitability of investments. For example, the highest "bands" for net worth on the KYC form were "greater than $1 million" or "annual income greater than $150,000". There was also no evidence of review of KYC forms in approximately 20% of the EMDs reviewed.

We verified the accuracy of KYC information through our calls to investors. In approximately 7% of the client calls, the information provided by the client was not consistent with the KYC information maintained by the EMD. For example, some investors told us that their net financial assets were less than $1 million or that their net financial assets incorrectly included their principal residence, but the KYC forms indicated that their net financial assets were over $1 million. In most cases, the EMD advised that they would contact the clients, advise the clients that they had determined that the relevant trades had been made in breach of securities law requirements, and that the EMDs proposed to redeem the investments and refund the proceeds to investors.

Major findings on reviews of PMs

The following were the major findings from Staff's reviews of 42 PMs:

- inadequate suitability assessments (5%),
- inadequate relationship disclosure information (45%),

- inadequate processes for the collection, documentation and maintenance of KYC information (70% of PMs reviewed), and
- inadequate policies and procedures (35%).

The Sweep results indicated that most PMs were generally complying with their obligations, but additional work is required to increase the adequacy of suitability assessments.

1. Inadequate suitability assessments

Approximately **5%** of the PMs reviewed were deficient in this area. As a result, investments made by some PMs for their discretionary account clients may be unsuitable. In one case, the PM sold securities of its related start-up business to its managed account clients in order to fund the operations of the start-up. The start-up business has no revenue or current assets, and has been paying a management fee to the PM which has not been disclosed to investors. We have taken further regulatory action in this case.

2. Inadequate relationship disclosure information

Over **45%** of the PMs reviewed did not provide adequate relationship disclosure information to their clients because they did not disclose to their clients that they have a suitability obligation under subsection 14.2 of NI 31-103. Although they did not provide adequate disclosure to their clients about their suitability obligations, the PMs reviewed were generally aware of their suitability obligations to their clients.

3. Inadequate process on collection, documentation and maintenance of KYC information

Over **70%** of the PMs reviewed were deficient in this area. Many PMs are using a standard KYC form or questionnaire to collect and document KYC information. However, most PMs did not have an adequate process in place to collect, document and maintain KYC information. For example, they did not ensure that all their clients completed the KYC form or all information on the KYC form was completed. On the KYC forms reviewed, we saw missing information regarding investment objectives, risk tolerance, investment knowledge, etc.

As well, approximately **50%** of PMs did not have a process in place to update KYC information at least annually. However, based on discussions with these PMs, they appeared to be knowledgeable about their clients and had periodic meetings with them to discuss their portfolios. Staff's view is that KYC information should be updated at least annually and more often if the client has a significant life event such as a marriage, divorce, birth of a child, loss of or change in employment, etc. We also believe that KYC forms should be signed and dated by clients (and by the registrant that reviewed the KYC information with the client).

4. Inadequate policies and procedures

Approximately **35%** of the PM reviewed had inadequate written policies and procedures on KYC, KYP, or suitability obligations. For example, there were inadequate procedures relating to suitability of investments and trades for clients. Nor were there guidelines on using risky investment strategies such as short-selling, margining and use of derivatives, etc.

Outcomes of the Sweep

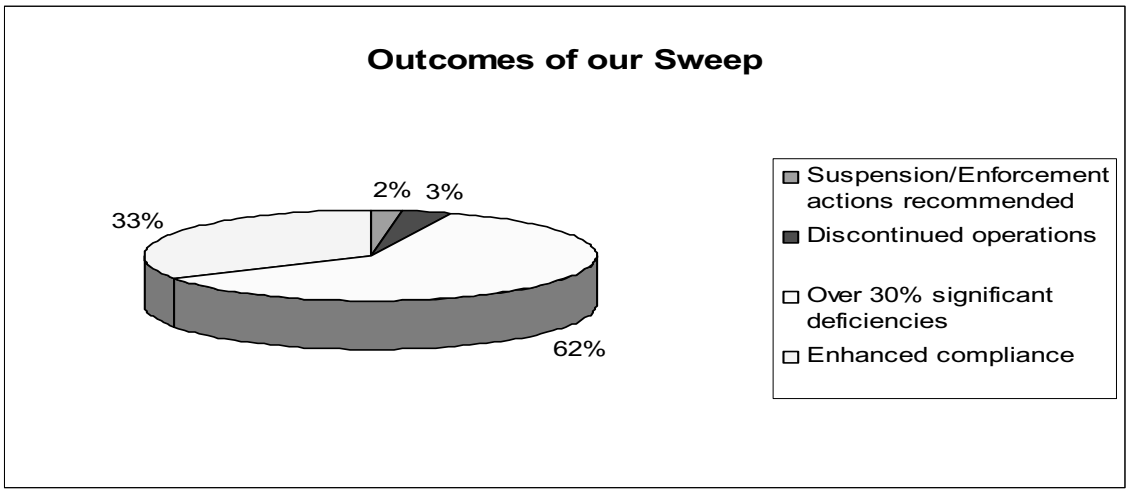
About **62%** of the registrants reviewed were issued deficiency reports where more than 30% of the identified deficiencies were characterised as significant deficiencies. Significant deficiencies require the registrant to inform Staff how they will remediate the finding and provide a timetable for completion. We will continue to closely monitor the responses from these registrants and, in appropriate cases, may conduct follow-up reviews.

In two cases, one EMD and one PM, we identified a large number of significant deficiencies which raise significant investor protection concerns. We have taken further regulatory action in both cases.

In addition, three registrants (two EMDs and one PM) discontinued their operations after our review. Although they have ceased operations, we are still requiring the firms to provide us with written responses to our deficiency reports to ensure that all significant deficiencies are addressed to our satisfaction.

Overall, we believe the Sweep was effective in enhancing compliance as registrants took corrective action to rectify the deficiencies and to improve their overall compliance systems.

The following chart shows the various outcomes of the Sweep:



Conclusion

In our view, the Sweep represented an important step in improving PMs' and EMDs' compliance with KYC, KYP and suitability obligations and we will continue our ongoing emphasis on these fundamental registrant obligations. Where we identify significant compliance issues in these areas, we will take appropriate regulatory action. As well, we intend to pay particular attention to PMs and EMDs selling exempt securities to non-accredited investors, relying on purported "client-directed trade instructions", or selling investments under the $150,000 minimum amount exemption when the investment represents more than 10% of the client's net financial assets.

Next steps

We plan on issuing guidance to registrants over the next several months. The guidance will include "best practices" in the areas of KYC, KYP, and suitability and will also highlight examples of "unacceptable practices" to assist registrants in complying with existing requirements in these areas. The industry report will, to the extent possible, incorporate recent guidance in the areas of KYC, KYP, and suitability published by the Mutual Fund Dealers Association of Canada and Investment Industry Regulatory Organization of Canada. In the meantime, registrants should use this report as a self-assessment tool to assess their KYC, KYP and suitability practices to determine if changes are required.

Questions

If you have any questions regarding the contents of this Notice, please refer them to any of the following:

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1.1.5 Notice of Ministerial Approval of Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

NOTICE OF MINISTERIAL APPROVAL OF AMENDMENTS TO
NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS
AND ONGOING REGISTRANT OBLIGATIONS

On May 26, 2013, the Minister of Finance approved amendments made by the Ontario Securities Commission to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103 or the Amendments). The Amendments are reproduced in Chapter 5 of this Bulletin.

The Amendments were made by the Commission on March 12, 2013 and a quorum of the Commission approved immaterial changes on March 22, 2013. The Amendments were published in Chapter 5 of the Bulletin on March 28, 2013. The Amendments come into force on July 15, 2013.

The Commission also adopted corresponding amendments to Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* on March 12, 2013 and a quorum of the Commission adopted immaterial changes on March 15, 2013 and March 22, 2013. These amendments also become effective on July 15, 2013. These amendments were also published in the Bulletin of March 28, 2013.

1.1.6 CSA Staff Notice 11-322 – Extension of Consultation Period – Proposed Amendments to MI 62-104 Take-Over Bids and Issuer Bids and NI 62-103 Early Warning System and Related Take-Over Bid and Insider Reporting Issues – Proposed Changes to NP 62-203 Take-Over Bids and Issuer Bids – Proposed NI 62-105 Security Holder Rights Plans – Proposed Companion Policy 62-105CP Security Holder Rights Plans

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 11-322
Extension of Consultation Period

Proposed Amendments to
Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*
and
National Instrument 62-103 *Early Warning System and Related Take-Over Bid and Insider Reporting Issues*

Proposed Changes to
National Policy 62-203 *Take-Over Bids and Issuer Bids*

Proposed National Instrument 62-105 *Security Holder Rights Plans*

Proposed Companion Policy 62-105CP *Security Holder Rights Plans*

June 3, 2013

On March 13, 2013, the Canadian Securities Administrators (the CSA) published for comment proposed amendments to Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids*, National Instrument 62-103 *Early Warning System and Related Take-Over Bid and Insider Reporting Issues* and proposed changes to National Policy 62-203 *Take-Over Bids and Issuer Bids* (the EWR amendments).

The CSA published for comment on March 14, 2013 proposed National Instrument 62-105 *Security Holder Rights Plans* and proposed Companion Policy 62-105CP *Security Holder Rights Plans* (the SRP proposal).

The comment period is scheduled to close on June 12, 2013. We have received feedback from several stakeholders that it would be beneficial for stakeholders to have additional time to properly review and assess the impact of the EWR amendments and the SRP proposal and prepare comments. We are therefore extending the comment period from June 12, 2013 to **July 12, 2013**.

Questions

Please refer your questions to any of the following people:

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1.2 Notices of Hearing

1.2.1 Boyuan Construction Group, Inc.

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

AND

IN THE MATTER OF
BOYUAN CONSTRUCTION GROUP, INC.

NOTICE OF HEARING

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, ON, M5H 3S8 on June 4, 2013 at 3:00 p.m., or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated May 30, 2013 between Staff of the Commission and the Respondent;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission dated May 30, 2013 and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceedings may be represented by counsel at the hearing;

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

DATED at Toronto this 30th day of May, 2013.

“John Stevenson”
Secretary to the Commission

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

AND

IN THE MATTER OF
BOYUAN CONSTRUCTION GROUP, INC.

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

1. Boyuan Construction Group, Inc. (the "Respondent" or the "Company"), is a reporting issuer whose common shares have been publicly traded on the TSX Venture Exchange and subsequently, the Toronto Stock Exchange under the symbol "BOY". The Respondent's operations and management are located in Jiaxing Port, Zhejiang, China and its primary business is the construction of residential and commercial buildings in China.

2. The Company meets the characteristics of an "emerging market issuer" as referenced in OSC Staff Notice 51-719 *Emerging Markets Issuer Review*.

3. This proceeding relates to a related party transaction and a loan agreement (the "Transaction") which was entered into by the CEO on behalf of the Respondent in November 2010, in the absence of adequate internal controls and procedures and without consultation with the CFO, other senior officers or the Board of Directors. This resulted in the Company misleading Staff and the Company's auditors about the Transaction. In particular, the Company provided Staff and the auditors with inaccurate responses and a false document respecting the Transaction.

4. By engaging in the conduct described above, Boyuan has engaged in conduct contrary to the public interest by:

   (a) making statements and providing documents to Staff and its auditor which, at the time and in the light of the circumstances under which the statements were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading; and

   (b) failing to establish and maintain adequate internal controls respecting the approval and recording of related party transactions and the provision of information respecting such transactions to its auditor and regulator.

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

Dated at Toronto this 30th day of May, 2013.

1.3 News Releases

1.3.1 Ontario Securities Commission Releases Results of Targeted Review of Portfolio Managers and Exempt Market Dealers

FOR IMMEDIATE RELEASE
May 30, 2013

ONTARIO SECURITIES COMMISSION RELEASES RESULTS OF TARGETED REVIEW OF PORTFOLIO MANAGERS AND EXEMPT MARKET DEALERS

TORONTO – The Ontario Securities Commission today released the findings of a targeted review of portfolio managers (PMs) and exempt market dealers (EMDs) to assess compliance with important regulatory requirements, specifically know-your-client, know-your-product and suitability obligations. These registrants are under the direct oversight of the OSC and the sweep was therefore critical in highlighting regulatory breaches and in highlighting to registrants the fundamental importance of these obligations.

The review commenced in June 2012 and looked at a total of 87 PMs and EMDs. To date, it is the largest targeted review conducted by the Compliance and Registrant Regulation Branch of the OSC. Staff identified a number of deficiencies, specifically around the sale of exempt securities to non-accredited investors, relying on purported "client-directed trade instructions" and inadequate processes for the collection, documentation and maintenance of KYC information.

"Know-your-client, know-your-product and suitability determinations are fundamental obligations owed by registrants to their clients," said Howard Wetston, Q.C., Chair and CEO of the OSC. "Enhancing compliance among portfolio managers and exempt market dealers is critically important and we are taking appropriate regulatory action where we identified significant compliance issues."

Of the registrants reviewed, most were issued deficiency reports and staff will monitor for corrective action, conduct follow-up reviews and take further regulatory action as appropriate.

The results of the review are set out in OSC Staff Notice 33-740 and should be used by registrants as a self-assessment tool. The OSC will be issuing guidance to registrants over the next several months, which will include best practices and highlight examples of unacceptable practices.

The OSC is the regulatory body responsible for overseeing Ontario's capital markets. The OSC administers and enforces Ontario's securities and commodity futures laws. Its mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.

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1-877-785-1555 (Toll Free)

1.3.2 OSC Requests Members for Market Structure Advisory Committee

FOR IMMEDIATE RELEASE
June 4, 2013

OSC REQUESTS MEMBERS FOR
MARKET STRUCTURE ADVISORY COMMITTEE

TORONTO – The Ontario Securities Commission (OSC) is inviting applications for membership on its Market Structure Advisory Committee (MSAC).

Established in 2011, the MSAC serves as a forum to discuss issues associated with market structure and marketplace operations. The MSAC also acts as a source of input and feedback for OSC staff to help facilitate the development of policy and rule-making initiatives that promote investor protection, fair and efficient capital markets and confidence in those markets.

Serving two-year terms, the 12 to 15 committee members meet at least four times annually and have the opportunity to express an interest to renew their membership. Members are selected for their extensive knowledge of the Canadian capital markets and market structure, and strong knowledge of the regulatory requirements in securities legislation in Canada. The MSAC is currently chaired by an industry representative.

All interested parties, including representatives with industry experience and expertise in market structure issues, are invited to submit applications for membership on the MSAC in writing, indicating their areas of practice and relevant experience. Members with experience from a variety of different perspectives is desirable. Applications are due by July 2nd, 2013.

Applications and questions regarding MSAC may be forwarded in writing to:

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1.4 Notices from the Office of the Secretary

1.4.1 Portfolio Capital Inc. et al.

FOR IMMEDIATE RELEASE
May 28, 2013

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
AND AMY HANNA-ROGERSON

TORONTO – The Commission issued an Order in the above noted matter which provides that the hearing is adjourned to a further pre-hearing conference to be held on June 24, 2013 at 9:00 a.m.

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

A copy of the Order dated May 27, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.2 2196768 Ontario Ltd. (c.o.b. as Rare Investments) et al.

FOR IMMEDIATE RELEASE
May 29, 2013

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

AND

IN THE MATTER OF
2196768 ONTARIO LTD
CARRYING ON BUSINESS AS RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
AND EVGUENI TODOROV

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

1. the hearing dates of May 28, 29, 30 and 31, 2013 are vacated;

2. Staff shall serve and file written closing submissions on or by Friday, June 28, 2013;

3. the Respondents shall serve and file written closing submissions on or by Friday, August 9, 2013;

4. Staff shall serve and file any written reply on or by Tuesday, August 20, 2013; and

5. the hearing on the merits shall continue on Thursday, September 5, 2013 at 10:00 a.m. for the purpose of hearing oral closing submissions from the parties.

A copy of the Order dated May 27, 2013 is available at www.osc.gov.on.ca.

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1.4.3 Pro-Financial Asset Management Inc.

FOR IMMEDIATE RELEASE
May 29, 2013

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

TORONTO – The Commission issued an order in the above matter, which provides that pursuant to subsection 127(7) of the Act that Temporary Order is extended to June 27, 2013; the hearing to consider whether to: (i) further extend the terms of the Temporary Order; and/or (ii) make any further order as to PFAM's registration will proceed on June 26, 2013 at 10:00 a.m.; and the hearing date of May 30, 2013 at 10:00 a.m. is vacated.

A copy of the Temporary Order dated May 28, 2013 is available at www.osc.gov.on.ca.

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1.4.4 Issam El-Bouji et al.

FOR IMMEDIATE RELEASE
May 29, 2013

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

AND

IN THE MATTER OF
ISSAM EL-BOUJI, GLOBAL RESP CORPORATION,
GLOBAL GROWTH ASSETS INC.,
GLOBAL EDUCATIONAL TRUST FOUNDATION
AND MARGARET SINGH

TORONTO – The Panel of the Commission released a redacted Order under section 17 of the Act in the above noted matter.

A copy of the redacted Order dated May 21, 2013 is available at www.osc.gov.on.ca.

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1.4.5 Boyuan Construction Group, Inc.

FOR IMMEDIATE RELEASE
May 30, 2013

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

AND

IN THE MATTER OF
BOYUAN CONSTRUCTION GROUP, INC.

TORONTO – The Office of the Secretary issued a Notice of Hearing in the above noted matter for a hearing to consider whether it is in the public interest to approve the settlement agreement entered into between Staff of the Commission and the Respondent. The hearing will be held on June 4, 2013 at 3:00 p.m. at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, ON, M5H 3S8.

A copy of the Notice of Hearing dated May 30, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated May 30, 2013 are available at www.osc.gov.on.ca.

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1.4.6 New Futures Trading International Corporation and Fernando Honorate Fagundes also known as Henry Roche

FOR IMMEDIATE RELEASE
June 3, 2013

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

AND

IN THE MATTER OF
NEW FUTURES TRADING INTERNATIONAL CORPORATION and FERNANDO HONORATE FAGUNDES also known as HENRY ROCHE

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

A copy of the Reasons and Decision and the Order dated May 31, 2013 are available at **www.osc.gov.on.ca**.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CIBC Global Asset Management Inc. et al.

Headnote

The Filer is a corporation incorporated under the laws of Canada and has its head office in Montreal, Quebec. It is a wholly owned subsidiary of CIBC.

The Filer is registered as an adviser in the category of portfolio manager under the securities legislation of each jurisdiction of Canada. It is also registered as an investment fund manager in the provinces of Ontario and Quebec and as a commodity trading manager in the province of Ontario and a derivatives portfolio manager in the province of Quebec.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System ("MI 11-102"), Part 4.
Regulation 31-103 Respecting Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.6.

May 14, 2013

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

AND

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

AND

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

AND

THE AXIOM PORTFOLIOS LISTED IN SCHEDULE A

AND

THE CIBC MUTUAL FUNDS LISTED IN SCHEDULE B

AND

THE CIBC POOLS LISTED IN SCHEDULE C

AND

THE IMPERIAL POOLS LISTED IN SCHEDULE D

AND

RENAISSANCE FUNDS LISTED IN SCHEDULE E

DECISION

Background

The securities regulatory authority or regulator in the Jurisdictions (the **Decision Maker**) has received an application from the Filer for an amended decision under the securities legislation of the Jurisdictions (the **Legislation**) replacing the decision (the **Prior Relief**) dated September 28, 2010 granting an exemption from the dealer registration in order to extend the exemption to trades in

(a) Class O units of the mutual funds set out in Schedule A hereto (the **Existing Axiom Portfolios**) and any mutual funds established in the future as part of the group of Axiom Portfolios (the **Future Axiom Portfolios** and together with the Existing Axiom Portfolios, the **Axiom Portfolios**), and

(b) Class O units of the mutual funds set out in Schedule B hereto (the **Existing CIBC Mutual Funds**) and any mutual funds established in the future as part of the group of CIBC Mutual Funds (the **Future CIBC Mutual Funds** and together with the Existing CIBC Mutual Funds, the **CIBC Mutual Funds**),

in addition to trades in units of the mutual funds set out in Schedule C hereto (the **Existing CIBC Pools** and previously known as the CIBC Pools) and any mutual funds established in the future as part of the group of CIBC Pools (the **Future CIBC Pools** and together with the Existing CIBC Pools, the **CIBC Pools**), the mutual funds set out in Schedule D hereto (the **Existing Imperial Pools**) and any mutual funds established in the future as part of the group of Imperial Pools (the **Future Imperial Pools** and together with the Existing Imperial Pools, the **Imperial Pools**), Class O units of the mutual funds set out in Schedule E hereto (the **Existing Renaissance Funds**) and any mutual funds established in the future as part of the group of Renaissance Funds (the **Future Renaissance Funds** and together with the Existing Renaissance Funds, the **Renaissance Funds**), (the Axiom Portfolios, the CIBC Mutual Funds, the CIBC Pools, the Imperial Pools, and the Renaissance Funds, together, the **Funds**) to the clients of the Filer;

(the **Requested Relief**).

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

(a) the Autorité des marchés financiers is the principal regulator for the 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, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Nunavut, Northwest Territories and Yukon; and

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the laws of Canada and has its head office in Montreal, Quebec. It is a wholly owned subsidiary of CIBC.

2. The Filer is registered as an adviser in the category of portfolio manager under the securities legislation of each jurisdiction of Canada. It is also registered as an investment fund manager in the provinces of Ontario and Quebec and as a commodity trading manager in the province of Ontario and a derivatives portfolio manager in the province of Quebec.

3. The Filer is not in default of the securities legislation of any province or territory.

Investment Management Services

4. Canadian Imperial Bank of Commerce (**CIBC**) is in the business of offering investment management services to both individual and institutional clients. It uses different affiliates to do so, including the Filer, in order to focus its services appropriately for the relevant client groups.

5. The principal components of the investment management services include:

   (i) advisory services specific to clients, including discussing their investment needs and goals and reflecting those in a statement of investment policy (**SIP**);

   (ii) selection of portfolio securities;

   (iii) if funds are used to carry out the client's SIP, the establishment and operation of such funds.

6. Potential clients may be referred to the Filer from within the CIBC group of companies. Referral fees are paid to firms within the CIBC group of companies for the referral of a client in relation to the value of the assets that the client transfers to the Filer. The Filer currently does not pursue external referrals to any extent.

7. When potential clients approach the Filer or are approached by the Filer through business development representatives, it is to seek or solicit investment management services including understanding how portfolios are managed generally. When the client has determined to proceed with investment management services, discussions of how the clients' own assets will be managed occur, including the ability to carry out the SIP through relevant Funds. The client understands and is looking for more than what the client would receive if the client simply purchases Funds.

8. While the various segments of the investment management services are carried out in different entities, the investment management business for each client category is one integrated business of CIBC.

9. When a client selects investment management services from the Filer, the Filer is responsible not only for know-your-client and suitability reviews like a dealer but also takes on the responsibility of selection. There is also advice rendered to the client but, in the case of discretionary portfolio management services, the decision is clearly made by the portfolio manager and not the client. The Funds are a tool to deliver the investment management services required by the Filer, as investment manager, for its clients. They are not sold to investment management clients.

The Funds

10. Each of the Funds is or will be an open-ended mutual fund trust established under the laws of the Province of Ontario.

11. The Funds are used as tools to provide the investment management services to the clients of the Filer.

12. None of the CIBC Pools or the Imperial Pools pay investment management fees nor do the Renaissance Funds, Axiom Portfolios or CIBC Mutual Funds pay management fees in respect of

their Class O units. Investment management fees of the Filer's clients are paid under the managed account agreements (**Managed Account Agreements**) or agreements with CGAM Fund Clients (as hereinafter defined).

13. The trades in units of the CIBC Pools, the Imperial Pools and the Renaissance Funds on behalf of the Filer's clients, are effected through the Filer acting as the dealer, in reliance on the Prior Order.

14. None of the CIBC Pools or Imperial Pools charge, nor do the clients pay, a sales commission or other fees in respect of the trades in units of the Funds nor do the Renaissance Funds, the Axiom Portfolios or the CIBC Mutual Funds pay sales commissions in respect of their Class O units.

Imperial Pools

14. The Imperial Pools are reporting issuers in each of the provinces and territories.

15. The Imperial Pools are currently purchased in certain cases on behalf of clients of the Filer and are also purchased on behalf of managed account clients of CIBC Trust Corporation and CIBC Private Investment Counsel Inc., other members of the CIBC group of companies and affiliates of the Filer.

16. CIBC is the investment fund manager of the Imperial Pools and in that capacity provides, or arranges to provide for, the administration of each Imperial Pool. CIBC Asset Management Inc. (CAMI), an affiliate of CIBC and of the Filer, is the portfolio manager of the Imperial Pools. CAMI may retain portfolio sub-advisers, including the Filer, to provide portfolio management services to the Imperial Pools. CIBC Trust is the trustee and CIBC Mellon Trust Company is the custodian.

17. Clients of the Filer pay fees to the Filer, the Filer is responsible for paying the fees to CAMI for its services, and CAMI in turn is responsible for the fees of any sub-adviser.

CIBC Pools

18. The CIBC Pools are not reporting issuers in the Jurisdictions.

19. The CIBC Pools are purchased on behalf of clients with a Managed Account Agreement and CGAM Fund Clients and are also purchased on behalf of managed account clients of CPIC.

20. The Filer is both the investment fund manager and portfolio manager of each CIBC Pooled Fund and in that capacity is responsible for the administration of each CIBC Pooled Fund and the investment decisions made on behalf of each CIBC Pooled Fund. CIBC Mellon Trust Company is the trustee and custodian.

21. Each of the CIBC Pools either pay all administration fees and expenses relating to its operation or the Filer waives and/or absorbs such fees and expenses.

Renaissance Funds

22. The Renaissance Funds are reporting issuers in each of the Provinces and the Territories. The Class O units of the Renaissance Funds are offered to certain investors, including institutional investors or segregated funds, fund of funds and investors where dealers or discretionary managers offer separately managed accounts or similar programs. Some of these investors may not qualify for any applicable private placement exemptions.

23. Although currently there are more than 40 Renaissance Funds which may offer Class O units, Class O units of the Renaissance Funds are only rarely used for the managed accounts of clients of the Filer.

24. The Renaissance Funds are purchased by the Filer on behalf of clients with a Managed Account Agreement with the Filer.

25. CAMI is the manager of the Renaissance Funds and in that capacity provides, or arranges to provide for, the administration of each Renaissance Fund. CAMI is also the portfolio adviser of the Renaissance Funds. CAMI may retain portfolio sub-advisers, including CGAM, to provide portfolio management services to the Renaissance Funds. CAMI is the trustee and CIBC is the custodian.

26. No management fees or operating expenses are charged in respect of the Class O units of the Renaissance Funds; instead a negotiated management fee is charged by CAMI directly to, or as directed by, the Class O unitholders or the Filer on behalf of the Class O unitholders.

27. Clients of the Filer pay fees to the Filer, the Filer is responsible for paying the negotiated management fees to CAMI for its services and CAMI in turn is responsible for the fees of any sub-adviser.

Axiom Portfolios

28. The Axiom Portfolios are reporting issuers in each of the Provinces and the Territories. The Class O units of the Axiom Portfolios are offered to certain investors, including institutional investors or segregated funds, fund of funds and investors where dealers or discretionary managers offer separately managed accounts or similar programs. Some of

these investors may not qualify for any applicable private placement exemptions.

29. Class O units of the Axiom Portfolios will only rarely be used for the managed accounts of clients of the Filer.

30. The Axiom Portfolios are purchased by the Filer on behalf of clients with a Managed Account Agreement with the Filer.

31. CAMI is the manager of the Axiom Portfolios and in that capacity provides, or arranges to provide for, the administration of each Axiom Portfolio. CAMI is also the portfolio adviser of the Axiom Portfolios. CAMI may retain portfolio sub-advisers, including CGAM, to provide portfolio management services to the Axiom Portfolios. CAMI is the trustee and CIBC is the custodian.

32. No management fees or operating expenses are charged in respect of the Class O units of the Axiom Portfolios; instead a negotiated management fee is charged by CAMI directly to, or as directed by, the Class O unitholders or the Filer on behalf of the Class O unitholders.

33. Clients of the Filer pay fees to the Filer, the Filer is responsible for paying the negotiated management fees to CAMI for its services and CAMI in turn is responsible for the fees of any sub-adviser.

CIBC Mutual Funds

34. The CIBC Mutual Funds are reporting issuers in each of the Provinces and the Territories. The Class O units of the CIBC Mutual Funds are offered to certain investors, including institutional investors or segregated funds, fund of funds and investors where dealers or discretionary managers offer separately managed accounts or similar programs. Some of these investors may not qualify for any applicable private placement exemptions.

35. Although currently there are more than 40 CIBC Mutual Funds which may offer Class O units, Class O units of the CIBC Mutual Funds will only rarely be used for the managed accounts of clients of the Filer.

36. The CIBC Mutual Funds are purchased by the Filer on behalf of clients with a Managed Account Agreement with the Filer.

37. CIBC is the manager of the CIBC Mutual Funds and in that capacity provides, or arranges to provide for, the administration of each CIBC Mutual Fund. CAMI is the portfolio adviser of the CIBC Mutual Funds. CAMI may retain portfolio sub-advisers, including CGAM, to provide portfolio management services to the CIBC Mutual Funds. CIBC Trust Corporation is the trustee and CIBC is the custodian.

38. No management fees or operating expenses are charged in respect of the Class O units of the CIBC Mutual Funds; instead a negotiated management fee is charged by CAMI directly to, or as directed by, the Class O unitholders or the Filer on behalf of the Class O unitholders.

39. Clients of the Filer pay fees to the Filer, the Filer is responsible for paying the negotiated management fees to CIBC for its services and CIBC in turn is responsible for the fees of any portfolio manager.

Institutional Clients

40. The Filer only provides investment management services to institutional clients. Such clients either approach the Filer directly or the Filer is approached by consultants acting for such clients in respect of investment management mandates. While many institutional clients have sufficient assets to have a diversified portfolio in a segregated account, some institutional clients authorize the Filer to utilize funds to carry out the investment management mandate because of their efficiency. The Filer uses the CIBC Pools for some of its institutional clients. The Imperial Pools are used by the Filer. The Filer currently only has used rarely the Renaissance Funds where there is not a comparable investment fund available in the CIBC Pools or through the Filer's portfolio managers. It desires to be able similarly to use Axiom Portfolios and CIBC Mutual Funds where there is not a comparable investment fund available in either CIBC Pools or the Renaissance Funds.

41. Institutional clients will typically enter into a Managed Account Agreement with the Filer. In a few cases, clients (which will not include retail clients) will want to name the Fund(s) in which they will be invested in their agreement with the Filer (the **CGAM Fund Clients**). This agreement will deal with such topics as fees and reporting and functions as a subscription agreement as the client makes the final determination of the Funds to be used. Despite that difference in respect of the CGAM Fund Clients, the relationship between the Filer and all of its clients, both in seeking out the Filer and in respect of the ongoing relationship, are the same. The Filer carries on the business of advice in respect of securities with all clients. The Filer is not in the business of trading funds.

42. There is no offering document for the CIBC Pools. The CGAM Fund Clients receive a copy of the trust documents of the CIBC Pools, the general statement of investment policy of the CIBC Pools and the investment policy guidelines of the

relevant CIBC Pools prior to their purchase and copies of financial statements thereafter.

43. Where the portfolio managers or an equivalent mutual fund are not available in the CIBC Pools, CGAM Fund Clients may invest in the Imperial Pools. Clients with whom the Filer has a Managed Account Agreement may be given a copy of the prospectus of the Imperial Pools; however these clients are not asked to participate in the selection of the Imperial Pools - this is done by the Filer as part of the discretionary investment mandate given to it.

Requested Dealer Relief

44. The Filer is seeking to replace the Prior Relief with the amended Decision to expand the types of funds that the Filer determines is desirable for its institutional clients to include the Axiom Portfolios and the CIBC Mutual Funds.

45. The Filer sought the Prior Relief for the same fundamental reasons behind the relief available pursuant to section 8.6 of NI 31-103, namely that the Filer is in the business of providing discretionary investment management services and not in the business of trading funds. No commissions or fees (other than its investment management fees payable to the Filer by its clients) are payable to the Filer on the purchase of units of the Funds, and no commissions or other fees are payable by the Filer's clients in connection with the Filer's investments in the Funds on its clients' behalf.

46. The Filer does not qualify for the relief under section 8.6 of NI 31-103 when using the Axiom Portfolios and the CIBC Mutual Funds because it is not the investment fund manager of such funds, precluding reliance on section 8.6, and is seeking for the following reasons:

(i) the Prior Relief did not include the Axiom Portfolios or the CIBC Mutual Funds;

(ii) affiliates of the Filer are the investment fund managers of the Axiom Portfolios and the CIBC Mutual Funds; and

(iii) a minority of the Filer's clients choose to name the Fund(s) in their agreement with the Filer and, accordingly, do not provide full discretion to the Filer with respect to the Funds selected.

Decision

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

The Prior Relief is terminated.

The decision of the Decision Maker under the Legislation is that the Requested Relief is granted provided that the Filer is at the time of trade, registered under the Legislation as an adviser in the category of portfolio manager.

"Eric Stevenson"
Surintendant de l'assistance aux clientèles et de la distribution

May 14, 2013

SCHEDULE A
AXIOM PORTFOLIOS

Class O

Axiom Balanced Income Portfolio
Axiom Canadian Growth Portfolio
Axiom Diversified Monthly Income Portfolio
Axiom Global Growth Portfolio
Axiom Balanced Growth Portfolio
Axiom Foreign Growth Portfolio
Axiom Long-Term Growth Portfolio
Axiom All Equity Portfolio

SCHEDULE B
CIBC MUTUAL FUNDS

Class O

CIBC Money Market Fund
CIBC U.S. Dollar Money Market Fund
CIBC Short-Term Income Fund
CIBC Canadian Bond Fund
CIBC Monthly Income Fund
CIBC Global Bond Fund
CIBC Global Monthly Income Fund
CIBC Dividend Income Fund
CIBC Dividend Growth Fund
CIBC Canadian Equity Fund
CIBC Canadian Equity Value Fund
CIBC U.S. Equity Fund
CIBC U.S. Small Companies Fund
CIBC International Equity Fund
CIBC European Equity Fund
CIBC Emerging Markets Fund
CIBC Asia Pacific Fund
CIBC Canadian Resources Fund
CIBC Energy Fund
CIBC Canadian Real Estate Fund
CIBC Precious Metals Fund
CIBC Canadian Short-Term Bond Index Fund
CIBC Canadian Bond Index Fund
CIBC Canadian Index Fund
CIBC U.S. Broad Market Index Fund
CIBC U.S. Index Fund
CIBC International Index Fund
CIBC Emerging Markets Index Fund

SCHEDULE C
CIBC POOLS

CIBC Balanced Pool
CIBC Global Balanced Pool
CIBC Canadian Equity S&P/TSX Index Pool
CIBC Canadian Equity All Cap Value Pool
CIBC Canadian Bond Active Universe Pool
CIBC Canadian Bond Universe Index Pool
CIBC Canadian Bond Overlay Pool
CIBC Canadian Bond Long Term Index Pool
CIBC U.S. Equity S&P500 Index Pool
CIBC Canadian Money Market Pool
CIBC International Equity Index Pool
CIBC EAFE Equity Pool
CIBC Global Equity Growth Pool
CIBC U.S. Equity Value Pool
CIBC U.S. Equity All Cap Growth Pool
CIBC Canadian Equity Large Cap Dividend Value Pool
CIBC Canadian Bond 5 Year Duration Pool
CIBC Canadian Bond 15 Year Duration Pool
CIBC Canadian Bond 30 Year Duration Pool
CIBC Canadian Bond Corporate Investment Grade Pool
CIBC Canadian Equity Small Cap Pool

SCHEDULE D
IMPERIAL POOLS

Imperial Money Market Pool
Imperial Short-Term Bond Pool
Imperial Canadian Bond Pool
Imperial International Bond Pool
Imperial Canadian Dividend Income Pool
Imperial Global Equity Income Pool
Imperial Canadian Equity Pool
Imperial U.S. Equity Pool
Imperial International Equity Pool
Imperial Overseas Equity Pool
Imperial Emerging Economies Pool
Imperial High Income Pool
Imperial Canadian Diversified Income Pool

SCHEDULE E
RENAISSANCE FUNDS

Class O

Renaissance Asian Fund
Renaissance Canadian Balanced Fund
Renaissance Canadian Bond Fund
Renaissance Canadian Core Value Fund
Renaissance Canadian Dividend Income Fund
Renaissance Canadian Growth Fund
Renaissance Canadian Monthly Income Fund
Renaissance Canadian Small-Cap Fund
Renaissance Canadian T-Bill Fund
Renaissance China Plus Fund
Renaissance Corporate Bond Capital Yield Fund
Renaissance Diversified Income Fund
Renaissance Emerging Markets Fund
Renaissance European Fund
Renaissance Global Bond Fund
Renaissance Global Focus Fund
Renaissance Global Growth Fund
Renaissance Global Health Care Fund
Renaissance Global Infrastructure Fund
Renaissance Global Markets Fund
Renaissance Global Resource Fund
Renaissance Global Science & Technology Fund
Renaissance Global Small-Cap Fund
Renaissance Global Value Fund
Renaissance High-Yield Bond Fund
Renaissance International Dividend Fund
Renaissance International Equity Fund
Renaissance Millennium High Income Fund
Renaissance Money Market Fund
Renaissance Optimal Global Equity Portfolio
Renaissance Optimal Income Portfolio
Renaissance Real Return Bond Fund
Renaissance Short-Term Income Fund
Renaissance U.S. Equity Fund
Renaissance U.S. Equity Growth Fund
Renaissance U.S. Equity Value Fund
Renaissance U.S. Money Market Fund
Renaissance Optimal Inflation Opportunities Portfolio
Renaissance Canadian All-Cap Equity fund
Renaissance Global Real Estate Fund
Renaissance Corporate Bond Fund
Renaissance U.S. Equity Growth Currency Neutral Fund
Renaissance International Equity Currency Neutral Fund
Renaissance Optimal Global Equity Currency Neutral Fund
Renaissance Global Growth Currency Neutral Fund
Renaissance Global Focus Currency Neutral Fund
Renaissance Global Infrastructure Currency Neutral Fund
Renaissance Global Real Estate Currency Neutral Fund

2.1.2 Total S.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from prospectus requirements in connection with an employee share offering by a foreign issuer – issuer cannot rely on exemptions in sections 2.2, 2.24 in National Instrument 45-106 Prospectus and Registration Exemptions because securities are being offered indirectly to employees through special purpose entities – issuer granted relief, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 74(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.2, 2.24.

May 27, 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
TOTAL S.A.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption from the prospectus requirement with respect to distributions of:

(a) units of Total Actionnariat International Relais 2013 (the **Intermediary Fund**) for the global employee share offering of the Filer for 2013 (the **Current Employee Offering**) to or with employees of Canadian affiliates of the Filer (the **Canadian Affiliates**), including Total E&P Canada Limited, Atotech Canada Ltd., Bostik Canada Ltd., CCP Composites Canada Inc., Sunpower Energy Systems Canada Corp., and Total Lubricants Canada Inc., who are on the payroll of a Canadian Affiliate at the end of the cancellation period or subscription period for the Current Employee Offering and who have been employed thereby at the closing of the cancellation period or subscription period and for at least a specified minimum period prior thereto (**Qualified Canadian Participants**);

(b) units of Total Actionnariat International Capitalisation (the **Classic Fund**, and together with the Intermediary Fund, the **Classic Funds**) to or with Qualified Canadian Participants;

(c) units of Total Int B Capital + Subfund (the **+Fund**) to or with Qualified Canadian Participants;

(d) units of the Classic Fund that occur as a result of the merger of any Intermediary Fund with the Classic Fund whereby Qualified Canadian Participants' units in an Intermediary Fund are exchanged for units of the Classic Fund;

(e) units of the Classic Fund that a Qualified Canadian Participant receives by virtue of any dividend paid on the common shares of the Filer (the **Shares**) held in the Classic Fund for Qualified Canadian Participants that results in the subsequent issuance of additional units of the Classic Fund to a Qualified Canadian Participant;

(f) units of the +Fund by a Qualified Canadian Participant to a Classic Fund; and

(g) units distributed in connection with a Subsequent Employee Offering (as described below and, together with the Current Employee Offering, an **Employee Offering**);

(collectively, the **Exemptive Relief 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 Québec and Nova Scotia; and

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

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the laws of France.

2. The common shares of the Filer are listed on the Euronext Paris Eurolist and on the New York Stock Exchange (in the form of American Depositary Shares).

3. The Filer is not and has no current intention of becoming a reporting issuer (or equivalent) under the securities legislation in any of the jurisdictions of Canada.

4. Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the securities legislation in any of the jurisdictions of Canada.

5. Neither the Filer nor any of its Canadian Affiliates is in default of securities legislation in any of the jurisdictions of Canada.

6. Qualified Canadian Participants will be invited to participate in an Employee Offering under the terms of two subscription options: the “classic plan” (the **Classic Plan**) and the “capital + plan” (the **Capital + Plan**), both intended to provide Qualified Canadian Participants with an opportunity to indirectly hold an investment in the Shares.

7. A **Subsequent Employee Offering** will be similar to the Current Employee Offering, with each of the representations in paragraphs 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 23 through 34 hereof being applicable (save for the identities of particular special-purpose entities).

8. The Employee Offerings are and will be reserved for employees of the Filer or of controlled affiliates of the Filer (including Canadian Affiliates).

9. Only participants in an Employee Offering are allowed to hold units of the Classic Funds and the +Fund.

10. For the Current Employee Offering, there are approximately 450 Qualified Canadian Participants resident in Canada (approximately 79 in Québec, 1 in Nova Scotia, 117 in Ontario, and 253 in Alberta) who represent in aggregate less than 0.25% of the Filer’s employees worldwide.

11. Qualified Canadian Participants will not be induced to participate in an Employee Offering by expectation of employment or continued employment. Participation in an Employee Offering is optional. The total cumulative amount invested by a Qualified Canadian Participant in an Employee Offering under both plans cannot exceed a specified percentage of his or her estimated gross annual remuneration or allocations for the calendar year in which an Employee Offering occurs.

12. Qualified Canadian Participants can indicate their intent to subscribe an amount under an Employee Offering and make a reservation by filling out a reservation form during a prescribed reservation period. After the expiration of the

reservation period, the subscription price is set and a cancellation period or subscription period commences. During this cancellation period or subscription period, an employee who has made a reservation may withdraw his or her subscription from one or both plans. However, an employee who has not made a reservation may still subscribe.

13. The Classic Funds and the +Fund are and will be collective shareholding vehicles of a type commonly used in France for investing in shares of an issuer by employee-investors.

14. The Classic Funds and +Fund must be registered and approved by the French Autorité des marchés financiers (**AMF France**) at the time of their creation.

15. The Classic Funds and the +Fund are not and have no current intention of becoming reporting issuers under the securities legislation in any of the jurisdictions in Canada.

16. After each Employee Offering, the relevant Intermediary Fund and the Classic Fund will invest in Shares. From time to time, cash in respect of dividends paid on the Shares held in the Classic Funds will be reinvested in Shares. Classic Funds may also hold cash or cash equivalents pending investments in the Shares and for the purpose of unit redemptions.

17. After each Employee Offering, the +Fund will invest in Shares and may also hold cash or cash equivalents pending investments in the Shares and for the purpose of unit redemptions.

