The Ontario Securities Commission

OSC Bulletin

July 4, 2013

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

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1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

July 4, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

Ontario Securities Commission
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

July 9, 2013 11:00 a.m.	**Ajit Singh Basi** s. 127(1) and 127(10) D. Campbell in attendance for Staff Panel: JEAT
July 9, 2013 12:00 p.m.	**Vincenzo (Vincent) Sirianni** s. 127(1) and 127(10) D. Campbell in attendance for Staff Panel: JEAT
July 10, 2013 10:00 a.m.	**Bunting & Waddington Inc., Arvind Sanmugam and Julie Winget** s. 127 and 127.1 M. Britton/A. Pelletier in attendance for Staff Panel: EPK
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 12, 2013 10:00 a.m.	**Pro-Financial Asset Management Inc.** s. 127 D. Ferris in attendance for Staff Panel: TBA

July 15, 2013
2:30 p.m.
Ernst & Young LLP (Audits of Zungui Haixi Corporation)
s. 127 and 127.1
J. Superina/J. Friedman in attendance for Staff
Panel: TBA

July 16, 2013
3:30 p.m.
Onix International Inc. and Tyrone Constantine Phipps
s. 127
C. Rossi in attendance for Staff
Panel: VK

July 17, 2013
9:00 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 18, 2013
10:00 a.m.
Heritage Education Funds Inc.
s. 127
D. Ferris in attendance for Staff
Panel: JEAT

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 24-26, 2013
10:00 a.m.
Jowdat Waheed and Bruce Walter
s. 127
J. Lynch in attendance for Staff
Panel: CP/SBK/PLK

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: TBA

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 12, 2013
1:30 p.m.
Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation)
s. 127
M. Vaillancourt in attendance for Staff
Panel: VK

August 12, 2013
2:00 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

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 20, 2013 10:30 a.m.	**Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy LLC** s. 127 J. Feasby in attendance for Staff Panel: MGC
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 10:00 a.m.	**Energy Syndications Inc. Green Syndications Inc. , Syndications Canada Inc., Daniel Strumos, Michael Baum and Douglas William Chaddock** s. 127 C. Johnson in attendance for Staff Panel: AJL
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 9, 2013 10:00 a.m.	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm in attendance for Staff Panel: JDC/EPK/CWMS
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
September 27, 2013 11:00 a.m.	**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: AJL
October 9, 2013 10:00 a.m.	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (also known as Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 C. Rossi in attendance for Staff Panel: TBA
October 15-21, October 23-29, 2013 10:00 a.m.	**Normand Gauthier, Gentree Asset Management Inc., R.E.A.L. Group Fund III (Canada) LP, and CanPro Income Fund I, LP** s. 127 B. Shulman in attendance for Staff Panel: EPK
October 22, 2013 3:00 p.m.	**Knowledge First Financial Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
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
November 4 and November 6-11, 2013 10:00 a.m.	**Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson** s. 127 J. Lynch in attendance for Staff Panel: TBA
November 25-29, 2013 10:00 a.m.	**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: AJL
December 4, 2013 10:00 a.m.	**New Hudson Television Corporation, New Hudson Television L.L.C. & James Dmitry Salganov** s. 127 C. Watson in attendance for Staff Panel: 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 **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

New Hudson Television LLC & Dmitry James Salganov

s. 127

C. Watson in attendance for Staff

Panel: TBA

TBA

Alexander Christ Doulis (aka Alexander Christos Doulis, aka Alexandros Christodoulidis) and Liberty Consulting Ltd.

s. 127

J. Feasby in attendance for Staff

Panel: TBA

TBA

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

s. 127 and 127.1

D. Ferris in attendance for Staff

Panel: TBA

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

ADJOURNED SINE DIE

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

1.1.2 Notice of Correction – OSC Notice 11-768 – Notice of Statement of Priorities for Financial Year to End March 31, 2014

NOTICE OF CORRECTION

OSC NOTICE 11-768 – NOTICE OF STATEMENT OF PRIORITIES FOR FINANCIAL YEAR TO END MARCH 31, 2014

There is a correction to the OSC Notice 11-768 – *Notice of Statement of Priorities for Financial Year to End March 31, 2014* in Ontario Securities Bulletin (2013), 36 OSCB 6408 published on June 27, 2013. The "2013 – 2014 Financial Outlook" section of the OSC Statement of Priorities has been updated to match the content in the OSC "Management's Discussion and Analysis" published June 27, 2013. The corresponding changes to the text required to reflect these changes are also set out below.

(thousands)	2012-13 Budget	2012-13 Actual	2013-14 Budget	2013-14 Budget to 2012-13 Budget		2013-14 Budget to 2012-13 Actual	
Revenues	$93,524	$87,278	$101,160	$7,636	**8.2%**	$13,882	**15.9%**
Expenses	$99,986	$94,921	$103,552	$3,566	**3.6%**	$8,631	**9.1%**
Deficiency of Revenue compared with Expenses	($6,462)	($7,643)	($2,392)	$4,070		$5,251	
Capital Expenditures	$8,057	$7,775	$5,660	($2,397)		($2,115)	

The OSC is forecasting 2013–2014 revenues to increase by ~~15.2%~~ 15.9% from 2012–2013 revenues. The forecast reflects the new fees and rates set out in the OSC's fee rules (13-502 and 13-503), which became effective April 1, 2013.

As a result, the OSC expects to operate at a deficit in 2013–2014 and the OSC accumulated surplus is projected to decrease to ~~$1.8~~ $3.4 million as at March 31, 2014.

The budget reflects an increase of ~~$6.4~~ $8.6 million or ~~6.6%~~ 9.1% over 2012–2013 spending and 3.6% above the 2012–2013 budget.

1.2 Notices of Hearing

1.2.1 Vincenzo (Vincent) Sirianni – 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
VINCENZO (VINCENT) SIRIANNI

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

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on July 9, 2013 at 12:00 p.m.;

TO CONSIDER whether, pursuant to paragraphs 4 and 5 of subsection 127(10), it is in the public interest for the Commission:

1. to make an order against Vincenzo (Vincent) Sirianni ("Sirianni") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by him cease permanently, except that this order does not preclude him from trading in or purchasing mutual funds or exchange-traded funds through a registrant (who has first been given a copy of the decision of the Alberta Securities Commission dated December 8, 2011 (the "ASC Order")) in a registered retirement savings plan, tax-free savings account or registered education savings plan (each as defined in the *Income Tax Act* (Canada)) for the benefit of one or more of Sirianni, his spouse and his children;

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

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

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

    e. pursuant to paragraph 8.1 of subsection 127(1) of the Act, he resign any positions that he holds as director or officer of a registrant;

    f. pursuant to paragraph 8.2 of subsection 127(1) of the Act, he be prohibited permanently from becoming or acting as an officer or director of a registrant;

    g. pursuant to paragraph 8.3 of subsection 127(1) of the Act, he resign any positions that he holds as director or officer of an investment fund manager; and

    h. pursuant to paragraph 8.4 of subsection 127(1) of the Act, he be prohibited permanently from becoming or acting as an officer or director of an investment fund manager;

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

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated June 24, 2013 and by reason of the ASC Order, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on July 9, 2013 at 12:00 p.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

DATED at Toronto this 25th day of June, 2013.

"Christos Grivas"
per: 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
VINCENZO (VINCENT) SIRIANNI

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. In November 2011, Vincenzo (Vincent) Sirianni ("Sirianni") entered into a Statement of Admissions and Joint Recommendation as to Sanction with the Alberta Securities Commission ("ASC") (the "Statement of Admissions").

2. Sirianni is subject to an order made by the ASC dated December 8, 2011 (the "ASC Order") that imposes sanctions, conditions, restrictions or requirements upon him.

3. The conduct for which Sirianni was sanctioned occurred between July and December 2010.

4. Sirianni is a resident of Calgary, Alberta.

II. FACTS AGREED TO BY SIRIANNI

5. In the Statement of Admissions, the following facts were agreed to by Sirianni:

   a. Sirianni was, at all material times, the sole guiding mind of Explora Energy Inc. ("Explora"), the trade name Sirianni registered and used to describe a purported private corporation he claimed carried on business as an oil and gas production company.

   b. Sirianni held out Explora variously as a corporation, a limited liability partnership and a limited liability corporation. Sirianni held himself out as Explora's sole owner and director, as well as its President.

Circumstances

   c. Between July and December 2010, Sirianni raised $60,000-$80,000 by distributing securities in a non-existent entity, Explora, to at least 12 Alberta investors.

   d. No prospectus was filed with the Commission's Executive Director in respect of any securities of Explora.

   e. The distributions of Explora's securities were made by Sirianni in purported reliance on the "private issuer" and the "family, friends, and business associates" exemptions contained in National Instrument 45-106 (*Prospectus and Registration Exemptions*). No attempt was made by Sirianni, however, to qualify investors for any exemption, and the investors failed to qualify for them.

   f. In soliciting investment in Explora, Sirianni made statements to potential investors that he knew were materially misleading or untrue, including that:

      i. Explora was an existing corporation, limited liability partnership, or limited liability corporation – a separate entity in which securities would be distributed – when it was not;

      ii. Explora owned both producing and non-producing oil and gas assets, when it owned none whatsoever;

      iii. Explora had a strong financial position and a positive cash flow, and investors would receive monthly dividend payments, all of which was untrue;

      iv. Sirianni had education credentials (an MBA and a BA), as well as other experience, that he did not have;

v. Sirianni had engaged two advisors for Explora, both with oil and gas industry experience (of which Sirianni had none), when neither had agreed to act as an advisor or permit their name to be used in that manner; and

vi. Investors' money would be used in relation to the oil and gas assets already owned, or to purchase further oil and gas assets for Explora, which was untrue.

g. Sirianni oversaw the capital-raising activities of Explora. He prepared the promotional materials and subscription agreements, disseminated information to investors directly in some cases and managed investors' funds.

h. Sirianni also engaged one salesperson to sell the securities in Explora, but he made the same misrepresentations to the salesperson as he made to potential investors. Sirianni, therefore, authorized or permitted the conduct of that salesperson, including any statements made and materials distributed to investors by that salesperson, and Sirianni is, therefore, responsible for the false information passed along to potential investors.

i. Sirianni used the funds raised for undisclosed, improper purposes. Most investors lost their entire investment and received no return on their investment from Sirianni.

j. Sirianni's deceit, outlined above, was done knowingly, and his misconduct caused actual loss to investors, or in some instances placed their financial interests at risk. Sirianni knew his misconduct could have such a consequence.