18. Under the Classic Plan, an Employee Offering will involve an offering of Shares to be subscribed through the Classic Funds as follows:

    (a) Qualified Canadian Participants will subscribe for and be issued units of the relevant Intermediary Fund which will, in turn, subscribe for and hold Shares on behalf of the Qualified Canadian Participants;

    (b) the subscription price for units of the Intermediary Fund will equal the average of the closing price of the Shares for a specified number of trading days ending on the date preceding the date of approval of an Employee Offering (the **Reference Price**), less a specified discount to the Reference Price;

    (c) while the Shares remain in the Intermediary Fund, any dividends paid on the Shares held in the Intermediary Fund will increase the value of the units held by Qualified Canadian Participants;

    (d) after completion of an Employee Offering, the Intermediary Fund will be merged with the Classic Fund, and the units of the Intermediary Fund held by Qualified Canadian Participants will be exchanged for units of the Classic Fund and the Shares previously held by the Intermediary Fund will be held in the Classic Fund;

    (e) the units of the Classic Funds will be subject to a hold period of approximately five years from the issuance date (the **Lock-Up Period**), subject to certain exceptions prescribed by French law (such as a release on death, disability or termination of employment);

    (f) any dividends paid on the Shares held in the relevant Intermediary Fund or the Classic Fund on behalf of a Qualified Canadian Participant, and any income and earnings on the assets in the Classic Fund held on behalf of a Qualified Canadian Participant, will be used by that fund to purchase more Shares, which will result in the issuance pro rata of additional units to its Qualified Canadian Participants;

    (g) at the end of the Lock-Up Period, or in the event of an early release outlined under paragraph 18(e), a Qualified Canadian Participant may:

        (i) redeem his or her units in the Classic Fund in consideration for the Qualified Canadian Participant's pro rata portion of the underlying Shares held in the Classic Funds or a cash payment equal to the net asset value of the units held by the Qualified Canadian Participant in the Classic Fund; or

        (ii) continue to hold his or her units in the Classic Fund and redeem those units at a later date;

    (h) units of Classic Funds held by Qualified Canadian Participants are not transferable, except:

        (i) when such units are exchanged for units of the Classic Fund as a result of an Intermediary Fund merging with the Classic Fund; or

        (ii) on the redemption of such units; and

(i) units of Classic Funds will not be listed on any exchange.

19. Under the Capital + Plan, an Employee Offering will involve an offering of Shares to be subscribed through the +Fund as follows:

(a) Qualified Canadian Participants will subscribe for and be issued units of the +Fund, which will, in turn, subscribe for Shares, at a subscription price that is equal to the Reference Price less a specified discount to the Reference Price;

(b) the +Fund will enter into a swap transaction (a **Swap Transaction**) with Credit Agricole Corporate and Investment Bank (the **Bank**) in order to provide support to the +Fund to enable it to provide a reliable rate of return on Qualified Canadian Participants' investments under the Capital + Plan. The Bank will benefit from the possible upside on the value of underlying Shares in the +Fund beyond what is necessary to support the rate of return guaranteed by the Bank. Under the Swap Transaction, the +Fund will receive from the Bank an amount equal to a specified multiple of the amounts subscribed to the +Fund by Qualified Canadian Participants and:

(i) the +Fund will:

A. pay to the Bank the amount of any dividends that it receives on Shares; and

B. at the end of the Lock-Up Period, or earlier in the case of early redemption (as outlined in paragraph 19(i)), transfer to the Bank all Shares held by the +Fund; and

(ii) the Bank will pay to the +Fund at the end of the Lock-Up Period, or earlier in the case of early redemption, for each unit, an amount equal to:

A. the amount subscribed for the unit by a Qualified Canadian Participant; plus

B. the greater of:

(1) a multiple of the Protected Average Increase (as described below) of a Share over the Reference Price (the **Stake in the Protected Average Increase**); and

(2) a specified annual capitalized return on the Qualified Canadian Participant's initial subscription (the **Annual Compound Return**);

(c) the +Fund, using money received by the +Fund from the Bank pursuant to the Swap Transaction, will subscribe for the number of Shares corresponding to the total of:

(i) the amounts subscribed by Qualified Canadian Participants; plus

(ii) a specified multiple of that subscription amount (the **Multiple**);

(d) the Filer will issue to the +Fund the number of Shares corresponding to (i) the amount subscribed by its Qualified Canadian Participants, multiplied by (ii) one plus the Multiple;

(e) the Shares will be held in the +Fund and its Qualified Canadian Participant subscribers will receive +Fund units;

(f) at the end of the Lock-Up Period (or earlier, in the case of a permitted early release) the Bank will pay to the +Fund, in respect of each of its Qualified Canadian Participants (and each such Qualified Canadian Participant will be entitled to receive from the +Fund on a redemption of a the +Fund unit) the amount subscribed to +Fund by the Qualified Canadian Participant, plus the greater of:

(i) the Stake in the Protected Average Increase; and

(ii) the Annual Compound Return (pro-rated in the event of an early release);

(g) the Protected Average Increase will be calculated on the basis of the greater of the Reference Price and the average of the price of Shares recorded twice per month between the date of approval of an Employee Offering and the end of the Lock-Up Period. The Multiple will be set after approval by AMF France.

(h) any dividends paid on Shares and any income and earnings on other assets held in the +Fund will not increase the value of +Fund units; rather, those amounts will be transferred to the Bank under the Swap Transaction as described above;

(i) the Lock-Up Period will apply to +Fund units, subject to certain early release exceptions prescribed by French law (such as a release on death, disability or termination of employment);

(j) units of the +Fund held by Qualified Canadian Participants are not transferable, except on redemption; and

(k) +Fund units will not be listed on any exchange.

20. The initial value of a unit of an Intermediary Fund will be approximately equal to the subscription price as described above in paragraph 18(b).

21. The value of a unit of the Classic Fund is tied to the market price of Shares, plus or minus 1%. The value of a unit any of the Classic Funds will be based on the relevant fund's net assets divided by the number of its units outstanding.

22. The initial value of a unit of the +Fund will be approximately equal to the subscription price, plus the specified discount, as described above in paragraph 19(a).

23. Subject to the Lock-Up Period hold requirement described above, the Classic Funds and the +Fund will redeem units at the request of a Qualified Canadian Participant, making payment in cash or the equivalent number of Shares. The amount payable on redemption of a unit of an Intermediary Fund or of the Classic Fund will be based on the per-unit net asset value of such fund. The amount payable on redemption of a +Fund unit will be as set out in paragraph 19(f). In addition, the Qualified Canadian Participant will also be able to transfer his or her assets in the +Fund to the Classic Fund in exchange for units of the Classic Fund.

24. It is anticipated that any resale by a Qualified Canadian Participant of Shares received on the redemption of units of the Classic Fund, of an Intermediary Fund or of the +Fund will be effected through the facilities of, and in accordance with the rules of, a foreign exchange.

25. Shares issued under an Employee Offering will be deposited in the relevant Intermediary Fund or in the +Fund through a depository (the **Depositary**). The Depositary will carry out orders to purchase and sell securities, and take all necessary action to allow the Classic Funds and +Fund to exercise the rights relating to the Shares held. The Depositary must carry out its activities in accordance with French law. The current Depository is CACEIS Bank France, a large French commercial bank.

26. The Classic Funds and the +Fund are or will be established by their respective managers (collectively, the **Manager**) and the Filer. The Manager will be a portfolio management company governed by the laws of France. The Manager will be registered with AMF France to manage French investment funds and will comply with the rules of AMF France. At present, the Manager of each of the Classic Funds and +Fund is Amundi, a limited liability company registered in the *Paris Trade and Companies Register*. It is not and has no current intention of becoming a reporting issuer under the securities legislation in any of the jurisdictions of Canada, nor is it registered as an adviser or a dealer under the securities legislation in any of the jurisdictions of Canada.

27. The Manager's portfolio management activities in connection with Employee Offerings will be limited to purchasing Shares from the Filer and selling such Shares (in the case of the Classic Funds, in a marketplace (as defined in National Instrument 21-101 *Marketplace Operation* (a **Marketplace**)); and in the case of the +Fund, to the Bank) as necessary in order to fund redemption requests. The Manager will be responsible for preparing an annual statement of the number of units each Qualified Canadian Participant holds in the Classic Funds and +Fund at the end of the Qualified Canadian Participant's Lock-Up Period (a **Statement of Account**). The Manager will not be involved in providing advice to any Qualified Canadian Participant. The Manager of the +Fund will enter into a Swap Transaction with the Bank. A Manager's activities will in no way affect the underlying value of the Shares or of units of the Classic Funds or the +Fund.

28. The management of each of the Classic Funds and the +Fund will be overseen by a separate supervisory board (the **Supervisory Board**) comprised of management representatives of the Filer and employee unitholders from the various geographical zones in which the Filer operates. The Supervisory Board's duties will include, among other things, examining the relevant fund's management reports and annual accounts, reviewing major changes in such fund and making decisions about the merger, as applicable of an Intermediary Fund with the Classic Fund.

29. Administrative, accounting, audit and financial management expenses incurred by the Classic Funds and the +Fund will be paid by the Filer. Other expenses incurred by the Classic Funds and the +Fund, including transaction fees relating to the purchase or sale of Shares, will be borne by the respective fund and paid from its assets.

30. Qualified Canadian Participants will receive an information package in French or English, as they choose, which will include a summary of the terms of the applicable Employee Offering and a description of relevant Canadian income tax consequences.

31. Qualified Canadian Participants will have access, through the Filer's website, to the Filer's annual report on Form 20-F filed with the United States Securities and Exchange Commission and to the continuous disclosure furnished by the Filer to its shareholders generally.

32. A copy of the rules of the Classic Fund or of +Fund (analogous to company by-laws) will be made available to Qualified Canadian Participants when they receive their application to subscribe for units of an Intermediary Fund or of the +Fund, respectively.

33. Each Qualified Canadian Participant will receive, at least annually, a Statement of Account.

34. As of the date hereof and after giving effect to the Employee Offering, Qualified Canadian Participants do not and will not beneficially own more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted:

(a) for the Current Employee Offering provided that:

(i) the first trade in any security acquired by a Qualified Canadian Participant pursuant to this decision, in a Jurisdiction, is deemed to be a distribution or a primary distribution to the public under the Legislation of such Jurisdiction unless the following conditions are met:

A. the issuer of the security:

(1) was not a reporting issuer in any jurisdiction of Canada at any time during the distribution; and

(2) is not a reporting issuer in any jurisdiction of Canada at the date of such first trade;

B. at the date of any distribution under the Current Employee Offering, residents of Canada:

(1) do not own directly or indirectly more than 10% of outstanding Shares; and

(2) did not represent in number more than 10% of the total number of direct or indirect owners of outstanding Shares; and

C. the trade is made:

(1) through a Marketplace outside Canada; and

(2) to a person or company outside Canada; and

D. in Québec, the required fees are paid in accordance with section 271.6(1.1) of the *Securities Regulation* (Québec); and

(b) for any Subsequent Employee Offerings completed within five years from the date of this decision provided that the representations in paragraphs 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 23 through 34 (varied to reflect the identities of particular special-purpose entities) remain true and correct in respect of that Subsequent Employee Offering, and the conditions set out in paragraph (a) above (varied such that any reference therein to the Current Employee Offering is read as a reference to the relevant Subsequent

Employee Offering) are satisfied, as of the date of any distribution of a security under such Subsequent Employee Offering.

For the Commission:

“Glenda Campbell, QC”
Vice-Chair

”Stephen Murison”
Vice-Chair

2.1.3 Angoss Software Corporation

Headnote

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

Applicable Legislative Provisions

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

May 28, 2013

Angoss Software Corporation
111 George St, Suite 200
Toronto, ON M5A 2N3

Dear Sirs/Mesdames:

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

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

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

As the Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 Global Dividend Growers 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, 144.
Securities Act, R.S.O. 1990, c. S 5 as am., ss. 53, 74.

May 14, 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
GLOBAL DIVIDEND GROWERS 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 in 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 Filer is not considered to be a "mutual fund" as defined in the Legislation because 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 April 25, 2013, the Filer had 6,500,000 Units issued and outstanding.

5. Middlefield Limited (the **Manager**), 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 (the **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 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 February 26, 2013 (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 September 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 from time to time allow additional redemptions 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 the Manager 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 meets the test set out in the Legislation for the Decision Maker to make the decision.

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

(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

2.1.5 C.T.C. Dealer Holdings Limited

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from prospectus requirement in respect of deemed distributions on resale, and acts in furtherance of such deemed distributions, of beneficial ownership interests in common shares of the Filer held by present or former dealers, each of whom pursuant to a joint venture arrangement with a publicly traded national retailer directly or indirectly owns and manages, or has owned and managed, the retail operations of the retailer's store including ownership of store inventories and fixtures and including employment of store staff – Filer has no active business and its sole activity consists of the ownership of publicly traded securities of the retailer and matters ancillary thereto – Relief granted subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53, 74(1).
National Instrument 45-102 Resale of Securities.
National Instrument 45-106 Prospectus and Registration Exemptions.

May 28, 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
C.T.C. DEALER HOLDINGS LIMITED
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation (the **Legislation**) of the Jurisdiction for relief from the prospectus requirements in the Legislation in connection with any of the following distributions or trades arising as part of an Annual Share Changeover (as defined below) after the date of this Decision:

(a) the deemed distribution on resale of beneficial ownership interests in common shares of the Filer by CTC Dealers to other CTC Dealers in accordance with the Member Agreement; and

(b) the acts in furtherance of distributions (as described below) made by the Filer to arrange for and facilitate deemed distributions on resale by CTC Dealers to other CTC Dealers in accordance with the Member Agreement

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

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each province and territory of Canada other than Ontario (collectively with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filer

1. The Filer is a holding company with its registered and head office in Toronto, Ontario. The common shares of the Filer are beneficially owned by approximately 515 present or former dealers (each a **CTC Dealer**), each of whom pursuant to a joint venture arrangement with Canadian Tire Corporation, Limited (**CTC**) directly or indirectly owns and manages, or has owned and managed, the retail operations of a CTC store including ownership of store inventories and fixtures and including employment of store staff.

2. The Filer was incorporated by letters patent as a private company in Ontario on June 26, 1963. Supplementary letters patent were filed on June 27, 1963 deleting the private company restrictions in the Filer's letters patent such that it is not, and has not been since that time, a "private company" or "private issuer" within the meaning of the Legislation.

3. The Filer was established in 1963 by the CTC Dealers working with one of the controlling shareholders and founders of CTC, A.J. Billes, to ensure, among other things, that CTC Dealers could acquire a significant equity position in CTC through the acquisition of voting shares, thereby aligning the interests of CTC Dealers with the interests of CTC and its controlling shareholder.

4. The purpose of the Filer is, and has been since incorporation, to purchase and hold common shares and Class A non-voting shares of CTC (collectively, the **CTC Shares**) and to give CTC Dealers an opportunity through CTC board representation to assist and/or participate in the development and implementation of the strategy, policies and business practices and the selection by CTC of its senior officers.

5. Currently, the Filer owns 700,384 CTC common shares and 812,400 CTC Class A non-voting shares, representing 20.5% and approximately 1%, respectively, of the outstanding shares of each class. As at June 30, 2012, the market value of the Filer's investment in CTC Shares was approximately $110 million. The Filer also has some cash balances (including deposit receipts or certificates and other amounts on deposit at banks). The Filer does not have any material liabilities. The Filer has never owned any assets other than CTC Shares and cash balances.

6. The CTC Shares are listed on the Toronto Stock Exchange (the **TSX**). CTC is a reporting issuer in all of the Jurisdictions.

7. The Filer periodically purchases CTC Shares of both classes on the TSX and has in the past sold Class A non-voting shares of CTC.

8. The Filer does not have any active business. It has no offices, employees or telephone number and does not receive any fees or other income other than interest income on its cash balances and dividend income from its CTC Shares. Its sole activity consists of the ownership of the CTC Shares and matters ancillary thereto such as receiving dividends thereon and exercising rights under the CTC Shareholders' Agreement (as defined below). Any dividends earned by the Filer on its CTC Shares are typically used to fund the Filer's operating expenses and to buy additional CTC Shares.

9. In 1986 and 1987, the Filer made a take-over bid (the **Bid**) to acquire control of CTC, which Bid was cease-traded by the OSC.

10. In settlement of certain claims resulting from the unsuccessful Bid, the Filer and the Billes family entered into a shareholders' agreement (the **CTC Shareholders' Agreement**).

11. Subsequent thereto, Martha Billes bought out the other members of the Billes family and is now the controlling shareholder of CTC owning 61.4% of the outstanding CTC common shares. Ms Billes remains a party to the CTC Shareholders' Agreement.

12. The Filer is entitled pursuant to the CTC Shareholders' Agreement to have three of its nominees elected to the CTC board (i.e., a maximum of two of the representatives are CTC Dealers and at least one must be a non-CTC Dealer) and to exercise a right of first refusal on the CTC common shares directly or indirectly owned or controlled by Ms Billes.

13. As a result of its board representation on CTC, the Filer through its nominees on the CTC board has influence on the CTC board. This gives the Filer through such nominees a direct channel of communication to the most senior level of CTC, including having the opportunity to assist in the development of CTC's strategy, policies and business practices, and the selection by CTC of its senior officers. The Filer believes that this influence and role are extremely important to the ongoing relationship between the CTC Dealers and CTC, and contributes to the overall performance of CTC and its success. The Filer and its officers and directors do not in the ordinary course have material access to the CTC board, CTC management or Ms Billes except through the Filer's nominees on the CTC board.

Ownership Structure of the Filer

14. The Filer is authorized to issue an unlimited number of common shares, which can only be held by CTC Dealers. The Filer currently has 1,184,800 common shares issued and outstanding.

15. The only registered shareholder of the Filer is C.T.C. Dealer Subco Inc. (**Dealer Subco**), a wholly owned subsidiary of the Filer.

16. Dealer Subco holds all of the issued and outstanding common shares of the Filer in trust on behalf of the CTC Dealers in accordance with the terms of a member agreement and related documents (collectively, the **Member Agreement**). Dealer Subco maintains a book entry register to record each CTC Dealer's interest in the common shares of the Filer.

17. Dealer Subco holds the common shares of the Filer as "bare trustee" for the CTC Dealers. Each CTC Dealer has full beneficial ownership of the common shares of the Filer held by Dealer Subco in trust for that CTC Dealer, including a right to vote such common shares and a right to receive dividends, if any, declared with respect to such common shares. The Filer has not declared dividends in many years.

18. The acquisition and disposition of the common shares of the Filer are governed by the Member Agreement.

19. The Member Agreement applies to each CTC Dealer that currently owns, and will apply to each CTC Dealer that in the future decides to buy, common shares of the Filer.

20. Only a CTC Dealer (acting directly or indirectly) can become an owner of the common shares of the Filer pursuant to the Member Agreement.

21. No CTC Dealer is allowed to own more than 1% of the common shares of the Filer.

22. Based on current market values for the CTC Shares, the value of the average investment by a CTC Dealer in common shares of the Filer (which investment is accumulated over a period of time) is approximately $225,000.

23. Each CTC Dealer annually receives an account summary (an **Annual Account Summary**) from the Filer showing any share transactions involving such CTC Dealer, as well as how many common shares of the Filer are held directly or indirectly by such CTC Dealer.

24. The Filer provides or makes available to each CTC Dealer an annual report (the **Annual Report**) containing audited comparative annual financial statements together with notes on the financial statements including "Financial Review and Analysis" and "Dealer's Return on Investment" and an annual supplemental corporate information form containing information concerning the Filer. As well, the Filer provides or makes available to each CTC Dealer at the time of the Annual Share Changeover referred to in paragraph 25 below an unaudited year-to-date financial statement and an interim supplemental corporate information form.

The Annual Share Changeover

25. When a CTC Dealer retires, the retiring CTC Dealer must, within a specified time period, sell his or her common shares of the Filer at an annual share changeover, which normally takes place at the end of June in each year (the **Annual Share Changeover**).

26. A CTC Dealer may also sell common shares of the Filer during the Annual Share Changeover if, based on a formula calculation, such CTC Dealer has an excessive number of common shares of the Filer. There are no additional situations where a CTC Dealer has the right to sell his or her common shares of the Filer.

27. A CTC Dealer who wishes to sell common shares of the Filer will so notify the Filer. The Filer ascertains which CTC Dealers are entitled to acquire common shares of the Filer based on a formula calculation.

28. The Filer facilitates the Annual Share Changeover by allocating shares in the manner described below in accordance with the Member Agreement. The Filer does not receive any compensation for facilitating the Annual Share Changeover.

29. A retiring CTC Dealer's common shares of the Filer that the retiring CTC Dealer sells at the Annual Share Changeover are offered to the other CTC Dealers based on a formula calculation, as are the shares offered for sale by any CTC Dealer who has an excessive number of common shares of the Filer based on a formula calculation. The transfer price of the Filer's common shares during the Annual Share Changeover is a calculated price based primarily upon the market value of the CTC Shares held by the Filer.

30. Typically, the demand from CTC Dealers to purchase common shares of the Filer exceeds the shares available to be purchased such that the Filer allocates those common shares that can be acquired among the interested CTC Dealers who are eligible to and who wish to purchase same based on a *pro rata* formula calculation.

31. The Annual Share Changeover does not change the number of common shares of the Filer that are issued and outstanding.

32. With one exception, there have been no trades of common shares of the Filer over the last 20 years except during the Annual Share Changeover.

Reasons for CTC Dealers to invest in the Filer

33. The Filer ensures that each person, upon becoming a CTC Dealer, will have the opportunity to own shares of the Filer based on a formula calculation. Generally, a person who becomes a CTC Dealer remains in that role for 25 to 30 years and continues to own common shares of the Filer throughout.

34. The ownership of common shares of the Filer by a CTC Dealer is voluntary. All CTC Dealers as at the time of the 2011 Annual Share Changeover, with one exception, have elected to own common shares of the Filer due to the integral relationship between CTC and the CTC Dealers, and there are CTC Dealers who would like to acquire more shares when such shares become available. The one exception is Owen Billes, a dealer and the son of Ms Martha Billes, CTC's controlling shareholder. Ms Billes has used her voting rights to cause Mr. Billes to be elected to the CTC board.

35. The Filer believes that the relationship between CTC and the Filer is unique and is highly valued by the CTC Dealers and transcends mere investment considerations. Unlike the situation of other franchises, the principal value to the shareholders of CTC Dealers of their investment in the Filer includes the following:

    (a) to enable the Filer to represent to CTC that the Filer speaks for all CTC Dealers and therefore speaks with authority when in discussions with CTC;

    (b) to have the opportunity to interact with the most senior officers of CTC through the Filer's three CTC board nominees;

    (c) to have influence over CTC hiring decisions as regards senior officers through the Filer's three CTC board nominees;

    (d) to have influence in CTC decisions and how it operates through the Filer's three CTC board nominees;

    (e) to be able to meet with, and to be viewed by, Ms Billes as business partners; and

    (f) to have influence over how the Filer utilizes its right of first refusal on the shares owned or controlled by Ms Billes.

36. Nevertheless, the Filer acknowledges that CTC Dealers are making an investment decision when deciding whether to invest in common shares of the Filer since:

    (a) based on current market values for the CTC Shares, the value of the average investment by a CTC Dealer in common shares of the Filer is approximately $225,000;

    (b) an investment by CTC Dealers in the Filer is voluntary;

    (c) CTC Dealers are able to invest in the Filer up to a limit based on a formula calculation;

(d) the price at which the Filer's common shares are offered to CTC Dealers is a formula price based on the underlying market value of a common share of the Filer which is based on its holdings of CTC Shares and various other assets or liabilities of the Filer;

(e) CTC Dealers acquire the shares and hold them for the duration of their tenure, and may enjoy capital appreciation of the shares upon retirement; and

(f) the Filer provides disclosure about the financial condition and investment performance of the Filer and its investment in CTC Shares over the past year in each Annual Report of the Filer. The notes on the financial statements include "Financial Review and Analysis" and "Dealer's Return on Investment".

37. The Filer acknowledges that acquiring common shares of the Filer is not as attractive an investment decision as compared to acquiring CTC Shares directly for the following reasons:

(a) unlike direct ownership of CTC Shares, the shares of the Filer have only limited liquidity and are not easily valued due to that illiquidity;

(b) unlike direct ownership of CTC Shares, shareholders of the Filer do not have possession of the certificates representing the Filer's common shares, and such shareholders have only limited ability to borrow against such shares;

(c) unlike direct ownership of CTC Shares, the shares of the Filer have not historically paid dividends. Although the Filer receives dividends on its CTC Shares, the Filer, not an individual CTC Dealer, determines how to spend the dividend proceeds; and

(d) unlike direct ownership of CTC Shares, the CTC Shares that are held by the Filer do not give an individual CTC Dealer any voting or dissent rights in relation to such shares

(the **Additional Risk Considerations**).

38. In addition, CTC Dealers may finance their investments through bank financing or other means. There may be additional risks associated with an investment based on leverage (**Risks Associated with Leverage**). The Filer has not provided or arranged for financing to CTC Dealers to facilitate their investment in the last 10 years.

39. The Filer has not historically provided disclosure to CTC Dealers about the Additional Risk Considerations or Risks Associated with Leverage prior to a CTC Dealer making an investment decision. If the requested relief is granted, the Filer will provide CTC Dealers with a summary document that includes these risks and that contains prospectus-level risk factor disclosure prior to a CTC Dealer making an investment decision.

Compliance Issues

(a) the prospectus requirement

40. The Filer has previously distributed (beneficial interests in) common shares of the Filer to CTC Dealers in the Jurisdictions.

41. The only previous issuances of (beneficial interests in) common shares of the Filer by the Filer to CTC Dealers have been as follows:

(a) the issuance of common shares of the Filer to CTC Dealers at the time of the Filer's incorporation in 1963;

(b) the issuance of 700,000 common shares of the Filer for proceeds of approximately $31.5 million in 1988 to finance the Bid for control of CTC and the ultimate settlement with the Billes;

(c) the issuance of common shares of the Filer to CTC Dealers pursuant to a stock dividend in 1991; and

(d) the issuance of common shares of the Filer to CTC Dealers on three occasions in connection with a subdivision of stock.

42. The Filer was professionally advised by reputable law firms at the time of the share issuances referred to in paragraph 41 and believes that such share issuances were in conformity with the Legislation.

43. The procedures relevant to the Annual Share Changeover are based upon the Member Agreement and that agreement together with such procedures were developed by the Filer over many years and with the benefit of professional advice from a reputable law firm.

44. To the extent that such distributions of securities were validly made to CTC Dealers in compliance with the Legislation, the resale of such securities would generally have been a distribution under the Legislation and subject to resale restrictions.

45. When the Member Agreement was originally entered into in 1984, and the Filer was receiving legal advice as set forth in paragraph 43, the Filer believed that each such resale distribution would have been in conformity with the Legislation. Although the Legislation changed subsequent to the time the Member Agreement was originally entered into (December 31, 1984), the Filer was not aware of such changes or their potential impact on the Annual Share Changeover. Thus, it did not change the procedures that it had historically followed in connection with the Annual Share Changeover in any material respect.

46. Accordingly, the Filer acknowledges that some CTC Dealers may not have been qualified during the Annual Share Changeover to purchase securities under a prospectus exemption whether based on the "$150,000 private placement exemption", the former "accredited investor" exemption under OSC Rule 45-501 *Exempt Distributions* (available since November 2001), or the "accredited investor" exemption in National Instrument 45-106 P*rospectus and Registration Exemptions* (available since September 2005). The Filer further acknowledges that, to the extent such distributions (including deemed distributions on resale) of securities were made to CTC Dealers without an available exemption, such distributions were made in contravention of the prospectus requirement of the Legislation.

47. The Filer acknowledges that, to the extent deemed distributions on resale of securities were made in contravention of the prospectus requirement of the Legislation, the Filer has done acts in furtherance of such trades, including the following (collectively the **Filer's acts in furtherance of distributions**):

    (a) identifying which CTC Dealers are entitled to acquire common shares of the Filer based on a formula calculation;

    (b) allocating shares among CTC Dealers in accordance with the Member Agreement;

    (c) calculating the transfer price of the Filer's common shares during the Annual Share Changeover based upon the market value of the Filer's CTC Shares plus (minus) the amount of the fair market value of all other net assets (liabilities);

    (d) preparing disclosure about the financial condition and investment performance of the Filer and its investment in CTC Shares over the past year in each Annual Report; and

    (e) preparing and issuing account statements to evidence a deemed distribution on resale.

48. The Filer acknowledges that, to the extent deemed distributions on resale of securities were made in contravention of the prospectus requirement of the Legislation, the Filer's acts in furtherance of distributions were in contravention of the prospectus requirement of the Legislation.

49. In 2005, the Filer identified that such procedures might not be in conformity with applicable securities laws. Accordingly, in 2005 it made voluntary disclosure to its principal regulator regarding its situation and also sought appropriate discretionary relief in order to permit it to continue with the Annual Share Changeover. Although correspondence and other communications with the principal regulator ensued in 2005 and 2006, through inadvertence the application of the Filer for discretionary relief did not proceed and the Filer did not realize the need to obtain formal relief. In 2012 as a result of obtaining further legal advice, the Filer realized that it needed to obtain formal relief and therefore brought an application in order to seek the within Decision.

50. The Filer believes that currently a substantial majority of the CTC Dealers are "accredited investors". The Filer has not ascertained how many CTC Dealers are accredited investors. The Filer would be in a position to make such inquiries when shares of the Filer are being traded. The vast majority of the CTC Dealers will not be trading their shares of the Filer in the immediate future.

51. In connection with the 2012 Annual Share Changeover, the Filer enquired of proposed purchasers whether they were "accredited investors" and, if so, on what basis they claimed that status. Only "accredited investors" were allowed to purchase shares of the Filer pursuant to the 2012 Annual Share Changeover. Other proposed purchasers did not participate in the 2012 Annual Share Changeover.

(b) the dealer registration requirement

52. The Filer acknowledges that the Filer has engaged in trades, including the Filer's acts in furtherance of distributions, and may not have had the benefit of a registration exemption for some or all of these trades prior to the introduction of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103) in September 2009.

53. The Filer has considered whether, under NI 31-103 and the Legislation, it could be considered to be engaged in or holding itself out as engaging in the business of trading in securities and therefore required to register as a dealer, rely on another exemption from the dealer registration requirement or seek exemptive relief from the dealer registration requirement. In light of the particular facts and circumstances of the Filer, including the fact that it has no offices or employees, does not receive any fees or other income from engaging in trades or acts in furtherance of distributions, and its activities do not have the attributes typical of a person or company carrying on the business of a dealer, and having considered the guidance in section 1.3 of the Companion Policy to NI 31-103, the Filer has concluded that it should not be considered to be engaged in registrable activities and therefore does not require relief from the registration requirement of the Legislation.

(c) the insider reporting requirement

54. The Filer acknowledges that:

    (a) the Filer is an insider of CTC under the Legislation;

    (b) directors and officers of the Filer are insiders of CTC under the Legislation;

    (c) the Filer is a "significant shareholder" of CTC and therefore a "reporting insider" of CTC under those definitions in National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (**NI 55-104**), which came into force in April 2010;

    (d) the only officers of the Filer are its President, its Vice-President and its Secretary-Treasurer and one or more of them may be considered to be reporting insiders of CTC under NI 55-104;

    (e) securities of the Filer derive all or substantially all of their value from the Filer's holdings of the CTC Shares and therefore may be considered:

        (i) instruments covered by Part 2 of former MI 55-103 *Insider Reporting of Certain Derivative Transactions (Equity Monetization)* (MI 55-103) (in force from March 2004 to April 2010 but of which the Filer was unaware); and

        (ii) since April 2010, "related financial instruments" under NI 55-104;

    (f) the Filer and officers and directors of the Filer have filed all required insider reports on the System for Electronic Disclosure by Insiders in connection with their holdings of and transactions in securities of CTC;

    (g) previous and current officers and directors of the Filer have not filed any insider reports in connection with their holdings of and transactions in securities of the Filer;

    (h) the Filer believes that, since April 2010, the officers and directors of the Filer have been entitled to rely on the exemption in section 9.3 of NI 55-104 on the basis that they do not "in the ordinary course receive or have access to" material undisclosed information about CTC prior to general disclosure; and

    (i) similarly, the directors of CTC who are CTC Dealers and who have been appointed by the Filer to the CTC board have not, so far as the Filer is aware, filed any insider reports in connection with their holdings of and transactions in securities of the Filer;

55. Staff of the Canadian Securities Administrators have noted that circumstances may arise whereby the Filer and its officers and directors are not entitled to rely on section 9.3 of NI 55-104 for the following reasons:

    (a) the Filer is a party to the CTC Shareholders' Agreement and Ms Billes might consult with the Filer on, and thereby impart knowledge of, significant decisions and proposed decisions at the controlling shareholder level, including decisions relating to changes in the capital or ownership structure of CTC, and the potential exercise by the Filer in the future of its right of first refusal to acquire CTC Shares from Ms Billes;

(b) the Filer's nominees on the CTC board could from time to time consult with the Filer, and thereby impart knowledge of, material undisclosed information about CTC prior to general disclosure; and

(c) in connection with CTC Dealer participation in CTC/CTC Dealer committees, CTC could impart to CTC Dealers who are directors and officers of the Filer knowledge of material undisclosed information about CTC prior to general disclosure.

56. Although the Filer believes that, since April 2010, the officers and directors of the Filer have been entitled to rely on the exemption in section 9.3 of NI 55-104, in light of the relationship between the Filer and CTC, the officers and directors of the Filer have agreed to file insider reports disclosing their existing holdings of and future transactions in securities of CTC and related financial instruments of securities of CTC without regard to the exemption in section 9.3 of NI 55-104.

57. The Filer acknowledges that its former and current directors and officers may have been in default of their insider reporting requirements as a result of the failure to file insider reports in respect of their holdings of securities of the Filer under former MI 55-103 and, if it is determined that the exemption in section 9.3 of NI 55-104 was not available at any time under NI 55-104.

58. While the Filer was not aware of former MI 55-103, it takes insider trading issues seriously. For example, the Filer has established an insider trading policy (the **Insider Trading Policy**) that is modelled after that of CTC. The Insider Trading Policy prohibits the Filer's directors, during a CTC blackout period (as defined in the Insider Trading Policy) or at any other time when the Filer's directors may be in possession of material undisclosed information about CTC from:

(a) any purchase or sale of a security of CTC; or

(b) any acquisition or disposition of an interest in, or right or obligation associated with, a related financial instrument (including an interest in common shares of the Filer).

Governance structure of the Filer

59. The Filer is managed by a board of nine directors, five of whom are elected on a regional basis and four of whom are elected on a national basis. Each director is elected for a three-year term with three director positions eligible for election annually. Directors may only serve for two consecutive terms but may run for re-election after having been off the board for one year. Pursuant to the Filer's Compliance & Governance Policy, a nomination committee of directors of the Filer is established annually to recommend nominees for election to the Filer's board.

60. No director of the Filer receives any remuneration for his or her services, but directors are reimbursed for any out-of-pocket expenses.

61. The Filer has no staff and all services are provided by subcontract. The Filer's directors have established a compliance and governance committee, an audit committee and a nominating committee for the three CTC directors the Filer is entitled to nominate. The Filer's compliance and governance committee, audit committee and nominating committee meet on a regular basis, as required, and carry out appropriate duties for that committee.

62. The Filer is not currently contemplating any further issuance of shares from its treasury. The Filer may at some point in the future wish to issue additional shares to CTC Dealers (likely based on a formula calculation). If that were to occur, it would likely only occur if the Filer is presented with an opportunity to buy additional shares of CTC in circumstances where it needs to raise more capital for that purpose. The Filer is not contemplating nor has it been in discussions with CTC and/or any shareholders of CTC in connection with any proposed transfer of CTC Shares, any reorganization of CTC's capital structure or any other transaction.

63. Other than the past compliance issues set out in representations 40 through 58, the Filer is not in default of any requirements under the Legislation.

Decision

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

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

(a) the Filer is not a reporting issuer in any of the Jurisdictions;

(b) securities of the Filer are not traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Filer has no active business and its sole activity consists of the ownership of the CTC Shares and matters ancillary thereto;

(d) CTC is and remains a reporting issuer in at least one of the Jurisdictions and is not noted in default of its obligations under the Legislation in any Jurisdiction;

(e) the Filer provides each CTC Dealer that is a current member of the Filer with a copy of this Decision within 30 business days of the date of this Decision;

(f) before a CTC Dealer acquires common shares of the Filer, the Filer gives the CTC Dealer:

(i) a copy of the Member Agreement if the CTC Dealer has not already been provided with a copy of such document;

(ii) a copy of a summary document (that will be an offering memorandum pursuant to section 130.1 of the *Securities Act* (Ontario) (the **Act**) or the corresponding provisions in the Legislation of a Jurisdiction other than Ontario) that contains:

(A) prospectus-level disclosure about the Additional Risk Considerations and Risks Associated with Leverage;

(B) a description of the CTC Dealer's statutory rights under section 130.1 of the Act or the corresponding provisions in the Legislation of a Jurisdiction other than Ontario; and

(C) the Filer's most recent audited financial statements;

(iii) a copy of this Decision, if not already provided; and

(iv) a statement to the effect that as a consequence of this Decision, certain protections, rights and remedies provided by the Legislation, including statutory rights of rescission or damages will not be available to the CTC Dealer and that certain restrictions are imposed on the subsequent disposition of the common shares of the Filer;

(g) each Annual Account Summary shall as soon as practicable, and each new Annual Account Summary shall, bear a legend stating that the right to transfer the shares described in such Annual Account Summary are subject to the restrictions contained in the Member Agreement and restrictions under the Legislation;

(h) the exemptions contained in this Decision shall cease to be effective if the Member Agreement is amended in any material respect relevant to the Exemption Sought without prior written notice to, and consent by, the OSC;

(i) the Filer prepares and sends audited financial statements to each of its beneficial shareholders on an annual basis within 140 days of the Filer's financial year end;

(j) the Filer conducts annual meetings in accordance with applicable corporate law; and

(k) the first trade in any security acquired in reliance on an exemption contained in this Decision, including the first trade by a CTC Dealer in a security of the Filer acquired in reliance on this Decision, is deemed to be a distribution.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Wes M. Scott"
Commissioner
Ontario Securities Commission

2.1.6 Artaflex Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

May 31, 2013

Artaflex Inc.
96 Steelcase Road
Markham, Ontario L3R 3J9

Attention: Paul Walker

Re: Artaflex Inc. (the Applicant) – application for a Decision under the Securities Legislation of Ontario, Alberta and Québec (the Jurisdictions) that the Applicant is not a Reporting Issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.7 White Hat Corporation (formerly Tenth Power Technologies Corp.) – s. 1(10)

Headnote

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

Ontario Statutes

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

May 31, 2013

Tenth Power Technologies Corp.
c/o Aird & Berlis LLP
181 Bay Street, Suite 1800,
Toronto, Ontario, M5J 2T9

Attn: Thomas A. Fenton

Dear Sirs/Mesdames:

Re: White Hat Corporation (formerly Tenth Power Technologies Corp.) (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.8 IROC Energy Services Corp. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

Citation: IROC Energy Services Corp. , Re, 2013 ABASC 236

May 30, 2013

Borden Ladner Gervais, LLP
Centennial Place, East Tower
1900, 520 - 3 Avenue SW
Calgary, AB T2P 0R3

Attention: Nav Dhaliwal

Dear Sir:

Re: IROC Energy Services Corp. (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Ontario and Québec (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Tom Graham"
Director, Corporate Finance

2.2 Orders

2.2.1 Portfolio Capital Inc. et al. – s. 127, 127.1

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

AND

IN THE MATTER OF
PORTFOLIO CAPITAL INC., DAVID ROGERSON
AND AMY HANNA-ROGERSON

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on March 25, 2013, the Ontario Securities Commission ("the Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on March 25, 2013 with respect to Portfolio Capital Inc. ("Portfolio Capital"), David Rogerson ("Rogerson") and Amy Hanna-Rogerson ("Hanna-Rogerson") (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 17, 2013;

AND WHEREAS on April 17, 2013, Staff and counsel for Rogerson appeared before the Commission and no one appeared on behalf of Hanna-Rogerson or Portfolio Capital;

AND WHEREAS on April 17, 2013, the Commission ordered that a pre-hearing conference take place on May 27, 2013 at 9:00 a.m.;

AND WHEREAS on May 27, 2013, Staff and counsel for the Respondents appeared and made submissions before the Commission;

AND WHEREAS the parties agreed that at the next pre-hearing conference, the parties will be prepared to set the following dates:

(a) a date in September 2013 for a pre-hearing conference, by which time the Respondents and Staff will have provided witness lists and disclosure to the other parties;

(b) a date in October 2013 for a further pre-hearing conference to prepare for the hearing on the merits; and

(c) dates in November 2013 for the hearing on the merits;

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

IT IS ORDERED that the hearing is adjourned to a further pre-hearing conference to be held on June 24, 2013 at 9:00 a.m.

DATED at Toronto this 27th day of May, 2013.

"Alan J. Lenczner"

2.2.2 2196768 Ontario Ltd (c.o.b. as Rare Investments) et al. – s. 127, 127(1)

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

AND

IN THE MATTER OF
2196768 ONTARIO LTD
CARRYING ON BUSINESS AS RARE INVESTMENTS,
RAMADHAR DOOKHIE, ADIL SUNDERJI
AND EVGUENI TODOROV

ORDER
(Sections 127 and 127(1) of the Securities Act)

WHEREAS on November 22, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on that date pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, in respect of 2196768 Ontario Ltd carrying on business as RARE Investments ("RARE"), Ramadhar Dookhie ("Dookhie"), Adil Sunderji ("Sunderji") and Evgueni Todorov ("Todorov") (collectively, the "Respondents"), for a hearing to commence on December 5, 2011;

AND WHEREAS at a hearing on December 5, 2011, counsel for Staff advised that disclosure will be made to the Respondents by Staff on or by January 16, 2012 and the parties consented to the scheduling of a confidential pre-hearing conference on March 5, 2012;

AND WHEREAS on March 1, 2012, with the consent of Staff, the Commission ordered that the confidential pre-hearing conference scheduled for March 5, 2012 be adjourned to May 2, 2012 to permit two of the Respondents to retain separate legal counsel;

AND WHEREAS the parties attended on May 2, 2012, and Staff advised that disclosure was complete and two of the Respondents advised they had not yet retained legal counsel;

AND WHEREAS on May 2, 2012, the Commission ordered that a confidential pre-hearing conference be held on July 19, 2012;

AND WHEREAS the parties attended on July 19, 2012, and the Commission ordered that the confidential pre-hearing conference be adjourned to September 14, 2012 to permit two of the Respondents to obtain legal counsel and to canvass dates for the hearing on the merits;

AND WHEREAS the parties attended on September 14, 2012, and the Commission ordered that the hearing on the merits shall commence on Monday, March 18, 2013 and continue on March 19, 20, 21, 22, 25, 27 and 28, 2013;

AND WHEREAS on March 13, 2013, Todorov requested an adjournment to retain legal counsel, counsel for Staff made submissions with respect to Todorov's request for an adjournment and the Commission ordered that:

1. the hearing on the merits be adjourned on a peremptory basis as against Todorov;

2. the hearing dates of March 18, 19, 20, 21, 22, 25, 27 and 28, 2013 be vacated; and

3. the hearing on the merits begin on Wednesday, May 22, 2013 at 10:00 a.m. and continue on May 23, 24, 27, 28, 29, 30 and 31, 2013;

AND WHEREAS on March 15, 2013, the Commission approved a Settlement Agreement, dated March 13, 2013, between Staff and Sunderji;

AND WHEREAS the Commission conducted the hearing on the merits in respect of the remaining respondents RARE, Dookhie and Todorov on May 22, 23, 24 and 27, 2013;

AND WHEREAS the Commission considers it to be in the public interest to do so;

IT IS HEREBY ORDERED that:

1. the hearing dates of May 28, 29, 30 and 31, 2013 are vacated;

2. Staff shall serve and file written closing submissions on or by Friday, June 28, 2013;

3. the Respondents shall serve and file written closing submissions on or by Friday, August 9, 2013;

4. Staff shall serve and file any written reply on or by Tuesday, August 20, 2013; and

5. the hearing on the merits shall continue on Thursday, September 5, 2013 at 10:00 a.m. for the purpose of hearing oral closing submissions from the parties.