The ASC Order

6. In its Order dated December 8, 2011, the ASC imposed the following sanctions:

a. pursuant to sections 198(1)(b) and (c) of the *Securities Act*, R.S.A. 2000, c. S-4 (the "ASA"), that Sirianni cease trading in or purchasing securities and that any exemptions from Alberta securities laws do not apply to him permanently, except that the ASC Order does not preclude him from trading in or purchasing mutual funds or exchange-traded funds through a registrant (who has first been given a copy of the ASC Order) in a registered retirement savings plan, tax-free savings account or registered education savings plan (each as defined in the *Income Tax Act* (Canada)) for the benefit of one or more of Sirianni, his spouse and his children;

b. pursuant to sections 198(1)(d) and (e) of the ASA, that Sirianni resign any position that he holds as a director or officer of any issuer, registrant or investment fund manager and is permanently prohibited from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager;

c. pursuant to section 198(1)(e.3), that Sirianni be prohibited from acting in a management or consultative capacity in connection with activities in the securities market permanently;

d. pursuant to section 199 of the ASA, that Sirianni pay an administrative penalty in the amount of $180,000; and

e. pursuant to section 202(1) of the ASA, that Sirianni pay costs in the amount of $9,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

7. Sirianni is subject to an order of the ASC imposing sanctions, conditions, restrictions or requirements on him.

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

9. Staff allege that it is in the public interest to make an order against Sirianni.

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

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

DATED at Toronto, this 24th day of June, 2013.

1.2.2 Ajit Singh Basi – 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
AJIT SINGH BASI

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

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on July 9, 2013 at 11:00 a.m.;

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

1. to make an order against Ajit Singh Basi ("Basi") that:

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

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

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

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

   e. pursuant to paragraph 8.1 of subsection 127(1) of the Act, Basi resign any positions that he holds as director or officer of a registrant;

   f. pursuant to paragraph 8.2 of subsection 127(1) of the Act, Basi be prohibited permanently from becoming or acting as an officer or director of a registrant;

   g. pursuant to paragraph 8.3 of subsection 127(1) of the Act, Basi resign any positions that he holds as director or officer of an investment fund manager;

   h. pursuant to paragraph 8.4 of subsection 127(1) of the Act, Basi be prohibited permanently from becoming or acting as an officer or director of an investment fund manager; and

   i. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Basi be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

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

BY REASON of the allegations set out in the Statement of Allegations of Staff of the Commission dated June 24, 2013 and by reason of an order of the British Columbia Securities Commission dated December 22, 2011, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on July 9, 2013 at 11:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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

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

DATED at Toronto this 25th day of June, 2013.

"Christos Grivas"
per: 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
AJIT SINGH BASI

STATEMENT OF ALLEGATIONS OF STAFF OF
THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. Ajit Singh Basi ("Basi") is subject to an order made by the British Columbia Securities Commission ("BCSC") dated December 22, 2011 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon him.

2. In its findings on liability dated December 22, 2011 (the "Findings"), a panel of the BCSC (the "BCSC Panel") found that Basi perpetrated a fraud.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The conduct for which Basi was sanctioned took place from 2009 through December 2010 (the "Material Time").

5. During the Material Time, Basi was a resident of British Columbia.

II. THE BCSC PROCEEDINGS

The BCSC Findings

6. In its Findings, the BCSC Panel found the following:

   a. Basi perpetrated a fraud, contrary to section 57(b) of the British Columbia *Securities Act*, R.S.B.C. 1996, c. 418 (the "BC Act").

The BCSC Order

7. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Basi:

   a. pursuant to subsection 161(1)(b) of the BC Act, that Basi cease trading permanently, and is permanently prohibited from purchasing, securities or exchange contracts;

   b. pursuant to subsections 161(1)(d)(i) and (ii) of the BC Act, that Basi resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer, registrant, or investment fund manager;

   c. pursuant to subsection 161(1)(d)(iii) of the BC Act, that Basi is permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;

   d. pursuant subsection 161(1)(d)(iv) of the BC Act, that Basi is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

   e. pursuant to subsection 161(1)(d)(v) of the BC Act, that Basi is permanently prohibited from engaging in investor relations activities;

   f. pursuant to subsection 161(1)(g) of the BC Act, that Basi pay to the Commission the funds he obtained as a result of his contraventions of the Act, which the BCSC Panel found to be not less than $11,055; and

   g. pursuant to section 162 of the BC Act, that Basi pay an administrative penalty of $100,000.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

8. Basi is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements on him.

9. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.

10. Staff allege that it is in the public interest to make an order against Basi.

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

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

DATED at Toronto, this 24th day of June, 2013.

1.3 News Releases

1.3.1 Matthew Robert White and White Capital Corporation

FOR IMMEDIATE RELEASE
May 24, 2013

COMMUNICATION

IN THE MATTER OF
MATTHEW ROBERT WHITE AND
WHITE CAPITAL CORPORATION

TORONTO – On January 11, 2013, Marrianne Bridge, acting in her capacity as Director of the Compliance and Registrant Regulation Branch, issued a decision (the "Decision") suspending the registration of Matthew White ("White") and White Capital Corporation ("White Capital"). On January 16, 2013, White and White Capital filed an application for a hearing and review of the Decision by the Ontario Securities Commission (the "Commission") pursuant to subsection 8(2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended. On January 18, 2013, the Commission issued an order staying the Decision until the completion of the hearing and review on May 13, 2013 (the "Stay Order"), subject to certain terms and conditions.

In April 2013, Staff of the Commission ("Staff") and White and White Capital reached an agreement in which White and White Capital withdrew their application for a hearing and review and made a joint recommendation with Staff to the Director, defining the term of suspension of registration in the Decision and providing for certain terms and conditions should White reapply for registration in the future. The joint recommendation included the following key provisions, among others:

- that White Capital's registration be suspended immediately and that White Capital apply to surrender its registration forthwith;
- that White be permanently prohibited from seeking registration in the categories of ultimate designated person and chief compliance officer;
- that White be prohibited for a period of five years from becoming a permitted individual of a registered firm, and for a period of 18 months from applying for registration as a dealing representative; and
- that White be required to successfully pass the Conduct and Practices Handbook examination prior to applying for registration, and that White be subject to strict supervision for one year on his reinstated registration should White reapply for registration as a dealing representative.

On April 26, 2013, the Director approved the joint recommendation.

On April 29, 2013, White and White Capital notified the Secretary that their application for a hearing and review was withdrawn. The Stay Order expired on May 13, 2013. The terms of the joint recommendation are reflected in full in an addendum to the Decision and are available on the Commission's website.

The mandate of the OSC 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. Investors are urged to check the registration of any person or company offering an investment opportunity and to review the OSC's investor materials available at www.osc.gov.on.ca.

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1.4.1 Nest Acquisitions and Mergers et al.

FOR IMMEDIATE RELEASE
June 26, 2013

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

AND

IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS,
IMG INTERNATIONAL INC.,
CAROLINE MYRIAM FRAYSSIGNES,
DAVID PELCOWITZ, MICHAEL SMITH, and
ROBERT PATRICK ZUK

TORONTO – The Commission issued an Order in the above named matter which provides that the Sanctions and Costs Hearing scheduled for June 27, 2013 at 10 a.m. is adjourned to July 17, 2013 at 9 a.m.

A copy of the Order dated June 26, 2013 is available at www.osc.gov.on.ca.

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1.4.2 Western Wind Energy Corp. et al.

FOR IMMEDIATE RELEASE
June 26, 2013

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

AND

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

TORONTO – The Commission issued its Reasons and Decision in the above named matter.

A copy of the Reasons and Decision dated June 25, 2013 is available at www.osc.gov.on.ca.

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

FOR IMMEDIATE RELEASE
June 26, 2013

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

AND

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

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

1. Staff shall provide one full hard copy of its disclosure documents to the Respondents by July 10, 2013; and

2. Khan shall be responsible to make arrangements to pick up the disclosure documents from Staff on the day they become available.

A copy of the Order dated June 24, 2013 is available at www.osc.gov.on.ca.

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1.4.4 Global Consulting and Financial Services et al.

FOR IMMEDIATE RELEASE
June 26, 2013

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
GLOBAL CAPITAL GROUP, CROWN CAPITAL MANAGEMENT CORP.,
MICHAEL CHOMICA, JAN CHOMICA and LORNE BANKS

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

(i) pursuant to Rule 1.4 and Rule 1.5.3(3) of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071, future service on Crown Capital and Global Capital is waived;

(ii) the hearing is adjourned to a confidential pre-hearing conference to be held on September 4, 2013 at 2:00 p.m.;

(iii) the hearing on the merits with respect to Global Consulting, Jan Chomica and Lorne Banks shall commence on November 25, 2013 at 10:00 a.m. and shall continue on November 26, 27, 28 and 29, 2013 or such other dates as may be agreed to by the parties or set by the Office of the Secretary;

(iv) in the event that Staff intends to bring a motion for an order to convert the oral hearing on the merits as it relates to Michael Chomica, Crown Capital and Global Capital to a written hearing (the "Motion"), the parties shall comply with the following schedule:

  (a) Staff shall file and serve a notice and its materials in connection with the Motion by August 15, 2013;

  (b) if Michael Chomica, Crown Capital or Global Capital objects to the Motion, they shall file and serve materials in connection with the Motion by August 29, 2013 and the Motion will be heard on September 4, 2013 at 2:00 p.m.,

  (c) if the Motion is not granted by the Commission, an oral hearing on the merits with respect to Michael Chomica, Crown Capital and Global Capital will be held on September 27, 2013 at 11:00 a.m.; and

  (d) if Michael Chomica, Crown Capital or Global Capital do not oppose the Motion, Staff shall file its written submissions and any evidence that it intends to rely on in connection with the hearing as it relates to Michael Chomica, Crown Capital or Global Capital by September 15, 2013 and Michael Chomica, Crown Capital or Global Capital shall file any responding materials by September 30, 2013.

A copy of the Order dated June 24, 2013 is available at www.osc.gov.on.ca.

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1.4.5 Portfolio Capital Inc. et al.

FOR IMMEDIATE RELEASE
June 27, 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 – Staff of the Ontario Securities Commission filed an Amended Amended Statement of Allegations dated June 26, 2013 with the Office of the Secretary in the above noted matter.

A copy of the Amended Amended Statement of Allegations dated June 26, 2013 is available at www.osc.gov.on.ca.