DATED at Toronto this 27th day of May, 2013.

"Edward P. Kerwin"

2.2.3 Pro-Financial Asset Management – s. 127(1), 127(7)

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

ORDER
Subsections 127(1) and (7)

WHEREAS on May 17, 2013, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") with respect to Pro-Financial Asset Management Inc. ("PFAM"), ordering that:

1. Pursuant to paragraph 1 of subsection 127(1) of the Act that the registration of PFAM as a dealer in the category of exempt market dealer is suspended; and

2. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms and conditions apply to the registration of PFAM as an adviser in the category of portfolio manager and to its operation as an investment fund manager:

   a. PFAM's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Pro-Hedge Funds and Pro-Index Funds; and

   b. PFAM shall not accept any new clients or open any new client accounts of any kind in respect of the Managed Accounts;

3. Pursuant to subsection 127(6) of the Act that the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS the investigation by Staff of the Commission ("Staff") is ongoing;

AND WHEREAS on May 28, 2013, Staff filed the affidavit of Michael Denyszyn sworn May 24, 2013 with the Secretary's office in support of the extension of the Temporary Order;

AND WHEREAS it appears to the Commission that PFAM: (i) is capital deficient contrary to subsection 12.1(2) of NI 31-103; and (ii) there is an ongoing reconciliation being conducted by PFAM for the nine series of PPNs, which process PFAM has advised Staff will be complete on May 31, 2013 or as soon as possible thereafter;

AND WHEREAS Staff has been advised by PFAM's counsel that PFAM consents to 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;

AND WHEREAS by Authorization Order made April 12, 2013, pursuant to subsection 3.5(3) of the Act, the Commission authorized each of Howard I. Wetston, James E. A. Turner, Mary G. Condon, James D. Carnwath, Edward P. Kerwin, Vern Krishna, Alan J. Lenczner, Christopher Portner and C. Wesley M. Scott acting alone, to exercise the powers of the Commission to make Orders under section 127 of the Act;

IT IS ORDERED pursuant to subsection 127(7) of the Act that Temporary Order is extended to June 27, 2013;

IT IS FURTHER ORDERED that the hearing to consider whether to: (i) further extend the terms of the Temporary Order; and/or (ii) make any further order as to PFAM's registration will proceed on June 26, 2013 at 10:00 a.m.; and

IT IS FURTHER ORDERED that the hearing date of May 30, 2013 at 10:00 a.m. is vacated.

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

"James Turner"

2.2.4 Issam El-Bouji et al. – s. 17

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

AND

IN THE MATTER OF
ISSAM EL-BOUJI, GLOBAL RESP CORPORATION,
GLOBAL GROWTH ASSETS INC.,
GLOBAL EDUCATIONAL TRUST FOUNDATION
AND MARGARET SINGH

ORDER
(Section 17)

WHEREAS on January 10, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the Securities Act, R.S.O. 1990, c S.5, as amended (the "Act"), accompanied by a Statement of Allegations dated the same date filed by Staff of the Commission ("Staff"), in respect of Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh (collectively, the "Respondents");

AND WHEREAS on February 27, 2013, Staff and counsel for the Respondents appeared before the Commission and made submissions, and Staff advised the Commission that it had completed the majority of its disclosure to the Respondents;

AND WHEREAS on April 1, 2013, Global RESP Corporation and Global Growth Assets Inc. (the "Applicants") filed a Notice of Motion (the "Motion") with the Commission for an order pursuant to section 17 of the Act, authorizing disclosure to Deloitte LLP, the auditor of the Applicants, of any portions of the disclosure delivered to the Applicants by Staff in this proceeding which included both testimony and documentary evidence (the "Confidential Information") that cannot be disclosed as a result of the application of section 16 of the Act or by reason of the implied undertaking to the Commission as to use of the Confidential Information; for greater certainty, Confidential Information excludes information and documents known to or in the possession of the Applicants other than by reason of the disclosure by Staff in connection with this proceeding and excludes other matters of public record;

AND WHEREAS the Motion was scheduled to be heard on May 15, 2013 at 11:00 a.m. (the "Motion Hearing");

AND WHEREAS the Applicants, Staff and X filed written materials with the Commission in advance of the Motion Hearing;

AND WHEREAS on May 15, 2013, the Commission heard submissions from the Applicants, Staff, X, Y and Z who was unrepresented;

AND WHEREAS Staff, X and Z opposed the Motion;

AND WHEREAS two other individuals who provided testimony or evidence also opposed the Motion;

AND WHEREAS the Commission has considered all of the submissions and evidence submitted at the Motion Hearing and has concluded that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that:

1. Outside legal counsel to the Applicants shall be entitled to communicate to not more than four representatives of Deloitte the general nature of the Confidential Information, without disclosing the name or identity of any person or company that gave testimony or provided any documentary evidence included in the Confidential Information, together with such legal counsel's assessment of the relevance, probity, or weight of such testimony or evidence relative to the allegations made in the Statement of Allegations in this matter (that communication is referred to in this Order as the "Communication");

2. Except as expressly provided in paragraph 1 above:

   (a) any portion of the Confidential Information that was compelled under the Act, including any written record of the Communication, shall continue to be subject to confidentiality in accordance with section 16 of the Act; and

   (b) any portion of the Confidential Information that was not compelled under the Act, including any written record of the Communication, shall continue to be subject to the implied undertaking to the Commission as to use of the Confidential Information;

3. For greater certainty,

   (a) the Communication shall be made only to representatives of Deloitte who need to receive the Communication in order for Deloitte to fulfill its professional responsibilities as the auditor of the Applicants and their affiliates;

   (b) any representative of Deloitte who receives the Communication shall maintain the strict confidentiality of the Communication and of any record thereof;

   (c) the Communication and any record thereof shall not be referred to in any document prepared by Deloitte that is to be made public except with the Commission's prior approval;

   (d) Deloitte shall not use the Communication other than to fulfill its professional responsibilities as the auditor of the Applicants and their affiliates and as expressly permitted by this Order; and

   (e) any use or disclosure of the Communication or any record thereof, other than as expressly permitted by this Order, shall constitute a violation of this Order.

4. The Applicants, Staff or any person directly affected by this Order may apply to the Commission for directions as to the scope and application of this Order.

DATED at Toronto this 21st day of May, 2013.

"James E. A. Turner"

2.2.5 Toronto Standard Condominium Corporation #1703

Headnote

Securities Act (Ontario) – Application to vary a decision of the Commission – Resale of residential condominium units included in a rental pool program are not subject to section 25 or 53 provided that prospective purchasers receive certain disclosure prior to entering into an agreement of purchase and sale.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, as am., ss. 25, 53, 74(1), 144.
Condominium Act, R.S.O. 1990, as am.

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

AND

IN THE MATTER OF
TORONTO STANDARD CONDOMINIUM CORPORATION #1703

ORDER
(Section 144 of the Act)

WHEREAS the Ontario Securities Commission granted a exemption order on November 22, 2004 (the **Prior Exemption Order**) pursuant to subsection 74(1) of the Act exempting 1 King West Inc. (the **Original Applicant**) that the sale by the Original Applicant of residential condominium units within a certain condominium project built by the Original Applicant on a site located at 1-5 King Street West, Toronto, Ontario, (**1 King West**) will not be subject to sections 25 and 53 of the Act;

AND WHEREAS Toronto Standard Condominium Corporation #1703 (**TSCC 1703** or the **Applicant**) has filed an application pursuant to section 144 of the Act for a variation of the Prior Exemption Order of the Commission such that the resale of Residential Units (as defined below) at 1 King West will not be subject to section 25 and 53 of the Act (the **Variation Sought**);

AND WHEREAS the Applicant has represented to the Commission, in support of the Prior Exemption Order, and confirms such representations made by the Original Applicant in support of the Variation Sought, that:

1. The Applicant was created by a Declaration under the *Condominium Act 1998* (Ontario) (the **Condominium Act**) registered on September 9, 2005.

2. The Applicant is not a reporting issuer under the Act nor under any other securities legislation in Canada and has no present intention of becoming a reporting issuer under the Act.

3. The Applicant acts on behalf of the owners of 575 condominium units (the **Residential Units**) at 1 King Street West, Toronto, Ontario (the **Lands**); manages the common elements of the condominium corporation; and also directs the activities of its wholly-owned subsidiaries, TSCC 1726, King-Yonge Suites Inc., and Events at One King West Ltd., which in turn manage the Hotel Program (as defined below) and the food-and-beverage, housekeeping, valet parking, and other services that, in combination, function in the manner of a conventional hotel carrying on business as One King West Hotel and Residence (collectively, the **Hotel Management**).

4. The majority of the Lands are occupied by the Residential Units. The remaining portions are either common elements of the condominium corporation TSCC 1703 or freehold spaces owned by TSCC 1703.

5. Each owner is entitled to use a Residential Unit for any of the following purposes: personal residence, residential tenancy for a minimum lease period of one year, business activities as permitted by the City of Toronto by-laws, or, if it is a Residential Unit that is properly furnished, finished, and equipped, participation in short-term rentals (the **Hotel Program**) through the terms of the optional rental management agreement (the **Rental Management Agreement**) with the Hotel Management.

6. In accordance with the Condominium Act, each owner of a Residential Unit is responsible for expenses, such as real property taxes, that are directly attributable to the Residential Unit and is also responsible for the

Residential Unit's proportionate share of utilities, maintenance, and various expenses related to the common property of the condominium corporation, which are collected by TSCC 1703 monthly (what are commonly known as "condo fees").

7. Each owner of a Residential Unit is optionally entitled to enrol such unit in the Hotel Program, provided that the furnishings, finishes, and equipment are at least equivalent to the then-current standard for units in the program as determined by the Hotel Management, and that the owner signs the then-current Rental Management Agreement.

8. For units that participate in the Hotel Program, the Hotel Management is entitled, but not obligated, to pay condo fees and property taxes on behalf of unit owners; these amounts are deducted from the Hotel Program's distributions, which are paid monthly to Participating Suite Owners (**PSOs**). The Hotel Management provides, at the expense of the Hotel Program, insurance to cover liability and all perils at a level that will cover replacement of the unit's contents to the current standard of furnishings, finishes, and equipment.

9. Revenues derived from the short-term rental of an owner's unit in the Hotel Program are pooled and then allocated on the basis of unit type and the number of days during the calculation period that the applicable unit is enrolled. Each PSO is then paid the unit's share of aggregate revenue, less the actual expenses, the contributions to the replacement reserve fund, and a fixed management fee per participating unit. Net revenues are calculated and paid on a monthly basis. The Hotel Management is entitled to a bonus of 5% (five per cent) of the difference between revenues and expenses on an annual basis, in addition to a monthly fee that recovers costs of management from the PSOs.

10. The Rental Management Agreement obligates the Hotel Management to send to each PSO:

    (a) audited annual financial statements for the rental program that have been prepared in accordance with Canadian generally accepted accounting principles, certified and delivered with the applicable provisions of the Act and National Instrument 51-102 *Continuous Disclosure Obligations* as if the Hotel Program was a reporting issuer for the purposes of the Act; and

    (b) monthly unaudited financial reports for the Hotel Program, along with the management's discussion and analysis.

11. The Condominium Act imposes strict requirements on the condominium corporation to make full disclosure to all owners of its revenues, expenses, long-term liabilities, and budgets. Such disclosure is also made to prospective purchasers by way of the statutorily-defined Status Certificate.

12. A majority of the Residential Units in the building currently participate in the Hotel Program, and it is the policy of the Hotel Management to maintain this level, and to seek to gradually increase the number of participating units as demand for hotel rooms rises.

13. As a provision of the condominium's statute-mandated Declaration, no owner of any Residential Unit is entitled to rent such unit on a short-term basis other than through the Hotel Program. Long-term leases for a minimum of one year, including the identity of all residents, must be formally registered with TSCC 1703. Any violations of this policy are strictly prohibited, and are subject to rigorous enforcement including the denial of access to the unit by unregistered tenants.

14. All of the units eligible for participation in the Hotel Program have been turned over by the Original Applicant to individual owners. Control and management of the entire property now rests strictly with the democratically-elected board of directors of TSCC 1703.

15. Prospective purchasers of Residential Units are not provided with any form of rental, cash flow, or deficiency guarantees or any other form of financial commitment or projection, by or on behalf of the Applicant respecting the Hotel Program or the sale of Residential Units, other than:

    (a) Examples of financial calculations solely for the purpose of better explaining to prospective purchasers how hotel pooling proceeds are calculated; and

    (b) the condominium corporation's annual budget.

16. Every owner of a Residential Unit of TSCC 1703 offered for sale shall, regardless of the current usage of the unit, provide to every prospective purchaser copies of the following information, which shall be available at cost from TSCC 1703:

(a) this Order;

(b) an explanation, in plain English, of the Declaration's restrictions on the use of units within TSSC 1703, particularly the prohibition of short-term rentals, along with the rights and obligations of participation in the optional Hotel Program;

(c) an example of financial calculations solely for the purpose of better explaining to prospective purchasers how hotel pooling proceeds are calculated;

(d) audited financial statements of the Hotel Program for the most recent full year, with comparative figures for the previous year, and the Hotel Management may, at its option, provide additional historical financial data;

(e) monthly unaudited financial reports to PSOs for the period since the end of the last year covered by the audited statements; and

(f) budgetary data required to be delivered pursuant to the Condominium Act.

17. The Rental Management Agreement imposes an obligation on each PSO to provide the Hotel Management with reasonable notice of a proposed sale of the Residential Unit. Obligations under the Rental Management Agreement (including the obligations set out in paragraph 11 above) shall continue in force regardless of any change in ownership of the Residential Unit.

18. The Rental Management Agreement shall not require an owner of a unit to give any person an assignment of any of his, her or its right to vote on any matter relating to the affairs of TSCC 1703.

AND UPON considering the application and the recommendation of staff of the Commission;

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

IT IS ORDERED, pursuant to Section 144 of the Act, that the Variation Sought is granted, provided that:

(a) the prospective purchaser receives all of the documents and information referred to in paragraph 16 prior to entering into a Purchase Agreement;

(b) the notice referred to in paragraph 17 is given by the seller to the Hotel Management of the seller's intent to sell his, her, or its Residential Unit;

(c) the Applicant and Hotel Management comply with paragraph 15; and

(d) the seller, or an agent acting on the seller's behalf does not advertise, market, or promise any guaranteed or committed economic benefits of the Hotel Program to the prospective purchaser.

DATED at Toronto on this 28th day of May, 2013.

"Christopher Portner"
Commissioner

"Wes M. Scott"
Commissioner

2.2.6 Angoss Software Corporation

Headnote

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

Statutes Cited

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

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

AND

IN THE MATTER OF
ANGOSS SOFTWARE CORPORATION
(the Applicant)

FINAL ORDER

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of common shares (**Common Shares**) and an unlimited number of preferred shares (**Preferred Shares**).

2. The head office of the Applicant is located at 111 George Street, Suite 200, Toronto, Ontario, M5A 2N4.

3. On March 11, 2013, the Applicant announced that it had executed a definitive arrangement agreement with Peterson Partners, Inc. (**Peterson Partners**), in connection with the acquisition by an affiliate of Peterson Partners, 2363310 Ontario Inc. (**Acquireco**), of all of the outstanding Common Shares of the Applicant by way of a court-approved statutory plan of arrangement (the **Arrangement**).

4. The Arrangement was approved by special resolution of the Applicant's shareholders and warrantholders at the Applicant's annual and special meeting of shareholders held on April 16, 2013. The final court order approving the Arrangement was obtained on April 19, 2013.

5. On April 25, 2013, the Applicant announced the completion of the Arrangement. As result, Acquireco became the sole beneficial holder of all of the Common Shares.

6. In connection with the completion of the Arrangement, all of the issued and outstanding Preferred Shares were redeemed in accordance with their terms.

7. As of the date of this decision, all of the outstanding securities of the Applicant, including any debt securities, which are beneficially owned, directly or indirectly, are held by a sole securityholder, Acquireco.

8. The Common Shares have been de-listed from the Toronto Stock Exchange, effective as of the close of trading on April 29, 2013.

9. No securities of the Applicant will be traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

10. The Applicant is not in default of any of its obligations under the securities legislation of any of the jurisdictions in Canada in which it is currently a reporting issuer.

11. The Applicant has applied for an order that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) in accordance with the simplified procedure set out in OSC Staff Notice 12-*703 Applications for a Decision that an issuer is not a Reporting Issuer* and is not a reporting issuer, or the equivalent, in any jurisdiction in Canada (the **Reporting Issuer Relief**).

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

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

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

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

DATED this 28th day of May, 2013.

"Christopher Portner"
Commissioner
Ontario Securities Commission

"Wes M. Scott"
Commissioner
Ontario Securities Commission

2.2.7 LCH.Clearnet Limited – s. 144

Headnote

Application under section 144 of the Securities Act (Ontario) (Act) to vary 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, 144.

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
(LCH)

VARIATION TO 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 to extend the expiry of the Interim Order (**Restated Interim Order**) and issued an order dated August 28, 2012 varying the Restated Interim Order to extend the expiry of the Restated Interim Order;

AND WHEREAS the Commission issued an order dated February 12, 2013 varying and restating the Restated Interim Order to extend the expiry of the Restated Interim Order (**February 2013 Restated Interim Order**);

AND WHEREAS the February 2013 Restated Interim Order will terminate on the earlier of (i) June 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 with the Commission pursuant to section 144 of the Act to vary the February 2013 Restated Interim Order to allow Commission staff to complete their review of LCH and for the Commission to issue the Subsequent Order (**Application**);

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 the February 2013 Restated Interim 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;

IT IS ORDERED, pursuant to section 144 of the Act, that the February 2013 Restated Interim Order be varied by replacing the reference to "June 1, 2013" with a reference to "October 1, 2013."

DATED this 24th day of May, 2013

"Edward P. Kerwin"

"Deborah Leckman"

2.2.8 New Futures Trading International Corporation and Fernando Honorate Fagundes also known as Henry Roche – 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
NEW FUTURES TRADING INTERNATIONAL CORPORATION and FERNANDO HONORATE FAGUNDES also known as HENRY ROCHE

ORDER
(Subsection 127(1) and 127(10) of the Securities Act)

WHEREAS on March 18, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of New Futures Trading International Corporation ("New Futures") and Fernando Honorate Fagundes also known as Henry Roche ("Fagundes") (collectively, the "Respondents");

AND WHEREAS on March 18, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on April 3, 2013, the Commission heard applications by Staff to waive service on the Respondents in accordance with Rule 1.5.3 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*"), and to convert the matter to a written hearing pursuant to Rule 11.5 of the *Rules of Procedure*;

AND WHEREAS on April 9, 2013, the Commission granted Staff's application to waive service of process on Fagundes, pursuant to Rule 1.5.3 of the *Rules of Procedure*;

AND WHEREAS on April 9, 2013, the Commission granted Staff's application to proceed by way of written hearing is granted, pursuant to Rule 11 of the *Rules of Procedure* and set down a schedule for the submission of materials;

AND WHEREAS on April 18, 2013, the Commission waived future service on New Futures, pursuant to subrule 1.5.3(3) of the *Rules of Procedure*;

AND WHEREAS Staff filed written materials, a hearing brief, a brief of authorities and affidavits of service;

AND WHEREAS the Respondents did not provide any materials;

AND WHEREAS the Respondents are subject to final judgments of the United States District Court of New

Hampshire, dated May 24, 2012, which find that the Respondents have contravened United States laws respecting the buying or selling of securities (*Securities and Exchange Commission v. New Futures Trading International Corporation and Henry Roche*, Civil Action No. 11 CV 532-JL (D. N.H. 2012) within the meaning of paragraph 3 of subsection 127(10) of the Act;

AND WHEREAS on May 31, 2013, the Commission issued it reasons and decision in this matter;

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

IT IS ORDERED that:

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

(b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Respondents cease permanently;

(c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents cease permanently;

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

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Fagundes shall resign any positions that he holds as director or officer of an issuer, registrant or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Fagundes is prohibited permanently from becoming or acting as director or officer of any issuer, registrant or investment fund manager; and

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, that Fagundes is prohibited permanently from becoming or acting as a registrant, investment fund manager or as a promoter.

Dated at Toronto this 31st day of May, 2013.

"Alan J. Lenczner, Q.C."

2.2.9 Artaflex Inc. – s. 1(6) of the OBCA

Headnote

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

Applicable Legislative Provisions

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

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

AND

IN THE MATTER OF
ARTAFLEX INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of common shares.

2. The head office of the Applicant is located at 96 Steelcase Road, Markham, Ontario L3R 3J9.

3. Pursuant to articles of amendment made effective April 26, 2013, the Applicant effected a share consolidation of its common shares on the basis of one post-consolidation share for each 2,500,000 pre-consolidated common shares (the **Consolidation**). The Consolidation has resulted in all of the shareholders of the Applicant (except Artaflex Holdings Inc. (**AHI**)) holding a fractional interest in the post-consolidated common shares of the Applicant.

4. As fractional common shares will not be issued, each shareholder of the Applicant will receive $0.05 in cash for each pre-consolidated common share held immediately prior to the Consolidation. AHI is now the sole shareholder of the Applicant holding approximately four common shares.

5. The common shares of the Applicant were delisted from the TSX Venture Exchange effective at the close of business on April 29, 2013.

6. The outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

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

8. The *Voluntary Surrender of Reporting Issuer Status* was issued by the British Colombia on May 11, 2013. The Applicant has applied for an order that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) in accordance with the simplified procedure set out in CSA Staff Notice 12-703 *Applications for a Decision that an Issuer is not a Reporting Issuer* and is not a reporting issuer, or the equivalent, in any other jurisdiction in Canada (the **Reporting Issuer Relief**).

9. The Applicant is not in default of any of its obligations under the securities legislation of any of the jurisdictions in Canada which it is currently a reporting issuer (Alberta, Ontario and Quebec).

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

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

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

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

Dated this 31st day of May, 2013

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2.10 Dizun International Enterprises Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order issued by the Commission – Cease trade order issued because the issuer had failed to file certain continuous disclosure materials required by Ontario securities law – Defaults subsequently remedied by bringing continuous disclosure filings up-to-date – Cease trade order revoked.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1), 127(5), 127(8), 144.

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

AND

IN THE MATTER OF
DIZUN INTERNATIONAL ENTERPRISES INC.
(the Reporting Issuer)

ORDER
(Section 144)

WHEREAS the securities of Dizun International Enterprises Inc. (the "**Applicant**") are subject to a temporary cease trade order dated March 12, 2013 issued by the Director of the Ontario Securities Commission (the "**Commission**"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order dated March 25, 2013 made by the Director, pursuant to paragraph 2 of subsection 127(1) of the Act (collectively, the "**Ontario Cease Trade Order**"), ordering that all trading in the securities of the Applicant, whether direct or indirect, cease until the Ontario Cease Trade Order is revoked by the Director;

AND WHEREAS the Ontario Cease Trade Order was made on the basis that the Applicant was in default of certain filing requirements under Ontario securities law as described in the Ontario Cease Trade Order;

AND WHEREAS the Applicant has applied to the Commission for a revocation of the Ontario Cease Trade Order (the "**Application**") pursuant to section 4.1 of National Policy 12-202 *Revocation of a Compliance-Related Cease Trade Order*;

AND UPON the Applicant having represented to the Commission as follows:

1. The Applicant is a reporting issuer under the securities legislation of the provinces of British Columbia, Alberta and Ontario.

2. The Applicant has filed all outstanding continuous disclosure documents that are required to be filed under Ontario securities law.

3. The Applicant has paid all outstanding activity, participation and late filing fees that are required to be paid.

4. The Applicant was also subject to a similar cease trade order issued by the British Columbia Securities Commission as a result of the failure to make the filings described in the cease trade order, which order was revoked on May 8, 2013.

5. The Applicant's SEDAR profile and SEDI issuer profile supplement are current and accurate.

6. Upon the issuance of this revocation order, the Applicant will issue a news release announcing the revocation of the Ontario Cease Trade Order. The Reporting Issuer will concurrently file the news release and a material change report regarding the revocation of the Ontario Cease Trade Order on SEDAR.

AND UPON considering the Application and the recommendation of the staff of the Commission;

AND UPON the Director being satisfied that it would not be prejudicial to the public interest to revoke the Ontario Cease Trade Order;

IT IS ORDERED pursuant to section 144 of the Act that the Ontario Cease Trade Order is hereby revoked.

DATED at Toronto, Ontario this 28th May, 2013.

"Shannon O'Hearn"
Manager, Corporate Finance

2.2.11 Pangolin Diamonds Corp. – s. 1(11)(b)

Headnote

Subsection 1(11)(b) – Order that the issuer is a reporting issuer for the purposes of Ontario securities law – Issuer is already a reporting issuer in Alberta, British Columbia and Quebec – Issuer's securities listed for trading on the TSX Venture Exchange – Continuous disclosure requirements in Alberta, British Columbia and Quebec substantially the same as those in Ontario – Issuer has a significant connection to Ontario.

Statutes Cited

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

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

AND

IN THE MATTER OF
PANGOLIN DIAMONDS CORP.

ORDER
(clause 1(11)(b))

UPON the application of Pangolin Diamonds Corp. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 1(11)(b) of the Act that, for the purposes of Ontario securities law, the Applicant is a reporting issuer in Ontario;

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Applicant representing to the Commission as follows:

1. The Applicant was incorporated by Letters Patent under the provisions of the Québec *Mining Companies Act* on November 14, 1938 under the name "Continental Copper Mines, Limited." By Articles of Continuance dated December 1, 1995, the Applicant was continued under Part 1A of the *Companies Act* (Quebec) under the name "Resources Continental Ltée/Continental Resources Ltd.". The articles of the Applicant were amended by: (i) Certificate of Amendment dated July 16, 2004 to consolidate the authorized share capital of the Applicant on the basis of one new share for every 3 common shares then issued and outstanding and to change its name to "C2C Inc."; (ii) Certificate of Amendment dated February 14, 2008 to change its name to "Société Aurifère C2C Inc./C2C Gold Corporation Inc."; and (iii) Certificate of Amendment dated March 2, 2010 to consolidate the authorized share capital of the Applicant on the basis of one new share for every 10 common shares then issued and outstanding

and to change its name to "Holding Clé d'Or Inc./Key Gold Holding Inc.". Effective as of January 19, 2013, the Applicant was continued into the Province of Ontario by Articles of Continuance. Finally, effective as of March 1, 2013, the Applicant amalgamated with Pangolin Diamonds Corp. by filing Articles of Amalgamation and changed its name to "Pangolin Diamonds Corp." in connection with a reverse take-over transaction pursuant to the policies of the TSX Venture Exchange.

2. The Applicant is a reporting issuer under the *Securities Act* (British Columbia) (the "**BC Act**") and the *Securities Act* (Québec) (the "**Québec Act**"). The Applicant has been a reporting issuer since October 1, 2002, and April 4, 1996 under the BC Act, and the Québec Act, respectively. The Applicant is also a reporting issuer under the *Securities Act* (Alberta) (the "**Alberta Act**"). As at the date hereof, the Applicant is not in default of any requirements under applicable securities laws. The Applicant is not currently a reporting issuer or the equivalent in any jurisdiction in Canada other than British Columbia, Québec and Alberta.

3. As of the date hereof, the Applicant is not on the list of defaulting issuers maintained pursuant to the BC Act, the Québec Act or the Alberta Act.

4. The continuous disclosure requirements contained in the BC Act, the Québec Act and the Alberta Act are substantially the same as the continuous disclosure requirements under the Act.

5. The materials filed by the Applicant under the BC Act, the Québec Act and the Alberta Act are available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), with August 29, 1997 being the date of the first electronic filing on SEDAR by the Applicant.

6. The Applicant's registered and head office is currently located at 25 Adelaide Street East, Suite 1614, Toronto, Ontario, Canada, M5C 3A1. The Company's website address is www.pangolindiamondscorp.com.

7. The Applicant's common shares (the "**Common Shares**") are listed for trading on the TSXV under the symbol PAN. The Applicant is in good standing under the rules, regulations and policies of the TSXV.

8. As of the date hereof, the Applicant's authorized share capital consists of an unlimited number of Common Shares with no par value. As of the date hereof, there are 66,184,210 Common Shares issued and outstanding. The Applicant currently has 6,449,000 Common Share purchase warrants and 2,775,000 options exercisable for Common Shares outstanding.

9. Pursuant to the policies of the TSXV, a listed issuer, which is not otherwise a reporting issuer in Ontario, must assess whether it has a significant connection to Ontario, as defined in the policies of the TSXV and, upon becoming aware that it has a significant connection to Ontario, promptly make a bona fide application to the Commission to be deemed a reporting issuer in Ontario.

10. The Applicant has undertaken an assessment of its shareholders' base to determine whether or not the Applicant has a significant connection to Ontario. As a result of that assessment, the Applicant has determined that the Applicant has come to have a significant connection to Ontario in that it has registered and beneficial shareholders resident in Ontario who beneficially own more than 20% of the number of issued and outstanding common shares of the Applicant. More specifically, based on a geographical breakdown of shareholders received from the Applicant's transfer agent and dated May 3, 2013, Ontario residents beneficially own approximately 60% of the number of issued and outstanding common shares of the Applicant.

11. There have been no penalties or sanctions imposed against the Applicant by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority.

12. Neither the Applicant, nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, has:

    (a) been the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority;

    (b) entered into a settlement agreement with a Canadian securities regulatory authority; or

    (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision,

13. Neither the Applicant, nor any of its officers, directors, nor to the knowledge of the Applicant and its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

    (a) any known ongoing or concluded investigations by a Canadian securities regulatory authority, or a court or

regulatory body, other than a Canadian securities regulatory authority, that would be likely to be considered important to a reasonable investor making an investment decision; or

(b) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee, within the preceding 10 years.

14. Neither any of the officers or directors of the Applicant, nor, to the knowledge of the Applicant and its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to: (i) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or (ii) any bankruptcy or insolvency proceedings, or other proceedings, arrangements or compromises with creditors, or the appointment of a receiver, receiver-manager or trustee within the preceding 10 years, other than in the case of Mr. Thomas A. Fenton, a former officer (from July 1, 2004 to June 15, 2005) and director (from December 9, 1999 to September 23, 2004) of Hip Interactive Corp. (TSX:HP) which was placed into receivership, by court appointment, on July 11, 2005. A management cease trade order was imposed on certain officers and directors, past and present, on July 11, 2005, for the corporation's failure to file its audited financial statements for its fiscal year ended March 31, 2005. Such statements were to be filed by June 30, 2005, but were not filed and thus a management cease trade order followed.

15. The Applicant advises that it is not on the defaulting list of the securities regulatory authority in each jurisdiction in which the Applicant is a reporting issuer or a reporting issuer equivalent.

AND UPON the Commission being satisfied that granting this Order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to clause 1(11)(b) of the Act that the Applicant is a reporting issuer for the purposes of Ontario securities law.

DATED this 30th day of May, 2013.

"Kathryn Daniels"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.2.12 The Cash Store Financial Services Inc. – s. 144

Headnote

Application by an issuer for a revocation of a cease trade order – Issuer subject to cease trade order as a result of an error in its annual financial statements for the fifteen months ended September 30, 2010, and the years ended September 30, 2011 and September 30, 2012 and the first, second and third quarter interim financial reports for the periods ended December 31, 2011, March 31, 2012, June 30, 2012, and December 31, 2012, as well as the corresponding Management's Discussion & Analysis - Issuer has brought its filings up-to-date – Issuer is otherwise not in default of applicable securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1), 127(5), 127(8), 144.

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

AND

IN THE MATTER OF
THE CASH STORE FINANCIAL SERVICES INC.
(THE FILER)

ORDER
(Section 144)

WHEREAS the securities of the Filer have been subject to a cease trade order (the **Ontario CTO**) of the Ontario Securities Commission (the **Commission**) pursuant to section 127(5) of the Act, issued on May 21, 2013, which directed that all trading in securities of the Filer, whether direct or indirect, cease for a period of 15 days from the date of the Ontario CTO;

AND WHEREAS the Filer has applied to the Commission pursuant to section 144 of the Act (the "**Application**") for an order revoking of the Ontario CTO;

AND WHEREAS the Filer has represented to the Commission that:

1. The Filer is a corporation existing under the laws of Ontario. The head office of the Filer is located at 15511-123 Avenue, Edmonton, Alberta T5V 0C3.

2. The Filer is a reporting issuer in each of British Columbia, Alberta and Ontario.

3. The Filer is authorized to issue an unlimited number of common shares (**Shares**) of which 17,571,813 Shares were issued and outstanding as of March 31, 2013.

4. The Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "CSF" and on the New York Stock Exchange under the symbol "CSFS".

5. The Ontario CTO was issued as a result of the Filer's decision to restate the following previously filed financial statements:

   (i) consolidated financial statements for the years ended September 30, 2012, September 30, 2011 and the fifteen month period ended September 30, 2010, and

   (ii) unaudited interim consolidated financial statements for the periods ending December 31, 2011, March 31, 2012, June 30, 2012 and December 31, 2012 (collectively, the **Financial Statements**).

6. In connection with this restatement decision, the Filer issued a press release dated May 13, 2013 which indicated that the Financial Statements and associated management discussion and analysis (**Related MD&A**) should not be relied upon until such time as the Filer files its restated versions of the Financial Statements and Related MD&A.

7. On May 24, 2013, the Filer filed restated versions of the Financial Statements and Related MD&A, together with revised certificates. As a result, the Filer is no longer in default of Alberta securities legislation.

8. The Filer is also subject to cease trade orders issued by the Alberta Securities Commission dated May 14, 2013 (the **Alberta CTO**) and the British Columbia Securities Commission dated May 16, 2013 (the **BC CTO**) as a result of its decision to restate the Financial Statements and Related MD&A. The Filer has concurrently applied for a revocation of the Alberta CTO and the BC CTO.

9. The Filer confirms that its SEDAR and SEDI profiles are up to date.

10. Upon issuance of a revocation order as requested hereunder, the Filer intends to issue a press release.

AND UPON considering the application and the recommendation of staff of the Commission;

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Ontario CTO be revoked.

DATED on this 31st day of May, 2013.

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 New Futures Trading International Corporation and Fernando Honorate Fagundes also known as Henry Roche – 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
NEW FUTURES TRADING INTERNATIONAL CORPORATION and FERNANDO HONORATE FAGUNDES also known as HENRY ROCHE

REASONS AND DECISION
(Subsections 127(1) and 127(10) of the Securities Act)

Decision:	May 31, 2013		
Panel:	Alan J. Lenczner, Q.C.	–	Commissioner and Chair of the Panel
Submissions:	Donna E. Campbell	–	For Staff of the Ontario Securities Commission

TABLE OF CONTENTS

REASONS AND DECISION

I. BACKGROUND

[1] This was a hearing, in writing, before the Ontario Securities Commission (the "**Commission**") pursuant to subsections 127(1) and (10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing sanctions New Futures Trading International Corporation ("**New Futures**") and Fernando Honorate Fagundes, also known as Henry Roche, ("**Fagundes**") (collectively, the "**Respondents**").

[2] A Notice of Hearing was issued by the Commission on March 18, 2013 (the "**Notice of Hearing**"), in relation to a Statement of Allegations filed by Staff of the Commission ("**Staff**") on the same day (the "**Statement of Allegations**").

[3] Staff relies on the final judgments of the United States District Court of New Hampshire ("**U.S. Court**") dated May 24, 2012 (*Securities and Exchange Commission v. New Futures Trading International Corporation and Henry Roche*, Civil Action No. 11 CV 532-JL (D. N.H. 2012) (the "**U.S. Final Judgments**")), which followed a summary order of April 20, 2012 (*Securities and Exchange Commission v. New Futures Trading International Corporation and Henry Roche*, Civil Action No. 11 CV 532-JL – Opinion No. 2012 DNH 073 (the "**U.S. Summary Order**")). The U.S. Final Judgments accepted as true the factual allegations in the Complaint filed by the United States Securities and Exchange Commission (the "**SEC**") on November 16, 2011 (the "**SEC Complaint**") and imposed sanctions against the Respondents.

[4] Staff relies upon paragraph 3 of subsection 127(10) of the Act to reciprocate the U.S. Court Order and to impose sanctions against the Respondents pursuant to paragraphs 2, 2.1, 3, 7, 8, 8.1, 8.2, 8.4 and 8.5 of subsection 127(1) of the Act.

[5] In this written hearing, I have to decide whether the Respondents have been found by a court in any jurisdiction to have contravened the laws of the jurisdiction respecting the buying or selling of securities or derivatives and whether it is in the public interest to make a reciprocal order in Ontario.

II. PRELIMINARY ISSUES

A. Service

[6] Rule 1.5.3 of Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*OSC Rules of Procedure*") provides:

> **1.5.3 Inability to Effect Service** – (1) If a person required to serve a document is unable to serve it by one of the methods described in Rule 1.5.1, the person may apply to a Panel for an order for substituted, validated or waived service.
>
> (2) **Application for an Order for Substituted, Validated or Waived Service** – The application shall be filed with an affidavit setting out the efforts already made to serve the person and stating:
>
> (a) why the proposed method of substituted service is likely to be successful; or
>
> (b) why a Panel should validate or waive service on that person.
>
> (3) **Substituted, Validated or Waived Service** – A Panel may give directions for substituted service or, where necessary, may validate or waive service if it considers it appropriate.

[7] On April 3, 2013, I received the service affidavit of Raymond Daubney ("**Daubney**"), sworn on March 22, 2013, outlining his attempts to serve Fagundes. On April 9, 2013, I granted a motion to waive service of process on Fagundes, pursuant to Rule 1.5.3 of the *OSC Rules of Procedure* and gave reasons for my decision on the same day (*Re New Futures Trading International Corporation and Fernando Honorate* (2013), 36 O.S.C.B. 3896 (the "**April 9 Order**") and 3925).

[8] On April 17, 2013, I received the second service affidavit of Daubney, sworn on April 16, 2013, outlining his attempts to serve New Futures. By order of April 18, 2013, I found that New Futures had been served with the Notice of Hearing and Statement of Allegations and acknowledged that counsel accepting service had advised Daubney that he would not respond or file materials on behalf of New Futures in this proceeding (*Re New Futures Trading International Corporation and Fernando Honorate* (2013), 36 O.S.C.B. 4445 (the "**April 18 Order**")). As a result, the April 18 Order waived future service on New Futures, pursuant to subrule 1.5.3(3) of the OSC Rules of Procedure.

B. Written Hearing

[9] Rule 11 of the *OSC Rules of Procedure* permits the Commission to conduct a proceeding by means of a written hearing. On April 3, 2013, the panel heard an application by Staff to convert the matter to a written hearing, in accordance with Rule 11.5 of the *OSC Rules of Procedure* and subsection 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**"). In the April 9 Order, I granted the application to proceed by way of written hearing, established a schedule for filing materials and permitted the Respondents the opportunity to serve and file a response by May 17, 2013.

C. Failure of the Respondents to Participate

[10] Neither of the Respondents filed evidence or made submissions. Section 7 of the SPPA authorizes a tribunal to proceed in the absence of a party when that party has been given notice of the hearing. I note that the Notice of Hearing and the Statement of Allegations were posted on the Commission's website, as were the Commission orders which set out the dates for service and filing of materials. Having waived service on Fagundes and finding that New Futures was served with the Notice of Hearing and Statement of Allegations, but chose not to participate in the proceeding, I am satisfied that I may proceed in the absence of the Respondents in accordance with section 7 of the SPPA.

III. FINAL JUDGMENTS OF THE U.S. COURT

[11] The U.S. Court accepted that between December 1, 2010 and May 11, 2011 (the "**Material Time**") the Fagundes raised $1.3 million from the offer and sale of high-yield promissory notes in the name of New Futures to at least fourteen investors, including residents of Ontario (SEC Complaint at para. 1). Furthermore, the U.S. Court accepted that the Respondents engaged in:

(i) fraud in the offer and sale of securities in violation of section 17(a) of the United States *Securities Act of 1933* (the "**U.S. Securities Act**") [15 U.S.C. §§ 17q(a)];

(ii) fraudulent or deceptive conduct in connection with the purchase or sale of securities in violation of section 10(b) of the Untied States *Securities and Exchange Act of 1934* (the "**U.S. Exchange Act**") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; and

(iii) the offer and sale of unregistered securities in violation of sections 5(a) and (c) of the U.S. Securities Act [15 U.S.C. §§ 77e(a) and (c)].

(U.S. Final Judgments, *supra* at 2; SEC Complaint at para. 2)

[12] The U.S. Final Judgments impose the following sanctions on the Respondents:

1. the Respondents are permanently restrained from violating, directly or indirectly, section 10(b) of the U.S. Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means in connection with the purchase and sale of any security to: (a) defraud, (b) make an untrue statement of a material fact or to omit to state a material fact, or (c) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

2. the Respondents are permanently restrained from violating section 17(a) of the U.S. Securities Act [15 U.S.C. § 77q(a)] in the offer and sale of a security by the use of any means, directly or indirectly, to: (a) defraud, (b) obtain money or property by means of any untrue statement of a material fact pr any omission of a material fact, or (c) engage in any transaction, practice or course of business which operates or would operate as a fraud or deceit upon the purchaser;

3. the Respondents are permanently restrained from violating section 5 of the U.S. Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of an exemption: (a) unless a registration statement is in effect as to a security, making use of any means to sell such security, (b) unless a registration statement is in effect as to a security, carrying or causing to be carried, by any means, any such security for the purpose of sale or for delivery after sale, or (c) making use of any means to offer to sell or offer to buy any security, unless a registration statement was filed with the SEC as to such security or while the registration statement is the subject of a refusal order or stop order or any public proceeding or examination under section 8 of the U.S. Securities Act [15 U.S.C. § 77h];

4. the Respondents are liable for disgorgement of $1,242,972, representing profits gained as a result of the conduct alleged in the SEC Complaint, together with prejudgment interest of $40,917.47 and a civil penalty of $150,000 pursuant to section 20(d)(2) of the U.S. Securities Act [15 U.S.C. § 77t(d)(2)] and section 21(d)(3) of the U.S. Exchange Act [15 U.S.C. § 78(u)(d)(3)].

(U.S. Final Judgments, supra at 2-5)

III. LAW AND ANALYSIS

A. Subsection 127(10) of the Act

[13] Staff relies upon the inter-jurisdictional enforcement provisions of the Act, specifically paragraph 3 of subsection 127(10) of the Act and seeks an order from the Commission imposing what Staff submits are similar sanctions and terms as were made against the Respondents by the U.S. Court.

[14] Subsection 127(1) of the Act provides:

> The Commission may make one or more of the following orders if in its opinion it is in the public interest to make the order or orders […]

[15] Subsection 127(10)3 of the Act provides:

> Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exists:
>
> […]
>
> 3. The person or company has been found by a court in any jurisdiction to have contravened the laws of the jurisdiction respecting the buying or selling of securities or derivatives […]

[16] From a review of the U.S. Final Judgments, the U.S. Summary Order and the SEC Complaint, I am satisfied that the U.S. Court had jurisdiction over the Respondents. I am also satisfied that the requirements of paragraph 3 of subsection 127(10) of the Act have been met. The U.S. Court has found that both of the Respondents contravened the U.S. Securities Act and U.S. Exchanges Act respecting the buying or selling of securities.

[17] What is left to be determined is whether it is in the public interest in Ontario for a reciprocal order to be made against the Respondents. The decision of a foreign jurisdiction stands as a determination of fact for the purpose of the Commission's considerations under subsection 127(10) of the Act. The Commission's task is then to determine whether, based on those findings of fact, the sanctions proposed by Staff would be in the public interest in Ontario. An important factor to consider is, if the facts had occurred in Ontario, whether the respondent's conduct would have constituted a breach of the Act and been considered to be contrary to the public interest, such that it would attract the same or similar sanctions.