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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

AMENDED AMENDED STATEMENT OF ALLEGATIONS OF
STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding involves an investment scheme that was created and carried out by Portfolio Capital Inc. ("Portfolio Capital"), David Rogerson ("Rogerson") and Amy Hanna-Rogerson ("Hanna-Rogerson") during the period of May 2007 to March 2012 (the "Material Time"), in which the Respondents solicited and sold shares of PlusPetro Inc. (Panama) ("PlusPetro Panama") to investors in Ontario. The Respondents engaged in fraudulent conduct by making untrue or misleading statements to investors regarding the business of PlusPetro Panama, the use of investor funds and the future value of the PlusPetro Panama shares.

II. THE RESPONDENTS

2. Portfolio Capital is a corporation which was incorporated pursuant to the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 on May 23, 2007. Its registered address is 110 Cumberland Street, Suite 317, Toronto, which is a United Parcel Services mailbox. Portfolio Capital purports to be an investment banking firm. Portfolio Capital has never been a reporting issuer in Ontario and has never been registered with the Commission in any capacity.

3. Rogerson was a resident of Bala, Ontario during the Material Time. He has never been registered with the Commission in any capacity. Throughout the Material Time, he was the President and directing mind of Portfolio Capital.

4. Hanna-Rogerson was a resident of Bala, Ontario during the period of May 2007 to November 2010. She is the spouse of Rogerson. She is the sole director of Portfolio Capital. She has never been registered with the Commission in any capacity. Hanna-Rogerson controlled and is the sole signatory on Portfolio Capital's two bank accounts, which received investor funds.

III. PARTICULARS OF THE ALLEGATIONS

A. Unregistered Trading

5. During the Material Time, Portfolio Capital offered Share Purchase Agreements ("SPA") to residents of Ontario and to residents of other jurisdictions for the purchase of PlusPetro Panama shares. The SPAs are investment contracts within the definition of security in section 1(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

6. During the Material Time, PlusPetro Panama shares were sold to more than 200 investors and potential investors raising approximately USD 980,000.00 and CAD 544,000.00.

7. Rogerson met with and told investors that PlusPetro Panama was a start up company that had the opportunity to purchase the rights to a break-through technology known as Crude Oil Additive Technology Solution ("COATS"), which is an alleged oil additive. According to the representations made to investors by Rogerson, the COATS technology has the ability to lower viscosity in crude oil to make it easier to transport.

8. Investors were told by Rogerson that their funds would be used for the start-up operations of PlusPetro Panama, including securing financing to acquire COATS and testing of the technology. Rogerson created and provided investors with promotional materials regarding the COATS technology and the PlusPetro Panama investment.

9. Hanna-Rogerson also met with and provided information to several investors regarding purchasing PlusPetro Panama shares.

10. After agreeing to invest, investors executed SPAs with Portfolio Capital for the purchase of PlusPetro Panama shares, which were signed by Rogerson as President of Portfolio Capital. Investors purchased PlusPetro Panama shares for prices

ranging from $0.25 to $0.50 per share. Investors, however, never received share certificates for the PlusPetro Panama shares they purchased as they were told that the printing of such share certificates was expensive and environmentally wasteful.

11. Investors were directed to pay for their investment by way of cheque or bank draft made payable to Portfolio Capital or by wire transfer to a Portfolio Capital bank account located at a Toronto Dominion bank located in Bala, Ontario. Each of Rogerson and Hanna-Rogerson accepted funds from investors on behalf of Portfolio Capital and deposited the investor funds into Portfolio Capital's bank accounts.

12. Rogerson and Hanna-Rogerson sold shares of PlusPetro Panama to Ontario residents in circumstances where there were no exemptions available to them under the Act.

B. Illegal Distribution

13. The sale of PlusPetro Panama shares was a trade in securities not previously issued and was therefore a distribution.

14. Portfolio Capital has never filed a preliminary prospectus or a prospectus with the Commission and no receipts have been issued by the Director in relation to PlusPetro Panama securities. No exemption from the prospectus and registration requirements under the Act was available to Portfolio Capital in the circumstances.

C. Fraudulent Conduct

15. Rogerson told investors that their funds would be used for the start-up operations of PlusPetro Panama. Investors received multiple Shareholder Update Letters from Rogerson during the Material Time which stated that PlusPetro Panama was very close to securing financing and would imminently purchase the COATS technology and then commence marketing and selling the technology to large oil companies. The Shareholder Update Letters were also used to solicit further funds from investors.

16. These representations were untrue and misleading and perpetrated a fraud on investors. Staff allege that PlusPetro Panama has not carried on any legitimate business operations and that there is no evidence that the COATS technology exists.

17. Contrary to the representations set out above in paragraph 15, the Respondents personally profited by using investor funds for personal expenditures, including, among other things, food and alcohol, pet care and property expenses, including mortgage payments.

18. The Respondents engaged in a course of conduct relating to securities of PlusPetro Panama that they knew or reasonably ought to have known would result in a fraud on persons or companies.

D. Representations Regarding the Future Value of the PlusPetro Panama Shares and the Listing of Such Shares on the Toronto Stock Exchange ("TSX")

19. Rogerson told potential investors that once PlusPetro Panama purchased COATS, it would apply to have the PlusPetro Panama shares listed on the TSX. Potential investors were further told by Rogerson that their shares would increase in value from $0.50 a share to prices ranging from $5.00 to $10.00 per share once the PlusPetro Panama shares were listed on the TSX. These representations were made by Rogerson with the intention of effecting trades in PlusPetro Panama shares.

20. During the Material Time, Rogerson, as President of Portfolio Capital, also drafted and sent Shareholder Update Letters to investors which stated that PlusPetro Panama would be listing its shares on the TSX in the coming months.

21. Neither Rogerson nor PlusPetro Panama have ever made an application to have the PlusPetro Panama shares listed on the TSX. Neither Rogerson nor PlusPetro Panama have ever sought permission of the Director to make representations to investors regarding listing PlusPetro Panama shares on the TSX.

IV. BREACHES OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

22. The specific allegations advanced by Staff are:

a) During the Material Time, the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to section 25(1)(a) of the Act as that section existed at the time the conduct at issue commenced in May 2007, and contrary to section 25(1) of the Act as subsequently amended on September 28, 2009;

b) During the Material Time, the Respondents traded in securities of PlusPetro Panama when a preliminary prospectus and a prospectus had not been filed and receipts had not been issued for them by the Director, contrary to section 53(1) of the Act;

c) During the Material Time, the Respondents engaged in or participated in acts, practices or courses of conduct relating to securities of PlusPetro Panama that they knew or ought to have known perpetrated a fraud on persons or companies, contrary to section 126.1(b) of the Act;

d) During the Material Time, Rogerson gave an undertaking to investors regarding the future value and price of PlusPetro Panama shares with the intention of effecting a trade in those shares, contrary to section 38(2) of the Act;

e) During the Material Time, Rogerson made misleading representations to investors regarding the future listing of PlusPetro Panama shares with the intention of effecting a trade in those shares, contrary to section 38(3) of the Act;

f) During the Material Time, Hanna-Rogerson authorized, permitted or acquiesced in Portfolio Capital's non-compliance with Ontario securities law and accordingly failed to comply with Ontario securities law, contrary to section 129.2 of the Act; and

g) The Respondents' conduct was contrary to the public interest and harmful to the integrity of the capital markets in Ontario.

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

DATED at Toronto, June 26, 2013

1.4.6 New Found Freedom Financial et al.

FOR IMMEDIATE RELEASE
June 27, 2013

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH,
WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

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

A copy of the Reasons and Decision on Sanctions and the Order dated June 26, 2013 are available at www.osc.gov.on.ca.

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1.4.7 Pro-Financial Asset Management Inc.

FOR IMMEDIATE RELEASE
June 27, 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(8) of the Act:

1. The Temporary Order is extended to July 15, 2013;

2. The affidavit of Michael Denyszyn sworn May 24, 2013 will not be marked as an exhibit at this time but will be received as an exhibit at the hearing on July 12, 2013 in the absence of a Commission order to the contrary; and

3. The hearing to consider whether to: (i) further extend or vary the terms of the Temporary Order; (ii) make any further order as to PFAM's registration; (iii) review PFAM's plan for a sale of PFAM's assets; and/or (iv) consider whether to order PFAM to deliver the final PPN reconciliation report to Staff, will proceed on July 12, 2013 at 10:00 a.m.

A copy of the Order dated June 26, 2013 is available at www.osc.gov.on.ca.

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1.4.8 Matthew Robert White and White Capital Corporation

FOR IMMEDIATE RELEASE
June 27, 2013

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

AND

IN THE MATTER OF
MATTHEW ROBERT WHITE AND
WHITE CAPITAL CORPORATION

TORONTO – Take notice that the hearing in the above named matter set down by Order of the Commission on April 2, 2013 has been vacated on the basis that the parties have entered into an agreement as set out in the attached communication.

A copy of the Communication dated May 24, 2013 is available at www.osc.gov.on.ca.

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

1.4.9 Vincenzo (Vincent) Sirianni

FOR IMMEDIATE RELEASE
June 28, 2013

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

AND

IN THE MATTER OF
VINCENZO (VINCENT) SIRIANNI

TORONTO – The Office of the Secretary issued a Notice of Hearing on June 25, 2013 setting the matter down to be heard on July 9, 2013 at 12:00 p.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated June 25, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated June 24, 2013 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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

Carolyn Shaw-Rimmington
Manager, Public Affairs
416-593-2361

Aly Vitunski
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416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

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1-877-785-1555 (Toll Free)

1.4.10 Ajit Singh Basi

FOR IMMEDIATE RELEASE
June 28, 2013

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

AND

IN THE MATTER OF
AJIT SINGH BASI

TORONTO – The Office of the Secretary issued a Notice of Hearing on June 25, 2013 setting the matter down to be heard on July 9, 2013 at 11:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated June 25, 2013 and Statement of Allegations of Staff of the Ontario Securities Commission dated June 24, 2013 are available at www.osc.gov.on.ca.

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1-877-785-1555 (Toll Free)

1.4.11 Onix International Inc. and Tyrone Constantine Phipps

FOR IMMEDIATE RELEASE
July 2, 2013

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

AND

IN THE MATTER OF
ONIX INTERNATIONAL INC. and
TYRONE CONSTANTINE PHIPPS

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ONIX INTERNATIONAL INC. AND
TYRONE CONSTANTINE PHIPPS

TORONTO – The Commission issued an Order in the above named matter which provides that the Hearing is adjourned to July 16, 2013 at 3:30 p.m. or to such other date or time as agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated June 26, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Media Relations Specialist
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1-877-785-1555 (Toll Free)

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

FOR IMMEDIATE RELEASE
July 2, 2013

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

AND

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

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

1. Staff shall file and serve written submissions on sanctions and costs by July 12, 2013;

2. Medra shall file and serve written submissions on sanctions and costs by July 26, 2013;

3. Staff shall file and serve written reply submissions on sanctions and costs by July 31, 2013;

and

4. the hearing to determine sanctions and costs will be held at the office of the Commission at 20 Queen Street West, Toronto, commencing on August 12, 2013, at 1:30 p.m.

A copy of the Order dated July 2, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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media_inquiries@osc.gov.on.ca

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Western Wind Energy Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – The issuer applied for a decision that it is not a reporting issuer – The outstanding securities of the issuer are beneficially owned by fewer than 50 persons and are not traded through an exchange or market – Decision granted.

Applicable Legislative Provisions

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

June 25, 2013

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

AND

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

AND

IN THE MATTER OF
WESTERN WIND ENERGY CORP.
(THE FILER)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) to cease to be a reporting issuer in the Jurisdictions (the Exemptive Relief Sought).

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

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

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

Interpretation

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

Representations

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

1. the Filer is a corporation existing under the *Business Corporations Act* (British Columbia) (BCBCA), and is a reporting issuer in the Jurisdictions;

2. the Filer is not in default of the securities legislation in any of the Jurisdictions;

3. the Filer's head office is located in Vancouver, British Columbia;

4. the Filer's authorized capital consists of an unlimited number of common shares (Common Shares) and an unlimited number of preferred shares; only Common Shares are currently outstanding; the Common Shares were previously listed on the TSX Venture Exchange (TSXV);

5. the Filer has no other outstanding securities, including debt securities, other than share purchase warrants (Warrants) to purchase 374 Common Shares; the single beneficial holder of the Warrants advised the Filer that the holder will not exercise the Warrants;

6. on May 21, 2013, Brookfield Renewable Energy Partners L.P. (Brookfield), acquired all of the issued and outstanding Common Shares via a take-over bid under the Legislation and subsequent compulsory acquisition under the BCBCA;

7. on May 24, 2013, the Common Shares were delisted from the TSXV;

8. the Filer's outstanding securities are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each Jurisdiction and fewer than 51 securityholders in total worldwide;

9. all of the Common Shares of the Filer are legally and beneficially owned by Brookfield; the Warrants are held by one beneficial owner;

10. the Filer has no intention of accessing the capital markets in the future by issuing any further securities to the public, and has no intention of issuing any securities;

11. the Filer is not in default of any of its obligations under the securities legislation of the Jurisdictions as a reporting issuer, including its obligations to remit all filing fees in the Jurisdictions;

12. on April 29, 2013, the Filer obtained exemptive relief in the Jurisdictions from filing:

    (a) annual financial statements, annual MD&A, and annual certificates for the period ended December 31, 2012; and

    (b) an interim financial report, interim MD&A, and interim certificates for the period ended March 31, 2013;

13. no securities of the Filer, 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;

14. the Filer is not a reporting issuer or the equivalent in any jurisdiction in Canada, other than the Jurisdictions;

15. the Filer did not voluntarily surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it wants to avoid the 10-day waiting period under that Instrument;

16. the Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is a reporting issuer in British Columbia; and

17. the Filer, upon granting the Exemptive Relief Sought, will no longer be a reporting issuer or the equivalent in any jurisdiction in Canada.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Relief Sought is granted.

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

2.1.2 Manulife Asset Management Limited and Manulife Strategic Income Opportunities Fund

Headnote

National Policy 11-203 – Process for Exemptive Relief Decisions in Multiple Jurisdictions – Relief from certain new mutual fund start-up requirements and restrictions on performance data disclosure in NI 81-102 granted to closed-end fund converting to open-ended mutual fund – relief from seed capital requirements and from prohibition against fund bearing costs of preparation and filing of first simplified prospectus, annual information form and fund – fund is an existing fund which will have in excess of $500000 in assets following conversion to mutual fund.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 3.1, 3.3, 19.1.

June 21, 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
MANULIFE ASSET MANAGEMENT LIMITED
(the Filer)

AND

MANULIFE STRATEGIC INCOME OPPORTUNITIES FUND
(the Fund)

DECISION

Background

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

(a) the prohibitions in section 3.1 of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) to permit the Fund to rely on its existing net assets as its seed capital (the **Seed Capital Relief**); and

(b) the prohibitions in section 3.3 of NI 81-102 to permit the Fund to bear the costs of preparation and filing of its first simplified prospectus, annual information form and fund facts document (the **First Simplified Prospectus Relief**)

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

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

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

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

Interpretation

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

Conversion means the conversion of the Fund from a closed-end investment fund to a mutual fund on or about June 28, 2013.

Conversion Date means the date upon which the Conversion is effected, being the close of business on or about June 28, 2013.

Representations

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

1. The Filer acts as the manager, trustee and investment manager of the Fund.

2. The Filer is a corporation governed by the laws of Ontario and is registered in the categories of portfolio manager and exempt market dealer in Alberta, British Columbia, Saskatchewan, Manitoba, Nova Scotia, New Brunswick and Prince Edward Island, portfolio manager, exempt market dealer and investment fund manager in Newfoundland and Labrador and Quebec and mutual fund dealer, portfolio manager, commodity trading manager, exempt market dealer and investment fund manager in Ontario. The Filer's head office is located in Toronto, Ontario.

3. The Fund was established as a closed-end investment fund under the laws of Ontario pursuant to a declaration of trust dated May 27, 2011 as amended and restated by a declaration of trust dated June 16, 2011 (the **Declaration of Trust**).

4. Neither the Filer nor the Fund is in default of securities legislation in any province or territory of Canada.

5. Units of the Fund were distributed pursuant to an initial public offering under a long form prospectus dated May 27, 2011 (the **Long Form Prospectus**) and were listed for trading on the Toronto Stock Exchange (**TSX**) on June 17, 2011.

6. As of June 7, 2013, there were 7,994,443 units of the Fund outstanding with a net asset value (**NAV**) per unit of $9.1491, for an aggregate NAV of the Fund of approximately $73,142,316.76.

7. Since its inception, the Fund has complied with the investment restrictions contained in NI 81-102, except, as described in the Long Form Prospectus, the Fund was permitted to use leverage (up to 25% of the net asset value of the Fund) and obtain exposure to a portfolio of securities through a forward agreement.

8. The Fund will automatically convert from a closed-end investment fund to a mutual fund on or about June 28, 2013 (the **Conversion**), as disclosed in the Long Form Prospectus.

9. The Declaration of Trust and Long Form Prospectus provide that the units of the Fund will be delisted from any stock exchange on which they were listed prior to the Conversion Date and the Fund will convert to an open-ended mutual fund and units of the Fund will become redeemable at their NAV per unit on a daily basis on the Conversion Date.

10. A written notice regarding the Conversion was mailed to unitholders of the Fund on April 10, 2013.

11. The Manager filed a preliminary simplified prospectus, preliminary annual information form and preliminary fund facts on May 10, 2013 on SEDAR to qualify the Advisor Series securities of the Fund (previously the units of the closed-end fund) and Series F securities, Series FT6 securities, Series I securities, Series IT securities and Series T6 securities of the Fund (new classes of units of the Fund) under National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* in Ontario and each of the Other Jurisdictions.

12. The Fund's units were delisted from the TSX at the close of business on June 14, 2013 in order to permit the completion of the Conversion.

13. In connection with the Conversion, the Fund will be renamed Manulife Global Tactical Credit Fund and the investment practices of the Fund will continue to comply in all respects with the requirements of Part 2 of NI 81-102 subject to any regulatory exemptions granted to the Fund.

Seed Capital Relief and First Simplified Prospectus Relief

14. The Fund was a non-redeemable investment fund prior to the Conversion Date and has an operating history and public continuous disclosure record dating back to May 27, 2011.

15. The net asset value of the Fund as at June 7, 2013 was approximately $73,142,316.76. The Filer expects the net asset value of the Fund to be above $500,000 when units of the Fund become available for sale under the final version of the First Simplified Prospectus.

16. On the Conversion Date, the Fund will become a mutual fund subject to the requirements of NI 81-102. The Filer believes that the Conversion will provide unitholders of the Fund with enhanced liquidity and the opportunity for the Fund to raise additional capital.

17. Granting the Seed Capital Relief and First Simplified Prospectus Relief will not cause prejudice to investors because the Fund has been in existence since 2011 and has sufficient assets to continue its operations. The Fund also has sufficient assets to pay the costs of the First Simplified Prospectus.

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 decision of the Decision Maker under the Legislation is that the Exemption Sought is granted.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

2.1.3 Investors Fixed Income Flex Portfolio et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief from requirement for securityholder approval of a change in fee structure – technically will result in an increase in a fee or charge to a fund but will not result in an increase in overall fees charged to securityholders in a fund of fund structure – securityholders to be provided with a notice in advance of,or concurrent with, the change in fee structure.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.1(a) and (a.1), 19.1.

May 31, 2013

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

AND

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

AND

IN THE MATTER OF:
INVESTORS FIXED INCOME FLEX PORTFOLIO
INVESTORS INCOME PORTFOLIO
INVESTORS INCOME PLUS PORTFOLIO
INVESTORS GROWTH PORTFOLIO
INVESTORS GROWTH PLUS PORTFOLIO
INVESTORS RETIREMENT GROWTH PORTFOLIO
INVESTORS RETIREMENT PLUS PORTFOLIO
ALLEGRO™ CONSERVATIVE PORTFOLIO
ALLEGRO™ MODERATE CONSERVATIVE PORTFOLIO
ALLEGRO™ MODERATE PORTFOLIO
ALLEGRO™ MODERATE AGGRESSIVE PORTFOLIO
ALLEGRO™ MODERATE AGGRESSIVE CANADA FOCUS PORTFOLIO
ALLEGRO™ AGGRESSIVE PORTFOLIO
ALLEGRO™ AGGRESSIVE CANADA FOCUS PORTFOLIO
ALTO™ MONTHLY INCOME PORTFOLIO
ALTO™ MONTHLY INCOME AND GROWTH PORTFOLIO
ALTO™ MONTHLY INCOME AND ENHANCED GROWTH PORTFOLIO
ALTO™ MONTHLY INCOME AND GLOBAL GROWTH PORTFOLIO
ALTO CONSERVATIVE PORTFOLIO
ALTO MODERATE CONSERVATIVE PORTFOLIO
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ALTO MODERATE AGGRESSIVE PORTFOLIO
ALTO MODERATE AGGRESSIVE CANADA FOCUS PORTFOLIO
ALTO AGGRESSIVE PORTFOLIO
ALTO AGGRESSIVE CANADA FOCUS PORTFOLIO
INVESTORS CORNERSTONE I PORTFOLIO
INVESTORS CORNERSTONE II PORTFOLIO
INVESTORS CORNERSTONE III PORTFOLIO
(referred to as the "Portfolio Funds")

AND

IN THE MATTER OF
I.G. INVESTMENT MANAGEMENT, LTD.
(referred to as the "Investors Group" and
collectively with the Portfolio Funds referred to the "Filers")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "Decision Maker") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "Legislation") for relief under sub-sections 19.1 (1) and (2) of National Instrument 81-102 *Mutual Funds* ("NI81-102") from the requirement under paragraphs 5.1(a) and (a.1) of NI 81-102 for securityholder approval to permit a fee or expense now payable by certain Underlying Funds (as defined below) held by the Portfolio Funds within a fund-of-fund structure to instead be payable directly by the Portfolio Funds (the "Exemption Sought").