[18] As decided by the Supreme Court of Canada (the "**SCC**"), the purpose of an order under section 127 of the Act is protective and prospective. It is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The SCC went on to state that "the role of the OSC under s. 127 is to protect the public interest by removing from capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets" (*Committee for Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132, at para. 43; *Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600).

B. Relevant Findings of the U.S Final Judgments

[19] The U.S. Final Judgments accepted as true the factual allegations in the SEC Complaint against the Respondents, who had defaulted. I note from the SEC Complaint the following:

> 1. From at least December 2010, Roche raised at least $1.3 million from the offer and sale of high-yield promissory notes (5% to 10% monthly return) in the name of New Futures to at least fourteen investors, most of which has now been dissipated. The fourteen investors included residents of nine states: California, Florida, Massachusetts, Kansas, South Carolina, Washington, Colorado, Illinois and Texas as well Ontario, Canada. The vast majority of the funds raised by Roche were funneled into a Ponzi scheme he was running. Roche represented to some investors that funds supplied would be invested in bonds, treasury notes and/or 10 year Treasury note futures contracts, while representing to others that the funds would be invested directly in New Futures, an on-line futures day-trading education and training business Roche operated out of Canada. Instead of using the funds in either manner, Roche used approximately $937,000 provided by investors to make Ponzi "interest" payments to prior investors in the scheme. In addition, Roche misappropriated another $359,000 to support his lifestyle and to operate a horse breeding ranch in Kendal, Ontario, Canada.
>
> […]
>
> 8. New Futures Trading International Corporation is a New Hampshire corporation formed in November 2010 with a principal place of business in Bedford, NH.
>
> 9. Henry Roche, age approximately 51, is a resident of Kendal, Ontario, Canada. Although not listed as an officer of New Futures, he controlled the business by directing the actions of Vice President and Treasurer, Ryan Fontaine. Roche solicited funds on behalf of New Futures.
>
> […]
>
> 12. Roche operated the online training program using at least three different names. Beginning in 2009, the program was offered through Masters Palace, Inc. Sometime in

> 2010, Roche changed the name ofthe entity or otherwise created a successor entity called Third Realm, Inc. Online Third Realm is also referred to as the "Third Realm Institute." Finally, in the fall of 20 I 0, Roche created New Futures Trading after soliciting a former student of his program, Ryan Fontaine ("Fontaine"), to form a New Hampshire-based corporation "New Futures Trading International, Corporation."
>
> 13. While Roche was not listed as an officer or director in New Futures' incorporation documents, Roche directed Fontaine to form the corporation and serve as its Vice President and Secretary, while naming Roche's wife, Emilia Elnasin (a/k/a Emilia Elnasin Roche or Lian Roche) (hereinafter "Elnasin") as a shareholder and officer along with Fontaine. Roche retained defacto control over the operation. Such control included directing Fontaine to pay various expenses related to his horse-breeding business as well as paying "interest" to investors in prior entities. Fontaine also provided Roche with blank New Futures checks that Roche could use for any purpose.
>
> […]
>
> 15. Students in Roche's training seminars had the option of viewing online presentations or attending in-person training sessions in Toronto, Canada. Certain students who participated in the training sessions were later contacted by Roche and solicited to make additional, more substantive investments in either the online stock and futures day-trading business or were solicited by Roche to invest additional money with him.
>
> 16. Roche represented to investors that he would trade stocks and bonds or futures contracts for them on an individual basis through his New Futures business. He would pay them "interest" out of the net profits obtained through the trading.
>
> 17. In return for the investment, in many instances Roche had promissory notes drafted, executed and issued to the investors.
>
> (SEC Complaint, supra at paras. 1, 8-9, 12-13 and 15-17)
>
> [20] I also note from the SEC Complaint that:
>
> 20. From December 1, 2010 to May 11,2011, Roche and New Futures issued at least eighteen promissory notes to fourteen investors in the amount of $1.3 million. The promissory notes were similar to one another and typically included an interest or return provision that would pay investors between 5-10% per month. The promissory notes also included a provision whereby the investor could demand the principal and/or any accrued interest be returned within 45 days. In some, but not all, there was an additional provision in which the investor could choose to leave the investment in place for a definitive period of time (usually 14 months) whereby the investor would then be awarded a 200% return in addition to the original investment amount.
>
> […]
>
> 22. Much of New Futures investors' money was used for two primary purposes: payments to persons who are likely investors in one of Roche's prior schemes (Masters Palace and/or Third Realm) or Roche's equestrian related expenses. In total, from November 2010 to June 2011, at least $884,000 was paid out to individuals who are, on information and belief, prior investors in Roche-related entities, while at least another $350,000 was used to pay the costs of Roche's horse breeding ranch in Kendal, Ontario, Canada-Majestic Horses. Monies were also sent directly to Third Realm, one of Roche's prior entities.
>
> (SEC Complaint, **supra** at paras. 20 and 22)

C. Appropriate Sanctions

[21] In my view, the conduct of the Respondents described above was abusive of the capital markets fully warranting the sanctions imposed by the U.S. Court. Had such conduct occurred in Ontario, it would have constituted contraventions of the Act. Given the past conduct, the absence of mitigating factors and the failure to provide any rational explanation, it is appropriate to make an order in the public interest to prevent the Respondents from accessing the capital markets in Ontario.

[22] The threshold for determining whether it is in the public interest to reciprocate an order from another regulatory authority is a low threshold. I agree with the Commission's conclusion in Euston that subsection 127(10) of the Act can be grounds for an order in the public interest under subsection 127(1) of the Act, based on the decision and order in another jurisdiction (*Re Euston Capital Corp.* (2009), 32 O.S.C.B. 6313 ("***Euston***") at para. 46).

[23] It is important that the Commission be aware of and responsive to an increasingly complex and interconnected cross-border securities industry. For some time, the courts have been attuned to the needs of business and inter-jurisdictional comity. In 1990, the SCC expounded new principles and a new approach to the recognition and enforcement of judgments between Canadian provinces. The SCC stated:

> The business community operates in a world economy and we correctly speak of a world community even in the face of decentralized political and legal power. Accommodating the flow of wealth, skills and people across state lines has now become imperative. Under these circumstances, our approach to the recognition and enforcement of foreign judgments would appear ripe for reappraisal. Certainly, other countries, notably the United States and members of the European Economic Community, have adopted more generous rules for the recognition and enforcement of foreign judgments to the general advantage of litigants.
>
> (*Morguard Investments Ltd. v. De Savoye*, [1990] S.C.J. No. 135, ("***Morguard***") at para. 34)

[24] The SCC determined the issue in this way:

> As discussed, fair process is not an issue within the Canadian federation. The question that remains, then, is when has a court exercised its jurisdiction appropriately for the purposes of recognition by a court in another province? This poses no difficulty where the court has acted on the basis of some ground traditionally accepted by courts as permitting the recognition and enforcement of foreign judgments -- in the case of judgments in personam where the defendant was within the jurisdiction at the time of the action or when he submitted to its judgment whether by agreement or attornment. In the first case, the court had jurisdiction over the person, and in the second case by virtue of the agreement. No injustice results.
>
> (Ibid. at para. 43)

[25] Thirteen years later, in 2003, the SCC revisited the issue of recognition and enforcement of foreign judgments, including those from other countries. The SCC stated:

> The importance of comity was analysed at length in *Morguard*, *supra*. This doctrine must be permitted to evolve concomitantly with international business relations, cross-border transactions, as well as mobility. The doctrine of comity is:
>
> > grounded in the need in modern times to facilitate the flow of wealth, skills and people across state lines in a fair and orderly manner.
> >
> > (*Morguard*, *supra*, at p. 1096)
>
> This doctrine is of particular importance viewed internationally. The principles of order and fairness ensure security of transactions, which necessarily underlie the modern concept of private international law. Although Morguard recognized that the considerations underlying the doctrine of comity apply with greater force between the units of a federal state, the reality of international commerce and the movement of people continue to be "directly relevant to determining the appropriate response of private international law to particular issues, such as the enforcement of monetary judgments" (J. Blom, "The Enforcement of Foreign Judgments: *Morguard* Goes Forth Into the World" (1997), 28 *Can. Bus. L.J.* 373, at p. 375).
>
> […]
>
> Like comity, the notion of reciprocity is equally compelling both in the international and interprovincial context. La Forest J. discussed interprovincial reciprocity in *Morguard*, *supra*. He stated (at p. 1107):
>
> > ... if this Court thinks it inherently reasonable for a court to exercise jurisdiction under circumstances like those described, it would be odd indeed if it did not also consider it

> reasonable for the courts of another province to recognize and enforce that court's judgment.
>
> In light of the principles of international comity, La Forest J.'s discussion of reciprocity is also equally applicable to judgments made by courts outside Canada. In the absence of a different statutory approach, it is reasonable that a domestic court recognize and enforce a foreign judgment where the foreign court assumed jurisdiction on the same basis as the domestic court would, for example, on the basis of a "real and substantial connection" test.
>
> (*Beals v. Saldanha*, [2003] S.C.J. No. 77, ("***Beals***") at paras. 27 and 29)

[26] Most provinces now have legislation whereby judgments rendered in one common law province will be enforced in another common law province by the simple act of registration (*Reciprocal Enforcement of Judgments Act*, R.S.O. 1990, c. R.5).

[27] Although the application of subsection 127(10) of the Act does not involve the direct enforcement of a foreign judgment, the principles of comity and reciprocity espoused in *Morguard* and in *Beals*, underlying the enforcement of interprovincial and foreign judgments should equally apply to securities regulators. I acknowledge that the Commission's orders in the public interest involve more than monetary judgment enforcement. The Commission has the authority to impose a number of market prohibitions on the Respondents, only when it is in the public interest to do so. Comity requires that there not be barriers to recognizing and reciprocating the orders of other regulatory authorities when the findings of the foreign jurisdiction qualify under subsection 127(10) of the Act as a judgment that invokes the public interest. For comity to be effective and the public interest to be protected, the threshold for reciprocity must be low. The onus will rest with the Respondents to show that there was no substantial connection between the Respondent and the originating jurisdiction, that the order of the foreign regulatory authority was procured by fraud or that there was a denial of natural justice in the foreign jurisdiction.

IV. CONCLUSION

[28] For the reasons stated above, it is in the public interest to issue the following orders:

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

(b) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities or derivatives by the Respondents cease permanently;

(c) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents cease permanently;

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

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Fagundes shall resign any positions that he holds as director or officer of an issuer, registrant or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Fagundes is prohibited permanently from becoming or acting as director or officer of any issuer, registrant or investment fund manager; and

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, that Fagundes is prohibited permanently from becoming or acting as a registrant, investment fund manager or as a promoter.

Dated at Toronto this 31st day of May, 2013.

"Alan J. Lenczner, Q.C."

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Dizun International Enterprises Inc.	12-Mar-13	25-Mar-13		28-May-13
Golden Moor Inc.	02-May-13	14-May-13	14-May-13	31-May-13
Platmin Limited	23-May-13	04-Jun-13		06-Jun-13
The Cash Store Financial Services Inc.	21-May-13	03-Jun-13		31-May-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
ProSep Inc.	17 Apr 13	29 Apr 13	29 Apr 13		
Northland Resources S.A.	05 Apr 13	17 Apr 13	17 Apr 13		
dynaCERT Inc.	07 May 13	17 May 13	17 May 13		
Argentium Resources Inc.	13 May 13	24 May 13	24 May 13		
Mint Technology	13 May 13	24 May 13	24 May 13		

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Chapter 5

Rules and Policies

5.1.1 Amendments to National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations

**AMENDMENTS TO NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS, EXEMPTIONS AND
ONGOING REGISTRANT OBLIGATIONS**

The amendments in sections 2(b), 2(c), 2(d), 4(g), 4(h), 5, 6(k), 13, 15, 16, 17(a), 17(b), 17(c), 19, 20, 21 of the amending instrument below will come into force at dates later than the implementation date for the other amendments. Please refer to section 22. This text box does not form part of the amending instrument.

1. ***National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations is amended by this Instrument.***

2. Section 1.1 is amended by

***(a) adding the following definitions*:**

"operating charge" means any amount charged to a client by a registered firm in respect of the operation, transfer or termination of a client's account and includes any federal, provincial or territorial sales taxes paid on that amount;

"transaction charge" means any amount charged to a client by a registered firm in respect of a purchase or sale of a security and includes any federal, provincial or territorial sales taxes paid on that amount;

***(b) adding the following definition*:**

"trailing commission" means any payment related to a client's ownership of a security that is part of a continuing series of payments to a registered firm or registered individual by any party;

***(c) adding the following definitions*:**

"book cost" means the total amount paid to purchase a security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital and corporate reorganizations;

"original cost" means the total amount paid to purchase a security, including any transaction charges related to the purchase; ***and***

***(d) adding the following definition*:**

"total percentage return" means the cumulative realized and unrealized capital gains and losses of an investment, plus income from the investment, over a specified period of time, expressed as a percentage;

3. ***The title of Division 1 of Part 14 is replaced with*** "Investment fund managers"***.***

4. ***Section 14.1 is amended by***

(a) replacing its title with "Application of this Part to investment fund managers"**,**

(b) replacing "sections" ***after*** "Other than" ***with*** "section"**,**

(c) deleting "[*holding client assets in trust*]" ***after*** "14.6"**,**

(d) adding "subsection" ***before*** "14.12(5)"**,**

(e) ***deleting*** "[*content and delivery of trade confirmation*]" ***after*** "14.12(5)"**,**

(f) ***replacing*** "14.14 [*account statements*]" ***with*** "section 14.14"**,**

(g) ***replacing*** "section 14.14" ***with*** "section 14.15"**, and**

(h) ***adding*** "section 14.1.1," ***before*** "section 14.6"**.**

5. ***Division 1 of Part 14 is amended by adding the following section:***

14.1.1 Duty to provide information

An investment fund manager of an investment fund must, within a reasonable period of time, provide a registered dealer, or a registered adviser, who has a client that owns securities of the investment fund, with the information concerning deferred sales charges and any other charges deducted from the net asset value of securities, and the information concerning trailing commissions paid to the dealer or adviser, that is required by the dealer or adviser in order to comply with paragraphs 14.12(1)(c) and 14.17(1)(h).

6. ***Subsection 14.2(2) is amended***

(a) ***by replacing*** "The information" ***with*** "Without limiting subsection (1), the information"**,**

(b) ***by deleting the words*** "required to be"**,**

(c) ***by adding*** "that" ***before the word*** "subsection"**,**

(d) ***by replacing*** "(1) includes all of" ***with*** "must include"**,**

(e) ***in paragraph (b) by replacing*** "discussion that identifies" ***with*** "general description of"***, replacing*** "or" ***with*** "and"***, and by replacing*** "a client" ***with*** "the client"**,**

(f) ***in paragraph (c) by adding*** "general" ***before*** "description"**,**

(g) ***by replacing paragraph (f) with the following:***

(f) disclosure of the operating charges the client might be required to pay related to the client's account;

(h) ***by replacing paragraph (g) with the following:***

(g) a general description of the types of transaction charges the client might be required to pay;

(i) ***in paragraph (h) by adding*** "general" ***before*** "description", ***by replacing*** "the compensation" ***with*** "any compensation", ***and by adding*** "by any other party" ***before*** "in relation to"**,**

(j) ***in paragraph (j) by adding*** "[*dispute resolution service*]" ***after*** *"13.16"* ***and replacing*** "registered firm's expense" ***with*** "firm's expense"***, and***

(k) ***by adding the following paragraphs:***

(m) a general explanation of how investment performance benchmarks might be used to assess the performance of a client's investments and any options for benchmark information that might be made available to clients by the registered firm;

(n) if the registered firm is a scholarship plan dealer, an explanation of any terms of the scholarship plan offered to the client by the registered firm that, if those terms are not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.

7. ***Subsection 14.2(3) is amended by***

(a) ***deleting the words*** "to a client" ***after*** "must deliver"**, *and***

(b) ***replacing*** "subsection (1)" ***with*** "subsection (1), if applicable, and subsection (2) to the client in writing, except that the information in paragraph (2)(b) may be provided orally or in writing,"**.**

8. ***Subsection 14.2(4) is amended***

(a) ***by replacing*** "to" ***after*** "significant change" ***with*** "in respect of"***,***

(b) ***by replacing*** "subsection" ***with*** "subsections"***,***

(c) ***by adding*** " or (2)" ***after*** "(1)", ***and***

(d) ***in paragraph 14.2(4)(a) by replacing*** "," ***with*** ";"**.**

9. ***Subsection 14.2(5) is repealed.***

10. ***Section 14.2 is amended by adding the following subsection:***

(5.1) A registered firm must not impose any new operating charge in respect of an account of a client, or increase the amount of any operating charge in respect of an account of a client, unless written notice of the new or increased operating charge is provided to the client at least 60 days before the date on which the imposition or increase becomes effective.

11. ***Subsection 14.2(6) is replaced with:***

(6) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

12. ***Section 14.2 is amended by adding the following subsections:***

(7) Except for subsections (5.1), (6) and (8), this section does not apply to a registered dealer in respect of a client for whom the dealer purchases or sells securities only as directed by a registered adviser acting for the client.

(8) A registered dealer referred to in subsection (7) must deliver the information required under paragraphs (2)(a) and (e) to (j) to the client in writing, and the information in paragraph (2)(b) orally or in writing, before the dealer first purchases or sells a security for the client.

13. ***Division 2 of Part 14 is amended by adding the following section:***

14.2.1 Pre-trade disclosure of charges

(1) Before a registered firm accepts an instruction from a client to purchase or sell a security in an account other than a managed account, the firm must disclose to the client

(a) the charges the client will be required to pay in respect of the purchase or sale, or a reasonable estimate if the actual amount of the charges is not known to the firm at the time of disclosure,

(b) in the case of a purchase to which deferred charges apply, that the client might be required to pay a deferred sales charge on the subsequent sale of the security and the fee schedule that will apply, and

(c) whether the firm will receive trailing commissions in respect of the security.

(2) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

(3) This section does not apply to a dealer in respect of a client for whom the dealer purchases or sells securities only as directed by a registered adviser acting for the client.

14. ***The title of Division 5 of Part 14 is replaced with*** "Reporting to clients"**.**

15. ***Part 14 is amended by adding the following section after the title of Division 5:***

14.11.1 Determining market value

(1) For the purposes of this Division, the market value of a security

(a) that is issued by an investment fund which is not listed on an exchange must be determined by reference to the net asset value provided by the investment fund manager of the fund on the relevant date,

(b) in any other case, is the amount that the registered firm reasonably believes to be the market value of the security

(i) after referring to a price quotation on a marketplace, if one is published for the security, using the last bid price in the case of a long security and the last ask price in the case of a short security, as shown on a consolidated pricing list or exchange quotation sheet as of the close of business on the relevant date or the last trading day before the relevant date, and after making any adjustments considered by the registered firm to be necessary to accurately reflect the market value,

(ii) if no reliable price for the security is quoted on a marketplace, after referring to a published market report or inter-dealer quotation sheet, on the relevant date or the last trading day before the relevant date, and after making any adjustments considered by the registered firm to be necessary to accurately reflect the market value,

(iii) if the market value for the security cannot be reasonably determined in accordance with subparagraphs (i) or (ii), after applying the policy of the registered firm for determining market value, which must include procedures to assess the reliability of valuation inputs and assumptions and provide for

(A) the use of inputs that are observable, and

(B) the use of unobservable inputs and assumptions, if observable inputs are not reasonably available.

(2) If a registered firm determines the market value of a security in accordance with subparagraph (1)(b)(iii), when it refers to the market value in a statement under section 14.14 [*account statements*], 14.14.1 [*additional statements*], 14.14.2 [*position cost information*], 14.15 [*security holder statements*] or 14.16 [*scholarship plan dealer statements*], the registered firm must include the following notification or a notification that is substantially similar:

"There is no active market for this security so we have estimated its market value."

(3) If a registered firm reasonably believes that it cannot determine the market value of a security in accordance with subsection (1), the market value of the security must be reported in a statement delivered under section 14.14 [*account statements*], 14.14.1 [*additional statements*], 14.14.2 [*position cost information*], 14.15 [*security holder statements*] or 14.16 [*scholarship plan dealer statements*] as not determinable, and the market value of the security must be excluded from the calculations in paragraphs 14.14(5)(b), 14.14.1(2)(b) and 14.14.2(5)(a).

16. ***Subsection 14.11.1(3) is amended by adding*** "and in an investment performance report delivered under section 14.18 [*investment performance report*]" ***before*** "as not determinable" ***and adding*** "and subsection 14.19(1) [*content of investment performance report*]" ***after*** "14.14.2(5)(a)"***.***

17. ***Subsection 14.12(1) is amended***

(a) by adding the following paragraph after paragraph (b):

(b.1) in the case of a purchase of a debt security, the security's annual yield;

(b) ***by replacing paragraph (c) with:***

(c) the amount of each transaction charge, deferred sales charge or other charge in respect of the transaction, and the total amount of all charges in respect of the transaction;

(c) ***by adding the following paragraph after paragraph (c):***

(c.1) in the case of a purchase or sale of a debt security, either of the following:

(i) the total amount of any mark-up or mark-down, commission or other service charges the registered dealer applied to the transaction;

(ii) the total amount of any commission charged to the client by the registered dealer and, if the dealer applied a mark-up or mark-down or any service charge other than a commission, the following notification or a notification that is substantially similar:

"Dealer firm remuneration has been added to the price of this security (in the case of a purchase) or deducted from the price of this security (in the case of a sale). This amount was in addition to any commission this trade confirmation shows was charged to you.";

(d) ***in paragraph (f) by adding*** "involved" ***before*** "in the transaction"***, and***

(e) ***in paragraph (h) by replacing*** "security of" ***with*** "security issued by" ***wherever it occurs and by replacing*** "registrant" ***with*** "registered dealer" ***wherever it occurs.***

18. ***Section 14.14 is amended***

(a) ***in subsection (2) by replacing*** "at" ***with*** "after" ***and by replacing*** "receiving" ***with*** "to receive"***,***

(b) ***in subsection (3) by replacing*** "Except if the client has otherwise directed, a" ***with*** "A" ***and adding*** ", except that if the client has requested to receive statements on a monthly basis, the adviser must deliver a statement to the client every month" ***after*** "at least once every 3 months"**,**

(c) ***in paragraph (4)(b) by replacing*** "the type of" ***with*** "whether the" ***and adding*** "was a purchase, sale or transfer" ***after*** "transaction"***,***

(d) ***in paragraph 4(e) by adding*** "if the transaction was a purchase or sale" ***after*** "security"***, and***

(e) ***in paragraph 4(f) by adding*** "if it was a purchase or sale" ***after*** "transaction".

19. ***Section 14.14 is amended***

(a) ***in subsection (1) by replacing*** "deliver a statement to a client at least once every 3 months" ***with "***deliver to a client a statement that includes the information referred to in subsections (4) and (5)

(a) at least once every 3 months, or

(b) if the client has requested to receive statements on a monthly basis, for each one-month period"***,***

(b) ***in subsection (2) by deleting*** "Despite subsection (1)," ***before*** "a registered dealer" ***and replacing*** "deliver a statement to a client after the end of a month if any of the following apply:

(a) the client has requested receiving statements on a monthly basis;

(b) during the month, a transaction was effected in the account other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan"***,***

with "deliver to a client a statement that includes the information referred to in subsections (4) and (5) after the end of any month in which a transaction was effected in securities held by the dealer in the client's account, other than a transaction made under an automatic withdrawal plan or an automatic payment plan, including a dividend reinvestment plan"***,***

(c) ***in subsection (2.1)*** *by* ***replacing*** "Subsection (2) does" ***with*** "Paragraph 1(b) and subsection (2) do" ***and replacing*** "section 7.1(2)(b)" ***with*** "paragraph 7.1(2)(b) [*dealer categories*]"

(d) ***in subsection (3) by replacing*** "deliver a statement to a client" ***with*** "deliver to a client a statement that includes the information referred to in subsections (4) and (5)" ***and replacing*** "every month" ***with*** "for each one-month period"***,***

(e) ***by repealing subsection (3.1),***

(f) ***in subsection (4) by replacing*** "A statement delivered under subsection (1), (2), (3), or (3.1) must include all of the following information for each transaction made for the client or security holder during the period covered by the statement" ***with*** "If a registered dealer or registered adviser made a transaction for a client during the period covered by a statement delivered under subsections (1), (2) or (3), the statement must include the following"***,***

(g) ***in subsection (5) by replacing*** "A statement delivered under subsection (1), (2), (3), or (3.1) must include all of the following information about the client's or security holder's account as at the end of the period for which the statement is made" ***with*** "If a registered dealer or registered adviser holds securities owned by a client in an account of the client, a statement delivered under subsections (1), (2) or (3) must indicate that the securities are held for the client by the registered firm and must include the following information about the client's account determined as at the end of the period for which the statement is made"***, in paragraph (b) by adding*** "and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*] ***and adding the following paragraphs after paragraph (e):***

(f) whether the account is covered under an investor protection fund approved or recognized by the securities regulatory authority and, if it is, the name of the investor protection fund;

(g) which securities in the account might be subject to a deferred sales charge if they are sold.

(h) ***by repealing subsection (6),***

(i) ***by adding the following subsection:***

(7) For the purposes of this section, a security is considered to be held by a registered firm for a client if

(a) the firm is the registered owner of the security as nominee on behalf of the client, or

(b) the firm has physical possession of a certificate evidencing ownership of the security.

20. ***Division 5 of Part 14 is amended by adding the following sections:***

14.14.1 Additional statements

(1) A registered dealer or registered adviser must deliver a statement that includes the information referred to in subsection (2) to a client if any of the following apply in respect of a security owned by the client that is held or controlled by a party other than the dealer or adviser:

(a) the dealer or adviser has trading authority over the security or the client's account in which the security is held or was transacted;

(b) the dealer or adviser receives continuing payments related to the client's ownership of the security from the issuer of the security, the investment fund manager of the issuer or any other party;

(c) the security is issued by a scholarship plan, a mutual fund or an investment fund that is a labour-sponsored investment fund corporation, or labour-sponsored venture capital corporation, under legislation of a jurisdiction of Canada and the dealer or adviser is the dealer or adviser of record for the client on the records of the issuer of the security or the records of the issuer's investment fund manager.

(2) A statement delivered under subsection (1) must include the following in respect of the securities or the account referred to in subsection (1), determined as at the end of the period for which the statement is made:

(a) the name and quantity of each security;

(b) the market value of each security and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(c) the total market value of each security position;

(d) any cash balance in the account;

(e) the total market value of all of the cash and securities;

(f) the name of the party that holds or controls each security and a description of the way it is held;

(g) whether the securities are covered under an investor protection fund approved or recognized by the securities regulatory authority and, if they are, the name of the fund;

(h) which of the securities might be subject to a deferred sales charge if they are sold.

(3) If subsection (1) applies to a registered dealer or a registered adviser, the dealer or adviser must deliver a statement that includes the information in subsection (2) to a client at least once every 3 months, except that if a client has requested to receive statements on a monthly basis, the adviser must deliver a statement to the client every month.

(4) If subsection (1) applies to a registered dealer or a registered adviser that is also required to deliver a statement to a client under subsection 14.14(1) or (3), a statement delivered under subsection (1) must be delivered to the client in one of the following ways:

(a) combined with a statement delivered to the client under subsection 14.14(1) or (3) for the period ending on the same date;

(b) as a separate document accompanying a statement delivered to the client under subsection 14.14(1) or (3) for the period ending on the same date;

(c) as a separate document delivered within 10 days after the statement delivered to the client under subsection 14.14(1) or (3) for the period ending on the same date.

(5) For the purposes of this section, a security is considered to be held for a client by a party other than the registered firm if any of the following apply:

(a) the other party is the registered owner of the security as nominee on behalf of the client;

(b) ownership of the security is recorded on the books of its issuer in the client's name;

(c) the other party has physical possession of a certificate evidencing ownership of the security;

(d) the client has physical possession of a certificate evidencing ownership of the security.

(6) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

14.14.2 Position cost information

(1) If a registered dealer or registered adviser is required to deliver a statement to a client that includes information required under subsection 14.14(5) [*account statements*] or 14.14.1(2) [*additional statements*], the dealer or adviser must deliver the information referred to in subsection (2) to a client at least once every 3 months.

(2) The information delivered under subsection (1) must disclose the following:

(a) for each security position in the statement opened on or after July 15, 2015,

(i) the cost of the position, determined as at the end of the period for which the information under subsection 14.14(5) or 14.14.1(2) is provided, presented on an average cost per unit or share basis or on an aggregate basis, or

(ii) if the security position was transferred from another registered firm, the information referred to in subparagraph (i) or the market value of the security position as at the date of the position's transfer if it is also disclosed in the statement that it is the market value as of the transfer date, not the cost of the security position, that is being disclosed;

(b) for each security position in the statement opened before July 15, 2015,

(i) the cost of the position, determined as at the end of the period for which the information under subsection 14.14(5) or 14.14.1(2) is provided, presented on an average cost per unit or share basis or on an aggregate basis, or

(ii) the market value of the security position as at July 15, 2015 or an earlier date, if the same date and value are used for all clients of the firm holding that security and it is also disclosed in the statement that it is the market value as of that date, not the cost of the security position, that is being disclosed;

(c) the total cost of all of the security positions in the statement, determined in accordance with paragraphs (a) and (b);

(d) for each security position for which the registered firm reasonably believes it cannot determine the cost in accordance with paragraphs (a) and (b), disclosure of that fact in the statement.

(3) The cost of security positions required to be disclosed under subsection (2) must be either the book cost or the original cost and must be accompanied by the definition of "book cost" in section 1.1 or the definition of "original cost" in section 1.1, as applicable.

(4) The information delivered under subsection (1) must be delivered to the client in one of the following ways:

(a) combined with a statement delivered to the client that includes the information required under subsection 14.14(5) or 14.14.1(2) for the period ending on the same date;

(b) in a separate document accompanying a statement delivered to the client that includes information required under subsection 14.14(5) or 14.14.1(2) for the period ending on the same date;

(c) in a separate document delivered within 10 days after a statement delivered to the client that includes information required under subsection 14.14(5) or 14.14.1(2) for the period ending on the same date.

(5) If the information under subsection (1) is delivered to the client in a separate document in accordance with paragraph (4)(c), the separate document must also include the following:

(a) the market value of each security in the statement and, if applicable, the notification in subsection 14.11.1(2) [*determining market value*];

(b) the total market value of each security position in the statement;

(c) the total market value of all cash and securities in the statement.

(6) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

14.15 Security holder statements

If there is no dealer or adviser of record for a security holder on the records of a registered investment fund manager, the investment fund manager must deliver to the security holder at least once every 12 months a statement that includes the following:

(a) the information required under subsection 14.14(4) [*account statements*] for each transaction that the registered investment fund manager made for the security holder during the period;

(b) the information required under subsection 14.14.1(2) [*additional statements*] for the securities of the security holder that are on the records of the registered investment fund manager;

(c) the information required under section 14.14.2 [*position cost information*].

14.16 Scholarship plan dealer statements

Sections 14.14 [*account statements*], 14.14.1 [*additional statements*] and 14.14.2 [*position cost information*] do not apply to a scholarship plan dealer if both of the following apply:

(a) the scholarship plan dealer is not registered in another dealer or adviser category;

(b) the scholarship plan dealer delivers to a client a statement at least once every 12 months that provides the information required under subsections 14.14(4) and 14.14.1(2).

21. ***Division 5 of Part 14 is amended by adding the following sections:***

14.17 Report on charges and other compensation

(1) For each 12-month period, a registered firm must deliver to a client a report on charges and other compensation containing the following information, except that the first report delivered after a client has opened an account may cover a period of less than 12 months:

(a) the registered firm's current operating charges which might be applicable to the client's account;

(b) the total amount of each type of operating charge related to the client's account paid by the client during the period covered by the report, and the total amount of those charges;

(c) the total amount of each type of transaction charge related to the purchase or sale of securities paid by the client during the period covered by the report, and the total amount of those charges;

(d) the total amount of the operating charges reported under paragraph (b) and the transaction charges reported under paragraph (c);

(e) if the registered firm purchased or sold debt securities for the client during the period covered by the report, either of the following:

(i) the total amount of any mark-ups, mark-downs, commissions or other service charges the firm applied on the purchases or sales of debt securities;

(ii) the total amount of any commissions charged to the client by the firm on the purchases or sales of debt securities and, if the firm applied mark-ups, mark-downs or any service charges other than commissions on the purchases or sales of debt securities, the following notification or a notification that is substantially similar:

"For debt securities purchased or sold for you during the period covered by this report, dealer firm remuneration was added to the price you paid (in the case of a purchase) or deducted from the price you received (in the case of a sale). This amount was in addition to any commissions you were charged.";

(f) if the registered firm is a scholarship plan dealer, the unpaid amount of any enrolment fee or other charge that is payable by the client;

(g) the total amount of each type of payment, other than a trailing commission, that is made to the registered firm or any of its registered individuals by a securities issuer or another registrant in relation to registerable services to the client during the period covered by the report, accompanied by an explanation of each type of payment;

(h) if the registered firm received trailing commissions related to securities owned by the client during the period covered by the report, the following notification or a notification that is substantially similar:

"We received $[amount] in trailing commissions in respect of securities you owned during the 12-month period covered by this report.

Investment funds pay investment fund managers a fee for managing their funds. The managers pay us ongoing trailing commissions for the services and advice we provide you. The amount of the trailing commission depends on the sales charge option you chose when you purchased the fund. You are not directly charged the trailing commission or the management fee. But, these fees affect you because they reduce the amount of the fund's return to you. Information about management fees and other charges to your investment funds is included in the prospectus or fund facts document for each fund."

(2) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14(5) [*account statements*] must be delivered in a separate report on charges and other compensation for each of the client's accounts.

(3) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14.1(1) [*additional statements*] must be delivered in a report on charges and other compensation for the client's account through which the securities were transacted.

(4) Subsections (2) and (3) do not apply if the registered firm provides a report on charges and other compensation that consolidates, into a single report, the required information for more than one of a client's accounts and any securities of the client required to be reported under subsection 14.14(5) or 14.14.1(1) and if the following apply:

(a) the client has consented in writing to the form of disclosure referred to in this subsection;

(b) the consolidated report specifies the accounts and securities with respect to which information is required to be reported under subsection 14.14.1(1) [*additional statements*].

(5) This section does not apply to a registered firm in respect of a permitted client that is not an individual.

14.18 Investment performance report

(1) A registered firm must deliver an investment performance report to a client every 12 months, except that the first report delivered after a registered firm first makes a trade for a client may be sent within 24 months after that trade.

(2) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14(5) [*account statements*] must be delivered in a separate report for each of the client's accounts.

(3) For the purposes of this section, the information in respect of securities of a client required to be reported under subsection 14.14.1(1) [*additional statements*] must be delivered in the report for each of the client's accounts through which the securities were transacted.

(4) Subsections (2) and (3) do not apply if the registered firm provides a report that consolidates, into a single report, the required information for more than one of a client's accounts and any securities of the client required to be reported under subsections 14.14(5) or 14.14.1(1) and if the following apply:

(a) the client has consented in writing to the form of disclosure referred to in this subsection;

(b) the consolidated report specifies the accounts and securities with respect to which information is required to be reported under subsection 14.14.1(1) [*additional statements*].

(5) This section does not apply to

(a) a client's account that has existed for less than a 12-month period;

(b) a registered dealer in respect of a client's account in which the dealer executes trades only as directed by a registered adviser acting for the client; and

(c) a registered firm in respect of a permitted client that is not an individual.

(6) If a registered firm reasonably believes there are no securities of a client with respect to which information is required to be reported under subsection 14.14(5) [*account statements*] or subsection 14.14.1(1) [*additional statements*] and for which a market value can be determined, the firm is not required to deliver a report to the client for the period.

14.19 Content of investment performance report

(1) An investment performance report required to be delivered under section 14.18 by a registered firm must include all of the following in respect of the securities referred to in a statement in respect of which subsections 14.14(1), (2) or (3) [*account statements*] or 14.14.1(1) [*additional statements*] apply:

(a) the market value of all cash and securities in the client's account as at the beginning of the 12-month period covered by the investment performance report;

(b) the market value of all cash and securities in the client's account as at the end of the 12-month period covered by the investment performance report;

(c) the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, in the 12-month period covered by the investment performance report;

(d) subject to paragraph (e), the market value of all deposits and transfers of cash and securities into the client's account, and the market value of all withdrawals and transfers of cash and securities out of the account, since opening the account;

(e) if the client's account was opened before July 15, 2015 and the registered firm reasonably believes market values are not available for all deposits, withdrawals and transfers since the account was opened, the following:

(i) the market value of all cash and securities in the client's account as at July 15, 2015;

(ii) the market value of all deposits and transfers of cash and securities into the account, and the market value of all withdrawals and transfers of cash and securities out of the account, since July 15, 2015;

(f) the annual change in the market value of the client's account for the 12-month period covered by the investment performance report, determined using the following formula

$$A – B – C + D$$

where

A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;

B = the market value of all cash and securities in the account at the beginning of that 12-month period;

C = the market value of all deposits and transfers of cash and securities into the account in that 12-month period; and

D = the market value of all withdrawals and transfers of cash and securities out of the account in that 12-month period;

(g) subject to paragraph (h), the cumulative change in the market value of the account since the account was opened, determined using the following formula

$$A – E + F$$

where

A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;

E = the market value of all deposits and transfers of cash and securities into the account since account opening; and

F = the market value of all withdrawals and transfers of cash and securities out of the account since account opening;

(h) if the registered firm reasonably believes the market value of all deposits and transfers of cash and securities into the account since the account was opened or the market value of all withdrawals and transfers of cash and securities out of the account since the account was opened required in paragraph (g) is not available to the registered firm, the cumulative change in the market value of the account determined using the following formula

$$A - G - H + I$$

where

A = the market value of all cash and securities in the account as at the end of the 12-month period covered by the investment performance report;

G = the market value of all cash and securities in the account as at July 15, 2015;

H = the market value of all deposits and transfers of cash and securities into the account since July 15, 2015; and

I = the market value of all withdrawals and transfers of cash and securities out of the account since July 15, 2015;

(i) the amount of the annualized total percentage return for the client's account calculated net of charges, using a money-weighted rate of return calculation method generally accepted in the securities industry;

(j) the definition of "total percentage return" in section 1.1 and a notification indicating the following:

(i) that the total percentage return in the investment performance report was calculated net of charges;

(ii) the calculation method used;

(iii) a general explanation in plain language of what the calculation method takes into account.

(2) The information delivered for the purposes of paragraph (1)(i) must be provided for each of the following periods:

(a) the 12-month period covered by the investment performance report;

(b) the 3-year period preceding the end of the 12-month period covered by the report;

(c) the 5-year period preceding the end of the 12-month period covered by the report;

(d) the 10-year period preceding the end of the 12-month period covered by the report;

(e) the period since the client's account was opened if the account has been open for more than one year before the date of the report or, if the account was opened before July 15, 2015 and the registered firm reasonably believes the annualized total percentage return for the period before July 15, 2015 is not available, the period since July 15, 2015.

(3) Despite subsection (2), if any portion of a period referred to in paragraphs (2)(b), (c) or (d) was before July 15, 2015, the registered firm is not required to report the annualized total percentage return for that period.

(4) Despite subsection (1), the information a scholarship plan dealer is required to deliver under section 14.18 [*investment performance report*] in respect of each scholarship plan in which a client has invested through the scholarship plan dealer is the following:

(a) the total amount that the client has invested in the plan as at the date of the investment performance report;

(b) the total amount that would be returned to the client if, as at the date of the investment performance report, the client ceased to make prescribed payments into the plan;

(c) a reasonable projection of future payments that the plan might pay to the client's designated beneficiary under the plan, or to the client, at the maturity of the client's investment in the plan;

(d) a summary of any terms of the plan that, if not met by the client or the client's designated beneficiary under the plan, might cause the client or the designated beneficiary to suffer a loss of contributions, earnings or government contributions in the plan.

(5) The information delivered under section 14.18 [*investment performance report*] must be presented using text, tables and charts, and must be accompanied by notes in the investment performance report explaining

(a) the content of the report and how a client can use the information to assess the performance of the client's investments; and

(b) the changing value of the client's investments as reflected in the information in the report.

(6) If a registered firm delivers information required under this section in a report to a client for a period of less than one year, the firm must not calculate the disclosed information on an annualized basis.

(7) If the registered firm reasonably believes the market value cannot be determined for a security position, the market value must be assigned a value of zero in the calculation of the information delivered under subsection 14.18(1) and the fact that its market value could not be determined must be disclosed to the client.

14.20 Delivery of report on charges and other compensation and investment performance report

(1) A report under section 14.17 [*report on charges and other compensation*] and a report under section 14.18 [*investment performance report*] must include information for the same 12-month period and the reports must be delivered together in one of the following ways:

(a) combined with a statement delivered to the client that includes information required under subsection 14.14(1), (2) or (3) [*account statements*], subsection 14.14.1(2) [*additional statements*] or section 14.16 [*scholarship plan dealer statements*];

(b) accompanying a statement delivered to the client that includes information required under subsection 14.14(1), (2) or (3) [*account statements*], subsection 14.14.1(2) [*additional statements*] or section 14.16 [*scholarship plan dealer statements*];

(c) within 10 days after a statement delivered to the client that includes information required under subsection 14.14(1),(2) or (3) [*account statements*], subsection 14.14.1(2) [*additional statements*] or section 14.16 [*scholarship plan dealer statements*].

(2) Subsection (1) does not apply in respect of the first report under section 14.17 [*report on charges and other compensation*] and the first report under section 14.18 [*investment performance report*] for a client.

Coming into force

22. ***(1)*** ***Subject to subsection (2), this Instrument comes into force on July 15, 2013.***

(2) ***The provisions of this Instrument listed in column 1 of the following table come into force on the date set out in column 2 of the table:***

Column 1 **Provisions of this Instrument**	**Column 2** **Date**
2(b), 6(k), 13, 17(a), 17(c)	July 15, 2014
2(c), 4(g), 15, 19, 20	July 15, 2015
2(d), 4(h), 5, 16, 17(b), 21	July 15, 2016

Chapter 6

Request for Comments

6.1.1 Proposed OSC Rule 91-506 Derivatives: Product Determination and Companion Policy 91-506CP and Proposed OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting and Companion Policy 91-507CP

NOTICE AND REQUEST FOR COMMENT

PROPOSED ONTARIO SECURITIES COMMISSION RULE 91-506
DERIVATIVES: PRODUCT DETERMINATION

PROPOSED COMPANION POLICY 91-506CP
DERIVATIVES: PRODUCT DETERMINATION

PROPOSED ONTARIO SECURITIES COMMISSION RULE 91-507
TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

AND

PROPOSED COMPANION POLICY 91-507CP
TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

1. Introduction

The Ontario Securities Commission (the OSC, the Commission or we) are publishing for a 90 day comment period:

- proposed OSC Rule 91-506 *Derivatives: Product Determination* (the Scope Rule);
- proposed OSC Companion Policy 91-506CP *Derivatives: Product Determination* (the Scope CP),
- proposed OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (the TR Rule), and
- proposed OSC Companion Policy 91-507CP *Trade Repositories and Derivatives Data Reporting* (the TR CP).

Collectively, the Scope Rule, the Scope CP, the TR Rule and the TR CP will be referred to as the Proposed Rules.

2. Background

On December 6, 2012, the Canadian Securities Administrators Derivatives Committee (the **Committee**) published *CSA Staff Consultation Paper 91-301 Model Provincial Rules – Derivatives Product Determination and Trade Repositories and Derivatives Data Reporting* (the **Draft Model Rules**). The Committee invited public comment on all aspects of the Draft Model Rules. Thirty-five comment letters were received. A list of those who submitted comments, as well as a chart summarizing the comments received and the Committee's responses to them are attached at Appendix "A" to this Notice. Copies of the comment letters are posted at www.osc.gov.on.ca.