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

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

(b) the Filers have provided notice that section 4.7(1) of Multi-Lateral Instrument 11-102 *Passport System* ("MI 11-102") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

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

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this decision, unless they are otherwise defined below:

- The mutual funds into which each of the Portfolio Funds currently or may in the future invest are herein referred to as the "Underlying Funds" and, together with the Portfolio Funds are collectively referred to as the "Funds";
- The mutual fund units or shares (as applicable) of the Underlying Funds held or which may be acquired by the Portfolio Funds in the future are herein collectively referred to as the "Non-retail Series".
- NI 81-106 refers to National Instrument 81-106 *Investment Fund Continuous Disclosure*;
- NI 81-101 refers to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*; and
- Fund Facts refers to Form 81-101F3 *Fund Facts Disclosure Document* prescribed under NI 81-101.

Representations

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

1. Investors Group is a corporation continued under the laws of Ontario. It is the trustee and manager of the Portfolio Funds. It is registered as a portfolio manager in Manitoba, Ontario, and Quebec and has an application pending for registration as an investment fund manager ("IFM") in Manitoba and as a Non-resident IFM in Ontario. It is also registered as an advisor under the Commodity Futures Act in Manitoba. The head office of Investors Group is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. Investors Group is not in default of any of the requirements of securities legislation of any of the provinces and territories in Canada.

2. All of the Funds are open-end mutual funds established or continued under a Master Declaration of Trust under the laws of Manitoba, or governed by the Canada Business Corporations Act in the case of certain Underlying Funds.

3. All of the Funds are reporting issuers under the Legislation in each Jurisdiction and are not on the list of defaulting reporting issuers maintained under the Legislation in each Jurisdiction, and are not in default of any of the requirements of the securities Legislation of any of the provinces and territories of Canada. The securities of the Funds are qualified for distribution in each of the Jurisdictions pursuant to their own separate simplified prospectuses and annual

information forms prescribed under NI 81-101, respectively, each dated June 30, 2012, as amended (referred to collectively as the "Prospectuses").

4. Each Portfolio Fund issues one or more series of mutual fund units to retail purchasers (the "Retail Series"). A Fund Facts document as prescribed by Form 81-101F3 has been filed for all of the Retail Series issued by the Portfolio Funds, together with their Prospectuses as described in paragraph number 3.

5. The net asset values of each Retail Series of the Portfolio Funds are calculated on a daily basis on each day that Investors Group is open for business.

6. Each Underlying Fund offers at least one Non-retail Series of mutual fund units (or shares) into which one or more of the Portfolio Funds invest pursuant to the fund-of-fund investment mandate of each Portfolio Fund. These Non-retail Series are identical to the Retail Series of their respective Underlying Funds other than there are no sales charges payable by these Non-retail Series, however, the Non-retail Series pay an annual management fee and in some cases an annual trustee fee to Investors Group or an affiliate of Investors Group.

7. The Funds (save for the Investors Real Property Fund) follow the standard investment restrictions and practices established under the Legislation of the Jurisdictions other than in circumstances where the securities regulatory authority of a Jurisdiction has expressly exempted the Funds. Accordingly, the investment by the Portfolio Funds in the Non-retail Series of their Underlying Funds is in compliance with Section 2.5 of NI 81-102, except to the extent that any Portfolio Fund may have obtained regulatory relief (if applicable) as is the case (for example) where a Portfolio Fund is permitted to invest in the Non-retail Series of Investors Real Property Fund. Therefore, in compliance with NI 81-102, no management or other fees are payable by the Portfolio Funds that to a reasonable person would duplicate a fee payable by the Non-retail Series of an Underlying Fund held by the Portfolio Fund.

8. In compliance with Section 15.2 of NI 81-106, for purposes of disclosing their management expense ratios ("MERs") the total expenses of the Portfolio Funds for each reporting period include the expenses attributable to the Non-retail Series of the Underlying Funds in which each Portfolio Fund invests, calculated by multiplying:

   (i) the total expenses of each Underlying Fund (excluding commissions and other portfolio transaction costs) before taxes during the period

   by

   (ii) the average portion of securities of the Underlying Funds held by the Portfolio Fund during the period,

   and adding the total expenses of the Portfolio Fund during the period (excluding commissions and other portfolio transaction costs). Accordingly, the expenses payable by the Non-retail Series of each Underlying Fund held by a Portfolio Fund, including management fees and trustee fees, are currently reflected in the MER and performance of each Portfolio Fund in proportion to the investment by each Portfolio Fund in their respective Underlying Funds.

9. Investors Group proposes to discontinue having the management and trustee fees (and any associated taxes) payable by the Non-retail Series of the Underlying Funds (the "Affected Fees") and, instead, having the Affected Fees payable directly by the Retail Series of each Portfolio Fund (the "Fee Structure Changes"). The Affected Fees payable by any of the Portfolio Funds after the Fee Structure Changes will not be higher in comparison to what the Affected Fees now indirectly payable by each Portfolio Fund would have been as calculated under the current fee structure prior to the Fee Structure Changes, such that there will be no increase in the MERs of any Portfolio Fund as a result of the Fee Structure Changes. In circumstances where a Portfolio Fund may currently vary its holdings in the Underlying Funds, Investors Group will ensure that the Affected Fees payable by the Portfolio Fund will be such that the MER of the Portfolio Fund will not be greater as a result of the Fee Structure Changes than it would have been prior to the Fee Structure Changes and, in some instances, may be lower.

10. After the Fee Structure Changes are effected, there will be no increases of the Affected Fees payable by the Non-retail Series of the Underlying Funds into which any of the Portfolio Funds invest, unless prior approval is obtained by securityholders of the impacted Portfolio Funds, or regulatory relief is obtained, as applicable.

11. The Fee Structure Changes will facilitate the future introduction by Investors Group of lower fee Retail Series offered by the Portfolio Funds which is currently difficult to implement because most fees and expenses (including management fees and trustee fees) reflected in the MERs of the Portfolio Funds are payable by the Underlying Funds and incorporated indirectly into the MERs of the Portfolio Funds as described in paragraph number 8.

12. It is anticipated that securityholders of the Portfolio Funds will benefit from the Fee Structure Changes because their MERs will not be dependent on fluctuations in the MERs of the Non-retail Series of the Underlying Funds, or on any

changes in the investment weightings by the Portfolio Funds in their current and future Underlying Funds where the Affected Fees payable by the Portfolio Funds are pre-determined. This is expected to provide the potential for more stable and improved future performance.

13. In certain instances, having the Affected Fees payable by the Portfolio Funds instead of by the Underlying Funds may result in slightly lower MERs than otherwise would have been the case without the Fee Structure Changes all other things remaining the same.

14. There are no material tax implications with respect to the Fee Structure Changes.

15. Investors Group has determined that the Fee Structure Changes will not be a material change to the Portfolio Funds because they will not entail a change in the business, operations or affairs of the Portfolio Funds that would be considered important by a reasonable investor in determining whether to purchase or continue to hold securities of the Portfolio Funds.

16. Amendments will be made to the Prospectuses and Fund Facts of each Retail Series of each Portfolio Fund in conjunction with the next prospectus renewals and will be filed on SEDAR to reflect the Fee Structure Changes as required by the Legislation of the Jurisdictions.

17. Investors Group will send a notice to securityholders of the Portfolio Funds (the "Notice"), prior to or concurrent with, implementation of the Fee Structure Changes, describing the Fee Structure Changes and advising that there will not be any increase in MERs or negative impact on the performance of any Portfolio Fund as a result of the Fee Structure Changes.

18. Investors Group has referred the Fee Structure Changes to the Independent Review Committee of the Funds (the "IRC") for its review. The IRC has been established as required by NI 81-107 *Fund Governance* ("NI 81-107") and consists of individuals who are not in any way related to Investors Group or its affiliates. The IRC reviews and makes recommendations on conflicts of interest matters for the purposes described in NI 81-107 including the Fee Structure Changes. The IRC has concluded that the Fee Structure Changes achieve a fair and reasonable result for each of the Funds.

19. Investors Group submits that relief from the requirement for securityholder approval of the Fee Structure Changes is appropriate because:

    (i) Although technically the Affected Fees will become payable directly by the Portfolio Funds to Investors Group, they are currently payable by the Underlying Funds and so are now indirectly payable by the Portfolio Funds and, therefore, are already incorporated into their MERs and performance. Therefore, in essence, the Fee Structure Changes do not represent a new fee or an increase in any existing fees payable by the Portfolio Funds;

    (ii) Having the Affected Fees payable directly by the Portfolio Funds instead of indirectly by the Underlying Funds will make them more transparent to securityholders of the Portfolio Funds, and are expected to result in more stable and improved long-term performance of the Portfolio Funds because their MERs will be less dependent on the MERs of the Underlying Funds;

    (iii) The MERs of the Portfolio Funds will not increase as a result of the Fee Structure Changes, and in some instances may be slightly less and, therefore, the Fee Structure Changes should not be considered as an increase in fees or expenses contemplated by paragraphs 5.1(a) and (a.1) under NI 81-102 because there is no detrimental impact on any securityholder;

    (iv) It is expensive to convene meetings of securityholders to seek their approval due to the cost of printing and mailing a Notice of Meeting, Management Information Circular and Proxy package to a substantial number of securityholders, and it is the experience of Investors Group that generally less than 5% of securityholders elect to participate in person or by proxy at such meetings. If securityholder approval is not obtained for one or more of the Portfolio Funds due to a lack of quorum or for some other reason there is a risk that the Fee Structure Changes may not proceed despite the fact that they are beneficial to all of the Portfolio Funds (as described in paragraphs 12 and 13 above). This is because the failure to approve the Fee Structure Changes for any single Portfolio Fund will inhibit the ability to implement corresponding changes to its Underlying Funds which, in turn could be held by other Portfolio Funds;

    (v) Furthermore, Investors Group is concerned that securityholders may become confused if they are asked to approve the Fee Structure Changes, or they may become annoyed, because:

a. the changes are not detrimental and, in fact may serve to lower MERs in some instances; and

b. they may falsely believe that the cost of convening the meetings (including the printing and mailing of an Information Circular and Proxy package) will be expensed to the Funds.

(vi) Securityholders will receive the Notice advising them of the Fee Structure Changes prior to, or concurrent with, implementation of the changes.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation of 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:

1. (a) the Notice is sent to securityholders of the Portfolio Funds, prior to or concurrent with implementation of the Fee Structure Changes, describing the Fee Structure Changes and that there will be no increase in their fund's MER or material impact on performance of their funds as a result of the Fee Structure Changes; and

(b) the Notice sent to securityholders in connection with the Fee Structure Changes prominently discloses that securityholders can obtain the most recent Prospectuses and interim and annual financial statements (if applicable) of the Portfolio Funds by accessing the SEDAR website at www.sedar.com, by accessing the Investors Group website, by calling Investors Group's toll-free telephone number, or by contacting their servicing advisor at Investors Group or an affiliate of Investors Group (an "Investors Group consultant") all as described in the Notice.

"R B Bouchard"
Director – Corporate Finance
The Manitoba Securities Commission

2.1.4 BMO Nesbitt Burns Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203) – Applicants are dealers that regularly participate in offerings of foreign securities into Canada on a private placement basis to permitted clients – when a foreign offering document is provided to prospective Canadian investors certain items of disclosure must be included in the foreign offering document – Canadian specific disclosure items are commonly included in a foreign offering document by adding a “wrapper” to the foreign offering document which contains any required Canadian disclosure – Applicants granted relief from certain disclosure requirements in the context of offerings of securities made under a prospectus exemption to Canadian investors that are permitted clients – the securities must be offered primarily in a foreign jurisdiction – the securities must be issued by an issuer that qualifies as a "foreign issuer" as defined in the decision – Applicants granted relief from the requirement in National Instrument 33-105 Underwriting Conflicts (NI 33-105) to provide disclosure on conflicts of interest between dealers and issuers provided that disclosure required for U.S. registered offerings is provided instead – Applicants granted relief from the requirement in NI 33-105 to provide disclosure of a connected issuer relationship where the issuer is a foreign government on certain conditions – Applicants granted relief from the requirement in OSC Rule 45-501 Ontario Prospectus and Registration Exemptions to include in an offering memorandum disclosure of the statutory right of action for damages and right of rescission provided to purchasers under the legislation on certain conditions – Applicants provided with a separate permission from the Director pursuant to s. 38(3) of the Securities Act (Ontario) for the making of a listing representation in an offering memorandum – Applicants provided with a separate letter from the Director confirming that the requirement in Form 45-106F1 Report of Exempt Distribution in Ontario to notify purchasers of the collection of their personal information only applies where such purchasers are individuals.

Applicable Legislative Provisions

National Instrument 33-105 Underwriting Conflicts, s. 2.1.
OSC Rule 45-501 Ontario Prospectus and Registration Exemptions, s. 5.3.
National Instrument 45-106 Prospectus and Registration Exemptions – Form 45-106F1.
Securities Act, R.S.O. 1990, c. S.5, as am.

June 21, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA, MANITOBA,
NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR,
NORTHWEST TERRITORIES, NOVA SCOTIA,
NUNAVUT, PRINCE EDWARD ISLAND, QUÉBEC,
SASKATCHEWAN AND YUKON

AND

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

AND

IN THE MATTER OF
BMO NESBITT BURNS INC., CANACCORD GENUITY CORP., CIBC WORLD MARKETS INC.,
GMP SECURITIES L.P., ING FINANCIAL MARKETS LLC, MACQUARIE CAPITAL (USA) INC.,
MITSUBISHI UFJ SECURITIES (USA), INC., NATIONAL BANK FINANCIAL INC.,
NATIXIS SECURITIES AMERICAS LLC, PIPER JAFFRAY & CO., ROBERT W. BAIRD & CO. INCORPORATED,
SMBC NIKKO SECURITIES AMERICA, INC., TD SECURITIES INC. AND WILLIAM BLAIR & COMPANY, L.L.C.
(collectively, the Applicants)

DECISION

Background

Connected and Related Issuer Disclosure

The regulator in Ontario has received an application from the Applicants for a decision under the Legislation of the jurisdiction of the principal regulator for the following exemptions (the **Passport Exemptions**)

(i) an exemption from the disclosure (the **Connected Issuer Disclosure and Related Issuer Disclosure**) required by subsection 2.1(1) of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**) as specified in Appendix C of NI 33-105 in an offering memorandum as defined in the Legislation (**Offering Memorandum**) with respect to distributions of securities that meet all of the following criteria (a **Specified Exempt Distribution**):

(a) a distribution under an exemption from the prospectus requirement (**Accredited Investor Prospectus Exemption**) set out in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**),

(b) of a security offered primarily in a "foreign jurisdiction" (as defined in National Instrument 14-101 *Definitions*) (**Foreign Jurisdiction**),

(c) by an Applicant or an affiliate of an Applicant named in Schedule A attached hereto (**Affiliate**) as underwriter,

(d) to Canadian investors each of which is a "permitted client" as defined in NI 31-103 (**Permitted Client**), and

(e) of a security issued by an issuer incorporated, formed or created under the laws of a Foreign Jurisdiction, that is not a reporting issuer in any jurisdiction of Canada and that has its head office or principal executive office outside of Canada (**Foreign Issuer**); and

(ii) an exemption from the requirement to include Connected Issuer Disclosure and Related Issuer Disclosure in an Offering Memorandum for a Specified Exempt Distribution of a security issued or guaranteed by the government of a Foreign Jurisdiction (**Foreign Government**) and that meets all of the criteria described in (i) above other than (e).

Right of Action Disclosure

The securities regulatory authority or regulator in each of Ontario, New Brunswick, Nova Scotia and Saskatchewan (the **Coordinated Exemptive Relief Decision Makers**) has received an application (the **Coordinated Exemptive Relief**) from the Applicants for a decision under the securities legislation of those jurisdictions for an exemption from the requirement to disclose in an Offering Memorandum with respect to a Specified Exempt Distribution, a description of the statutory right of action available to purchasers for a misrepresentation in the Offering Memorandum (the **Right of Action Disclosure**).

Process for Exemptive Relief Applications in Multiple Jurisdictions

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

(a) the OSC is the principal regulator for this application;

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

(c) the decision is the decision of the principal regulator; and

(d) the decision evidences the decision of each Coordinated Exemptive Relief Decision Maker.

Interpretation

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

"Legislation" means, for the local jurisdiction, its securities legislation.

Representations

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

1. Each Applicant is either an investment dealer or a dealer with the registration of "restricted dealer" or "exempt market dealer" and/or has filed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service* (**Form 31-103F2**) in order to qualify for the international dealer exemption. Attached hereto as Schedule A is a list of the Applicants and Affiliates registered as an investment dealer, restricted dealer or exempt market dealer and/or which have filed Form 31-103F2 in order to qualify for the international dealer exemption under section 8.18 of NI 31-103.

2. Each of BMO Capital Markets Corp., Canaccord Genuity Inc., CIBC World Markets Corp., GMP Securities, LLC, ING Financial Markets LLC, Macquarie Capital (USA) Inc., Mitsubishi UFJ Securities (USA), Inc., Natixis Securities Americas LLC, Piper Jaffray & Co., Robert W. Baird & Co. Incorporated, SMBC Nikko Securities America, Inc., TD Securities (USA) LLC and William Blair & Company, L.L.C. is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority, Inc., a self-regulatory organization.

3. Each Applicant, together with its Affiliates, is actively involved in underwriting public offerings and private placements in the United States and elsewhere by U.S. and other foreign issuers.

4. The Applicants and their Affiliates regularly consider extending offerings of Foreign Issuers or Foreign Governments to Canadian investors that are Permitted Clients under the Accredited Investor Prospectus Exemption.

5. If a prospectus or private placement memorandum (a **foreign offering document**) is provided to investors outside Canada, it is common practice where these offerings are extended to Canadian investors to provide the foreign offering document to Canadian investors. The foreign offering document when used in the jurisdiction constitutes an Offering Memorandum.

6. If an Offering Memorandum is provided to Canadian investors, it is required to include, depending on the jurisdiction, one or both of (i) the Connected Issuer Disclosure and Related Issuer Disclosure; and (ii) Right of Action Disclosure.

7. The Connected Issuer Disclosure and Related Issuer Disclosure prescribes summary disclosure to be included on the cover page of an Offering Memorandum, together with a cross-reference, and more detailed disclosure to be included in the body of an Offering Memorandum concerning the nature of any relationship that the issuer or any selling securityholder may have with an underwriter of the distribution or any affiliate of an underwriter, either through a significant security holding (related issuer) (**Related Issuer Disclosure**) or such that a reasonable prospective purchaser of the offered securities may be led to question if the underwriter or affiliate and the issuer or selling securityholder are independent of each other in respect of the distribution (connected issuer) (**Connected Issuer Disclosure**) and the effect the distribution may have on the underwriter or affiliate.

8. The Right of Action Disclosure provides a description of the statutory right of action for rescission or damages available to purchasers in the event of misrepresentation in the Offering Memorandum.

9. In order to have the prescribed Canadian disclosure included in the foreign offering document, that foreign offering document may either be amended to include the prescribed Canadian disclosure, or, more commonly, a "wrapper" with the prescribed Canadian disclosure and other optional disclosure (a **Canadian wrapper**) is prepared by one or more underwriters making a Specified Exempt Distribution and attached to the face of the foreign offering document, so that the Canadian wrapper together with the foreign offering document form one document constituting a Canadian Offering Memorandum for the purposes of that offering. The underwriters making the Exempt Distribution or their affiliates provide the Canadian Offering Memorandum to purchasers in Canada.