The Committee has reviewed the comments received and made determinations on revisions to the Draft Model Rules (the **Updated Model Rules**). It is the intention of the Committee that each province will develop harmonized province-specific rules based on the Updated Model Rules, with minor variations to accommodate differences in provincial securities legislation. The Proposed Rules represent Ontario's province-specific rules which are based on the Updated Model Rules.

Provinces which are not in a position to publish province-specific rules because legislative amendments must first be implemented will publish a multi-province consultation paper[1] containing the Updated Model Rules (the **Paper**). The comment period for the Paper will align with the comment periods for the Proposed Rules and other province-specific rules.

[1] The provincial authorities involved will be the Alberta Securities Commission, the British Columbia Securities Commission, the New Brunswick Securities Commission, the Nova Scotia Securities Commission and the Financial and Consumer Affairs Authority of Saskatchewan.

The Committee will review all comment letters on the Paper, the Proposed Rules and other province-specific rules and will make any determinations on changes to the Updated Model Rules at a Committee level. Upon reaching agreement on changes to the Updated Model Rules, each province will publish substantially similar final province-specific rules.

3. Substance and Purpose of the Scope Rule and Scope CP

The purpose of the Scope Rule is to define the types of derivatives that will be subject to reporting requirements under the TR Rule. The Scope Rule will initially only apply for the purposes of the TR Rule. Any other legislation, rules, notice or other policies applicable to derivatives will continue to apply. For example, OSC Staff Notice 91-702 – *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* would continue to apply to these types of instruments until any new rules replacing the treatment as described in the notice have been implemented.

The Scope Rule prescribes certain contracts or instruments that fall within the broad definition of "derivative" in the *Ontario Securities Act* (the **Act)**, not to be derivatives. The excluded contracts are contracts that have not traditionally been considered to be over-the-counter derivatives. The Scope Rule also addresses the fact that the definitions of "derivative" and "security" in securities legislation are expansive and, in some cases, overlapping. The Scope Rule resolves conflicts that arise when a contract or instrument meets both the definition of "derivative" and "security".

4. Substance and Purpose of the TR Rule and TR CP

The purpose of the TR Rule is to improve transparency in the derivatives market and to ensure that designated trade repositories operate in a manner that promotes the public interest. Derivatives data is essential for effective regulatory oversight of the derivatives market, including the ability to identify and address systemic risk and the risk of market abuse. Derivatives data reported to designated trade repositories will also support policy-making by providing regulators with information on the nature and characteristics of the Canadian derivatives market.

The TR Rule is divided into two areas (i) regulation and oversight of trade repositories, including the designation process, data access and dissemination, and operational requirements, and (ii) derivatives data reporting requirements by counterparties to derivatives transactions.

Please note that the TR CP does not provide guidance on Appendix A to the TR Rule. Guidance for Appendix A to the TR Rule is included in the Description column of the reporting fields in the Appendix itself.

5. Summary of the Scope Rule

The Scope Rule provides guidance as to which types of contracts or instruments will be treated as derivatives or securities, or are excluded in whole or in part from regulation. The definition of "derivative" in subsection 1(1) the Act is intended to include the types of instruments traditionally referred to as derivatives (for example, swaps and forwards) as well as other novel instruments. However, the definition of "derivative" is broad enough to capture many contracts and instruments that are not traditionally considered to be derivatives. The Scope Rule tailors the application of regulatory requirements to a broad range of existing and emerging products by making clear which contracts or instruments are to be regulated as derivatives or securities, or are outside the scope of securities or derivatives legislation.

The following contracts will be excluded from the definition of "derivative":

- gaming and insurance contracts where such contracts are regulated by a domestic or an equivalent foreign regulatory regime;
- currency exchange contracts provided that the contract (i) settles within prescribed timelines, (ii) is intended by the counterparties to be settled by delivery of the currency referenced in the contract, and (iii) is not rolled-over;
- commodity forward contracts provided that physical delivery of the commodity is intended and the contract does not permit cash settlement in the ordinary course;
- evidence of a deposit of certain federally and provincially regulated entities;
- contracts or instruments traded on certain prescribed exchanges;
- contracts meeting the definition of both security and derivative in the Act, provided that such contract is not a security solely by virtue of being an "investment contract" or "option"; and
- certain listed issuer compensation products where the underlying interest is a stock or share of the issuer.

As noted above, any contract or instrument excluded from the definition of "derivative" under the Scope Rule will not be required to be reported to a designated trade repository.

6. Summary of the TR Rule

The TR Rule can generally be divided into two areas (i) requirements relating to the regulation of trade repositories, and (ii) reporting requirements by counterparties to derivatives transactions.

(i) Regulation of Trade Repositories

To obtain and maintain designation as a trade repository, a person or entity must apply to the Commission for designation and must comply with the designated trade repository requirements set out in the TR Rule, as well as all terms and conditions imposed by the Commission in any designation order made.

The legal entity that applies to be a designated trade repository will be required to file with the Commission a completed Form F1, financial statements and a letter describing how the entity complies, or will comply, with the TR Rule.[2] When determining whether or not to designate a trade repository, the Commission will consider various factors, including whether it is in the public interest to do so, whether the applicant is in compliance with securities law and whether the applicant has established policies and procedures that meet standards applicable to trade repositories. The TR CP provides additional guidance on how the Commission will assess such factors.

Once designated, a trade repository will be required to provide the Commission with interim and year-end financial statements and to provide notice of any significant changes to the information submitted in its Form F1 before implementing the changes.

A designated trade repository will be subject to a variety of ongoing requirements including ensuring the adequacy of its governance arrangements, meeting board composition requirements, clearly defining management roles and responsibilities, maintaining policies and procedures for material aspects of its business, retaining records, ensuring data security and confidentiality, establishing a comprehensive risk management framework and meeting other requirements related to systems and operational risks. A designated trade repository will also be required to appoint a chief compliance officer and to clearly define his or her role and responsibilities.

Once operational, a designated trade repository will be expected to accept derivatives data for each asset class set out in the Commission's designation order. Any fees charged by a designated trade repository must be fairly and equitably allocated amongst its participants and must be publicly disclosed. Designated trade repositories will also have an obligation to confirm derivatives data with all participants of their service.

A designated trade repository will be required to provide the following access to derivatives data:

- the Commission will have access to all relevant derivatives data reported to a designated trade repository in accordance with the Commission's mandate;
- counterparties to a transaction will have access to derivatives data relevant to their transactions; and
- aggregate data on open positions, volume, number and prices related to transactions will be required to be reported publicly.

(ii) Reporting Obligation

All derivatives transactions involving a local counterparty are required to be reported to a designated trade repository or to the Commission. The TR Rule sets out the following hierarchy for determining which counterparty will be required to report a transaction: (i) where a transaction is cleared, it should be reported by the clearing agency; (ii) where a transaction is not cleared and is between a derivatives dealer and a non-dealer, the derivatives dealer should report; and (iii) where a transaction is not cleared and neither counterparty is a derivatives dealer, the counterparties may agree on who will report or both counterparties will be required to report.

In terms of timing, reporting is required to be completed on a real-time basis. However, where it is not technologically possible to do so, the reporting counterparty must report as soon as possible but not later than the end of the next business day following the day that the transaction was entered into. Transactions that were entered into prior to the TR Rule coming into force will be required to be reported provided they have not expired or been terminated 365 days after the TR Rule comes into force.

[2] Certain additional information and forms will be required from applicants that are located outside of Ontario.

Three main types of data must be reported under the TR Rule: (i) creation data which includes operational data, product information, principle economic terms, counterparty information and underlier information (see Appendix A to TR Rule for more details); (ii) lifecycle data which includes any change to derivatives data previously reported, and; (iii) valuation data, which includes the current value of transaction.

7. Legislative Authority for Rule Making

The Scope Rule will be enacted under the rulemaking authority provided under paragraphs 19.1 and 19.4 of subsection 143(1) of the Act, following proclamation of such rulemaking authority. Paragraph 19.1 authorizes the Commission to make rules prescribing one or more classes of contracts or instruments that are not derivatives for the purpose of prescribed provisions of Ontario securities law and prescribing those provisions. Paragraph 19.4 authorizes the Commission to make rules prescribing derivatives or classes of derivatives that are deemed to be securities for the purposes of prescribed provisions of the Act, the regulations and the rules.

The Commission has authority to designate trade repositories under paragraph 21.2.2 of the Act. This authority includes the power to impose terms and conditions on the designation and the ability to make any decision with respect to the manner in which a designated trade repository carries on business or any by-law, rule, regulation, policy, procedure, interpretation or practice of a designated trade repository. The Commission's rulemaking authority to regulate designated trade repositories under the TR Rule is provided under paragraph 12 of subsection 143(1) of the Act.

The Commission's rulemaking authority for derivatives data reporting requirements under the TR Rule will be provided under subparagraph 35(ii) of subsection 143(1) of the Act, following proclamation of such rulemaking authority. Subparagraph 35(ii) authorizes the Commission to make rules requiring or respecting record keeping, reporting and transparency relating to derivatives.

8. Alternatives Considered

No other alternatives were considered.

9. Unpublished Materials

The Commission did not rely on any unpublished study, report or other written materials in connection with the Proposed Rules.

10. Anticipated Costs and Benefits

We believe that the impact of the Proposed Rules, including anticipated costs of compliance for designated trade repositories and reporting counterparties, is proportional to the benefits we seek to achieve. Greater transparency in the OTC derivatives market is one of the central pillars of derivatives regulatory reform in Canada and internationally. The G20 has agreed that all OTC derivative transactions should be reported to trade repositories. Trade repositories support transparency by making transactional and aggregated data available to relevant regulatory authorities on a routine basis and by request. In order to identify and assess potential risks in the Canadian derivatives market, regulators must have access to aggregate and transaction level data for all Canadian derivatives transactions, including Canadian referenced derivatives. Timely access to data collected by trade repositories will enable Canadian regulators and the central bank to monitor systemic risk exposures of market participants, detect market abuse, and assist in the performance of systemic risk analysis on these markets. It will also increase transparency in the OTC derivatives market to the public, reducing information imbalances through greater access and dissemination of appropriate data including aggregate data on open positions and trading volumes on a periodic basis.

We recognize that counterparties will incur some additional costs in order to comply with the proposed derivatives data reporting obligations. The primary expenditure associated with the proposed TR Rule's reporting obligations is the cost of updating systems or implementing new systems to facilitate the reporting of derivatives data to designated trade repositories. Once such systems are in place, additional areas of expenditure will likely include ongoing compliance costs and systems maintenance.

Certain provisions of the TR Rule and other external factors should help mitigate the initial costs associated with implementing necessary systems, processes and procedures for derivatives data reporting. For example, the TR Rule provides a hierarchy for determining which counterparty is obligated to report derivatives data which is intended to ensure that clearing agencies and derivatives dealers do the majority of reporting. The incremental implementation costs for such entities will be limited by the fact that many derivatives dealers and clearing agencies active in the Canadian derivatives market must comply with foreign trade reporting regimes and already have trade reporting systems in place. In addition, the TR Rule permits delegation of reporting obligations. The ability to delegate reporting obligations to third-party service providers should provide end-users with a cost-effective alternative to direct reporting, without having to incur the initial costs associated with implementing reporting systems.

11. Comments

We request your comments on the Proposed Rules. You may provide written comments in hard copy or electronic form. The comment period expires September 6, 2013.

The Commission will publish all responses received on the Commission's website (www.osc.gov.on.ca).

Please address your comments to the Ontario Securities Commission, and send your comments to the following address:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
22nd Floor, Box 55
Toronto, Ontario
M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Questions

Please refer your questions to any of:

Kevin Fine
Director, Derivatives Branch
Ontario Securities Commission
416-593-8109
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Aaron Unterman
Legal Counsel, Derivatives Branch
Ontario Securities Commission
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June 6, 2013

APPENDIX A
COMMENT SUMMARY AND CSA RESPONSES

1. The Scope Rule

Section Reference	Issue/Comment	Response
General Comments	Two commenters urged the Committee to expressly provide that exchange-traded derivatives are excluded from the definition of "derivative".	Change made. See new para. 2(g) of the Scope Rule which excludes a derivative traded on certain prescribed exchanges from the definition of "derivative". We note this change was necessary in Ontario because although commodity futures contracts and commodity futures options are excluded from the definition of "derivative" in the *Securities Act* (Ontario), other types of exchange-traded derivatives exist. Such exchange-traded derivatives will not be characterized as "derivatives" as a consequence of the application of para. 2(g) of the Scope Rule.
	One commenter suggested that repurchase transactions or reverse repurchase transactions should be explicitly excluded from the definition of "derivative".	No change. We believe an explicit exclusion for repurchase transactions or reverse repurchase transactions is unnecessary and would cause confusion because these products are not typically considered to be derivatives in the marketplace.
Para. 2(a) – Gaming	Three commenters expressed concern that gaming contracts not regulated by gaming control legislation in Canada should be explicitly excluded from the definition of "derivative".	Change made. See new subpara. 2(a)(ii) of the Scope Rule which provides that gaming contracts or instruments regulated by gaming control legislation of a foreign jurisdiction will be excluded from the definition of "derivative" if the contract was entered into outside Canada, is not in violation of Canadian law and would be regulated under Canadian gaming control legislation if it had been entered into in Ontario.
Para. 2(b) – Insurance	Five commenters pointed out that in certain situations Canadian entities may enter into an insurance or annuity contract with a foreign insurer not licensed in Canada. For example, a Canadian entity may enter into an insurance contract with a foreign insurer to insure a risk outside of Canada. Commenters suggested that certain insurance contracts issued by foreign insurers should be explicitly excluded from the definition of "derivative".	Change made. See new subpara. 2(b)(ii) of the Scope Rule which provides that insurance or annuity contracts entered into with an insurer licensed in a jurisdiction outside of Canada will be excluded from the definition of "derivative" if the insurance or annuity contract would be regulated as insurance under Canadian insurance legislation if it had been entered into in Canada.
	Two commenters requested additional clarification that reinsurance will not be treated as a derivative.	Change made. Additional clarification has been added to the Scope CP which provides that, to the extent that reinsurance falls within the exemption in para. 2(b) of the Scope Rule, it will be treated as an insurance or annuity contract under that paragraph.
Para. 2(c) – FX Spot Transactions	Three commenters suggested that the Scope Rule should exclude from the definition of "derivative" all deliverable foreign exchange forward contracts provided that there is an intention to physically deliver.	No change. We believe that deliverable foreign exchange forward transactions that are not settled within the timelines prescribed in subpara. 2(c)(iii) should be treated as derivatives under the Scope Rule for the purposes of trade reporting. We note that the United States and Europe are similarly

Section Reference	Issue/Comment	Response
		requiring the reporting of deliverable foreign exchange forward transactions. We intend to revisit the treatment of deliverable foreign exchange forward transactions for other derivatives regulatory requirements such as clearing and margin requirements.
	One commenter suggested that non-deliverable foreign exchange forward transactions be excluded from the definition of "derivative".	No change. Our view is that non-deliverable foreign exchange forward transactions should be treated as a "derivative".
	A number of commenters pointed out that in certain situations foreign exchange transactions are entered into in order to hedge foreign currency risk in connection with the purchase of equity securities. Typically, the settlement cycle for most non-US denominated securities is trade date plus three days. The commenters were concerned that the current two day settlement requirement under subpara. 2(c)(i) of the Scope Rule would prevent these transactions from being excluded for the definition of "derivative".	Change made. See new clause 2(c)(i)(B) of the Scope Rule which allows for settlement of deliverable foreign exchange forward transactions after two days provided such settlement coincides with the settlement of a related securities trade denominated in the underlying currency.
Para. 2(d) – Non-Financial Commodities	A number of commenters raised concerns with the term "physical commodity". Two commenters questioned whether intangible products (such as carbon offset credits, environmental attributes and biofuel components) will be treated as physical commodities.	Change made. See amendment to para. 2(d) of the Scope Rule which removes the term "physical commodity" and replaces it with the phrase "commodity other than cash or currency". The corresponding guidance in the Scope CP also specifies that intangible commodities such as carbon credits and emission allowances will be considered to be non-financial commodities.
	A number of commenters raised concern regarding the requirement under subpara. 2(d)(ii) of the Scope Rule that, in order to be excluded from the definition of "derivative", amongst other things, physical commodity contracts must not allow for cash settlement in place of physical delivery. Commenters provided a number of examples of current transactions terms and market practices that permit some form of cash delivery in lieu of physical settlement, including: • A number of commenters pointed out that parties to physical commodity forward transactions commonly enter into book-out transactions. A book-out transaction is a subsequent, separately negotiated agreement whereby the purchaser under the original agreement sells some or all of the commodity back to the same counterparty or a third-party. The commenters raised concerns that these transactions may result in physical commodity transactions being improperly classified as "derivatives" as they would be considered to be cash settled under subpara. 2(d)(ii).	Change made. See amended para. 2(d) and accompanying guidance in the Scope CP which permits cash settlement where physical settlement is rendered impossible or commercially unreasonable as a result of events not reasonably within the control of the parties. Additional guidance has also been provided in the Scope CP outlining our position on the intention requirement in subpara. 2(d)(i). We take the view that a netting provision will not, in and of itself, be evidence of an intention not to settle by delivering the relevant commodity.

Section Reference	Issue/Comment	Response
	• Two commenters expressed concern that netting arrangements may result in physical commodity transactions being improperly classified as "derivatives" as they would be considered to be cash settled under subpara. 2(d)(ii). The commenters pointed out these arrangements are standard industry practice and allow counterparties with offsetting delivery obligations to deliver just the net amount of commodity obligated to be transferred between the counterparties. • One commenter noted that standard industry contracts such as Gas Electronic Data Interchange Base Contract for Sale and Purchase of Natural Gas and North American Energy Standards Board Base Contract for the Purchase and Sale of Natural Gas contemplate cash settlement in place of physical delivery for reasons other than breach of contract, termination, or impossibility of delivery. • Four commenters pointed out that the Scope Rule does not discuss contracts having an optional-pricing component, such as contracts which include floor or ceiling pricing provisions. These commenters were concerned that using optional-pricing may result in the contract being considered to be cash settled and treated as a "derivative". • One commenter requested clarification as to whether power purchase agreements will be treated as derivatives under the Scope Rule. As power purchase agreements may include a take or pay option which in the event that the utility decides to not take full delivery of electricity there may be a requirement to compensate the producer for lost revenue due to reduced production.	
Para. 2(d) – Physically Settled Commodity Transactions	One commenter requested that transactions between provincially-owned utility companies and the Province owning such utility company should be excluded from the definition of "derivative".	No change. The Scope Rule has not been amended to deal specifically with these types of transactions although exemptions may be considered on a case-by-case basis.

2. The TR Rule

Section Reference	Issue/Comment	Response
General Comments	One commenter suggested that there should be an explicit recognition that trade repositories and other service providers may not "tie" or "bundle" mandatory services with the trade repository function. It was argued that bundling of a mandated service with other mandated or	Change made. See new para. 13(2)(d) of the TR Rule which provides that designated trade repositories will not require the use or purchase of another service for a person to utilize the trade reporting service.

Section Reference	Issue/Comment	Response
	ancillary services will only serve to limit reporting party choice and potentially result in data fragmentation as data is sent to multiple repositories complicating the ability of regulators or the public to get a comprehensive view of the market or a single firm's exposures in any one place.	
	A number of commenters suggested that the TR Rule should address the extent to which reporting derivatives data pursuant to foreign rules would satisfy the reporting requirements under the TR Rule. They argued that such "substituted compliance" should be allowed as long as the foreign jurisdiction has a reporting regime substantially similar to the reporting regime in the "home Province".	We agree that where a transaction has been reported to a designated trade repository pursuant to the rules of an equivalent jurisdiction, an exemption from reporting under the TR Rule will be considered where the foreign report contains all of the information otherwise required to be reported under the TR Rule. Such situations will be considered on a case-by-case basis under the exemption power in s. 41 of the TR Rule or any other applicable provision under securities or derivatives legislation.
	Two commenters suggested that a system of reciprocity or recognition be developed to allow for a Trade Repository that is designated in any province to be automatically deemed designated in all provinces – "passport system". It was suggested that a principal regulator model should be implemented, similar to that used to determine a principal regulator for registrants and for reporting issuers.	No change. This issue is outside of the scope of the TR Rule.
S. 1 "Local Counterparty"	A number of commenters raised concerns that the definition of "local counterparty" is too broad and has extra-territorial implications. Particular concern was raised that paras. (c), (d), (e) and (f) may capture transactions where there is either no or insufficient connection to Canada.	Change made. See amended definition of "local counterparty" in subsection 1(1) of the TR Rule. The amended definition includes parties to a transaction where (a) the party is a person or company, other than an individual, organized under the laws of Ontario or that has its head office or principal place of business in Ontario, (b) the party is registered as a dealer or subject to regulations providing that a person or company trading in derivatives must be registered in a category of registration prescribed by the regulations, or (c) the party is an affiliate of a person or company described in paragraph (a) or (b), and such person or company is responsible for the liabilities of that affiliated party.
S. 2 – Initial filing and designation	One commenter suggested that the requirement that the applicable local securities regulator have access to the trade repository's books and records should be limited to matters that directly fall within the regulatory ambit of the local regulator.	Change made. The requirement to provide access to the trade repository's books and records is intended to be limited to matters that directly fall within the regulatory ambit of the local regulator. See amendment to s. 5 of Exhibit A of Form F1 which removes the requirement that an applicant obtain a legal counsel opinion stating that the trade repository will be able to provide prompt access to "data that is required to be reported to the trade repository".
	One commenter suggested that to provide	Change made. See amendment made to

Section Reference	Issue/Comment	Response
	greater legal certainty there should be more precise wording in para. 2(3)(b) to require applicants located outside of a province to certify that it "has the power and authority", not just "is able", to provide access to the regulator of its books and records.	subsection 2(3) and the certificate in Form F1. The phrase "is able" is replaced by "has the power and authority".
S. 3 – Change in Information	One commenter argued that the requirement to provide 45 days' advance notice of a significant change to Form F1 information is too onerous and in practice will be difficult to comply with.	No change. We believe that 45 days prior notice of significant changes is necessary in order for the Commission to address any potential concerns that may arise with such changes.
S. 23 – Confirmation of Data and Information	Three commenters supported the position that where a transaction is cleared through a clearing agency or traded on an exchange such clearing agency or exchange should be required to confirm the accuracy of any data required to be submitted to a trade repository. One commenter suggested that there be no confirmation requirement where derivatives data is reported by a clearing agency or exchange. Two commenters pointed out that placing an obligation on the trade repository to confirm data without placing a corresponding obligation on counterparties to provide such data would make it very difficult for a trade repository to fulfill its obligation. Two commenters took the position that requiring both counterparties to confirm the accuracy of derivatives data placed an unnecessary administrative and compliance burden on end-users.	Change made. See new subsection 23(2) of the TR Rule which provides that a designated trade repository will only be required to confirm the accuracy of derivatives data with counterparties that are participants of the designated trade repository. Since clearing agencies, exchanges and dealers that will report derivatives data to a designated trade repository will be required to be participants of such designated trade repository, they will be required to confirm derivatives data. The designated trade repository will only be obligated to confirm the accuracy of derivatives data with an end-user if the end-user is a participant of the trade repository.
S. 25 – Duty to Report	Three commenters took the position that requiring end-users or non-dealer counterparties to report derivatives data is overly burdensome. Commenters pointed to the fact that dealers will have systems in place for such reporting while end-users will bear substantial costs to develop such expertise and logistic capabilities.	No change. We agree that dealers are in a better position to report transactions than end-users. However, in situations where the dealer is foreign, the Commission may not have jurisdiction over such an entity. As such, the ultimate reporting obligation must fall on a local counterparty. Where a transaction is between two end-users it would be expected that at least one of the counterparties would have reporting capabilities.
S. 26 – Pre-existing Derivatives Data	A number of commenters raised concerns that the requirement to report derivatives data for pre-existing transactions will be problematic since not all information will be readily available to counterparties (for example, counterparties will not likely have in their possession certain creation data).	Change made. The fields required to be reported for pre-existing transactions have been reduced. See column entitled "Required for Pre-existing Transactions" in Appendix A.
	One commenter pointed out that certain pre-existing transactions involving local-counterparties will have already been reported in the United States. They argued that it would be inefficient and costly to re-report such transactions or to require that additional	We agree that where a transaction has been reported to a designated trade repository pursuant to the rules of an equivalent jurisdiction, an exemption from reporting under the TR Rule should be considered when the foreign report contains all of the

Section Reference	Issue/Comment	Response
	information be provided for transactions which have already been reported.	information otherwise required to be reported under the TR Rule. Such situations will be considered on a case-by-case basis under the exemption power in s. 41 of the TR Rule or any other applicable provision under securities or derivatives legislation.
S. 27 – Reporting Counterparty	A number of commenters supported the position that where a transaction is cleared through a clearing agency, such clearing agency should be required to report any data required to be submitted to a trade repository.	Change made. See new para. 27(1)(a) of the TR Rule which provides that where a transaction is cleared, the clearing agency will be responsible for reporting derivatives data.
	Four commenters requested that the term "derivatives dealer" be defined in the TR Rule.	Change made. See new definition for "dealer" under subsection 1(1) which specifies that a "dealer" means a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in derivatives as a principal or agent.
S. 28 – Real-time Reporting	Three commenters suggested that it would be very difficult and costly for end-users to comply with a real-time reporting requirement. It was suggested that additional time be given for end-users reporting derivatives data.	No change. We note that the TR Rule and the accompanying TR CP already provides for a delay where reporting in real time is not technologically practicable.
	One commenter noted that the TR Rule does not contemplate circumstances where the trade repository ceases its operations or stops accepting data for a certain product. It was suggested that in such circumstances the TR Rule should allow a reporting counterparty a reasonable period of time to transition to another trade repository without contravening the timing requirements under s. 28 of the TR Rule provided that the reporting counterparty provides a copy of any notice it receives from the trade repository informing parties that it will be ceasing operations or stop accepting data for a certain product.	Change made. See amendment to subsection 28(3) of the TR Rule.
S. 30 – Legal Entity Identifier	Two commenters suggested that if the Global Legal Entity Identifier System is unavailable when the TR Rule comes into force other existing industry identifiers should be permitted to be used as a substitute pursuant to para. 30(3)(a) of the TR Rule (for example, CFTC Interim Compliant Identifiers, Bank Identifier Codes, etc.)	Change made. See amendments to subsection 30(3) of the TR Rule which allows for the use of substitute legal entity identifiers provided they comply with the standards established by the LEI Regulatory Oversight Committee for pre-LEI identifiers. Substitute legal entity identifiers which adhere to the requirements set by the LEI Regulatory Oversight Committee will in all likelihood convert to legal entity identifiers in their same form and will avoid the need for extensive mapping exercises.
S. 31 – Unique Transaction Identifier	Two commenters noted that unique transaction identifiers are commonly created by clearing agencies and exchanges. It was suggested that the TR Rule be amended to take into account such market practices.	Change made. See amendments to subsection 31(2) of the TR Rule which permits the use of unique transaction identifiers previously assigned by a clearing agency or an exchange.

Section Reference	Issue/Comment	Response
S. 34 – Life-cycle Data	Two commenters suggested that reporting counterparties be given the option of reporting life-cycle events through an end-of-day snapshot data report. Under this approach, lifecycle events that occur during the day would be aggregated to show the final position at the end of the day.	Change made. See amendments to s. 34 of the TR Rule which permits the reporting of life-cycle data at the end of the business day that such life-cycle event occurred.
S. 35 – Valuation Data	Two commenters suggested that the TR Rule should expressly provide that valuation data should be reported using the most current daily mark available. They noted that it is market standard that valuations of transactions are performed overnight and accordingly, the valuation data for a transaction will be first reported on the business day following the transaction date.	Change made. See amendment to para. 35(2)(a) of the TR Rule which requires the reporting of valuation data daily using industry accepted valuation standards and relevant closing market data from the previous trading day.
	One commenter pointed out that para. 35(2)(a) requires valuation data reporting by "each local counterparty if that counterparty is a derivatives dealer". Where both parties are dealers, this paragraph would seem to unnecessarily obligate both of them to do the reporting, despite an arrangement between them that one would be the reporting counterparty. It was recommended that the wording be changed such that the reporting is done by the reporting counterparty where at least one of the counterparties is a dealer.	No change. Having two derivative dealers report valuation data is useful from a regulatory perspective as it allows for the relevant Commission to have access to two valuation data points for the same transaction.
S. 36 – Record of Data Reported	A number of commenters requested that the 7 year retention period be lowered to 5 years in order to comply with international practice.	No change. The seven year retention period is common practice in Canada and is in line with timing requirements under the *Limitations Act 2002* (Ontario).
	Three commenters cautioned that it would be overly burdensome for local counterparties to retain all transaction records, particularly where they are not acting as reporting counterparty.	Change made. See amendments to subsection 36(1) of the TR Rule which only requires the reporting counterparty to keep records in relation to a transaction. The non-reporting counterparty has no obligation to retain any transaction records.
	Two commenters suggested that clarification is needed with respect to what is required to be retained – whether it is simply whatever records a local counterparty has relating to the transaction, or whether it is all the information that has been reported to the trade repository under the TR Rule.	Change made. See amendment to subsection 36(1) of the TR Rule which requires the reporting counterparty to keep records of a transaction.
S. 37 – Data available to Regulators	One commenter pointed out that a number of foreign jurisdictions place restrictions on the counterparty details that may be reported to a trade repository under local data protection and confidentiality laws. It was suggested that either (1) the reporting obligations be exempt where such conflicts exist or (2) reporting counterparties be permitted to mask confidential data in their reports where necessary.	No change. We note that this issue is currently being addressed at the international level. To the extent that a reporting counterparty encounters obstacles complying with the TR Rule as a result of foreign confidentiality laws, exemptions may be available on a case-by-case basis under the exemption power in s. 41 of the TR Rule or any other applicable provision under securities or derivatives legislation.

Section Reference	Issue/Comment	Response
S. 38 – Data available to Counterparties	Two commenters pointed out that the consent provided under subsection 38(3) is limited to the release by the trade repository to counterparties to the transaction of the data relevant to that transaction only. The consent does not cover the initial disclosure by a counterparty to the transaction under its obligation to report derivatives data to a trade repository under s. 25, disclosure by the trade repository to regulators under s. 37 or disclosure to the public under s. 39.	Change made. See amendment to subsection 38(3) of the TR Rule which deems consent of a counterparty for all data required under the Rule.
	One commenter recommended that s. 38 expressly include the imposition of timely requirements of the trade repository to make data available to the transacting counterparties.	Change made. Subsection 38(1) of the TR Rule has been amended to require timely access to derivatives data by counterparties.
S. 39 – Data available to the Public	Many commenters were concerned that the requirement under subsection 39(3) to publicly provide data regarding the principal economic terms of a transaction does not go far enough to ensure confidentiality and anonymity of the derivatives data.	Change made. The fields required to be publically disseminated have been reduced. See “Required for Public Dissemination” in Appendix A.
	Two commenters suggested that the TR Rule specify that the trade repository must not publicly disseminate inter-affiliate transaction data.	Change made. See new subsection 39(6) which exempts transactions between affiliates from public reporting. We agree that reporting inter-affiliate transactions may skew pricing information and note that the United States also exempts public reporting of these types of transactions.
	Four commenters questioned how data regarding block trades would be made available to the public. They argued that the current time frame under subsection 39(3) is not enough time in certain circumstances for a party to hedge its position in the market.	No change. The TR Rule has not been amended to deal specifically with these block trades. Exemptions may be considered on a case-by-case basis under the exemption power in s. 41 of the TR Rule or any other applicable provision under securities or derivatives legislation.
S. 40 – Exemption	Three commenters pointed out that the term physical commodity transaction is not defined in the TR Rule and that physical commodity contracts are excluded from the definition of “derivative” under the Scope Rule. Further guidance was requested as to what types of physical commodity transactions this exemption applies to.	Change made. See amendment to TR CP which clarifies that the provision applies to all un-exempted physical commodity transactions.

3. List of Commenters

1. Alternative Investment Management Association
2. BC Hydro
3. BP Canada Energy Group ULC
4. Canadian Bankers Association
5. Canadian Electricity Association
6. Canadian Life and Health Insurance Association Inc.
7. Canadian Market Infrastructure Committee
8. Canadian Oil Sands Limited
9. Capital Power Corporation
10. Central 1 Credit Union
11. The Depository Trust & Clearing Corporation
12. Deutsche Bank AG, Canada Branch
13. Direct Energy Marketing Limited
14. Encana Corporation
15. Fidelity Investments Canada ULC
16. FIRMA Foreign Exchange Corp.
17. FortisBC Energy Inc.
18. Global Foreign Exchange Division
19. ICE Trade Vault, LLC
20. International Swaps and Derivatives Association, Inc.
21. Investment Industry Association of Canada
22. Just Energy Group Inc.
23. MarkitSERV LLC
24. Mouvement des caisses Desjardins
25. Natural Gas Exchange Inc.
26. Ontario Teachers' Pension Plan
27. Pension Investment Association of Canada
28. RBC Global Asset Management Inc.
29. SaskPower
30. Shell Energy North America (Canada) Inc./Shell Trading Canada
31. State Street Global Advisors, Ltd.
32. Stewart McKelvey
33. Stikeman Elliott LLP
34. Suncor Energy Inc.
35. TransAlta Energy Marketing Corp.

ONTARIO SECURITIES COMMISSION RULE 91-506
DERIVATIVES: PRODUCT DETERMINATION

Application

1. This Rule applies to Ontario Securities Commission Rule 91-507 – *Trade Repositories and Derivatives Data Reporting*.

Excluded derivatives

2. A contract or instrument is prescribed not to be a derivative if it is

(a) regulated by,

(i) gaming control legislation of Canada or a jurisdiction of Canada, or

(ii) gaming control legislation of a foreign jurisdiction, if the contract or instrument

(A) is entered into outside of Canada,

(B) is not in violation of legislation of Canada or Ontario, and

(C) would be regulated under gaming control legislation of Canada or Ontario if it had been entered into in Ontario;

(b) an insurance or annuity contract entered into,

(i) with an insurer holding a licence under insurance legislation of Canada or a jurisdiction of Canada and regulated as insurance under that legislation, or

(ii) outside of Canada with an insurer holding a licence under insurance legislation of a foreign jurisdiction, if it would be regulated as insurance under insurance legislation of Canada or Ontario if it had been entered into in Ontario;

(c) a contract or instrument for the purchase and sale of currency that,

(i) except where all or part of the delivery of the currency referenced in the contract or instrument is rendered impossible or commercially unreasonable by an intervening event or occurrence not reasonably within the control of the parties, their affiliates or their agents, requires settlement by the delivery of the currency referenced in the contract or instrument,

(A) within two business days, or

(B) after two business days provided that the contract or instrument was entered into contemporaneously with a related security trade and the contract or instrument requires settlement on or before the relevant security trade settlement deadline,

(ii) is intended by the counterparties, at the time of the execution of the transaction, to be settled by the delivery of the currency referenced in the contract within the time periods set out in subparagraph (i), and

(iii) does not allow for the contract or instrument to be rolled over;

(d) a contract or instrument for delivery of a commodity other than cash or currency that,

(i) is intended by the counterparties, at the time of execution of the transaction, to be settled by delivery of the commodity, and

(ii) does not allow for cash settlement in place of delivery except where all or part of the delivery is rendered impossible or commercially unreasonable by an intervening event or occurrence not reasonably within the control of the counterparties, their affiliates, or their agents;

(e) evidence of a deposit issued by a bank listed in Schedule I, II or III to the *Bank Act* (Canada), by an association to which the *Cooperative Credit Associations Act* (Canada) applies or by a company to which the *Trust and Loan Companies Act* (Canada) applies;

(f) evidence of a deposit issued by a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* or a similar statute of Canada or a jurisdiction of Canada (other than Ontario) applies or by a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act* or a similar statute of a jurisdiction of Canada (other than Ontario); or

(g) traded on an exchange recognized by a securities regulatory authority, an exchange exempt from recognition by a securities regulatory authority or an exchange that is regulated in a foreign jurisdiction by a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.

Investment contracts and over-the-counter options

3. A contract or instrument, other than a contract or instrument to which section 2 applies, that is a derivative, and that is otherwise a security solely by reason of being an investment contract under paragraph (n) of the definition of "security" in subsection 1(1) of the Act, or being an option described in paragraph (d) of that definition, that is not described in section 5, is prescribed not to be a security

Derivatives that are securities

4. A contract or instrument, other than a contract or instrument to which any of sections 2 and 3 apply, that is a security and would otherwise be a derivative is prescribed not to be a derivative.

Derivatives prescribed to be securities

5. A contract or instrument that is a security and would otherwise be a derivative, other than a contract or instrument to which any of sections 2 to 4 apply, is prescribed not to be a derivative if such contract or instrument is used by an issuer or affiliate of an issuer solely to compensate an employee or service provider or as a financing instrument and whose underlying interest is a share or stock of that issuer or its affiliate.

COMPANION POLICY 91-506CP
TO
ONTARIO SECURITIES COMMISSION RULE 91-506 DERIVATIVES: PRODUCT DETERMINATION

TABLE OF CONTENTS

PART 1. General comments

(1) This Companion Policy sets out the views of the Commission ("our" or "we") on various matters relating to Ontario Securities Commission Rule 91-506 *Derivatives: Product Determination* (the "Rule").

(2) Except for Part 1, the numbering and headings in this Companion Policy correspond to the numbering and headings in the Rule. Any general guidance for a Part appears immediately after the Part name. Any specific guidance on sections in the Rule follows any general guidance.

(3) The Rule applies only to the Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting*.

(4) Unless defined in the Rule or this Companion Policy, terms used in the Rule and in this Companion Policy have the meaning given to them in securities legislation, including, for greater certainty, in National Instrument 14-101 *Definitions* and Ontario Securities Commission Rule 14-501 *Definitions*.

(5) In this Companion Policy, the term "contract" is interpreted to mean "contract or instrument".

PART 2. Excluded derivatives

(a) Gaming contracts

Paragraph 2(a) of the Rule prescribes certain domestic and foreign gaming contracts not to be "derivatives". While a gaming contract may come within the definition of "derivative", it is generally not recognized as being a financial derivative and typically does not pose the same potential risk to the financial system as other derivatives products. In addition, the Commission does not believe that the derivatives regulatory regime will be appropriate for this type of contract. Further, gaming control legislation of Canada (or a jurisdiction of Canada), or equivalent gaming control legislation of a foreign jurisdiction, generally has consumer protection as an objective and is therefore aligned with the objective of securities legislation to provide protection to investors from unfair, improper or fraudulent practices.

With respect to subparagraph 2(a)(ii), a contract that is regulated by gaming control legislation of a foreign jurisdiction would only qualify for this exclusion if: (1) its execution does not violate legislation of Canada or Ontario, and (2) it would be considered a gaming contract under domestic legislation. If a contract would be treated as a derivative if entered into in Ontario, but would be considered a gaming contract in a foreign jurisdiction, the contract does not qualify for this exclusion, irrespective of its characterization in the foreign jurisdiction.

(b) Insurance and annuity contracts

Paragraph 2(b) of the Rule prescribes qualifying insurance or annuity contracts not to be "derivatives". A reinsurance contract would be considered to be an insurance or annuity contract.

While an insurance contract may come within the definition of "derivative", it is generally not recognized as a financial derivative and typically does not pose the same potential risk to the financial system as other derivatives products. The Commission does not believe that the derivatives regulatory regime will be appropriate for this type of contract. Further, a comprehensive regime is already in place that regulates the insurance industry in Canada and the insurance legislation of

Canada (or a jurisdiction of Canada), or equivalent insurance legislation of a foreign jurisdiction, has consumer protection as an objective and is therefore aligned with the objective of securities legislation to provide protection to investors from unfair, improper or fraudulent practices.

Certain derivatives that have characteristics similar to insurance contracts, including credit derivatives and climate-based derivatives, will be treated as derivatives and not insurance or annuity contracts.

Subparagraph 2(b)(i) requires an insurance or annuity contract to be entered into with a domestically licenced insurer and that the contract be regulated as an insurance or annuity contract under Canadian insurance legislation. Therefore, for example, an interest rate derivative entered into by a licensed insurance company would not be an excluded derivative.

With respect to subparagraph 2(b)(ii), an insurance or annuity contract that is made outside of Canada would only qualify for this exclusion if it would be regulated under insurance legislation of Canada or Ontario if made in Ontario. Where a contract would otherwise be treated as a derivative if entered into in Canada, but is considered an insurance contract in a foreign jurisdiction, the contract does not qualify for this exclusion, irrespective of its characterization in the foreign jurisdiction. Subparagraph 2(b)(ii) is included to address the situation where a local counterparty purchases insurance for an interest that is located outside of Canada and the insurer is not required to be licenced in Canada.

(c) Currency exchange contracts

Paragraph 2(c) of the Rule prescribes a short-term contract for the purchase and sale of a currency not to be a "derivative" if it is settled within the time limits set out in subparagraph 2(c)(i). This provision is intended to apply exclusively to contracts that facilitate the conversion of one currency into another currency specified in the contract. These currency exchange services are often provided by financial institutions or other businesses that exchange one currency for another for clients' personal or business use (e.g., for purposes of travel or to make payment of an obligation denominated in a foreign currency).

Timing of delivery (subparagraph 2(c)(i))

To qualify for this exclusion the contract must require physical delivery of the currency referenced in the contract within the time periods prescribed in subparagraph 2(c)(i). If a contract does not have a fixed settlement date or otherwise allows for settlement beyond the prescribed periods or permits settlement by delivery of a currency other than the currency referenced in the contract, it will not qualify for this exclusion.

Clause 2(c)(i)(A) applies to a transaction that settles by delivery of the referenced currency within two business days – being the industry standard maximum settlement period for a spot foreign exchange transaction.

Clause 2(c)(i)(B) allows for a longer settlement period if the foreign exchange transaction is entered into contemporaneously with a related securities trade. This exclusion reflects the fact that the settlement period for certain securities trades can be three or more days. In order for the provision to apply, the securities trade and foreign exchange transaction must be related, meaning that the currency to which the foreign exchange transaction pertains was used to facilitate the settlement of the related security purchase.

Where a contract for the purchase or sale of a currency provides for multiple exchanges of cash flows, all such exchanges must occur within the timelines prescribed in subparagraph 2(c)(i) in order for the exclusion in paragraph 2(c) to apply.

Settlement by delivery except where impossible or commercially unreasonable (subparagraph 2(c)(i))

Subparagraph 2(c)(i) requires that a contract must not permit settlement in a currency other than what is referenced in the contract unless delivery is rendered impossible or commercially unreasonable as a result of events not reasonably within the control of the counterparties.

Settlement by delivery of the currency referenced in the contract requires the currency contracted for to be delivered and not an equivalent amount in a different currency. For example, where a contract references Japanese Yen, such currency must be delivered in order for this exclusion to apply. We consider delivery to mean actual delivery of the original currency contracted for either in cash or through electronic funds transfer. In situations where settlement takes place through the delivery of an alternate currency or account notation without actual currency transfer, there is no settlement by delivery and therefore the exclusion in paragraph 2(c) would not apply.

We consider events that are not reasonably within the control of the counterparties to include events that cannot be reasonably anticipated, avoided or remedied. An example of an intervening event that would render delivery to be commercially unreasonable would include a situation where a government in a foreign jurisdiction imposes capital controls that restrict the flow of the currency required to be delivered. A change in the market value of the currency itself will not render delivery commercially unreasonable.

Intention requirement (subparagraph 2(c)(ii))

Subparagraph 2(c)(ii) excludes from the reporting requirement a contract for the purchase and sale of a currency that is intended to be settled through the delivery of the currency referenced in such contract. The intention to settle a contract by delivery may be inferred from the terms of the relevant contract as well as from the surrounding facts and circumstances.

When examining the specific terms of a contract for evidence of intention to deliver, we take the position that the contract must create an obligation on the counterparties to make or take delivery of the currency and not merely an option to make or take delivery. Any agreement, arrangement or understanding between the parties, including a side agreement, standard account terms or operational procedures that allow for the settlement in a currency other than the referenced currency or on a date after the time period specified in subparagraph 2(c)(i) is an indication that the parties do not intend to settle the transaction by delivery of the prescribed currency within the specified time periods.

We are generally of the view that certain provisions, including standard industry provisions, the effect of which may result in a transaction not being physically settled, will not necessarily negate the intention to deliver. The contract as a whole needs to be reviewed in order to determine whether the counterparties' intention was to actually deliver the contracted currency. Examples of provisions that may be consistent with the intention requirement under subparagraph 2(c)(ii) include:

- a netting provision that allows two counterparties who are party to multiple contracts that require delivery of a currency to net offsetting obligations, provided that the counterparties intended to settle through delivery at the time the contract was created and the netted settlement is physically settled in the currency prescribed by the contract, and

- a provision where cash settlement is triggered by a termination right that arises as a result of a breach of the terms of the contract.

Although these types of provisions permit settlement by means other than the delivery of the relevant currency, they are included in the contract for practical and efficiency reasons.

In addition to the contract itself, intention may also be inferred from the conduct of the counterparties. Where a counterparty's conduct indicates an intention not to settle by delivery, the contract will not qualify for the exclusion in paragraph 2(c). For example, where it could be inferred from the conduct that counterparties intend to rely on breach or frustration provisions in the contract in order to achieve an economic outcome that is, or is akin to, settlement by means other than delivery of the relevant currency, the contract will not qualify for this exclusion. Similarly, a contract would not qualify for this exclusion where it can be inferred from their conduct that the counterparties intend to enter into collateral or amending agreements which, together with the original contract, achieve an economic outcome that is, or is akin to, settlement by means other than delivery of the relevant currency.

Rolling over (subparagraph 2(c)(iii))

Subparagraph 2(c)(iii) provides that, in order to qualify for the reporting exclusion in paragraph 2(c), a currency exchange contract must not permit a rollover of the contract. Therefore, physical delivery of the relevant currencies must occur in the time periods prescribed in subparagraph 2(c)(i). To the extent that a contract does not have a fixed settlement date or otherwise allows for the settlement date to be extended beyond the periods prescribed in subparagraph 2(c)(i), the Commission would consider it to permit a rollover of the contract. Similarly, any terms or practice that permits the settlement date of the contract to be extended by simultaneously closing the contract and entering into a new contract without delivery of the relevant currencies would also not qualify for the exclusion in paragraph 2(c).

The Commission does not intend that the exclusion in paragraph 2(c) will apply to contracts entered into through platforms that facilitate investment or speculation based on the relative value of currencies. These platforms typically do not provide for physical delivery of the currency referenced in the contract, but instead close out the positions by crediting client accounts held by the person operating the platform, often applying the credit using a standard currency.

(d) Commodities

Paragraph 2(d) of the Rule prescribes a contract for the delivery of a commodity not to be a "derivative" if it meets the criteria in subparagraphs 2(d)(i) and (ii).

Commodity

The exclusion available under paragraph 2(d) is limited to commercial transactions in goods that can be delivered either in a physical form or by delivery of the instrument evidencing ownership of the commodity. We take the position that commodities include goods such as agricultural products, forest products, products of the sea, minerals, metals, hydrocarbon fuel, precious

stones or other gems, electricity, oil and natural gas (and by-products, and associated refined products, thereof), and water. We also consider certain intangible commodities, such as carbon credits and emission allowances, to be commodities. In contrast, this exclusion will not apply to financial commodities such as currencies, interest rates, securities and indexes.

Intention requirement (subparagraph 2(d)(i))

Subparagraph 2(d)(i) of the Rule requires that counterparties *intend* to settle the contract by delivering the commodity. Intention can be inferred from the terms of the relevant contract as well as from the surrounding facts and circumstances.

When examining the specific terms of a contract for evidence of an intention to deliver, we take the position that the contract must create an obligation on the counterparties to make or take delivery of the commodity and not merely an option to make or take delivery. Subject to the comments below on subparagraph 2(d)(ii), we are of the view that a contract containing a provision that permits the contract to be settled by means other than delivery of the commodity, or that includes an option or has the effect of creating an option to settle the contract by a method other than through the delivery of the commodity, would not satisfy the intention requirement and therefore does not qualify for this exclusion.

We are generally of the view that certain provisions, including standard industry provisions, the effect of which may result in a transaction not being physically settled, may not necessarily negate the intention to deliver. The contract as a whole needs to be reviewed in order to determine whether the counterparties' intention was to actually deliver the commodity. Examples of provisions that may be consistent with the intention requirement under subparagraph 2(d)(i) include:

- an option to change the volume or quantity, or the timing or manner of delivery, of the commodity to be delivered;
- a netting provision that allows two counterparties who are party to multiple contracts that require delivery of a commodity to net offsetting obligations provided that the counterparties intended to settle each contract through delivery at the time the contract was created,
- an option that allows the counterparty that is to accept delivery of a commodity to assign the obligation to accept delivery of the commodity to a third-party; and
- a provision where cash settlement is triggered by a termination right arising as a result of the breach of the terms of the contract or an event of default thereunder.

Although these types of provisions permit some form of cash settlement, they are included in the contract for practical and efficiency reasons.

In addition to the contract itself, intention may also be inferred from the conduct of the counterparties. For example, where it could be inferred from the conduct that counterparties intend to rely on breach or frustration provisions in the contract in order to achieve an economic outcome that is, or is akin to, cash settlement, the contract will not qualify for this exclusion. Similarly, a contract will not qualify for this exclusion where it can be inferred from their conduct that the counterparties intend to enter into collateral or amending agreements which, together with the original contract, achieve an economic outcome that is, or is akin to, cash settlement of the original contract.

When determining the intention of the counterparties, we will examine their conduct at execution and throughout the duration of the contract. Factors that we will consider include whether a counterparty is in the business of producing, delivering or using the commodity in question and whether the counterparties regularly make or take delivery of the commodity relative to the frequency with which they enter into such contracts in relation to the commodity.

Situations may exist where, after entering into the contract for delivery of the commodity, the counterparties enter into an agreement that terminates their obligation to deliver or accept delivery of the commodity (often referred to as a "book-out" agreement). Book-out agreements are typically separately negotiated, new agreements where the counterparties have no obligation to enter into such agreements and such book-out agreements are not provided for by the terms of the contract as initially entered into. We will generally not consider a book-out to be a "derivative" provided that, at the time of execution of the original contract, the counterparties intended that the commodity would be delivered.

Settlement by delivery except where impossible or commercially unreasonable (subparagraph 2(d)(ii))

Subparagraph 2(d)(ii) requires that a contract not permit cash settlement in place of delivery unless physical settlement is rendered impossible or commercially unreasonable as a result of an intervening event or occurrence not reasonably within the control of the counterparties, their affiliates or their agents. A change in the market value of the commodity itself will not render delivery commercially unreasonable. In general, we consider examples of events not reasonably within the control of the counterparties would include:

- events to which typical *force majeure* clauses would apply,
- problems in delivery systems such as the unavailability of transmission lines for electricity or a pipeline for oil or gas where an alternative method of delivery is not reasonably available, and
- problems incurred by a counterparty in producing the commodity that they are obliged to deliver such as a fire at an oil refinery or a drought preventing crops from growing where an alternative source for the commodity is not reasonably available.

In our view, cash settlement in these circumstances would not preclude the requisite intention under subparagraph 2(d)(i) from being satisfied.

(e) and (f) Evidence of a deposit

Paragraphs 2(e) and (f) of the Rule prescribe certain evidence of deposits not to be a "derivative".

Paragraph 2(f) refers to "similar statutes of Canada or a jurisdiction of Canada". While the *Credit Unions and Caisses Populaires Act, 1994* (Ontario) is Ontario legislation, it is intended that all federal or province-specific statutes will receive the same treatment in every province or territory. For example, if a credit union to which the Ontario *Credit Unions and Caisses Populaires Act, 1994* (Ontario) applies issues an evidence of deposit to a market participant that is located in a different province, that province would apply the same treatment under its equivalent legislation.

(g) Exchange-traded derivatives

Paragraph 2(g) of the Rule prescribes a contract not to be a derivative if it is traded on certain prescribed exchanges. Exchange-traded derivatives provide pre- and post-trade transparency to regulators and to the public, and for this reason are not required to be reported. We note that where a transaction is cleared through a clearing agency, but not traded on an exchange, it will not be considered to be exchange-traded and will be required to be reported.

(h) Additional contracts not considered to be derivatives

Apart from the contracts expressly prescribed not to be derivatives in section 2 of the Rule, there are other contracts that we do not consider to be "derivatives" for the purposes of securities or derivatives legislation. A feature common to these contracts is that they are entered into for consumer, business or non-profit purposes that do not involve investment, speculation or hedging. Typically, they provide for the transfer of ownership of a good or the provision of a service. In most cases, they are not traded on a market.

These contracts include, but are not limited to:

- a consumer or commercial contract to acquire or lease real or personal property, to provide personal services, to sell or assign rights, equipment, receivables or inventory, or to obtain a loan or mortgage, including a loan or mortgage with a variable rate of interest, interest rate cap, interest rate lock or embedded interest rate option;
- a consumer contract to purchase non-financial products or services at a fixed, capped or collared price;
- an employment contract or retirement benefit arrangement;
- a guarantee;
- a performance bond;
- a commercial sale, servicing, or distribution arrangement;
- a contract for the purpose of effecting a business purchase and sale or combination transaction;
- a contract representing a lending arrangement in connection with building an inventory of assets in anticipation of a securitization of such assets; and
- a commercial contract containing mechanisms indexing the purchase price or payment terms for inflation such as via reference to an interest rate or consumer price index.

PART 3. Investment contracts and over-the-counter options

Section 3 of the Rule prescribes a contract (to which section 2 of the Rule does not apply) that is a derivative and a security solely by reason of being an investment contract under paragraph (n) of the definition of "security" in subsection 1(1) of the Act, not to be a security. Some types of contracts traded over-the-counter, such as foreign exchange contracts and contracts for difference, meet the definition of "derivative" (because their market price, value, delivery obligations, payment obligations or settlement obligations are derived from, referenced to or based on an underlying interest) but also meet the definition of "security" (because they are investment contracts). This section prescribes that such instruments will be treated as derivatives and therefore be required to be reported to a designated trade repository.

Similarly, options fall within both the definition of "derivative" and the definition of "security". Section 3 of the Rule prescribes an option that is only a security by virtue of paragraph (d) of the definition of "security" in subsection 1(1) of the Act (and not described in section 5 of the Rule), not to be a security. This section prescribes that such instruments will be treated as derivatives and therefore will be required to be reported to a designated trade repository. This treatment will only apply to options that are traded over-the-counter. Under paragraph 2(g), exchange-traded options will not be required to be reported to a designated trade repository. Further, options that are entered into on a commodity futures exchange pursuant to standardized terms and conditions are commodity futures options and therefore regulated under the *Commodity Futures Act* (Ontario) and excluded from the definition of "derivative".

PART 4. Derivatives that are securities

Section 4 of the Rule prescribes a contract (to which sections 2 and 3 of the Rule do not apply) that is a security and a derivative, not to be a derivative. Derivatives that are securities and which are contemplated as falling within this section include structured notes, asset-backed securities, exchange-traded notes, capital trust units, exchangeable securities, income trust units, securities of investment funds and warrants. This section ensures that such instruments will continue to be subject to applicable prospectus disclosure and continuous disclosure requirements in securities legislation as well as applicable registration requirements for dealers and advisers. The Commission anticipates that it will again review the categorization of instruments as securities and derivatives once the comprehensive derivatives regime has been implemented.

PART 5. Derivatives prescribed to be securities

Section 5 of the Rule prescribes a security-based derivative that is used by an issuer or its affiliate to compensate an officer, director, employee or service provider, or as a financing instrument, not to be a derivative. Examples of the compensation instruments that are contemplated as falling within section 5 include stock options, phantom stock units, restricted share units, deferred share units, restricted share awards, performance share units, stock appreciation rights and compensation instruments provided to service providers, such as broker options. Securities treatment would also apply to the aforementioned instruments when used as a financing instrument, for example, rights, warrants and special warrants, or subscription rights/receipts or convertible instruments issued to raise capital for any purpose. The Commission takes the view that an instrument would only be considered a financing instrument if it is used for capital-raising purposes. An equity swap, for example, would generally not be considered a financing instrument. The classes of derivatives referred to in section 5 can have similar or the same economic effect as a securities issuance and are therefore subject to requirements generally applicable to securities. As they are prescribed not to be derivatives they are not subject to the derivatives reporting requirements.

ONTARIO SECURITIES COMMISSION RULE 91-507
TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

PART 1
DEFINITIONS AND INTERPRETATION

Definitions

1. (1) In this Rule

"asset class" means the broad asset category underlying a derivative including, but not limited to, interest rate, foreign exchange, credit, equity and commodity;

"counterparty information" means the information used to identify a counterparty to a transaction, including information regarding attributes of counterparties that include, at a minimum, the data in the applicable fields listed in Appendix A under the heading "Counterparty Information";

"creation data" means operational data, principal economic terms, counterparty information and event data;

"dealer" means a person or company engaging in or holding himself, herself or itself out as engaging in the business of trading in derivatives as principal or agent;

"derivatives data" means all data related to a transaction that is required to be reported pursuant to Part 3;

"event data" means the information that records the occurrence of an event and, at a minimum, includes the data in the applicable fields listed in Appendix A under the heading "Event Data";

"interim period" has the same meaning as in section 1.1 of National Instrument 51-102 *Continuous Disclosure Obligations*;

"life-cycle data" means changes to creation data resulting from any life-cycle event;

"life-cycle event" means any event that results in a change to derivatives data previously reported to the designated trade repository in respect of a transaction;

"local counterparty" means a counterparty to a transaction if, at the time of the transaction, any of the following applies

(a) the counterparty is a person or company, other than an individual, organized under the laws of Ontario or that has its head office or principal place of business in Ontario,

(b) the counterparty is registered under Ontario securities law as a dealer or subject to regulations providing that a person or company trading in derivatives must be registered in a category of registration prescribed by the regulations,

(c) the counterparty is an affiliate of a person described in paragraph (a) or (b), and such person described in paragraphs (a) or (b) is responsible for the liabilities of that affiliated party;

"operational data" means the data related to how a transaction is executed, confirmed, cleared and settled and, at a minimum, includes the data in the applicable fields listed in Appendix A under the heading "Operational Data";

"participant" means a person that has entered into an agreement with a designated trade repository that allows them to access the designated trade repository services;

"principal economic terms" means the material terms of a transaction and, at a minimum, includes the data in the applicable fields listed in Appendix A under the heading "Principal Economic Terms";

"reporting counterparty" means the counterparty that is required to report derivatives data for a transaction to a designated trade repository as determined under subsections 27(1) and (2);

"transaction" means entering into, assigning, selling or otherwise acquiring or disposing of a derivative or the novation of a derivative;

"user" means, in respect of a designated trade repository, a counterparty (or delegate of a counterparty) to a transaction reported to that designated trade repository pursuant to this Rule; and

"valuation data" means data that reflects the current value of the transaction and, at a minimum, includes the data in the applicable fields listed in Appendix A under the heading "Valuation Data".

(2) In this Rule, each of the following terms has the same meaning as in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*: "accounting principles"; "auditing standards"; "U.S. AICPA GAAS"; "U.S. GAAP"; and "U.S. PCAOB GAAS".

PART 2
TRADE REPOSITORY DESIGNATION AND ONGOING REQUIREMENTS

Trade repository initial filing of information and designation

2. (1) An applicant for designation under section 21.2.2 of the Act must file

(a) a completed Form F1 – *Application For Designation and Trade Repository Information Statement*, and

(b) an application letter that describes how it complies with or will comply with Parts 2 and 4 of this Rule.

(2) In its Form F1 or application letter, the applicant must include information sufficient to demonstrate that

(a) it is in the public interest to designate the applicant under section 21.2.2 of the Act,

(b) the applicant is or will be in compliance with securities legislation, and

(c) the applicant has established, implemented, maintained and enforced appropriate written rules, policies and procedures that are in accordance with standards applicable to trade repositories.

(3) In addition to the requirements set out in subsections (1) and (2), an applicant that is located outside of Ontario that is applying for designation under section 21.2.2 of the Act must

(a) certify on Form F1 that it will provide the Commission with access to its books and records and will submit to onsite inspection and examination by the Commission,

(b) certify on Form F1 that it will provide the Commission with an opinion of legal counsel that,

(i) the applicant has the power and authority to provide the Commission with access to the applicant's books and records, and

(ii) the applicant has the power and authority to submit to onsite inspection and examination by the Commission, and

(c) file a completed Form F2 – *Submission to Jurisdiction and Appointment of Agent for Service of Process* if it is located outside of Canada.

(4) For the purposes of subsection (3), an applicant is located outside of Ontario if the applicant does not have its head office or principal place of business anywhere in Ontario.

(5) An applicant for designation under section 21.2.2 of the Act must inform the Commission in writing immediately of any change to the information provided in Form F1 or if any of the information becomes inaccurate for any reason, and the applicant must file an amendment to the information provided in Form F1 in the manner set out in the Form no later than 7 days after the change occurs or after becoming aware of any inaccuracy.

Change in information

3. (1) Subject to subsection (2), a designated trade repository must not implement a significant change to a matter set out in Form F1 unless it has filed an amendment to the information provided in Form F1 in the manner set out in the Form at least 45 days before implementing the change.

(2) A designated trade repository must file an amendment to the information provided in Exhibit J (Fees) of Form F1 at least 15 days before implementing a change to the information provided in the Exhibit.

(3) For any change to a matter set out in Form F1 other than a change referred to in subsection (1) or (2), a designated trade repository must file an amendment to the information provided in the Form by the earlier of

(a) the close of business of the designated trade repository on the 10th day after the end of the month in which the change was made, and

(b) the time the designated trade repository discloses the change publicly.

Ceasing to carry on business

4. (1) A designated trade repository that intends to cease carrying on business in Ontario as a trade repository must make an application and file a report in Form F3 – *Cessation of Operations Report For Trade Repository* at least 180 days before the date on which it intends to cease carrying on that business.

(2) A designated trade repository that involuntarily ceases to carry on business in Ontario as a trade repository must file a report in Form F3 as soon as practicable after it ceases to carry on that business.

Filing of initial audited financial statements

5. (1) A person or company must file, as part of its application for designation as a designated trade repository, together with Form F1, audited financial statements for its most recently completed financial year that

(a) are prepared in accordance with one of the following

(i) Canadian GAAP applicable to publicly accountable enterprises,

(ii) IFRS, or

(iii) U.S. GAAP, if the person or company is incorporated or organized under the laws of the United Stated of America,

(b) identify in the notes to the financial statements the accounting principles used to prepare the financial statements,

(c) disclose the presentation currency, and

(d) are accompanied by an auditor's report and are audited in accordance with one of the following

(i) Canadian GAAS,

(ii) International Standards on Auditing, or

(iii) U.S. AICPA GAAS or U.S. PCAOB GAAS, if the person or company is incorporated or organized under the laws of the United Stated of America.

(2) The auditor's report must

(a) if paragraph (1)(d)(i) or (ii) applies, express an unmodified opinion,

(b) if paragraph (1)(d)(iii) applies, express an unqualified opinion,

(c) identify all financial periods presented for which the auditor's report applies,

(d) identify the auditing standards used to conduct the audit and the accounting principles used to prepare the financial statements,

(e) be prepared in accordance with the same auditing standards used to conduct the audit, and

(f) be prepared and signed by a person or company that is authorized to sign an auditor's report under the laws of a jurisdiction of Canada or a foreign jurisdiction, and that meets the professional standards of that jurisdiction.

Filing of annual audited and interim financial statements

6. (1) A designated trade repository must file annual audited financial statements no later than the 90th day after the end of its financial year that comply with the requirements described in section 5.

(2) A designated trade repository must file interim financial statements no later than the 45th day after the end of each interim period that are:

(a) prepared in accordance with accounting principles referred to in any one of the paragraphs 5(1)(a)(i) to (iii), and

(b) identify in the notes to the interim financial statements the accounting principles used to prepare the interim financial statements.

Legal framework

7. (1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to ensure a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

(2) Without limiting the generality of subsection (1), a designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that are not contrary to the public interest and that are reasonably designed to ensure that

(a) such rules, policies and procedures and the contractual arrangements are supported by the laws applicable to those rules, policies, procedures and contractual arrangements,

(b) the rights and obligations of users, owners and regulators with respect to the use of its information are clear and transparent,

(c) the contractual arrangements that it enters into and supporting documentation clearly state service levels, rights of access, protection of confidential information, intellectual property rights and operational reliability, and

(d) the status of records of contracts in its repository and whether those records of contracts are the legal contracts of record are clearly established.

Governance

8. (1) A designated trade repository must have governance arrangements that

(a) are clear and transparent,

(b) promote the safety and efficiency of the designated trade repository,

(c) ensure effective oversight of the designated trade repository,

(d) support the stability of the broader financial system and other relevant public interest considerations, and

(e) properly balance the interests of relevant stakeholders.

(2) A designated trade repository must establish, implement, maintain and enforce written governance arrangements that are well-defined and that include a clear organizational structure with consistent lines of responsibility and effective internal controls.

(3) A designated trade repository must establish, implement, maintain and enforce written policies and procedures reasonably designed to identify and manage existing and potential conflicts of interest.

(4) A designated trade repository must make the governance arrangements referred to in subsections (2) and (3) available to the public.

Board of directors

9. (1) The board of directors of a designated trade repository must include

(a) individuals who have an appropriate level of skill and experience to effectively and efficiently oversee the management of its operations in accordance with all relevant laws, and

(b) appropriate representation by individuals who are independent of the designated trade repository.

(2) The board of directors of a designated trade repository must, in consultation with the chief compliance officer of the designated trade repository, resolve conflicts of interest identified by the chief compliance officer.

(3) The board of directors of a designated trade repository must meet with the chief compliance officer of the designated trade repository on a regular basis.

Management

10. (1) A designated trade repository must specify, in writing, the roles and responsibilities of management and must establish, implement, maintain and enforce written policies and procedures to ensure that management has the experience, competencies, integrity and mix of skills necessary to discharge such roles and responsibilities.

(2) A designated trade repository must notify the Commission no later than the 5th business day after appointing or replacing its chief compliance officer, chief executive officer or chief risk officer.

Chief compliance officer

11. (1) A designated trade repository must have a chief compliance officer and its board of directors must appoint an individual who has the appropriate experience, competencies, integrity and mix of skills necessary to serve in that capacity.

(2) The chief compliance officer of a designated trade repository must report directly to the board of directors of the designated trade repository or, if determined by the board of directors, to the chief executive officer of the designated trade repository.

(3) The chief compliance officer of a designated trade repository must

(a) establish, implement, maintain and enforce written policies and procedures to identify and resolve conflicts of interest and to ensure that the designated trade repository complies with securities legislation and must monitor compliance with these policies and procedures on an ongoing basis,

(b) report to the designated trade repository's board of directors as soon as practicable if he or she becomes aware of any circumstances indicating that the designated trade repository, or any individual acting on its behalf, is not in compliance with the securities or derivatives laws of any jurisdiction in which it operates and any of the following apply

(i) the non-compliance creates a risk of harm to a user,

(ii) the non-compliance creates a risk of harm to the capital markets,

(iii) the non-compliance is part of a pattern of non-compliance,

(iv) the non-compliance may have an impact on the ability of the designated trade repository to carry on business as a trade repository in compliance with securities legislation,

(c) report to the designated trade repository's board of directors as soon as practicable if he or she becomes aware of a conflict of interest that creates a risk of harm to a user or to the capital markets, and

(d) prepare and certify an annual report assessing compliance by the designated trade repository, and individuals acting on its behalf, with securities legislation and submit the report to the board of directors.

(4) Concurrently with submitting a report under paragraphs (3)(b), (c) or (d), the chief compliance officer must file a copy of the report with the Commission.

Fees

12. All fees and other material costs imposed by a designated trade repository on its participants must be

(a) fairly and equitably allocated among participants, and

(b) publicly disclosed for each service it offers with respect to the collection and maintenance of derivatives data.

Access to designated trade repository services

13. (1) A designated trade repository must have objective, risk-based, and publicly disclosed criteria for participation that permit fair and open access.

(2) Without limiting the generality of subsection (1), a designated trade repository must not do any of the following

(a) unreasonably prohibit, condition or limit access by a person or company to the services offered by it,

(b) permit unreasonable discrimination among its participants,

(c) impose any burden on competition that is not reasonably necessary and appropriate,

(d) require the use or purchase of another service for a person or company to utilize the trade reporting service offered by it.

Acceptance of reporting

14. A designated trade repository must accept derivatives data for reporting purposes from its participants for all derivatives of the asset class or classes set out in the Commission's designation order.

Communication policies, procedures and standards

15. A designated trade repository must use or accommodate relevant internationally accepted communication procedures and standards in order to facilitate the efficient exchange of data between its systems and those of

(a) its participants,

(b) other trade repositories,

(c) exchanges, clearing agencies and alternative trading systems, and

(d) other service providers.

Due process

16. For any decision made by a designated trade repository that affects a participant or an applicant that applies to become a participant, the designated trade repository must ensure that

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

(b) it keeps records of, gives reasons for, and provides for reviews of its decisions, including, for each applicant, the reasons for granting, denying or limiting access.

Rules

17. (1) The rules and procedures of a designated trade repository must

(a) be clear, comprehensive and provide sufficient information to enable participants to have an accurate understanding of the rights and obligations of participants in accessing the services of the designated trade repository and the risks, fees, and other material costs they incur by using the designated trade repository,

(b) be reasonably designed to govern all aspects of the services offered by the designated trade repository with respect to the collection and maintenance of derivatives data and other information on completed transactions, and

(c) not be inconsistent with securities legislation.

(2) A designated trade repository's rules and procedures, and the processes for adopting new rules and procedures or amending existing rules and procedures, must be transparent to participants and the general public.

(3) A designated trade repository must monitor compliance with its rules and procedures on an ongoing basis.

(4) A designated trade repository must have clearly defined and publicly disclosed processes for sanctioning non-compliance with its rules and procedures.

(5) A designated trade repository must file all of its proposed new or amended rules and procedures for approval in accordance with the terms and conditions of the Commission's designation order, unless the order explicitly exempts the designated trade repository from this requirement.

Records of data reported

18. (1) A designated trade repository must design its recordkeeping procedures so that derivatives data is recorded accurately, completely and on a timely basis.

(2) A designated trade repository must keep, in a safe location and in a durable form, records of derivatives data in relation to a derivative for the life of the derivative and for a further 7 years after the date on which the derivative expires or terminates.

(3) Throughout the period described in subsection (2), a designated trade repository must create and maintain at least one copy of each record of derivatives data required to be kept under subsection (2), in a safe location and in durable form, separate from the location of the original record.

Comprehensive risk-management framework

19. A designated trade repository must establish, implement and maintain a sound risk-management framework for comprehensively managing risks including business, legal, and operational risks.

General business risk

20. (1) A designated trade repository must establish, implement and maintain appropriate systems, controls and procedures to identify, monitor, and manage its general business risk.

(2) Without limiting the generality of subsection (1), a designated trade repository must hold sufficient insurance coverage and liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize.

(3) A designated trade repository must identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for an orderly wind-down.

(4) A designated trade repository must establish, implement, maintain and enforce written policies and procedures reasonably designed to facilitate its orderly wind-down based on the results of the assessment required by subsection (3).

(5) A designated trade repository must establish, implement, maintain and enforce written policies and procedures to ensure that it or any successor entity, insolvency administrator or other legal representative, will continue to comply with the requirements of section 37 and subsection 4(2) in the event of the bankruptcy or insolvency of the designated trade repository or the wind-down of the designated trade repository's operations.

System and other operational risk requirements

21. (1) A designated trade repository must establish, implement, maintain and enforce appropriate systems, controls and procedures to identify and minimize the impact of all plausible sources of operational risk, both internal and external, including risks to data integrity, data security, business continuity and capacity and performance management.

(2) The systems, controls and procedures established pursuant to subsection (1) must be approved by the board of directors of the designated trade repository.

(3) Without limiting the generality of subsection (1), a designated trade repository must

(a) develop and maintain

(i) an adequate system of internal controls over its systems, and

(ii) adequate information technology general controls, including without limitation, controls relating to information systems operations, information security and integrity, change management, problem management, network support and system software support,

(b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually

(i) make reasonable current and future capacity estimates, and

(ii) conduct capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner, and

(c) promptly notify the Commission of any material systems failure, malfunction, delay or other disruptive incident, or any breach of data security, integrity or confidentiality, and provide a post-incident report that includes a root-cause analysis as soon as practicable.

(4) Without limiting the generality of subsection (1), a designated trade repository must establish, implement, maintain and enforce business continuity plans, including disaster recovery plans reasonably designed to

(a) achieve prompt recovery of its operations following any disruptions,

(b) allow for the timely recovery of information, including derivatives data, in the event of a disruption, and

(c) cover the exercise of authority in the event of any emergency.

(5) A designated trade repository must test its business continuity plans, including disaster recovery plans, at least annually.

(6) For each of its systems for collecting and maintaining reports of derivatives data, a designated trade repository must annually engage a qualified party to conduct an independent review and prepare a report in accordance with established audit standards to ensure that it is in compliance with paragraphs (3)(a) and (b) and subsections (4) and (5).

(7) A designated trade repository must provide the report resulting from the review conducted under subsection (6) to

(a) its board of directors or audit committee promptly upon the report's completion, and

(b) the Commission not later than the 30th day after providing the report to its board of directors or audit committee.

(8) A designated trade repository must make publicly available, in their final form, all technology requirements regarding interfacing with or accessing the designated trade repository,

(a) if operations have not begun, for at least 3 months immediately before operations begin, and

(b) if operations have begun, for at least 3 months before implementing a material change to its technology requirements.

(9) After complying with subsection (8), a designated trade repository must make available testing facilities for interfacing with or accessing the designated trade repository,

(a) if operations have not begun, for at least 2 months immediately before operations begin, and

(b) if operations have begun, for at least 2 months before implementing a material change to its technology requirements.

(10) A designated trade repository must not begin operations in Ontario until it has complied with paragraphs (8)(a) and (9)(a).

(11) Paragraphs (8)(b) and (9)(b) do not apply to a designated trade repository if the change must be made immediately to address a failure, malfunction or material delay of its systems or equipment and

(a) the designated trade repository immediately notifies the Commission of its intention to make the change, and

(b) the designated trade repository publishes the changed technology requirements as soon as practicable.

Data security and confidentiality

22. (1) To ensure the safety and confidentiality of derivatives data, a designated trade repository must establish, implement, maintain and enforce written policies and procedures reasonably designed to protect the privacy and confidentiality of the derivatives data.

(2) A designated trade repository may not release any derivatives data for commercial or business purposes, unless the data has otherwise been disclosed pursuant to section 39 or the counterparties to the transaction have expressly granted to the designated trade repository their written consent to use the derivatives data.

Confirmation of data and information

23. (1) A designated trade repository must establish, implement, maintain and enforce written policies and procedures to confirm with each counterparty to a transaction, or agent acting on behalf of such counterparty, that the derivatives data that the designated trade repository receives from a reporting counterparty, or from a party to whom a reporting counterparty has delegated its reporting obligation under this Rule, is accurate.

(2) Despite subsection (1), a designated trade repository need only confirm the accuracy of the derivatives data it receives with those counterparties that are participants of the designated trade repository.

Outsourcing

24. If a designated trade repository outsources any of its key services or systems to a service provider, including an associate or affiliate of the designated trade repository, it must

(a) establish, implement, maintain and enforce written policies and procedures for the selection of service providers to which key services and systems may be outsourced and for the evaluation and approval of those outsourcing arrangements,

(b) identify any conflicts of interest between the designated trade repository and the service provider to which key services and systems are outsourced, and establish, implement, maintain and enforce written policies and procedures to mitigate and manage those conflicts of interest,

(c) enter into a contract with the service provider that is appropriate for the materiality and nature of the outsourced activities and that provides for adequate termination procedures,

(d) maintain access to the books and records of the service provider relating to the outsourced activities,

(e) ensure that the Commission has the same access to all data, information and systems maintained by the service provider on behalf of the designated trade repository that it would have absent the outsourcing arrangements,

(f) ensure that all persons conducting audits or independent reviews of the designated trade repository under this Rule have appropriate access to all data, information and systems maintained by the service provider on behalf of the designated trade repository that such persons would have absent the outsourcing arrangements,

(g) take appropriate measures to determine that a service provider to which key services or systems are outsourced establishes, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan in accordance with section 21,

(h) take appropriate measures to ensure that the service provider protects the designated trade repository users' confidential information and derivatives data in accordance with section 22, and

(i) establish, implement, maintain and enforce written policies and procedures to regularly review the performance of the service provider under the outsourcing arrangements.

PART 3
DATA REPORTING

Duty to report

25. (1) Subject to subsection (2), section 26 and Part 5, a local counterparty must, in accordance with this Part, report, or cause to be reported, to a designated trade repository, derivatives data for each transaction to which it is a counterparty.

(2) If no designated trade repository accepts derivatives data in respect of a derivative or of a derivative of a particular asset class, the local counterparty must, in accordance with this Part, electronically report, or cause to be reported, such derivatives data to the Commission.

(3) Each reporting counterparty that is required by this Part to report derivatives data to a designated trade repository must report each error or omission in the derivatives data as soon as technologically possible after discovery of the error or omission.

(4) If a local counterparty, other than the reporting counterparty, discovers any error or omission with respect to any derivatives data reported in accordance with subsections (1) and (2), the local counterparty must promptly notify the reporting counterparty of that error or omission.

(5) For the purpose of complying with this Part, the reporting counterparty must ensure that all reported derivatives data relating to a particular transaction

(a) is reported to the Commission or the same designated trade repository to which the initial report was made, and

(b) is accurate and contains no misrepresentations.

Pre-existing derivatives

26. Despite subsection 25(1) and subject to subsection 42(4), a local counterparty to a transaction entered into before [*insert date*] that had outstanding contractual obligations on that day must report, or cause to be reported, the data indicated in the column entitled “Required for Pre-existing Transactions” in Appendix A in relation to that transaction to a designated trade repository in accordance with this Part not later than 365 days after [*insert date*].

Reporting counterparty

27. (1) The counterparty required to report derivatives data for a transaction to a designated trade repository is,

(a) if the transaction is cleared through a clearing agency, the clearing agency,

(b) if the transaction is not cleared through a clearing agency and is between a dealer and a counterparty that is not a dealer, the dealer,

(c) if paragraphs (a) and (b) do not apply and both counterparties agree, in writing or otherwise, that one of them is required to report derivatives data for the transaction to the designated trade repository, the counterparty required to report the derivatives data under that agreement, and

(d) in any other case, both counterparties.

(2) Despite any other provision in this Rule, if the reporting counterparty as determined under subsection (1) is not a local counterparty and that counterparty does not comply with the local counterparties reporting obligations under this Rule, the local counterparty must act as the reporting counterparty.

(3) The reporting counterparty in respect of a transaction is responsible for ensuring that all reporting obligations in respect of that transaction have been fulfilled.

(4) The reporting counterparty may delegate its reporting obligations under this Rule, but remains responsible for ensuring the timely and accurate reporting of derivatives data required by this Rule.

Real-time reporting

28. (1) The reporting counterparty for a transaction, subject to the reporting obligations under this Rule, must make a report required by this Part in real time unless it is not technologically practicable to do so.

(2) If it is not technologically practicable to report in real time, the reporting counterparty must make the report as soon as technologically practicable and in no event later than the end of the next business day following the day of the entering into of the transaction, change or event that is to be reported.

(3) Despite subsections (1) and (2), where a designated trade repository ceases its operations or stops accepting derivatives data for a certain asset class of derivatives, the reporting counterparty will be permitted a reasonable time to fulfill its reporting obligations under this Rule through reporting the information otherwise required to be provided to the designated trade repository to another designated trade repository or the Commission.

Identifiers, general

29. The reporting counterparty for a transaction must include in every report required by this Part in respect of the transaction

(a) the legal entity identifier of each counterparty to the transaction as set out in section 30,

(b) the unique transaction identifier for the transaction as set out in section 31, and

(c) the unique product identifier for the transaction as set out in section 32.

Legal entity identifiers

30. (1) A designated trade repository must identify each counterparty to a transaction that is subject to the reporting obligation under this Rule in all recordkeeping and all reporting required under this Rule by means of a single legal entity identifier.

(2) Each of the following rules apply to legal entity identifiers

(a) a legal entity identifier must be a unique identification code assigned to a counterparty in accordance with the standards set by the Global Legal Entity Identifier System, and

(b) each local counterparty must comply with all applicable requirements imposed by the Global Legal Entity Identifier System.

(3) Despite subsection (2), if the Global Legal Entity Identifier System is unavailable to a counterparty at the time when a reporting obligation under this Rule arises, all of the following rules apply

(a) each counterparty must obtain a substitute legal entity identifier which complies with the standards established March 8, 2013 by the LEI Regulatory Oversight Committee for pre-legal entity identifiers,

(b) a local counterparty must use the substitute legal entity identifier until a legal entity identifier is assigned to the counterparty in accordance with the standards set by the Global Legal Entity Identifier System as required under paragraph (2)(a), and

(c) after the holder of a substitute legal entity identifier is assigned a legal entity identifier in accordance with the standards set by the Global Legal Entity Identifier System as required under paragraph (2)(a), the local counterparty must ensure that it is identified only by the assigned identifier in all derivatives data reported pursuant to this Rule in respect of transactions to which it is a counterparty.

Unique transaction identifiers

31. (1) A designated trade repository must identify each transaction that is subject to the reporting obligation under this Rule in all recordkeeping and all reporting required under this Rule by means of a unique transaction identifier.

(2) A designated trade repository must assign a unique transaction identifier to a transaction, using its own methodology or incorporating a unique transaction identifier previously assigned to the transaction.

(3) A designated trade repository must not assign more than one unique transaction identifier to a transaction.

Unique product identifiers

32. (1) A designated trade repository must identify each transaction that is subject to the reporting obligation under this Rule in all recordkeeping and all reporting required under this Rule by means of a unique product identifier.

(2) For the purposes of this section, subject to subsection (4), a unique product identifier is a code that uniquely identifies derivative products and is assigned in accordance with international or industry standards.

(3) The international or industry standard referenced in subsection (2) must be made publicly available by the designated trade repository.

(4) A designated trade repository must not assign more than one unique product identifier to a transaction.

(5) If international or industry standards for unique product identifiers are unavailable for a particular derivative product when a reporting obligation under this Rule arises, a designated trade repository must assign a unique product identifier to the transaction using its own methodology.

Creation data

33. Upon execution of a transaction that is subject to the reporting obligations under this Rule, the reporting counterparty must report the creation data relating to that transaction to a designated trade repository.

Life-cycle data

34. For each transaction that is subject to the reporting obligations under this Rule, the reporting counterparty must report all life-cycle data to a designated trade repository at the end of each business day.

Valuation data

35. (1) For a transaction that is cleared, valuation data must be reported to the designated trade repository daily by both the clearing agency and the local counterparty using industry accepted valuation standards and relevant closing market data from the previous business day.

(2) Valuation data for a transaction that is not cleared must be reported to the designated trade repository

(a) daily using industry accepted valuation standards and relevant closing market data from the previous business day by each local counterparty that is a dealer, and

(b) at the end of each calendar quarter for all local counterparties that are not dealers.

(3) For the purposes of paragraph (2)(b), and despite section 28, the report must set out the valuation data as of the last day of each calendar quarter and must be reported to the designated trade repository not later than 30 days after the end of the calendar quarter.

Records of data reported

36. (1) Reporting counterparties must keep transaction records for the life of each transaction and for a further 7 years after the date on which the transaction expires or terminates.

(2) Records to which these requirements apply must be kept in a safe location and in a durable form.

PART 4
DATA DISSEMINATION AND ACCESS TO DATA

Data available to regulators

37. (1) A designated trade repository must, at no cost

(a) provide to the Commission direct, continuous and timely electronic access to such data in the designated trade repository's possession as is required by the Commission in order to carry out the Commission's mandate,

(b) accept and promptly fulfil any data requests from the Commission in order to carry out the Commission's mandate,

(c) create and make available to the Commission aggregate data derived from data in the designated trade repository's possession as required by the Commission in order to carry out the Commission's mandate, and

(d) disclose to the Commission the manner in which the derivatives data provided under paragraph (c) has been aggregated.

(2) A designated trade repository must conform to internationally accepted regulatory access standards applicable to trade repositories.

(3) A local counterparty must take any action necessary to ensure that the Commission has access to all derivatives data reported to a designated trade repository for transactions involving the local counterparty.

Data available to counterparties

38. (1) A designated trade repository must provide counterparties to a transaction with timely access to all derivatives data relevant to that transaction which is submitted to the designated trade repository.

(2) A designated trade repository must have appropriate verification and authorization procedures in place to deal with access pursuant to subsection (1) by non-reporting counterparties or a party acting on behalf of a non-reporting counterparty.

(3) Each counterparty to a transaction is deemed to have consented to the release of all derivatives data required to be reported or disclosed under this Rule.

(4) Subsection (3) applies despite any agreement to the contrary between the counterparties to a transaction.

Data available to public

39. (1) A designated trade repository must, on a periodic basis, create and make available to the public, at no cost, aggregate data on open positions, volume, number and prices, relating to the transactions reported to it pursuant to this Rule.

(2) The periodic aggregate data made available to the public pursuant to subsection (1) must be complemented at a minimum by breakdowns, where applicable, by currency of denomination, geographic location of reference entity or asset, asset class, contract type, whether the transaction is cleared, maturity and geographic location and type of counterparty.

(3) A designated trade repository must make transaction level reports of the data indicated in the column entitled “Required for Public Dissemination” in Appendix A for each transaction reported pursuant to this Rule available to the public at no cost not later than

(a) the end of the day after receiving the data from the reporting counterparty to the transaction, if one of the counterparties to the transaction is a dealer, and

(b) the end of the second day after receiving the data from the reporting counterparty to the transaction in all other circumstances.

(4) In disclosing transaction level reports required by subsection (3), a designated trade repository must not disclose the identity of either counterparty to the transaction.

(5) A designated trade repository must make the data required to be made available to the public under this section available in a usable form through a publicly accessible website or other publicly accessible technology or medium.

(6) Despite subsections (1) to (5), a designated trade repository will not be required to make public any derivatives data for transactions entered into between affiliated companies as defined under subsection 1(2) of the Act.

PART 5
EXCLUSIONS

Exclusions

40. Despite any other section of this Rule, there is no obligation under this Rule for a local counterparty to report derivatives data in relation to a physical commodity transaction if,

(a) the local counterparty is not a dealer or adviser,

(b) the local counterparty has less than $500,000 aggregate notional value, without netting, under all its outstanding transactions, at the time of the transaction including the additional notional value related to that transaction, and

(c) the local counterparty is not the reporting counterparty under paragraph 27(1)(c).

PART 6
EXEMPTIONS

Exemptions

41. A Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7
EFFECTIVE DATE

Effective date

42. (1) Parts 1, 2, 4, 5 and 6 come into force on [*insert date*].

(2) Part 3 comes into force [*insert date + 6 months]*.

(3) Despite subsection (2), Part 3 does not apply so as to require a reporting counterparty that is not a dealer to make any reports under that Part until [*insert date + 9 months]*.

(4) Despite the foregoing, Part 3 does not apply to a transaction entered into before *[insert date]* that expires or terminates not later than 365 days after that day.