10. An offering document for an offering registered under U.S. federal securities laws (**U.S. Registered Offering**) by a U.S. domestic issuer or foreign private issuer must include disclosure, pursuant to section 229.508 of Regulation S-K under the U.S. Securities Act of 1933, as amended (**1933 Act**) and FINRA Rule 5121 regarding underwriter conflicts of interest, that is substantially similar to that required by the Connected Issuer Disclosure and Related Issuer Disclosure, except that cover page disclosure is not required.

11. An offering document for a U.S. Registered Offering must identify each underwriter having a material relationship with the issuer and state the nature of the relationship. Pursuant to FINRA Rule 5121, no underwriter that has a conflict of interest may participate in a U.S. Registered Offering unless the offering document includes prominent disclosure of the nature of the conflict of interest.

12. Certain unregistered offerings (such as bank debt offerings exempt from registration under section 3(a)2 of the 1933 Act, offerings by foreign governments and securities exchange offerings exempt from registration under section 3(a)9 of the 1933 Act) are also subject to FINRA Rule 5121.

13. Right of Action Disclosure is only required in the provinces of Saskatchewan, Nova Scotia, New Brunswick and Ontario. The securities legislation of Manitoba, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut provide for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum, but do not mandate disclosure of the rights in the offering

memorandum. The securities legislation of Alberta, British Columbia and Quebec provides for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum when the exemption in section 2.9 of NI 45-106 is relied upon.

14. The added complexity, delays and enhanced costs associated with ensuring compliance with Canadian Offering Memorandum requirements are frequently factors that issuers and underwriters take into consideration when deciding whether to include Canadian investor participation in an offering.

15. Non-Canadian issuers and underwriters will often extend the offering to Canadian institutional investors, provided that the timing requirements and incremental compliance costs do not outweigh the benefits of doing so.

16. In many cases, an offering proceeds on such an accelerated timetable that even a one-day turn-around to prepare a Canadian wrapper can make it impracticable to include participation by Canadian investors.

Decision

Each of the principal regulator and the Coordinated Exemptive Relief Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

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

(a) each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision;

(b) for a Specified Exempt Distribution by a Foreign Issuer, any Offering Memorandum provided by an Applicant or Affiliate complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering;

(c) if Related Issuer Disclosure would have been required for a Specified Exempt Distribution of securities issued or guaranteed by a Foreign Government, any Offering Memorandum provided by an Applicant or Affiliate:

  (i) complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering; or

  (ii) contains the disclosure specified in Appendix C of NI 33-105 to be included in the body of a prospectus or other document;

(d) on a monthly basis (unless and until otherwise notified in writing by the Director of the Corporate Finance Branch of the principal regulator), each Applicant will deliver to the Director of the Corporate Finance Branch of the principal regulator (within ten days of the last day of the previous month) a list of the Specified Exempt Distributions it or an Affiliate has made in reliance on this Decision stating the name of the issuer, the security distributed, the total value of the offering in Canadian dollars, the value in Canadian dollars of the securities distributed in Canada by the Applicant and its Affiliates, the date of the Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F6 *British Columbia Report of Exempt Distribution* in British Columbia) filed with applicable regulators and the jurisdictions in which it was filed;

(e) each Form 45-106F1 filed with the principal regulator by an Applicant or an Affiliate in connection with a Specified Exempt Distribution shall be filed using the electronic version of Form 45-106F1 available on the website of the principal regulator; and

(f) the Passport Exemptions shall terminate on the earlier of: (i) the date that is three years after the date of this Decision and (ii) the date that amendments to the Legislation become effective in each jurisdiction of Canada that provide for substantially the same relief as the Passport Exemptions.

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

AND

The decision of the Coordinated Review Decision Makers under the Legislation is that the Coordinated Exemptive Relief is granted, provided that:

(a) each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision; and

(b) the Coordinated Exemptive Relief shall terminate in a particular jurisdiction on the earlier of: (i) the date that is three years after the date of this Decision and (ii) the date that amendments to the Legislation become effective in the jurisdiction that provide for substantially the same relief as the Coordinated Exemptive Relief.

"C.Wesley M. Scott" "Judith N. Robertson"

SCHEDULE A

The Applicants and Their Affiliates Registered as an Investment Dealer, Restricted Dealer or Exempt Market Dealer and/or Which Have Filed Form 31-103F2 in Order to Qualify for the International Dealer Exemption

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
BMO					
BMO CAPITAL MARKETS CORP.	Relying on International Dealer Exemption.	ON, AB, BC, MB, QC			
BMO NESBITT BURNS INC.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
CANACCORD					
CANACCORD ASSET MANAGEMENT INC.	Registered as an Exempt Market Dealer.		ON		
CANACCORD GENUITY (AUSTRALIA) LIMITED	Relying on International Dealer Exemption.	ON, AB, BC, QC			
CANACCORD GENUITY CORP.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
CANACCORD GENUITY INC.	Relying on International Dealer Exemption.	ON, AB, BC, QC			
CANACCORD GENUITY LIMITED	Relying on International Dealer Exemption.	ON, AB, BC, QC			
CIBC					
CIBC WORLD MARKETS CORP.	Relying on International Dealer Exemption	ON			
CIBC WORLD MARKETS INC.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
GMP					
GMP SECURITIES L.P.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NS, PE, QC, SK
GMP SECURITIES, LLC	Relying on International Dealer Exemption; registered as an Exempt Market Dealer.	ON, AB, PE	ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT		

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
ING					
ING FINANCIAL MARKETS LLC	Relying on International Dealer Exemption.	ON, BC, QC			
MACQUARIE					
MACQUARIE CAPITAL MARKETS CANADA LTD.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
MACQUARIE CAPITAL (USA) INC.	Relying on International Dealer Exemption.	ON, AB, BC, MB, NB, QC, SK			
MACQUARIE INFRASTRUCTURE AND REAL ASSETS (SALES) CANADA LTD.	Registered as an Exempt Market Dealer.		ON, AB, BC, MB, NB, NL, NS, PE, QC, SK		
MACQUARIE PRIVATE WEALTH INC.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
MITSUBISHI					
MITSUBISHI UFJ SECURITIES INTERNATIONAL PLC	Relying on International Dealer Exemption.	ON, AB, BC, MB, QC			
MITSUBISHI UFJ SECURITIES (USA), INC.	Relying on International Dealer Exemption.	ON, AB, BC, QC			
NATIONAL BANK					
NATIONAL BANK FINANCIAL INC	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
NATIONAL BANK FINANCIAL LTD.	Registered as an Investment Dealer.				ON, AB, BC, MB, NL, NT, NS, NU, PE, SK, YT
NATIONAL BANK TRUST INC.	Registered as an Exempt Market Dealer.		ON, AB, BC, MB, NB, NL, NS, PE, QC, SK		
NATIXIS					
NATIXIS SECURITIES AMERICAS LLC	Relying on International Dealer Exemption.	ON, AB, BC, MB, NB, NL, NS, PE, QC, SK			
NATIXIS	Relying on International Dealer	ON			

Applicant and affiliates	Registration status	Exempt International Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
	Exemption.				
PIPER JAFFRAY					
PIPER JAFFRAY & CO.	Relying on International Dealer Exemption; registered as a Restricted Dealer.	ON, BC, MB, QC		ON, QC	
ROBERT BAIRD					
ROBERT W. BAIRD & CO. INCORPORATED	Relying on International Dealer Exemption.	ON, AB, BC, MB, QC			
SMBC NIKKO					
SMBC NIKKO SECURITIES AMERICA, INC.	Relying on International Dealer Exemption.	ON, BC, QC			
TD					
TD ASSET MANAGEMENT INC.	Registered as an Exempt Market Dealer.		ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT		
TD SECURITIES (USA) LLC	Relying on International Dealer Exemption.	ON, AB, BC, MB, NB, NL, NT, NS, PE, QC, SK, YT			
TD SECURITIES INC.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT
TD WATERHOUSE CANADA INC.	Registered as an Investment Dealer.				ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, Sk, YT
TD WATERHOUSE PRIVATE INVESTMENT COUNSEL INC.	Registered as an Exempt Market Dealer.		ON, AB, BC, MB, NB, NL, NT, NS, NU, PE, QC, SK, YT		
WILLIAM BLAIR					
WILLIAM BLAIR & COMPANY, L.L.C.	Relying on International Dealer Exemption.	ON, BC, MB, NS, QC			

SCHEDULE B

FOREIGN SECURITY PRIVATE PLACEMENTS
NOTICE TO CLIENTS

We may from time to time sell to you as principal or agent securities of Foreign Issuers or securities of or guaranteed by Foreign Governments sold into Canada on a prospectus exempt basis ("Foreign Security Private Placements"). On ●, 2013, the Canadian Securities Administrators issued a decision (the Decision) exempting us and our affiliates from certain disclosure obligations applicable to such transactions on the basis that you are a permitted client as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*. The Decision is available at ● and terminates on the earlier of three years after the date of the Decision and the date amendments to the Legislation come into effect in each jurisdiction in Canada that provide for substantially the same relief as the Decision. Capitalized terms used but not otherwise defined in this notice have the meanings ascribed to such terms in the Decision.

It is a requirement of the Decision that we notify you of the following two matters set forth in this notice.

1. Statutory Rights of Action

If, in connection with a Foreign Security Private Placement, we deliver to you an offering document that constitutes an offering memorandum under applicable securities laws in Canada, you may have, depending on the province or territory of Canada in which the trade was made to you, remedies for rescission or damages if the offering memorandum and any amendment thereto contains a misrepresentation, provided that the remedies for rescission or damages are exercised by you within the time limit prescribed by the securities legislation of your province or territory. You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

2. Relationship between the Issuer or Selling Securityholder and the Underwriters

We or our affiliates in respect of a Foreign Security Private Placement may have an ownership, lending or other relationship with the issuer of such securities or a selling securityholder that may cause the issuer or selling securityholder to be a “related issuer” or "connected issuer" to us or such affiliate under Canadian securities law (as those terms are defined in National Instrument 33-105 *Underwriting Conflicts*). Under the terms of the Decision, the offering document for a private placement by a Foreign Issuer will disclose underwriter conflicts of interest in accordance with the requirements of U.S. federal securities laws and of the Financial Industry Regulatory Authority, a self-regulatory organization in the United States, applicable to an offering registered under the 1933 Act. The Decision grants an exemption from the requirement to include connected issuer disclosure or cover page related issuer disclosure in an offering document for a private placement of securities of or guaranteed by a Foreign Government.

Please note the following for your information.