COMPANION POLICY 91-507CP
TO ONTARIO SECURITIES COMMISSION RULE 91-507
TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING

TABLE OF CONTENTS

PART 1
GENERAL COMMENTS

Introduction

This companion policy (the "Policy") sets out the views of the Commission ("our" or "we") on various matters relating to Ontario Securities Commission Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (the "Rule") and related securities legislation.

The numbering of Parts, sections and subsections from Part 2 on in this Policy generally correspond to the numbering in the Rule. Any general guidance for a Part appears immediately after the Part's name. Any specific guidance on a section or subsection follows any general guidance. If there is no guidance for a Part, section or subsection, the numbering in this Policy will skip to the next provision that does have guidance.

Unless defined in the Rule or this Policy, terms used in the Rule and in this Policy have the meaning given to them in securities legislation, including, for greater certainty, in National Instrument 14-101 *Definitions* and OSC Rule 14-501 *Definitions*.

Definitions and interpretation

1. (1) In this Policy,

"CPSS" means the Committee on Payment and Settlement Systems,

"FMI" means a financial market infrastructure, as described in the PFMI Report,

"Global LEI System" means the Global Legal Entity Identifier System,

"IOSCO" means the Technical Committee of the International Organization of Securities Commissions,

"LEI" means a legal entity identifier,

"LEI ROC" means the LEI Regulatory Oversight Committee,

"PFMI Report" means the April 2012 final report entitled *Principles for financial market infrastructures* published by CPSS and IOSCO, as amended from time to time,[1] and

"principle" means, unless the context otherwise indicates, a principle set out in the PFMI Report.

[1] The PFMI Report is available on the Bank for International Settlements' website (www.bis.org) and the IOSCO website (www.iosco.org).

(2) A "life-cycle event" is defined in the Rule as any event that results in a change to derivatives data previously reported to a designated trade repository. Where a life-cycle event occurs, the change must be reported under section 34 of the Rule as life-cycle data by the end of the business day on which the life-cycle event occurs. When reporting a life-cycle event, there is no obligation to re-report derivatives data that has not changed – only new data and changes to previously reported data need to be reported. Examples of a life-cycle event would include

- a change to the termination date for the transaction,
- a change in the cash flows, payment frequency, currency, numbering convention, spread, benchmark, reference entity or rates originally reported,
- the availability of a legal entity identifier for a counterparty previously identified by name or by some other identifier,
- a corporate action affecting a security or securities on which the transaction is based (e.g. a merger, dividend, stock split, or bankruptcy),
- a change to the notional amount of a transaction including contractually agreed upon changes (e.g. amortizing schedule),
- the exercise of a right or option that is an element of the expired transaction, and
- the satisfaction of a level, event, barrier or other condition contained in the original transaction.

(3) Paragraph (c) of the definition of "local counterparty" captures affiliates of parties mentioned in paragraphs (a) or (b) of the "local counterparty" definition, provided that such party guarantees the liabilities of the affiliate. It is our view that the guarantee must be for all or substantially all of the affiliate's liabilities.

(4) The term "transaction" is defined in the Rule and used instead of the term "trade", as defined in the Act, in order to reflect the types of activities that require a unique transaction report, as opposed to the modification of an existing transaction report. The primary difference between the two definitions is that unlike the term "transaction" the term "trade" includes material amendments and terminations.

A material amendment is not referred to in the definition of "transaction" but is required to be reported as a life-cycle event in connection with an existing transaction under section 34. A termination is not referred to in the definition of "transaction", as the expiry or termination of a transaction would be reported to a trade repository as a life-cycle event without the requirement for a new transaction record.

In addition, unlike the definition of "trade", the definition of "transaction" includes a novation to a clearing agency. A novation is required to be reported as a separate, new transaction with reporting links to the original transaction.

(5) The term "valuation data" is defined in the Rule as data that reflects the current value of a transaction. It is the Commission's view that valuation data can be calculated based upon the use of an industry-accepted methodology such as mark-to-market or mark-to-model, or another valuation method that is in accordance with accounting principles and will result in a reasonable valuation of a transaction.[2] The valuation methodology should be consistent over the entire life of a transaction.

PART 2
TRADE REPOSITORY DESIGNATION AND ONGOING REQUIREMENTS

Part 2 contains rules for designation of a trade repository and ongoing requirements for a designated trade repository. To obtain and maintain a designation as a trade repository, a person or entity must comply with these rules and requirements in addition to all of the terms and conditions in the designation order made by the Commission. In order to comply with the reporting obligations contained in Part 3, counterparties must report to a designated trade repository. While there is no prohibition on an undesignated trade repository operating in Ontario, a counterparty using it would not be in compliance with its reporting obligations.

Trade repository initial filing of information and designation

2. (1) The legal entity that applies to be a designated trade repository will typically be the entity that operates the facility and collects and maintains records of completed transactions by other persons or companies. In some cases, the applicant may operate more than one trade repository facility. In such cases, the trade repository may file separate forms in respect of each

[2] For example, see International Financial Reporting Standard 13, *Fair Value Measurement*.

trade repository facility, or it may choose to file one form to cover all of the different trade repository facilities. If the latter alternative is chosen, the trade repository must clearly identify the facility to which the information or changes apply.

In addition to the filing of Form F1, a letter describing how the entity complies with or will comply with Part 2 and Part 4 of the Rule should be included in the initial filing.

(2) Under paragraph 2(2)(a) in determining whether to designate an applicant a trade repository under section 22.1.2 of the Act, it is anticipated that the Commission will consider a number of factors, including

(a) the manner in which the trade repository proposes to comply with the Rule,

(b) whether the trade repository has meaningful representation on its governing body,

(c) whether the trade repository has sufficient financial and operational resources for the proper performance of its functions,

(d) whether the rules and procedures of the trade repository ensure that its business is conducted in an orderly manner that fosters both fair and efficient capital markets, and improves transparency in the derivatives market,

(e) whether the trade repository has policies and procedures to effectively identify and manage conflicts of interest arising from its operation or the services it provides,

(f) whether the requirements of the trade repository relating to access to its services are fair and reasonable,

(g) whether the trade repository's process for setting fees is fair, transparent and appropriate,

(h) whether the trade repository's fees are inequitably allocated among the participants, have the effect of creating barriers to access or place an undue burden on any participant or class of participants,

(i) the manner and process for the Commission and other applicable regulatory agencies to receive or access derivatives data, including the timing, type of reports, and any confidentiality restrictions,

(j) whether the trade repository has robust and comprehensive policies, procedures, processes and systems to ensure the security and confidentiality of derivatives data, and

(k) whether the trade repository has entered into a memorandum of understanding with its local securities regulator.

Under paragraph 2(2)(b), the Commission will examine whether the trade repository has been, or will be, in compliance with securities legislation. This includes compliance with the Rule and any terms and conditions attached to the Commission's designation order in respect of a designated trade repository.

Under paragraph 2(2)(c), a trade repository that is applying for designation must demonstrate that it has established, implemented, maintains and enforces appropriate written rules, policies and procedures that are in accordance with standards applicable to trade repositories. We consider that these rules, policies and procedures include, but are not limited to, the principles and key considerations and explanatory notes applicable to trade repositories in the PFMI Report. These principles are set out in the following chart, along with the corresponding sections of the Rule the interpretation of which we consider ought to be consistent with the principles:

Principle in the PFMI Report applicable to a trade repository	***Relevant section(s) of the Rule***
Principle 1: Legal Basis	Section 7 – Legal Framework Section 17 – Rules (in part)
Principle 2: Governance	Section 8 – Governance Section 9 – Board of Directors Section 10 – Management
Principle 3: Framework for the comprehensive management of risks	Section 19 – Comprehensive Risk Management Framework Section 20 – General Business Risk (in part)

Principle in the PFMI Report applicable to a trade repository	*Relevant section(s) of the Rule*
Principle 15: General business risk	Section 20 – General Business Risk
Principle 17: Operational risk	Section 21 – Systems and Other Operational Risk Requirements Section 22 – Data Security and Confidentiality Section 24 – Outsourcing
Principle 18: Access and participation requirements	Section 13 – Access to Designated Trade Repository Services Section 16 – Due Process (in part) Section 17 – Rules (in part)
Principle 19: Tiered participation arrangements	No equivalent provisions in the Rule; however, the trade repository may be expected to observe or broadly observe the principle, where applicable.
Principle 20: FMI links	No equivalent provisions in the Rule; however, the trade repository may be expected to observe or broadly observe the principle, where applicable.
Principle 21: Efficiency and effectiveness	No equivalent provisions in the Rule; however, the trade repository may be expected to observe or broadly observe the principle, where applicable.
Principle 22: Communication procedures and standards	Section 15 – Communication Policies, Procedures and Standards
Principle 23: Disclosure of rules, key procedures, and market data	Section 17 – Rules (in part)
Principle 24: Disclosure of market data by trade repositories	Sections in Part 4 – Data Dissemination and Access to Data

It is anticipated that the Commission will apply the principles in its oversight activities of designated trade repositories. Therefore, in complying with the Rule, designated trade repositories will be expected to observe the principles.

The forms filed by an applicant or designated trade repository under the Rule will be kept confidential in accordance with the provisions of securities legislation. The Commission is of the view that the forms generally contain proprietary financial, commercial and technical information, and that the cost and potential risks to the filers of disclosure outweigh the benefit of the principle requiring that forms be made available for public inspection. However, the Commission would expect a designated trade repository to publicly disclose its responses to the CPSS-IOSCO consultative report entitled *Disclosure framework for financial market infrastructures*, which is a supplement to the PFMI report.[3] In addition, much of the information that will be included in the forms that are filed will be required to be made publicly available by a designated trade repository pursuant to the Rule or the terms and conditions of the designation order imposed by the Commission.

While Form F1 – *Application for Designation and Trade Repository Information Statement* and any amendments to it will be kept generally confidential, if the Commission considers that it is in the public interest to do so, it may require the applicant or designated trade repository to publicly disclose a summary of the information contained in such form, or amendments to it.

Notwithstanding the confidential nature of the forms, an applicant's application itself (excluding forms) will be published for comment for a minimum period of 30 days.

Change in information

3. (1) Under subsection 3(1), a designated trade repository is required to file an amendment to the information provided in Form F1 at least 45 days prior to implementing a significant change. The Commission considers a change to be significant when it could impact a designated trade repository, its users, participants, market participants, investors, or the capital markets

[3] Publication available on the BIS website (www.bis.org) and the IOSCO website (www.iosco.org).

(including derivatives markets and the markets for assets underlying a derivative). The Commission would consider a significant change to include, but not be limited to

(a) a change in the structure of the designated trade repository, including procedures governing how derivatives data is collected and maintained (included in any back-up sites), that have or may have a direct impact on users in Ontario,

(b) a change to services provided by the designated trade repository, including the hours of operation, that have or may have a direct impact on users in Ontario,

(c) a change to means of access to the designated trade repository's facility and its services, including changes to data formats or protocols, that have or may have a direct impact on users in Ontario,

(d) a change to the types of derivative asset classes or categories of derivatives that may be reported to the designated trade repository,

(e) a change to the systems and technology used by the designated trade repository that collect, maintain and disseminate derivatives data, including matters affecting capacity,

(f) a change to the governance of the designated trade repository, including changes to the structure of its board of directors or board committees, and their related mandates,

(g) a change in control of the designated trade repository,

(h) a change in affiliates that provide key services or systems to, or on behalf of, the designated trade repository,

(i) a change to outsourcing arrangements for key services or systems of the designated trade repository,

(j) a change to fees and the fee model of the designated trade repository,

(k) a change in the designated trade repository's policies and procedure relating to risk-management, including policies and procedures relating to business continuity and data security, that have or may have an impact on the designated trade repository's provision of services to its participants,

(l) commencing a new type of business activity, either directly or indirectly through an affiliate, and

(m) a change in the location of the designated trade repository's head office or primary place of business or the location where the main data servers and contingency sites are housed.

(2) The Commission generally considers a change in a designated trade repository's fees or fee structure to be a significant change. However, the Commission recognizes that designated trade repositories may frequently change their fees or fee structure and may need to implement fee changes within tight timeframes. To facilitate this process, subsection 3(2) provides that a designated trade repository may provide information that describes the change in fees or fee structure in a shorter timeframe (at least 15 days before the expected implementation date of the change in fees or fee structure). See section 12 of this Policy for an explanation of fee requirements applicable to designated trade repositories.

The Commission will make best efforts to review amendments to Form F1 required under subsections 3(1) and 3(2) before the proposed date of implementation of the change. However, where the changes are complex, raise regulatory concerns, or when additional information is required, the period for review may exceed these timeframes.

(3) Subsection 3(3) sets out the filing requirements for changes to information other than those described in subsections 3(1) or (2). Such changes to information in Form F1 are not considered significant and include changes that:

(a) would not have an impact on the designated trade repository's structure or participants, or more broadly on market participants, investors or the capital markets; or

(b) are administrative changes, such as

(i) changes in the routine processes, policies, practices, or administration of the designated trade repository that would not impact participants,

(ii) changes due to standardization of terminology,

(iii) corrections of spelling or typographical errors,

(iv) changes to the types of participants in Ontario of the designated trade repository,

(iv) necessary changes to conform to applicable regulatory or other legal requirements of Ontario or Canada, and

(v) minor system or technology changes that would not significantly impact the system or its capacity.

For the changes referred to in subsection 3(3), the Commission may review these filings to ascertain whether they have been categorized appropriately. If the Commission disagrees with the categorization, the designated trade repository will be notified in writing. Where the Commission determines that changes reported under subsection 3(3) are in fact significant under subsection 3(1), the designated trade repository will be required to file an amended Form F1 that will be subject to review by the Commission.

Ceasing to carry on business

4. (1) In addition to filing Form F3 – *Cessation of Operations Report for Trade Repository*, a designated trade repository that intends to cease carrying on business in Ontario as a designated trade repository must make an application to voluntarily surrender its designation to the Commission pursuant to securities legislation. The Commission may accept the voluntary surrender subject to terms and conditions.[4]

Legal framework

7. (1) Designated trade repositories are required to have rules, policies, and procedures in place that provide a legal basis for their activities in all relevant jurisdictions, whether within Canada or any foreign jurisdiction where they have activities.

Governance

8. Designated trade repositories are required to have in place governance arrangements that meet the policy objectives set out in subsection 8(1). Subsections 8(2) and 8(3) explain the types of written governance arrangements and policies and procedures that are required from a designated trade repository.

(4) Under subsection 8(4), a designated trade repository is required to make the written governance arrangements required under subsections 8(2) and (3) available to the public. A designated trade repository may fulfil this requirement by posting this information on a publicly accessible website, provided that interested parties are able to locate the information through a web search or through clearly identified links on the designated trade repository's website.

Board of directors

9. The board of directors of a designated trade repository is subject to various requirements, such as requirements pertaining to board composition and conflicts of interest.

(1) Paragraph 9(1)(a) requires individuals who comprise the board of directors of a designated trade repository to have an appropriate level of skill and experience to effectively and efficiently oversee the management of its operations. This would include individuals with experience and skills in areas such as business recovery, contingency planning, financial market systems and data management.

Under paragraph 9(1)(b), the board of directors of a designated trade repository must include individuals who are independent of the designated trade repository. The Commission would view individuals who have no direct or indirect material relationship with the designated trade repository as independent. The Commission would expect that independent directors of a designated trade repository would represent the public interest by ensuring that regulatory and public transparency objectives are fulfilled, and that the interests of participants who are not dealers are considered.

Chief compliance officer

11. (3) References to harm to the capital markets in subsection 11(3) may be in relation to domestic or international capital markets.

[4] Section 21.4 of the Act provides that the Commission may impose terms and conditions on an application for voluntary surrender. The transfer of derivatives data/information can be addressed through the terms and conditions imposed by the Commission on such application.

Fees

12. Designated trade repositories are responsible for ensuring that the fees they set are in compliance with section 12. In assessing whether a designated trade repository's fees and costs are fairly and equitably allocated among participants as required under paragraph 12(a), the Commission will consider a number of factors, including

(a) the number and complexity of the transactions being reported,

(b) the amount of the fee or cost imposed relative to the cost of providing the services,

(c) the amount of fees or costs charged by other comparable trade repositories, where relevant, to report similar transactions in the market,

(d) with respect to market data fees and costs, the amount of market data fees charged relative to the market share of the designated trade repository, and

(e) whether the fees or costs represent a barrier to accessing the services of the designated trade repository for any category of participant.

A designated trade repository should provide clear descriptions of priced services for comparability purposes. Other than fees for individual services, a designated trade repository should also disclose other fees and costs related to connecting to or accessing the trade repository. For example, a designated trade repository should disclose information on the system design, as well as technology and communication procedures, that influence the costs of using the designated trade repository. A designated trade repository is also expected to provide timely notice to participants and the public of any changes to services and fees.

Access to designated trade repository services

13. (2) Under subsection 13(2), a designated trade repository is prohibited from unreasonably limiting access to its services, permitting unreasonable discrimination among its participants or imposing unreasonable burdens on competition. For example, a designated trade repository should not engage in anti-competitive practices, such as requiring the use or purchase of another service in order for a person or company to utilize the trade reporting service, setting overly restrictive terms of use or engaging in anti-competitive price discrimination. A designated trade repository should not develop closed, proprietary interfaces that result in vendor lock-in or barriers to entry with respect to competing service providers that rely on the data maintained by the designated trade repository.

Acceptance of reporting

14. Section 14 requires that a designated trade repository accept derivatives data for all derivatives of the asset class or classes set out in its designation order. For example, if the designation order of a designated trade repository includes interest rate derivatives, the designated trade repository is required to accept transaction data for all types of interest rate derivatives that are entered into by counterparties located in Ontario. It is possible that a designated trade repository may accept only a subset of a class of derivatives if this is indicated in its designation order. For example, there may be designated trade repositories that accept only certain types of commodity derivatives such as energy derivatives.

Communication policies, procedures and standards

15. Section 15 sets out the required standard of communication to be used by a designated trade repository with other specified entities. The reference in paragraph 15(d) to "other service providers" could include persons or companies who offer technological or transaction processing services.

Rules

17. Subsections 17(1) and (2) require that the publicly disclosed written rules and procedures of a designated trade repository must be clear and comprehensive, and include explanatory material written in plain language so that participants can fully understand the system's design and operations, their rights and obligations, and the risks of participating in the system. Moreover, a designated trade repository should disclose to its participants and to the public, basic operational information and responses to CPSS-IOSCO *Disclosure framework for financial market infrastructures*.

(3) Subsection 17(3) requires that designated trade repositories monitor compliance with its rules and procedures. The methodology of monitoring the compliance should be fully documented.

(4) Subsection 17(4) requires a designated trade repository to have clearly defined and publicly disclosed processes for dealing with non-compliance with its rules and procedures. This subsection does not preclude enforcement action by any other person or company, including the Commission or other regulatory body.

(5) Subsection 17(5) requires a designated trade repository to file its rules and procedures with the Commission for approval, in accordance with the terms and conditions of the designation order. Upon designation, the Commission may develop and implement a protocol with the designated trade repository that will set out the procedures to be followed with respect to the review and approval of rules and procedures and any amendments thereto. Generally, such a rule protocol will be appended to and form part of the designation order. Depending on the nature of the changes to the designated trade repository's rules and procedures, such changes may also impact the information contained in Form F1. In such case, the designated trade repository will be required to file a revised Form F1 with the Commission. See section 3 of this Policy for a discussion of the filing requirements.

Records of data reported

18. A designated trade repository is a market participant under securities legislation and therefore subject to the record-keeping requirements under securities legislation. The record-keeping requirements under section 18 are in addition to the requirements under securities legislation.

(2) Subsection 18(2) requires that records be maintained for 7 years after the expiration or termination of a transaction. The requirement to maintain records for 7 years after the expiration or termination of a transaction, rather than from the date the transaction was entered into reflects the fact that transactions create ongoing obligations and information is subject to change throughout the life of a transaction.

Comprehensive risk-management framework

19. Requirements for a comprehensive risk-management framework of a designated trade repository are set out in section 19.

Features of framework

A designated trade repository should have a sound risk-management framework (including policies, procedures, and systems) that enable it to identify, measure, monitor, and manage effectively the range of risks that arise in, or are borne by, a designated trade repository. A designated trade repository's framework should include the identification and management of risks that could materially affect its ability to perform or to provide services as expected, such as interdependencies.

Establishing a framework

A designated trade repository should have comprehensive internal processes to help its board of directors and senior management monitor and assess the adequacy and effectiveness of its risk-management policies, procedures, systems, and controls. These processes should be fully documented and readily available to the designated trade repository's personnel who are responsible for implementing them.

Maintaining a framework

A designated trade repository should regularly review the material risks it bears from, and poses to, other entities (such as other FMIs, settlement banks, liquidity providers, or service providers) as a result of interdependencies, and develop appropriate risk-management tools to address these risks. These tools should include business continuity arrangements that allow for rapid recovery and resumption of critical operations and services in the event of operational disruptions and recovery or orderly wind-down plans should the trade repository become non-viable.

General business risk

20. (1) Subsection 20(1) requires a designated trade repository to manage its general business risk appropriately. General business risk includes any potential impairment of the designated trade repository's financial position (as a business concern) as a consequence of a decline in its revenues or an increase in its expenses, such that expenses exceed revenues and result in a loss that must be charged against capital or an inadequacy of resources necessary to carry on business as a designated trade repository.

(2) For the purposes of subsection 20(2), the amount of liquid net assets funded by equity that a designated trade repository should hold is to be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services, if such action is taken. At a minimum, however, the Commission is of the view that a designated trade repository must hold liquid net assets funded by equity equal to at least six months of current operating expenses.

(3) For the purposes of subsections 20(3) and (4), and in connection with developing a comprehensive risk-management framework under section 19, a designated trade repository should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern, and assess the effectiveness of a full range of options for recovery or orderly wind-down. These scenarios should take into account the various independent and related risks to which the designated trade repository is exposed.

Based on the required assessment of scenarios under subsection 20(3) (and taking into account any constraints potentially imposed by legislation), the designated trade repository should prepare appropriate written plans for its recovery or orderly wind-down. The plan should contain, among other elements, a substantive summary of the key recovery or orderly wind-down strategies, the identification of the designated trade repository's critical operations and services, and a description of the measures needed to implement the key strategies. The designated trade repository should maintain the plan on an ongoing basis, to achieve recovery and orderly wind-down, and should hold sufficient liquid net assets funded by equity to implement this plan (see also subsection 20(2) above). A designated trade repository should also take into consideration the operational, technological, and legal requirements for participants to establish and move to an alternative arrangement in the event of an orderly wind-down.

Systems and other operational risk requirements

21. (1) Subsection 21(1) sets out a general principle concerning the management of operational risk. In interpreting subsection 21(1), the following key considerations should be applied:

- a designated trade repository should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks;
- a designated trade repository should review, audit, and test systems, operational policies, procedures, and controls, periodically and after any significant changes; and
- a designated trade repository should have clearly defined operational-reliability objectives and policies in place that are designed to achieve those objectives.

(2) The board of directors of a designated trade repository should clearly define the roles and responsibilities for addressing operational risk and approve the designated trade repository's operational risk-management framework.

(3) Paragraph 21(3)(a) requires a designated trade repository to develop and maintain an adequate system of internal control over its systems as well as adequate general information-technology controls. The latter controls are implemented to support information technology planning, acquisition, development and maintenance, computer operations, information systems support, and security. Recommended Canadian guides as to what constitutes adequate information technology controls include '*Information Technology Control Guidelines'* from the Canadian Institute of Chartered Accountants and '*COBIT'* from the IT Governance Institute. A designated trade repository should ensure that its information-technology controls address the integrity of the data that it maintains, by protecting all derivatives data submitted from corruption, loss, improper disclosure, unauthorized access and other processing risks.

Paragraph 21(3)(b) requires a designated trade repository to thoroughly assess future needs and make systems capacity and performance estimates in a method consistent with prudent business practice at least once a year. The paragraph also imposes an annual requirement for designated trade repositories to conduct periodic capacity stress tests. Continual changes in technology, risk management requirements and competitive pressures will often result in these activities or tests being carried out more frequently.

Paragraph 21(3)(c) requires a designated trade repository to notify the Commission of any material systems failure. The Commission would consider a failure, malfunction, delay or other disruptive incident to be "material" if the designated trade repository would in the normal course of its operations escalate the incident to, or inform, its senior management that is responsible for technology, or the incident would have an impact on participants. The Commission also expects that, as part of this notification, the designated trade repository will provide updates on the status of the failure, the resumption of service, and the results of its internal review of the failure.

(4) Subsection 21(4) requires that a designated trade repository establish, implement, maintain and enforce business continuity plans, including disaster recovery plans. The Commission believes that these plans are intended to provide continuous and undisrupted service, as back-up systems ideally should commence processing immediately. Where a disruption is unavoidable, a designated trade repository is expected to provide prompt recovery of operations, meaning that it resumes operations within 2 hours following the disruptive event. Under paragraph 21(4)(c), an emergency event could include any external sources of operational risk, such as the failure of critical service providers or utilities or events affecting a wide metropolitan area, such as natural disasters, terrorism, and pandemics. Business continuity planning should encompass all policies and procedures to ensure uninterrupted provision of key services regardless of the cause of potential disruption.

(5) Subsection 21(5) requires a designated trade repository to test its business continuity plans at least once a year. The expectation is that the designated trade repository would engage relevant industry participants, as necessary, in tests of its business continuity plans, including testing of back-up facilities for both the designated trade repository and its participants.

(6) Subsection 21(6) requires a designated trade repository to engage a qualified party to conduct an annual independent assessment of the internal controls referred to in paragraphs 21(3)(a) and (b) and subsections 21(4) and (5). A qualified party is a person or company or a group of persons or companies with relevant experience in both information technology and in the evaluation of related internal controls in a complex information technology environment, such as external auditors or third party information system consultants. Before engaging a qualified party, the designated trade repository should notify the Commission.

(8) Subsection 21(8) requires a designated trade repository to make its technology requirements regarding interfacing with, or accessing, the designated trade repository publicly available in their final form for at least 3 months. If there are material changes to these requirements after they are initially made publicly available, the revised requirements should be made publicly available for a new 3-month period prior to implementation, where applicable.

(9) Subsections 21(9) and (10) require a designated trade repository to provide testing facilities for interfacing with, or accessing, the trade repository for at least 2 months immediately prior to operations once the technology requirements have been made publicly available. Should the trade repository make its specifications publicly available for longer than 3 months, it may make the testing available during that period or thereafter as long as it is at least 2 months prior to operations. If the designated trade repository, once it has begun operations, proposes material changes to its technology systems, it is required to make testing facilities publicly available for at least 2 months before implementing the material systems change.

(11) Subsection 21(11) provides that if a designated trade repository must make a change to its technology requirements regarding interfacing with, or accessing, the designated trade repository to immediately address a failure, malfunction or material delay of its systems or equipment, it does not have to comply with paragraphs 21(8)(b) and 21(9)(b) if it immediately notifies the Commission of the change and the amended technology requirements are made publicly available as soon as practicable, either while the changes are being made or immediately thereafter.

Data security and confidentiality

22. (1) Subsection 22(1) provides that a designated trade repository must establish policies and procedures to ensure the safety and confidentiality of derivatives data to be reported to it under the Rule. The policies must include limitations on access to confidential trade repository data and standards to safeguard against persons and companies affiliated with the designated trade repository from using trade repository data for their personal benefit or the benefit of others.

(2) Subsection 22(2) prohibits a designated trade repository from utilizing reported derivatives data that is not required to be publicly disclosed for commercial or business purposes under section 39, without the written consent of the counterparties who supplied the derivatives data. The purpose of this provision is to ensure that participants of the designated trade repository have some measure of control over their derivatives data.

Confirmation of data and information

23. Subsection 23(1) requires a designated trade repository to confirm the accuracy of the derivatives data it receives from a reporting counterparty. A designated trade repository must confirm the accuracy of the derivatives data with each counterparty to a reported transaction provided that the non-reporting counterparty is a participant of the trade repository. Where the non-reporting counterparty is not a participant of the trade repository, there is no obligation to confirm with such non-reporting counterparty.

Pursuant to section 25, only one counterparty is required to report a transaction. The purpose of the confirmation requirement in subsection 23(1) is to ensure that the reported information is agreed to by both counterparties. However, in cases where a non-reporting counterparty is not a participant of the relevant designated trade repository, the designated trade repository would not be in a position to confirm the accuracy of the derivatives data with such counterparty. As such, under subsection 23(2) a designated trade repository will not be obligated to confirm the accuracy of the derivatives data with a counterparty that is not a participant of the designated trade repository. Additionally, similar to the reporting obligations in section 25, confirmation under subsection 23(1) can be delegated to a third-party representative.

Outsourcing

24. Section 24 sets out requirements applicable to a designated trade repository that outsources any of its key services or systems to a service provider. Generally, a designated trade repository must establish policies and procedures to evaluate and approve these outsourcing arrangements. Such policies and procedures include assessing the suitability of potential service providers and the ability of the designated trade repository to continue to comply with securities legislation in the event of

bankruptcy, insolvency or the termination of business of the service provider. A designated trade repository is also required to monitor the ongoing performance of the service provider to which it outsources key services, systems or facilities. The requirements under section 24 apply regardless of whether the outsourcing arrangements are with third-party service providers, or affiliates of the designated trade repository. A designated trade repository that outsources its services or systems remains responsible for those services or systems and for compliance with securities legislation.

PART 3
DATA REPORTING

Part 3 deals with reporting obligations for transactions and includes a description of the counterparties that will be subject to the duty to report, requirements as to the timing of reports and a description of the data that is required to be reported.

Duty to report

25. Section 25 outlines the reporting duties and contents of derivatives data.

(2) With respect to subsection 25(2), prior to the reporting rules in Part 3 coming into force, the Commission will provide public guidance on how reports for derivatives that are not accepted for reporting by any designated trade repository should be electronically submitted to the Commission.

(3) The Commission interprets the requirement in subsection 25(3) to report errors or omissions in derivatives data "as soon as technologically possible" after it is discovered, to mean on discovery and in any case no later than the end of the business day on which the error or omission is discovered.

(4) Under subsection 25(4), where a local counterparty that is not a reporting counterparty, discovers an error or omission in respect of derivatives data that is reported to a designated trade repository, such local counterparty has an obligation to report the error or omission to the reporting counterparty. Once the error or omission is reported to the reporting counterparty, the reporting counterparty then has an obligation to report the error or omission to the designated trade repository, in accordance with subsection 25(3) or to the Commission in accordance with subsection 25(2). The Commission interprets the requirement in subsection 25(4) to notify the reporting counterparty of errors or omissions in derivatives data "promptly" after it is discovered, to mean on discovery and in any case no later than the end of the business day on which the error or omission is discovered.

(5) Paragraph 25(5)(a) requires that all derivatives data reported for a given transaction must be reported to the Commission or the same designated trade repository to which the initial report is submitted. The purpose of this requirement is to ensure the Commission has access to all reported derivatives data for a particular transaction from the same entity. It is not intended to restrict counterparties' ability to report to multiple trade repositories. Where the entity to which the transaction was originally reported is no longer a designated trade repository, all data relevant to that transaction should be reported to another designated trade repository as otherwise required by the Rule.

Pre-existing derivatives

26. Section 26 requires that pre-existing transactions that have not expired or been terminated 365 days after the date prescribed in subsection 42(1) be reported to a designated trade repository. Transactions that terminate or expire prior to the date prescribed in subsection 42(1) will not be subject to the reporting obligation. Further, pursuant to subsection 42(4), transactions that expire or terminate within 365 days of the date prescribed in subsection 42(1), will not be subject to the reporting obligation. These transactions are exempted from the reporting obligation in the Rule, to relieve some of the reporting burden for counterparties, and because they would provide marginal utility to the Commission due to their imminent termination or expiry. In addition, only the data indicated in the column entitled "Required for Pre-existing Transactions" in Appendix A will be required to be reported for pre-existing transactions.

Reporting counterparty

27. Reporting obligations on dealers apply irrespective of whether the dealer is a registrant.

(1) Under paragraph 27(1)(d), if the counterparties are unable to identify who should report the transaction, then both counterparties must act as reporting counterparty. However, it is the Commission's view that one counterparty to every transaction should accept the reporting obligation to avoid duplicative reporting.

(2) Subsection 27(2) applies to situations where the reporting counterparty, as determined under subsection 27(1), is not a local counterparty. In situations where a non-local reporting counterparty does not report a transaction or otherwise fails to fulfil the local counterparty's reporting duties, the local counterparty must act as the reporting counterparty. The Commission is of the view that non-local counterparties that are dealers or clearing agencies should assume the reporting obligation for non-dealer

counterparties. However, to the extent that non-local counterparties are not subject to the reporting obligation under the Rule, it is necessary to impose the ultimate reporting obligation on the local counterparty.

(3) Under subsection 27(3), the reporting counterparty for a transaction must ensure that all reporting obligations are fulfilled. This includes ongoing requirements such as the reporting of life-cycle events and valuations.

(4) Subsection 27(4) permits the delegation of all reporting obligations of a reporting counterparty. This includes reporting of initial creation data, life-cycle data and valuation data. For example, some or all of the reporting obligations may be delegated to a third-party service provider. However, the local counterparty remains responsible for ensuring that the derivatives data is accurate and reported within the timeframes required under the Rule.

Real-time reporting

28. (1) Subsection 28(1) requires that reporting be made in real time, which means that derivatives data should be reported as soon as technologically practicable after the execution of a transaction. In evaluating what will be considered to be "technological practicable", the Commission will take into account the prevalence of implementation and use of technology by comparable counterparties located in Canada and in foreign jurisdictions. The Commission may also conduct independent reviews to determine the state of reporting technology.

(2) Subsection 28(2) is intended to take into account the fact that not all counterparties will have the same technological capabilities. For example, counterparties that do not regularly engage in transactions would, at least in the near term, likely not be as well situated to achieve real-time reporting. In all cases, the outside limit for reporting is the end of the business day following execution of the transaction.

Legal entity identifiers

30. (1) Subsection 30(1) requires that a designated trade repository identify all counterparties to a transaction by a legal entity identifier. It is envisioned that this identifier be a LEI under the Global LEI System. The Global LEI System is a G20 endorsed initiative[5] that will uniquely identify parties to transactions. It is currently being designed and implemented under the direction of the LEI ROC, a governance body endorsed by the G20.

(2) The "Global Legal Entity Identifier System" referred to in subsection 30(2) means the G20 endorsed system that will serve as a public-good utility responsible for overseeing the issuance of legal entity identifiers globally to counterparties who enter into transactions.

(3) If the Global LEI System is not available at the time counterparties are required to report their LEI under the Rule, they must use a substitute legal entity identifier. The substitute legal entity identifier must be in accordance with the standards established by the LEI ROC for pre-LEI identifiers. At the time the Global LEI System is operational, counterparties must cease using their substitute LEI and commence reporting their LEI. The substitute LEI and LEI could be identical.

Unique transaction identifier

31. A unique transaction identifier will be assigned by the designated trade repository to each transaction which has been submitted to it. The designated trade repository may utilize its own methodology or incorporate a previously assigned identifier that has been assigned by, for example, a clearing agency, trading platform, or third-party service provider. However, the designated trade repository must ensure that no other transaction shares the same identifier.

A transaction in this context means a transaction from the perspective of all counterparties to the transaction. For example, both counterparties to a single swap transaction would identify the transaction by the same single identifier.

Unique product identifier

32. (1) Subsection 32(1) requires that a designated trade repository identify each transaction that is subject to the reporting obligation under the Rule by means of a unique product identifier. There is currently a system of product taxonomy that could be used for this purpose.[6] To the extent that unique product identifiers are unavailable for a particular transaction type, a designated trade repository would be required to create one using an alternative methodology.

(5) Subsection 32(5) provides relief from the obligation of subsection 32(1) where no industry standards are available.

[5] See http://www.financialstabilityboard.org/list/fsb_publications/tid_156/index.htm for more information.
[6] See http://www2.isda.org/identifiers-and-otc-taxonomies/ for more information.

Valuation data

35. Valuation data is required to be reported by both counterparties to a reportable transaction. For both cleared and uncleared transactions, counterparties may, as described in subsection 27(4), delegate the reporting of valuation data to a third party, but such counterparties remain ultimately responsible for ensuring the timely and accurate reporting of this data.

(1) Subsection 35(1) requires that valuation data for a transaction that is cleared must be reported daily. A transaction is considered to be "cleared" where it has been novated to a clearing agency.

PART 4
DATA DISSEMINATION AND ACCESS TO DATA

Data available to regulators

37. (1) Subsection 37(1) requires designated trade repositories to (at no cost to the Commission): (a) provide to the Commission continuous and timely electronic access to derivatives data; (b) promptly fulfill data requests from the Commission; (c) provide aggregate derivatives data; and (d) disclose how data has been aggregated. Electronic access includes the ability of the Commission to access, download, or receive a direct real-time feed of derivatives data maintained by the designated trade repository.

The derivatives data covered by this subsection are data necessary to carry out the Commission's mandate to protect against unfair, improper or fraudulent practices, to foster fair and efficient capital markets, promote confidence in the capital markets, and to address systemic risk. This includes derivatives data with respect to any transaction or transactions that may impact Ontario's capital markets.

Transactions that reference an underlying asset or class of assets with a nexus to Ontario or Canada can impact Ontario's capital markets even if the counterparties to the transaction are not local counterparties. Therefore, the Commission has a regulatory interest in transactions involving such underlying interests even if such data is not submitted pursuant to the reporting obligations in the Rule, but is held by a designated trade repository.

(2) Subsection 37(2) requires a designated trade repository to conform to internationally accepted regulatory access standards applicable to trade repositories. Trade repository regulatory access standards are currently being developed by CPSS and IOSCO.[7] It is expected that all designated trade repositories will comply with the access recommendations in CPSS-IOSCO's final report.

Data available to counterparties

38. Section 38 is intended to ensure that each counterparty, and any person acting on behalf of a counterparty, have access to all derivatives data relating to its transaction in a timely manner and for the duration of the transaction.

Data available to public

39. (1) Subsection 39(1) requires a designated trade repository to make available to the public, free of charge, certain aggregate data for all transactions reported to it under the Rule (including open positions, volume, number of transactions, and price). It is expected that a designated trade repository will provide aggregate data by notional amounts outstanding and level of activity. Such aggregate data is expected to be available on the designated trade repository's website.

(2) Subsection 39(2) requires that the aggregate data that is disclosed under subsection 39(1), be broken down into various categories of information. The following are examples of the aggregate data required under subsection 39(2):

- currency of denomination (the currency in which the derivative is denominated);
- geographic location of the underlying reference entity (e.g., Canada for derivatives which reference the TSX60 index);
- asset class of reference entity (e.g., fixed income, credit, or equity);
- product type (e.g. options, forwards, or swaps);
- cleared or uncleared;

[7] See report entitled "Authorities' Access to TR Data" available at http://www.bis.org/publ/cpss108.pdf.

- maturity ranges (broken down into maturity ranges, such as less than one year, 1-2 years, 2-3 years); and
- geographic location and type of counterparty (e.g., the United States, end user).

(3) Subsection 39(3) requires a designated trade repository to publicly report the data indicated in the column entitled "Required for public dissemination" in Appendix A of the Rule. For transactions where at least one counterparty is a dealer, such data must be publicly reported by the end of the day following the transaction being submitted to the designated trade repository. For transactions where neither counterparty is a dealer, such data must be publicly reported by the end of the second day after the transaction has been reported to the designated trade repository. The purpose of the public reporting delays is to ensure that counterparties have adequate time to enter into any offsetting transaction that may be necessary to hedge their positions. These time delays apply to all transactions, regardless of transaction size.

(4) Subsection 39(4) provides that a designated trade repository must not disclose the identity of either counterparty to the transaction. This means that published data must be anonymized and the names or legal entity identifiers of counterparties must not be published. This provision is not intended to create a requirement for a designated trade repository to determine whether anonymized published data could reveal the identity of a counterparty based on the terms of the transaction.

PART 5
EXCLUSIONS

40. Section 40 provides that the reporting obligation for a physical commodity transaction does not apply in certain limited circumstances. This exclusion only applies if a local counterparty to a transaction has less than $500,000 aggregate notional value under all outstanding derivatives transactions, including the additional notional value related to that transaction. In calculating this exposure, the notional value of all outstanding transactions, including transactions from all asset classes and with all counterparties, domestic and foreign, should be included. The notional value of a physical commodity transaction would be calculated by multiplying the quantity of the physical commodity by the price for that commodity. A counterparty that is above the $500,000 threshold is required to act as reporting counterparty for a transaction involving a party that is exempt from the reporting obligation under section 40.

This relief applies to physical commodity transactions that are not excluded derivatives for the purpose of the reporting obligation in paragraph 2(d) of OSC Rule 91-506 *Derivatives: Product Determination*. An example of a physical commodity transaction that is required to be reported (and therefore could benefit from this relief) is a physical commodity contract that allows for cash settlement in place of delivery.

PART 7
EFFECTIVE DATE

Effective date

42. (2) Where the counterparty is a dealer or clearing agency, subsection 42(2) provides that no reporting is required until 6 months after the provisions of the Rule applicable to designated trade repositories come into force.

(3) For non-dealers, subsection 42(3) provides that no reporting is required until 9 months after the provisions of the Rule applicable to designated trade repositories come into force. This provision only applies where both counterparties are non-dealers. Where the counterparties to a transaction are a dealer and a non-dealer, the dealer will be required to report according to the timing outlined in subsection 42(2).

(4) Subsection 42(4) provides that no reporting is required for pre-existing transactions that terminate or expire within 365 days of the date the provisions of the Rule applicable to designated trade repositories come into force.

Appendix A to OSC Rule 91-507 – Trade Repositories and Derivatives Data Reporting
Minimum Data Fields Required to be Reported to a Designated Trade Repository

Instructions:

The reporting counterparty is required to provide a response for each of the fields. Where a field does not apply to the transaction, the reporting counterparty may respond that the field is non-applicable (N/A).

Data field	Description	Required for Public Dissemination	Required for Pre-existing Transactions
1. Operational data			
Transaction identifier	The unique transaction identifier as provided by the designated trade repository or, the identifier as identified by the two counterparties, electronic trading venue of execution or clearing agency.	N	N
Master agreement type	The type of master agreement, if used for the reported transaction.	N	N
Master agreement version	Date of the master agreement version (e.g. 2002, 2006).	N	N
Cleared	Indicate whether the transaction has been cleared by a clearing agency.	Y	Y
Clearing agency	LEI of the clearing agency where the transaction was cleared.	N	Y
Clearing member	LEI of the clearing member, if the clearing member is not a counterparty.	N	N
Clearing exemption	Indicate whether one or more of the counterparties to the transaction are exempted from a mandatory clearing requirement.	Y	N
End–user exemption	Indicate whether either counterparty to the transaction qualifies as an end-user.	Y	N
Broker	LEI of the broker acting as an intermediary for the reporting counterparty without becoming a counterparty.	N	N
Electronic trading venue	Indicate whether the transaction was executed on or off an electronic trading venue.	Y	N
Electronic trading venue identifier	LEI of the electronic trading venue where the transaction was executed.	N	Y
Inter-affiliate	Indicate whether the transaction is between two affiliated entities.	N	N
Custodian	LEI of the custodian if collateral is held by a third party custodian.	N	N
Collateralization	Indicate whether the transaction is collateralized. Field Values: • Fully (initial and variation margin posted by both parties), • Partially (variation only posted by both parties), • one-way (one party will post some form of collateral),	Y	N

Data field	Description	Required for Public Dissemination	Required for Pre-existing Transactions
	• Uncollateralized.		
2. Counterparty information			
Identifier of reporting counterparty	LEI of the reporting counterparty or, in case of an individual, its client code.	N	Y
Identifier of non-reporting counterparty	LEI of the non-reporting counterparty or, in case of an individual, its client code.	N	Y
Counterparty side	Indicate whether the reporting counterparty was the buyer or seller. In the case of swaps, other than credit default, the buyer will represent the payer of leg 1 and the seller will be the payer of leg 2.	N	Y
Identifier of agent reporting the transaction	LEI of the agent reporting the transaction if reporting of the transaction has been delegated by the reporting counterparty.	N	N
Reporting counterparty dealer or non-dealer	Indicate whether the reporting counterparty is a dealer or non-dealer.	N	N
Non-reporting counterparty, local counterparty, or not local	Indicate whether the non-reporting counterparty is a local counterparty or not.	N	N
3. Principal economic terms	Fields do not have to be reported if the unique product identifier adequately describes those fields.		
A. Common data			
Unique product identifier	Unique product identification code based on the taxonomy of the product that is used by the trade repository.	Y	N
Contract type	The name of the contract type (e.g., swap, swaption, forwards, options, basis swap, index swap, basket swap, other).	Y	Y
Underlying asset identifier 1	The unique identifier of the asset referenced in the contract.	Y	Y
Underlying asset identifier 2	The unique identifier of the second asset referenced in the contract, if more than one If more than two assets, identify in the contract report the unique identifiers for those additional underlying assets.	Y	Y
Asset class	Major asset class of the product (e.g., interest rate, credit, commodity, foreign exchange, equity, etc.).	Y	N
Effective date or start date	The date the transaction becomes effective or starts.	Y	Y
Maturity, termination or end date	The date the transaction expires.	Y	Y
Payment frequency or dates	The dates or frequency the transaction requires payments to be made (e.g., quarterly, monthly).	Y	Y

Data field	Description	Required for Public Dissemination	Required for Pre-existing Transactions
Reset frequency or dates	The dates or frequency at which the price resets (e.g., quarterly, semi-annually, annually).	Y	Y
Day count convention	Factor used to calculate the payments (e.g., 30/360, actual/360).	Y	Y
Delivery type	Indicate whether transaction is settled physically or in cash.	N	Y
Price 1	The price, yield, spread, coupon, etc., of the derivative. The price/rate should not include any premiums such as commissions, collateral premiums, accrued interest, etc.	Y	Y
Price 2	The price, yield, spread, coupon, etc., of the derivative. The price/rate should not include any premiums such as commissions, collateral premiums, accrued interest, etc.	Y	Y
Price notation type 1	The manner in which the price is expressed (e.g., percent, basis points etc.).	Y	Y
Price notation type 2	The manner in which the price is expressed (e.g., percent, basis points etc.).	Y	Y
Price multiplier	The number of units of the underlying reference entity represented by 1 unit of the contract.	N	N
Notional amount leg 1	Total notional amount(s) of leg 1 of the contract.	Y	Y
Notional amount leg 2	Total notional amount(s) of leg 2 of the contract.	Y	Y
Currency leg 1	Currency(ies) of leg 1.	Y	Y
Currency leg 2	Currency(ies) of leg 2.	Y	Y
Settlement currency	The currency used to determine the cash settlement amount.	Y	Y
Up-front payment	Amount of any up-front payment.	N	N
Currency or currencies of up-front payment	The currency in which any up-front payment is made by one counterparty to another.	N	N
B. Additional asset information			
i) Interest rate derivatives			
Fixed rate leg 1	The rate used to determine the payment amount for leg 1 of the transaction.	N	Y
Fixed rate leg 2	The rate used to determine the payment amount for leg 2 of the transaction.	N	Y
Floating rate leg 1	The floating rate used to determine the payment amount for leg 1 of the transaction.	N	Y
Floating rate leg 2	The floating rate used to determine the payment amount for leg 2 of the transaction.	N	Y

Data field	Description	Required for Public Dissemination	Required for Pre-existing Transactions
Fixed rate day count convention	Factor used to calculate the fixed payer payments (e.g., 30/360, actual/360).	N	Y
Fixed leg payment frequency or dates	Frequency or dates of payments for the fixed rate leg of the transaction (e.g., quarterly, semi-annually, annually).	N	Y
Floating leg payment frequency or dates	Frequency or dates of payments for the floating rate leg of the transaction (e.g., quarterly, semi-annually, annually).	N	Y
Floating rate reset frequency or dates	The dates or frequency at which the floating leg of the transaction resets (e.g., quarterly, semi-annually, annually).	N	Y
ii) Currency derivatives			
Exchange rate	Contractual rate(s) of exchange of the currencies.	N	Y
iii) Commodity derivatives			
Sub-asset class	Specific information to identify the type of commodity derivative (e.g., Agriculture, Energy, Freights, Metals, Index, Environmental, Exotic).	Y	N
Quantity	Total quantity in the unit of measure of an underlying commodity.	Y	Y
Unit of measure	Unit of measure for the quantity of each side of the transaction (e.g., barrels, bushels, etc.).	Y	Y
Grade	Grade of product being delivered (e.g., grade of oil).	N	Y
Delivery point	The delivery location.	N	N
Delivery connection points	Description of the delivery route.	N	N
Load type	For power, load profile for the delivery.	N	Y
Transmission days	For power, the delivery days of the week.	N	Y
Transmission duration	For power, the hours of day transmission starts and ends.	N	Y
C. Options			
Embedded option	Indicate whether the option is an embedded option.	Y	N
Option exercise date	The date(s) on which the option may be exercised.	Y	Y
Option premium	Fixed premium paid by the buyer to the seller.	Y	Y
Strike price (cap/floor rate)	The strike price of the option.	Y	Y
Option style	Indicate whether the option can be exercised on a fixed date or anytime during the life of the contract (e.g., American, European, Bermudan, Asian).	Y	Y

Data field	Description	Required for Public Dissemination	Required for Pre-existing Transactions
Option type	Put/call.	Y	Y
4. Event data			
Action	Describes the type of action to the transaction (e.g., new transaction, modification or cancellation of existing transaction, etc.).	Y	N
Execution timestamp	The time and date the transaction was executed on a trading venue, expressed using Coordinated Universal Time (UTC).	Y	Y
Confirmation timestamp	The time and date the transaction was confirmed by both counterparties (for non-electronic transactions), expressed using UTC.	N	N
Clearing timestamp	The time and date the transaction was cleared, expressed using UTC.	N	N
Reporting date	The time and date the transaction was submitted to the trade repository, expressed using UTC.	N	N
5. Valuation data			
Value of contract calculated by the reporting counterparty	Mark-to-market valuation of the contract, or mark-to-model valuation.	N	N
Value of contract calculated by the non-reporting counterparty	Mark-to-market valuation of the contract, or mark-to-model valuation.	N	N
Valuation date	Date of the latest mark-to-market or mark-to-model valuation.	N	N
Valuation type	Indicate whether valuation was based on mark-to-market or mark-to-model.	N	N

FORM 91-507F1
OSC RULE 91-507 – *TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING*

APPLICATION FOR DESIGNATION
TRADE REPOSITORY
INFORMATION STATEMENT

Filer: ☐ **TRADE REPOSITORY**

Type of Filing: ☐ **INITIAL** ☐ **AMENDMENT**

1. Full name of trade repository:

2. Name(s) under which business is conducted, if different from item 1:

3. If this filing makes a name change on behalf of the trade repository in respect of the name set out in item 1 or item 2, enter the previous name and the new name.

   Previous name:

   New name:

4. Head office

   Address:

   Telephone:

   Facsimile:

5. Mailing address (if different):

6. Other offices

   Address:

   Telephone:

   Facsimile:

7. Website address:

8. Contact employee

   Name and title:

   Telephone number:

   Facsimile:

   E-mail address:

9. Counsel

   Firm name:

   Contact name:

   Telephone number:

   Facsimile:

E-mail address:

10. Canadian counsel (if applicable)

Firm name:

Contact name:

Telephone number:

Facsimile:

E-mail address:

EXHIBITS

File all Exhibits with the Filing. For each Exhibit, include the name of the trade repository, the date of filing of the Exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

Except as provided below, if the filer files an amendment to the information provided in its Filing and the information relates to an Exhibit filed with the Filing or a subsequent amendment, the filer must, in order to comply with section 3 of OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (the "TR Rule"), provide a description of the change, the expected date of the implementation of the change, and file a complete and updated Exhibit. The filer must provide a clean and blacklined version showing changes from the previous filing.

If the filer has otherwise filed the information required by the previous paragraph pursuant to section 17 of the TR Rule, it is not required to file the information again as an amendment to an Exhibit. However, if supplementary material relating to a filed rule is contained in an Exhibit, an amendment to the Exhibit must also be filed.

Exhibit A – Corporate Governance

1. Legal status:

   ☐ Corporation

   ☐ Partnership

   ☐ Other (specify):

2. Indicate the following:

   1. Date (DD/MM/YYYY) of formation.

   2. Place of formation.

   3. Statute under which trade repository was organized.

   4. Regulatory status in other jurisdictions.

3. Provide a copy of the constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents, and all subsequent amendments.

4. Provide the policies and procedures to address potential conflicts of interest arising from the operation of the trade repository or the services it provides, including those related to the commercial interest of the trade repository, the interests of its owners and its operators, the responsibilities and sound functioning of the trade repository, and those between the operations of the trade repository and its regulatory responsibilities.

5. An applicant that is located outside of Ontario that is applying for designation as a trade repository under section 2(3) of the Act must additionally provide the following:

1. An opinion of legal counsel that, as a matter of law the applicant has the power and authority to provide the Commission with prompt access to the applicant's books and records and submit to onsite inspection and examination by the Commission, and

2. A completed Form F2, Submission to Jurisdiction and Appointment of Agent for Service.

Exhibit B – Ownership

A list of the registered or beneficial holders of securities of, partnership interests in, or other ownership interests in, the trade repository. For each of the persons listed in the Exhibit, please provide the following:

1. Name.

2. Principal business or occupation and title.

3. Ownership interest.

4. Nature of the ownership interest, including a description of the type of security, partnership interest or other ownership interest.

In the case of a trade repository that is publicly traded, if the trade repository is a corporation, please only provide a list of each shareholder that directly owns five percent or more of a class of a security with voting rights.

Exhibit C – Organization

1. A list of partners, officers, governors, and members of the board of directors and any standing committees of the board, or persons performing similar functions, who presently hold or have held their offices or positions during the previous year, indicating the following for each:

    1. Name.

    2. Principal business or occupation and title.

    3. Dates of commencement and expiry of present term of office or position.

    4. Type of business in which each is primarily engaged and current employer.

    5. Type of business in which each was primarily engaged in the preceding five years, if different from that set out in item 4.

    6. Whether the person is considered to be an independent director.

2. A list of the committees of the board, including their mandates.

3. The name of the trade repository's Chief Compliance Officer.

Exhibit D – Affiliates

1. For each affiliated entity of the trade repository provide the name and head office address and describe the principal business of the affiliate.

2. For each affiliated entity of the trade repository

    (i) to which the trade repository has outsourced any of its key services or systems described in Exhibit E – Operations of the Trade Repository, including business recordkeeping, recordkeeping of trade data, trade data reporting, trade data comparison, data feed, or

    (ii) with which the trade repository has any other material business relationship, including loans, cross-guarantees, etc.,

    provide the following information:

    1. Name and address of the affiliate.

2. The name and title of the directors and officers, or persons performing similar functions, of the affiliate.

3. A description of the nature and extent of the contractual and other agreements with the trade repository, and the roles and responsibilities of the affiliate under the arrangement.

4. A copy of each material contract relating to any outsourced functions or other material relationship.

5. Copies of constating documents (including corporate by-laws), shareholder agreements, partnership agreements and other similar documents.

6. For the latest financial year of any affiliated entity that has any outstanding loans or cross-guarantee arrangements with the trade repository, financial statements, which may be unaudited, prepared in accordance with:

   a. Canadian GAAP applicable to publicly accountable enterprises;

   b. IFRS; or

   c. U.S. GAAP where the affiliated entity is incorporated or organized under the laws of the U.S.

Exhibit E – Operations of the Trade Repository

Describe in detail the manner of operation of the trade repository and its associated functions. This should include, but not be limited to, a description of the following:

1. The structure of the trade repository.

2. Means of access by the trade repository's participants and, if applicable, their clients to the trade repository's facilities and services.

3. The hours of operation.

4. A description of the facilities and services offered by the trade repository including, but not limited to, collection and maintenance of derivatives data.

5. A list of the types of derivatives instruments for which data recordkeeping is offered, including, but not limited to, a description of the features and characteristics of the instruments.

6. Procedures regarding the entry, display and reporting of derivatives data.

7. Description of recordkeeping procedures that ensure derivatives data is recorded accurately, completely and on a timely basis.

8. The safeguards and procedures to protect derivatives data of the trade repository's participants, including required policies and procedures reasonably designed to protect the privacy and confidentiality of the data.

9. Training provided to participants and a copy of any materials provided with respect to systems and rules and other requirements of the trade repository.

10. Steps taken to ensure that the trade repository's participants have knowledge of and comply with the requirements of the trade repository.

11. A description of the trade repository's risk management framework for comprehensively managing risks including business, legal, and operational risks.

The filer must provide all policies, procedures and manuals related to the operation of the trade repository.

Exhibit F – Outsourcing

Where the trade repository has outsourced the operation of key services or systems described in Exhibit E – Operations of the Trade Repository to an arms-length third party, including any function associated with the collection and maintenance of derivatives data, provide the following information:

1. Name and address of person or company (including any affiliates of the trade repository) to which the function has been outsourced.

2. A description of the nature and extent of the contractual or other agreement with the trade repository and the roles and responsibilities of the arms-length party under the arrangement.

3. A copy of each material contract relating to any outsourced function.

Exhibit G – Systems and Contingency Planning

For each of the systems for collecting and maintaining reports of derivatives data, describe:

1. Current and future capacity estimates.

2. Procedures for reviewing system capacity.

3. Procedures for reviewing system security.

4. Procedures to conduct stress tests.

5. A description of the filer's business continuity and disaster recovery plans, including any relevant documentation.

6. Procedures to test business continuity and disaster recovery plans.

7. The list of data to be reported by all types of participants.

8. A description of the data format or formats that will be available to the Commission and other persons receiving trade reporting data.

Exhibit H – Access to Services

1. A complete set of all forms, agreements or other materials pertaining to access to the services of the trade repository described in Exhibit E.4.

2. Describe the types of trade repository participants.

3. Describe the trade repository's criteria for access to the services of the trade repository.

4. Describe any differences in access to the services offered by the trade repository to different groups or types of participants.

5. Describe conditions under which the trade repository's participants may be subject to suspension or termination with regard to access to the services of the trade repository.

6. Describe any procedures that will be involved in the suspension or termination of a participant.

7. Describe the trade repository's arrangements for permitting clients of participants to have access to the trade repository. Provide a copy of any agreements or documentation relating to these arrangements.

Exhibit I – Trade Repository Participants

1. Provide an alphabetical list of all the trade repository's participants who are counterparties to a transaction whose derivatives data is required to be reported pursuant to the TR Rule, including the following information:

    1. Name.

    2. Date of becoming a participant.

    3. Describe the type of derivatives reported whose counterparty is the participant.

    4. The class of participation or other access.

2. Provide a list of all local counterparties who were denied or limited access to the trade repository, indicating for each:

    1. Whether they were denied or limited access.

    2. The date the repository took such action.

    3. The effective date of such action.

    4. The nature and reason for any denial or limitation of access.

Exhibit J – Fees

A description of the fee model and all fees charged by the trade repository, or by a party to which services have been directly or indirectly outsourced, including, but not limited to, fees relating to access and the collection and maintenance of derivatives data, how such fees are set, and any fee rebates or discounts and how the rebates and discounts are set.

CERTIFICATE OF TRADE REPOSITORY

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____, 20____

_____
(Name of trade repository)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print)

IF APPLICABLE, ADDITIONAL CERTIFICATE OF TRADE REPOSITORY THAT IS LOCATED OUTSIDE OF ONTARIO

The undersigned certifies that

(a) it will provide the Commission with access to its books and records and will submit to onsite inspection and examination by the Commission;

(b) as a matter of law, it has the power and authority to

i. provide the Commission with access to its books and records, and

ii. submit to onsite inspection and examination by the Commission.

DATED at _____ this _____ day of _____, 20____

_____
(Name of trade repository)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print)

FORM 91-507F2
OSC RULE 91-507 – *TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING*

TRADE REPOSITORY SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of trade repository (the "Trade Repository"):

   _____

2. Jurisdiction of incorporation, or equivalent, of Trade Repository:

   _____

3. Address of principal place of business of Trade Repository:

   _____

4. Name of the agent for service of process for the Trade Repository (the "Agent"):

   _____

5. Address of Agent for service of process in Ontario:

   _____

6. The Trade Repository designates and appoints the Agent as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the activities of the Trade Repository in Ontario. The Trade Repository hereby irrevocably waives any right to challenge service upon its Agent as not binding upon the Trade Repository.

7. The Trade Repository agrees to unconditionally and irrevocably attorn to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) any proceeding in any province or territory arising out of, related to, concerning or in any other manner connected with the regulation and oversight of the activities of the Trade Repository in Ontario.

8. The Trade Repository shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before the Trade Repository ceases to be designated or exempted by the Commission, to be in effect for six years from the date it ceases to be designated or exempted unless otherwise amended in accordance with section 9.

9. Until six years after it has ceased to be a designated or exempted by the Commission from the recognition requirement under subsection 21.2.2(1) of the Act, the Trade Repository shall file an amended submission to jurisdiction and appointment of agent for service of process at least 30 days before any change in the name or above address of the Agent.

10. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of Ontario.

Dated: _____

_____
Signature of the Trade Repository

_____
Print name and title of signing
officer of the Trade Repository

AGENT

CONSENT TO ACT AS AGENT FOR SERVICE

I, _____ (name of Agent in full; if Corporation, full Corporate name) of _____(business address), hereby accept the appointment as agent for service of process of _____(insert name of Trade Repository) and hereby consent to act as agent for service pursuant to the terms of the appointment executed by _____ (insert name of Trade Repository) on _____ (insert date).

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

FORM 91-507F3
OSC RULE 91-507 – *TRADE REPOSITORIES AND DERIVATIVES DATA REPORTING*

CESSATION OF OPERATIONS REPORT FOR TRADE REPOSITORY

1. Identification:

   A. Full name of the designated trade repository:

   B. Name(s) under which business is conducted, if different from item 1A:

2. Date designated trade repository proposes to cease carrying on business as a trade repository:

3. If cessation of business was involuntary, date trade repository has ceased to carry on business as a trade repository.

Exhibits

File all Exhibits with the Cessation of Operations Report. For each exhibit, include the name of the trade repository, the date of filing of the exhibit and the date as of which the information is accurate (if different from the date of the filing). If any Exhibit required is inapplicable, a statement to that effect shall be furnished instead of such Exhibit.

Exhibit A

The reasons for the designated trade repository ceasing to carry on business as a trade repository.

Exhibit B

A list of all derivatives instruments for which data recordkeeping is offered during the last 30 days prior to ceasing business as a trade repository.

Exhibit C

A list of all participants who are counterparties to a transaction whose derivatives data is required to be reported pursuant to OSC Rule 91-507 – *Trade Repositories and Derivatives Data Reporting* and for whom the trade repository provided services during the last 30 days prior to ceasing business as a trade repository.

CERTIFICATE OF TRADE REPOSITORY

The undersigned certifies that the information given in this report is true and correct.

DATED at _____ this _____ day of _____ 20 _____

_____
(Name of trade repository)

_____
(Name of director, officer or partner – please type or print)

_____
(Signature of director, officer or partner)

_____
(Official capacity – please type or print)

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date		# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
05/09/2013		6	Air Canada - Notes	723,394,221.60	6.00
05/04/2013		2	American Residential Properties, Inc. - Common Shares	4,155,606.00	195,000.00
01/01/2012 12/31/2012	to	1	Artisan Dynamic Equity (Global Equity) Offshore L.P. - Units	970,027.50	9,750.00
04/24/2013		1	Berry Plastics Group, Inc. - Common Shares	3,492,000.00	16,500,000.00
05/14/2013		66	BHP Billiton Finance Limited - Notes	749,557,500.00	749,557.50
05/15/2013		1	Capitol Acquisition Corp. II - Units	12,716,250.00	1,250,000.00
03/21/2013		4	CareVest First MIC Fund Inc. - Preferred Shares	67,000.00	N/A
05/13/2013		8	CHC Helicopter S.A. - Notes	9,728,950.00	8.00
05/14/2013		7	Claire's Stores, Inc. - Notes	3,147,909.60	7.00
05/09/2013		2	Compiler Finance Sub Inc. - Notes	1,253,375.00	2.00
05/14/2013		3	Cyan, Inc. - Common Shares	4,520,934.00	405,000.00
05/16/2013		11	DISH DBS Corporation - Notes	198,500,000.00	11.00
04/17/2013		1	EADS Finance B.V. - N/A	511,806.99	1.00
04/22/2013		4	Fairway Group Holdings Corp. - Common Shares	1,151,540.00	86,000.00
03/31/2013		27	Ginkgo Mortgage Investment Corporation - Preferred Shares	623,292.20	62,329.00
05/09/2013		1	Globe Luxembourg SCA - Notes	4,812,960.00	1.00
12/31/2012		4	Goldman Sachs Hedge Fund Portfolio (Ireland) - Common Shares	1,351,970.42	13,500.00
12/31/2012		1	Goldman Sachs Princeton Fund Ltd. - Common Shares	2,188,780.00	22,000.00
01/01/2012 12/31/2012	to	3	Goldman Sachs Proprietary Access Fund Offshore, Ltd. - Units	4,710,851.50	50,603.28
05/13/2013		1	IBC Advanced Alloys Corp - Units	69,228.00	576,900.00
05/14/2013		2	INEOS Group Holdings S.A. - Notes	1,268,500.00	1,250.00
05/07/2013		3	ING U.S., Inc. - Common Shares	392,028.00	20,000.00
05/07/2013		2	ING U.S., Inc. - Common Shares	20,581,470.00	1,050,000.00
04/23/2013		4	Intelsat S.A. - Common Shares	1,846,620.00	100,000.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
04/23/2013	3	Intelsat S.A. - Common Shares	923,310.00	18,000.00
05/15/2013	8	Iotum Inc. - Common Shares	2,799,001.74	5,932,885.00
05/16/2013	2	iWatchLife Inc. - Common Shares	150,000.00	250,298.00
03/29/2013	2	KKR Asian Fund II L.P. - Limited Partnership Interest	25,400,000.00	2.00
04/24/2013	1	Koc Holdings A.S. - Notes	10,277,071.40	1.00
05/06/2013	5	Landry's, Inc. - Notes	13,695,646.73	5.00
05/14/2013	4	LBC Tank Terminals Holding Netherlands B.V. - Notes	21,310,800.00	4.00
05/16/2013	1	Long Point Re III Ltd. - Notes	1,270,375.00	1.00
04/11/2013	1	Mallinckrodt International Finance S.A. - Notes	3,022,518.56	1.00
04/03/2013 to 04/26/2013	14	MCF Securities Inc. - Units	953,197.85	953,197.85
05/09/2013	1	Midas Gold Corp. - Common Shares	350,945.00	2,000,000.00
11/29/2012	1	MW TOPS International Equities Fund - Common Shares	163,751,836.74	164,906.18
05/14/2013	1	New Look Bondco I plc - Notes	3,096,600.00	1.00
05/14/2013	1	New Look Bondco I plc - Notes	3,096,600.00	1.00
03/25/2013 to 04/03/2013	5	Newport Balanced Fund - Units	347,738.48	N/A
03/25/2013 to 04/03/2013	2	Newport Canadian Equity Fund - Units	95,000.00	N/A
03/25/2013 to 04/03/2013	21	Newport Global Equity Fund - Units	501,748.94	N/A
03/25/2013 to 04/03/2013	19	Newport Strategies Yield Fund - Trust Units	1,296,471.27	N/A
03/25/2013 to 04/03/2013	9	Newport Yield Fund - Units	643,821.39	N/A
04/26/2013	5	NIKE, Inc. - Notes	21,357,000.00	5.00
04/24/2013	4	Penn Virginia Corporation - Notes	21,823,750.00	4.00
05/20/2013	2	Petrobras Global Finance B.V. - Trust certificates	5,628,610.13	2.00
05/21/2013	1	Pike Electric Corporation - Common Shares	118,200.00	10,000.00
05/08/2013	4	Quintiles Transnational Holdings Inc. - Common Shares	11,827,140.00	0.00
05/08/2013	20	Resolute Forest Products Inc. - Notes	89,552,048.00	20.00
05/07/2013	1	Ressources Appalaches Inc. - Common Shares	65,000.00	1,000,000.00
05/08/2013	6	Royal Bank of Canada - Notes	4,259,775.00	42,500.00

Transaction Date	# of Purchasers	Issuer/Security	Total Purchase Price ($)	# of Securities Distributed
05/14/2013	1	Safeway Group Holding LLC and Safeway Finance Corp. - Notes	7,103,600.00	1.00
04/23/2013	3	Schaeffleer Finance B.V. - Notes	4,925,550.00	3.00
04/24/2013	1	SeaWorld Entertainment, Inc. - Common Shares	1,109,160.00	40,000.00
05/16/2013	4	Sirius XM Radio Inc. - Notes	19,309,700.00	4.00
12/21/2012 to 03/13/2013	8	Starwood International Opportunity Fund IX Investor L.P. - Limited Partnership Interest	265,934,010.00	N/A
05/15/2013	2	Statoil ASA - Notes	10,173,000.00	2.00
04/25/2013	1	S.A.C.I. Falabella - Notes	7,070,578.79	1.00
05/08/2013	42	TerraX Minerals Inc. - Units	1,357,217.00	6,786,085.00
04/14/2013	1	The Ryland Group, Inc. - Notes	2,537,000.00	250,000.00
05/10/2013	4	Tornado Medical Systems, Inc. - Common Shares	619,825.00	375,654.00
05/14/2013	2	TriState Capital Holdings, Inc. - Common Shares	583,500.00	50,000.00
05/15/2013	3	Vantiv, Inc. - Common Shares	7,731,200.00	320,000.00
01/01/2012 to 12/31/2012	14	Vintage Fund VI Offshore L.P. - Units	29,100,825.00	292,500.00
03/28/2013	3	WF Fund IV Limited Partnership - Limited Partnership Units	7,095,000.00	7,095.00
05/08/2013	80	Yonge-Yorkville-Cumberland Fund - Units	15,084,300.00	150,843.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Birchcliff Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 28, 2013
NP 11-202 Receipt dated May 29, 2013
Offering Price and Description:
$ *- * Cumulative Redeemable Preferred Shares, Series C
Price: $25.00 per Preferred Share, Series C initially to yield * % per annum
Minimum Subscription: $2,500 (100 Preferred Shares, Series C)
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CORMARK SECURITIES INC.
GMP SECURITIES L.P.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
PETERS & CO. LIMITED
STIFEL NICOLAUS CANADA INC.
INTEGRAL WEALTH SECURITIES LIMITED
Promoter(s):
-
Project #2066497

Issuer Name:
Birchcliff Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated May 30, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
$50,000,000.00 - 2,000,000 Cumulative Redeemable Preferred Shares, Series C
Price: $25.00 per Preferred Share, Series C initially to yield 7% per annum
Minimum Subscription: $2,500 (100 Preferred Shares, Series C)
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CORMARK SECURITIES INC.
GMP SECURITIES L.P.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
HSBC SECURITIES (CANADA) INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
PETERS & CO. LIMITED
STIFEL NICOLAUS CANADA INC.
INTEGRAL WEALTH SECURITIES LIMITED
Promoter(s):
-
Project #2066497

Issuer Name:
Black Creek Global Balanced Fund
Cambridge Global Dividend Corporate Class
Cambridge Global Dividend Fund
Cambridge High Income Fund
Cambridge Pure Canadian Equity Fund
CI American Managers Corporate Class
CI Canadian Dividend Growth Fund
CI Canadian Small/Mid Cap Fund
CI Global Corporate Class
CI Global Fund
CI Global Health Sciences Corporate Class
CI Global Managers Corporate Class
CI Global Small Companies Fund
CI Global Value Corporate Class
CI Global Value Fund
CI Income Fund
CI International Value Corporate Class
CI International Value Fund
CI Pacific Fund
CI U.S. Dividend Growth Fund
Harbour Global Growth & Income Corporate Class
Portfolio Series Balanced Fund
Portfolio Series Balanced Growth Fund
Portfolio Series Conservative Balanced Fund
Portfolio Series Conservative Fund
Portfolio Series Growth Fund
Portfolio Series Income Fund
Portfolio Series Maximum Growth Fund
Select 100e Managed Portfolio Corporate Class
Signature Canadian Balanced Fund
Signature Emerging Markets Fund
Signature Global Dividend Fund
Signature Global Science & Technology Corporate Class
Signature High Yield Bond II Fund
Signature International Fund
Signature Select Global Fund
Signature Short-Term Bond Fund
Synergy American Fund
Synergy Global Corporate Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 30, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
A, AT5, AT8, E, ET5, ET8, F, FT5, FT8, I, IT8, O, OT5 and OT8 Shares
Class A, E, F, I and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2069145

Issuer Name:
BlackBridge Resource Capital Class Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated May 28, 2013
NP 11-202 Receipt dated May 29, 2013
Offering Price and Description:
Series B and Series F Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Blackbridge Capital Management Corp.
Project #2067381

Issuer Name:
Brookfield Global Infrastructure Securities Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 30, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Maximum : $* _* Units
Price: $10.00 per Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Brookfield Financial Corp.
Desjardins Securities Inc.
Haywood Securities Inc.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Promoter(s):
Brookfield Investment Management (Canada) Inc.
Project #2069362

Issuer Name:
CanElson Drilling Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated May 29, 2013
NP 11-202 Receipt dated May 29, 2013
Offering Price and Description:
$25,220,000.00 - 5,200,000 Common Shares
Price: $4.85 per Common Share
Underwriter(s) or Distributor(s):
FIRSTENERGY CAPITAL CORP.
PETERS & CO. LIMITED
ALTACORP CAPITAL INC.
PARADIGM CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2068171

Issuer Name:
Enbridge Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated May 30, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
US$5,000,000,000.00:
DEBT SECURITIES
COMMON SHARES
PREFERENCE SHARES
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2070443

Issuer Name:
Information Services Corporation
Principal Regulator - Saskatchewan
Type and Date:
Preliminary Long Form Prospectus dated May 31, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
$ * - * Class A Limited Voting Shares
Price: $ * per Class A Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
National Bank Financial Inc.
Canaccord Genuity Corp.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
MGI Securities Inc.
PI Financial Corp.
Promoter(s):
Crown Investments Corporation of Saskatchewan
Project #2071833

Issuer Name:
Inovent Capital Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary CPC Prospectus dated May 24, 2013
NP 11-202 Receipt dated May 28, 2013
Offering Price and Description:
Minimum Offering: $200,000.00 - 2,000,000 Common Shares
Maximum Offering: $500,000.00 - 5,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
Euro Pacific Canada Inc.
Promoter(s):
-
Project #2066554

Issuer Name:
TitanStar Properties Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated May 30, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
Minimum $5,000,000.00; Maximum $10,000,000
8.5% Convertible Redeemable Unsecured Subordinated Debentures
Price: Per Debenture $1,000
Underwriter(s) or Distributor(s):
MACKIE RESEARCH CAPITAL CORPORATION
BURGEONVEST BICK SECURITIES LIMITED
MGI SECURITIES INC.
PI FINANCIAL CORPORATION
Promoter(s):
-
Project #2071792

Issuer Name:
Russell Canadian Cash Fund
Russell Diversified Monthly Income Class Portfolio
Russell Fixed Income Pool
Russell Global High Income Bond Pool
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated May 28, 2013
NP 11-202 Receipt dated May 29, 2013
Offering Price and Description:
Series O Units; Series B-3, F-3, US Dollar Hedged Series B, US Dollar Hedged Series F Units; Series O-5 Shares and US Dollar Hedged Seres F Shares
Underwriter(s) or Distributor(s):
Russell Investments Canada Limited
Promoter(s):
Russell Investments Canada Limited
Project #2067785

Issuer Name:
Argent Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated May 28, 2013
NP 11-202 Receipt dated May 28, 2013
Offering Price and Description:
$75,000,000.00.00 - 6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE JUNE 30, 2018
Price $1,000 per Debenture
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CANACCORD GENUITY CORP.
FIRSTENERGY CAPITAL CORP.
Promoter(s):
ASTON HILL FINANCIAL INC.
Project #2063674

Issuer Name:
Dundee International Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 30, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
$125,190,000.00
11,700,000 Units
PRICE: $10.70 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 #2064713

Issuer Name:
Dynamic U.S. Dividend Advantage Fund (formerly Dynamic U.S. Dividend Advantage Class)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated May 22, 2013 to the Simplified Prospectus and Annual Information Form dated May 3, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
GCIC Ltd.
Promoter(s):
GCIC Ltd.
Project #2035860

Issuer Name:
Eclipse Residential Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 29, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Maximum: $100,000,000.00 - 10,000,000 Class A Shares @ $10.00 per Class A Share
Minimum: $20,000,000.00 - 2,000,000 Class A Shares @ $10.00 per Class A Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Capital Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Manulife Securities Incorporated
Desjardins Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
MCAP FINANCIAL CORPORATION
Project #2042915

Issuer Name:
First Asset DEX 1-5 Year Laddered Government Strip Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 30, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
Exchange Traded Fund Securities at Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #2050918

Issuer Name:
First Asset Morningstar Emerging Markets Composite Bond Index ETF
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated May 21, 2013 to the Long Form Prospectus dated January 21, 2013
NP 11-202 Receipt dated May 29, 2013
Offering Price and Description:
Exchange traded funds @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #1998971

Issuer Name:
Series A, Series B, Series F and Series X Shares of
Front Street Growth and Income Class
Front Street Tactical Equity Class
Front Street Value Class
Front Street Resource Class
(of Front Street Mutual Funds Limited)
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated April 16, 2013 to the Amended and Restated Simplified Prospectuses and Annual Information Form dated September 21, 2012, amending and restating the Simplified Prospectuses and Annual Information Form dated June 28, 2012.
NP 11-202 Receipt dated June 3, 2013
Offering Price and Description:
Series A, B F and X Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FRONT STREET CAPITAL 2004
Project #1938594; 1917161

Issuer Name:
Hollis Receivables Term Trust II
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated May 29, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Up to $7,000,000,000.00 Line of Credit Receivables-Backed Notes
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMONESBITT BURNS INC.
CIBCWORLD MARKETS INC.
DESJARDINS SECURITIES INC.
HSBCSECURITIES (CANADA) INC.
LAURENTIAN BANK SECURITIES INC.
MANULIFE SECURITIES INCORPORATED
MERRILL LYNCH CANADA INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC
Promoter(s):
The Bank of Nova Scotia
Project #2055904

Issuer Name:
imaxx Canadian Bond Fund
imaxx Canadian Dividend Fund
imaxx Canadian Equity Growth Fund
imaxx Canadian Fixed Pay Fund
imaxx Global Equity Growth Fund
imaxx Money Market Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 24, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
A and Class F Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Aegon Fund Management Inc.
Project #2045485

Issuer Name:
Common Units and Advisor Class Units of
iShares International Fundamental Index Fund
iShares Japan Fundamental Index Fund (CAD-Hedged)
iShares US Fundamental Index Fund (also Non-hedged Common Units and Non-hedged
Advisor Class Units)
iShares Emerging Markets Fundamental Index ETF
iShares Canadian Fundamental Index Fund
iShares S&P/TSX Canadian Dividend Aristocrats Index Fund
iShares S&P/TSX Canadian Preferred Share Index Fund
iShares S&P US Dividend Growers Index Fund (CAD-Hedged)
iShares Global Monthly Advantaged Dividend Index Fund
iShares Global Real Estate Index Fund
iShares Global Infrastructure Index Fund
iShares Oil Sands Index Fund
iShares S&P/TSX Global Mining Index Fund
iShares S&P Global Water Index Fund
iShares BRIC Index Fund
iShares China All-Cap Index Fund
iShares Global Agriculture Index Fund
iShares Balanced Income CorePortfolioTM Fund
iShares Balanced Growth CorePortfolioTM Fund
iShares Advantaged Canadian Bond Index Fund
iShares 1-5 Year Laddered Corporate Bond Index Fund
iShares 1-10 Year Laddered Corporate Bond Index Fund
iShares Advantaged U.S. High Yield Bond Index Fund (CAD-Hedged)
iShares 1-5 year Laddered Government Bond Index Fund
iShares 1-10 Year Laddered Government Bond Index Fund
iShares Advantaged Convertible Bond Index Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 24, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
Common Units, Advisor Class Units, Non-hedged Common Units, and Non-hedged Advisor Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
BlackRock Investments Canada Inc.
Promoter(s):
-
Project #2046363

Issuer Name:
Limited Duration Investment Grade Preferred Securities Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 28, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Maximum: $175,000,000.00 - 7,000,000 Class A Units and/or Class F Units @ $25.00 per Unit
Minimum:$30,000,000.00 - 1,200,000 Class A Units @ $25.00 per Unit
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
National Bank Financial Inc.
Scotia Capital Inc.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Rothenberg Capital Management Inc.
Promoter(s):
Purpose Investments Inc.
Project #2051350

Issuer Name:
Marquest 2013-1 Mining Super Flow-Through Limited Partnership - National Class
Marquest 2013-1 Mining Super Flow-Through Limited Partnership - Quebec Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated May 24, 2013
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Maximum Offering: $25,000,000.00 - 2,500,000 Marquest National Class Units @ $10.00/Unit
Underwriter(s) or Distributor(s):
Desjardins Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
MGI Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
Marquest Asset Management Inc.
Project #2024982; 2024989

Issuer Name:
NEI Northwest Emerging Markets Fund (formerly NEI Northwest EAFE Fund)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated May 13, 2013 to the Simplified Prospectus and Annual Information Form dated July 3, 2012
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Series A, Series F and Series I securities
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1917486

Issuer Name:
NEI Northwest Emerging Markets Corporate Class (formerly, NEI Northwest EAFE Corporate Class) (Series A and F securities)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated May 13, 2013 to the Simplified Prospectus and Annual Information Form dated October 31, 2012
NP 11-202 Receipt dated May 30, 2013
Offering Price and Description:
Series A and F securities
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1965610

Issuer Name:
SCITI Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated May 27, 2013
NP 11-202 Receipt dated May 28, 2013
Offering Price and Description:
$110,338,000.00 - 8,600,000 Units @ $12.83
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
Macquarie Private Wealth Inc.
Raymond James Ltd.
Promoter(s):
-
Project #2052375

Issuer Name:
Offering Series A, Series F and Series I Shares (unless otherwise indicated) of
Sprott Canadian Equity Class
Sprott Energy Class
Sprott Gold and Precious Minerals Class
Sprott Resource Class
Sprott Silver Equities Class
Sprott Small Cap Equity Class
Sprott Tactical Balanced Class (Series T and Series FT Shares also available)
Sprott Diversified Yield Class (Series T and Series FT Shares also available)
Sprott Short-Term Bond Class
Sprott Gold Bullion Class
Sprott Silver Bullion Class
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 30, 2013
NP 11-202 Receipt dated May 31, 2013
Offering Price and Description:
Series A, F, FT, I and T shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2048599

Issuer Name:
SPROTT CANADIAN EQUITY FUND (Series A, Series F and Series I Units)
SPROTT DIVERSIFIED YIELD FUND (Series A, Series F, Series I, Series T and Series FT Units)
SPROTT GOLD AND PRECIOUS MINERALS FUND (Series A, Series F and Series I Units)
SPROTT ENERGY FUND (Series A, Series F and Series I Units)
SPROTT SHORT-TERM BOND FUND (Series A, Series F and Series I Units)
SPROTT SMALL CAP EQUITY FUND (Series A, Series F and Series I Units)
SPROTT TACTICAL BALANCED FUND (Series A, Series F, Series I, Series T, Series FT and
Series D Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated May 24, 2013
NP 11-202 Receipt dated May 28, 2013
Offering Price and Description:
Series A, Series D, Series F, Series FT, Series I and Series T Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2045089

Issuer Name:
UBS (Canada) Global Allocation Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 28, 2013
NP 11-202 Receipt dated May 29, 2013
Offering Price and Description:
Series D units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2051036

Issuer Name:
Wolfpack Capital Corp.
Principal Regulator - British Columbia
Type and Date:
Final CPC Prospectus dated May 23, 2013
NP 11-202 Receipt dated May 28, 2013
Offering Price and Description:
Minimum Offering: $200,000.00 (2,000,000 Common Shares)
Maximum Offering: $300,000.00 (3,000,000 Common Shares)
Price: $0.10 per Offered Share
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Wolfpack Capital Corp.
Project #2044512

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Ross Smith Asset Management Inc.	Exempt Market Dealer, Investment Fund Manager and Portfolio Manager	May 27, 2013
Change in Registration Category	Black Swan Dexteritas Inc.	From: Exempt Market Dealer Portfolio Manager Investment Fund Manager To: Commodity Trading Manager, Exempt Market Dealer, Portfolio Manager & Investment Fund Manager	May 28, 2013
Surrender of Registration	BGC Canada Securities Company	Exempt Market Dealer	May 28, 2013
New Registration	Les Conseillers en Valeurs Razorbill Inc. / Razorbill Advisors Inc.	Portfolio Manager	May 30, 2013
Name Change	From: Fairlane Asset Management Limited To: Strathy Investment Management Limited	Investment Fund Manager, Portfolio Manager, Commodity Trading Manager and Exempt Market Dealer	May 30, 2013
New Registration	Whitetooth Capital Corp.	Exempt Market Dealer	May 30, 2013
New Registration	BKC Capital Inc.	Investment Fund Manager, Exempt Market Dealer and Portfolio Manager	May 31, 2013
Change in Registration Category	NT Global Advisors, Inc.	From: Exempt Market Dealer and Portfolio Manager To: Exempt Market Dealer, Portfolio Manager and Investment Fund Manager	June 3, 2013

Type	Company	Category of Registration	Effective Date
Voluntary Surrender of Registration	Family Investment Planning Inc.	Exempt Market Dealer and Mutual Fund Dealer	June 3, 2013

Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 Notice of Commission Approval – Material Amendments to CDS Procedures – Amendments to Buy-in Messaging

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

AMENDMENTS TO BUY-IN MESSAGING

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 May 14, 2013, amendments filed by CDS to its procedures relating to buy-in messaging, which forms part of the "buy-in" process in the Continuous Net Settlement Service (CNS). The amendments will add certain automated messaging options for the buy-in process, as an alternative to manual input into CDS systems. A copy and description of the procedural amendments were published for comment on March 14, 2013 at (2013) 36 OSCB 2856. No comments were received.

13.3.2 Notice of Commission Approval – Material Amendments to CDS Procedures – Locked-in Trade Reconciliation Service and the NSCC Trade File Pass-through Service

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS PROCEDURES

LOCKED-IN TRADE RECONCILIATION SERVICE AND THE NSCC TRADE FILE PASS-THROUGH 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 May 24, 2013, amendments filed by CDS to its procedures relating to the New York Link procedures guide. The amendments will add descriptions of the Locked-in Trade Reconciliation Service and the NSCC Trade File Pass-through Service and update the current description of the International Trade Reconciliation Service. A copy and description of the procedural amendments were published for comment on March 14, 2013 at (2013) 36 OSCB 2851. No comments were received.

13.3.3 LCH.Clearnet Limited – Notice of Commission Order – Application for Variation of LCH's Interim Order

LCH.CLEARNET LIMITED (LCH)

APPLICATION FOR VARIATION OF LCH'S INTERIM ORDER

NOTICE OF COMMISSION ORDER

On May 24, 2013, the Commission issued an order under section 144 of the *Securities Act* (Ontario) (Act) varying 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.

LCH continues to be exempted from the recognition requirement until the earlier of (i) October 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.

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Index

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