Canadian Federal Income Tax Considerations

The offering document in respect of the Foreign Security Private Placement may not contain a discussion of the Canadian tax consequences of the purchase, holding or disposition of the securities offered. You are advised to consult your own tax advisor regarding the Canadian federal income tax considerations relevant to the purchase of securities offered in a Foreign Security Private Placement having regard to your particular circumstances. The Canadian federal income tax considerations relevant to you may differ from the income tax considerations described in the offering document and such differences may be material and adverse.

Dated ●, 2013

CLIENT ACKNOWLEDGEMENT, CONSENT AND REPRESENTATION

I, _____, on behalf of _____, acknowledge receipt of the Notice to Clients dated _____, 2013 and consent to Foreign Security Private Placements made to us by way of offering documents prepared and delivered in reliance on an exemption from the disclosure requirements described in the decision of the Canadian Securities Administrators dated ●, 2013, and represent that _____ is a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*.

Per: _____ Date: _____
Authorized Signatory

I have authority to bind the company

Name: _____

Title: _____

2.1.5 Wells Fargo Securities, LLC et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203) – Applicants are dealers that regularly participate in offerings of foreign securities into Canada on a private placement basis to permitted clients – when a foreign offering document is provided to prospective Canadian investors certain items of disclosure must be included in the foreign offering document – Canadian specific disclosure items are commonly included in a foreign offering document by adding a “wrapper” to the foreign offering document which contains any required Canadian disclosure – Applicants granted relief from certain disclosure requirements in the context of offerings of securities made under a prospectus exemption to Canadian investors that are permitted clients – the securities must be offered primarily in a foreign jurisdiction – the securities must be issued by an issuer that qualifies as a "foreign issuer" as defined in the decision – Applicants granted relief from the requirement in National Instrument 33-105 Underwriting Conflicts (NI 33-105) to provide disclosure on conflicts of interest between dealers and issuers provided that disclosure required for U.S. registered offerings is provided instead – Applicants granted relief from the requirement in NI 33-105 to provide disclosure of a connected issuer relationship where the issuer is a foreign government on certain conditions – Applicants granted relief from the requirement in OSC Rule 45-501 Ontario Prospectus and Registration Exemptions to include in an offering memorandum disclosure of the statutory right of action for damages and right of rescission provided to purchasers under the legislation on certain conditions – Applicants provided with a separate permission from the Director pursuant to s. 38(3) of the Securities Act(Ontario) for the making of a listing representation in an offering memorandum – Applicants provided with a separate letter from the Director confirming that the requirement in Form 45-106F1 Report of Exempt Distribution in Ontario to notify purchasers of the collection of their personal information only applies where such purchasers are individuals.

Applicable Legislative Provisions

National Instrument 33-105 Underwriting Conflicts, s. 2.1.
OSC Rule 45-501 Ontario Prospectus and Registration Exemptions, s. 5.3.
National Instrument 45-106 Prospectus and Registration Exemptions – Form 45-106F1.
Securities Act,R.S.O. 1990, c.S.5, as am.

June 21, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA, MANITOBA, NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR, NORTHWEST TERRITORIES, NOVA SCOTIA, NUNAVUT, PRINCE EDWARD ISLAND, QUÉBEC, SASKATCHEWAN AND YUKON

AND

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

AND

IN THE MATTER OF
WELLS FARGO SECURITIES, LLC, RBS SECURITIES INC., NOMURA SECURITIES INTERNATIONAL, INC., KEYBANC CAPITAL MARKETS INC. AND JONESTRADING INSTITUTIONAL SERVICES LLC
(collectively, the Applicants)

DECISION

Background

Connected and Related Issuer Disclosure

The regulator in Ontario has received an application from the Applicants for a decision under the Legislation of the jurisdiction of the principal regulator for the following exemptions (the **Passport Exemptions**)

(i) an exemption from the disclosure (the **Connected Issuer Disclosure and Related Issuer Disclosure**) required by subsection 2.1(1) of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**) as specified in Appendix C of NI 33-

105 in an offering memorandum as defined in the Legislation (**Offering Memorandum**) with respect to distributions of securities that meet all of the following criteria (a **Specified Exempt Distribution**):

(a) a distribution under an exemption from the prospectus requirement (**Accredited Investor Prospectus Exemption**) set out in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions (***NI 45-106**),

(b) of a security offered primarily in a "foreign jurisdiction" (as defined in National Instrument 14-101 *Definitions*) (**Foreign Jurisdiction**),

(c) by an Applicant or an affiliate of an Applicant named in Schedule A attached hereto (**Affiliate**) as underwriter,

(d) to Canadian investors each of which is a "permitted client" as defined in NI 31-103 (**Permitted Client**), and

(e) of a security issued by an issuer incorporated, formed or created under the laws of a Foreign Jurisdiction, that is not a reporting issuer in any jurisdiction of Canada and that has its head office or principal executive office outside of Canada (**Foreign Issuer**); and

(ii) an exemption from the requirement to include Connected Issuer Disclosure and Related Issuer Disclosure in an Offering Memorandum for a Specified Exempt Distribution of a security issued or guaranteed by the government of a Foreign Jurisdiction (**Foreign Government**) and that meets all of the criteria described in (i) above other than (e).

Right of Action Disclosure

The securities regulatory authority or regulator in each of Ontario, New Brunswick, Nova Scotia and Saskatchewan (the **Coordinated Exemptive Relief Decision Makers**) has received an application (the **Coordinated Exemptive Relief**) from the Applicants for a decision under the securities legislation of those jurisdictions for an exemption from the requirement to disclose in an Offering Memorandum with respect to a Specified Exempt Distribution, a description of the statutory right of action available to purchasers for a misrepresentation in the Offering Memorandum (the **Right of Action Disclosure**).

Process for Exemptive Relief Applications in Multiple Jurisdictions

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

(a) the OSC is the principal regulator for this application;

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

(c) the decision is the decision of the principal regulator; and

(d) the decision evidences the decision of each Coordinated Exemptive Relief Decision Maker.

Interpretation

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

"Legislation" means, for the local jurisdiction, its securities legislation.

Representations

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

1. Each Applicant is either an investment dealer or a dealer with the registration of "restricted dealer" or "exempt market dealer" and/or has filed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service* (**Form 31-103F2**) in order to qualify for the international dealer exemption. Attached hereto as Schedule A is a list of the Applicants and Affiliates registered as an investment dealer, restricted dealer or exempt market dealer and/or which have filed Form 31-103F2 in order to qualify for the international dealer exemption under section 8.18 of NI 31-103.

2. Each of Wells Fargo Securities, LLC, RBS Securities Inc., Nomura Securities International, Inc., KeyBanc Capital Markets Inc. and JonesTrading Institutional Services LLC is registered as a broker-dealer with the U.S. Securities and

Exchange Commission and is a member of the Financial Industry Regulatory Authority, Inc., a self-regulatory organization.

3. Each Applicant, together with its Affiliates, is actively involved in underwriting public offerings and private placements in the United States and elsewhere by U.S. and other foreign issuers.

4. The Applicants and their Affiliates regularly consider extending offerings of Foreign Issuers or Foreign Governments to Canadian investors that are Permitted Clients under the Accredited Investor Prospectus Exemption.

5. If a prospectus or private placement memorandum (a **foreign offering document**) is provided to investors outside Canada, it is common practice where these offerings are extended to Canadian investors to provide the foreign offering document to Canadian investors. The foreign offering document when used in the jurisdiction constitutes an Offering Memorandum.

6. If an Offering Memorandum is provided to Canadian investors, it is required to include, depending on the jurisdiction, one or both of (i) the Connected Issuer Disclosure and Related Issuer Disclosure; and (ii) Right of Action Disclosure.

7. The Connected Issuer Disclosure and Related Issuer Disclosure prescribes summary disclosure to be included on the cover page of an Offering Memorandum, together with a cross-reference, and more detailed disclosure to be included in the body of an Offering Memorandum concerning the nature of any relationship that the issuer or any selling securityholder may have with an underwriter of the distribution or any affiliate of an underwriter, either through a significant security holding (related issuer) (**Related Issuer Disclosure**) or such that a reasonable prospective purchaser of the offered securities may be led to question if the underwriter or affiliate and the issuer or selling securityholder are independent of each other in respect of the distribution (connected issuer) (**Connected Issuer Disclosure**) and the effect the distribution may have on the underwriter or affiliate.

8. The Right of Action Disclosure provides a description of the statutory right of action for rescission or damages available to purchasers in the event of misrepresentation in the Offering Memorandum.

9. In order to have the prescribed Canadian disclosure included in the foreign offering document, that foreign offering document may either be amended to include the prescribed Canadian disclosure, or, more commonly, a "wrapper" with the prescribed Canadian disclosure and other optional disclosure (a **Canadian wrapper**) is prepared by one or more underwriters making a Specified Exempt Distribution and attached to the face of the foreign offering document, so that the Canadian wrapper together with the foreign offering document form one document constituting a Canadian Offering Memorandum for the purposes of that offering. The underwriters making the Exempt Distribution or their affiliates provide the Canadian Offering Memorandum to purchasers in Canada.

10. An offering document for an offering registered under U.S. federal securities laws (**U.S. Registered Offering**) by a U.S. domestic issuer or foreign private issuer must include disclosure, pursuant to section 229.508 of Regulation S-K under the U.S. Securities Act of 1933, as amended (**1933 Act**) and FINRA Rule 5121 regarding underwriter conflicts of interest, that is substantially similar to that required by the Connected Issuer Disclosure and Related Issuer Disclosure, except that cover page disclosure is not required.

11. An offering document for a U.S. Registered Offering must identify each underwriter having a material relationship with the issuer and state the nature of the relationship. Pursuant to FINRA Rule 5121, no underwriter that has a conflict of interest may participate in a U.S. Registered Offering unless the offering document includes prominent disclosure of the nature of the conflict of interest.

12. Certain unregistered offerings (such as bank debt offerings exempt from registration under section 3(a)2 of the 1933 Act, offerings by foreign governments and securities exchange offerings exempt from registration under section 3(a)9 of the 1933 Act) are also subject to FINRA Rule 5121.

13. Right of Action Disclosure is only required in the provinces of Saskatchewan, Nova Scotia, New Brunswick and Ontario. The securities legislation of Manitoba, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut provide for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum, but do not mandate disclosure of the rights in the offering memorandum. The securities legislation of Alberta, British Columbia and Quebec provides for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum when the exemption in section 2.9 of NI 45-106 is relied upon.

14. The added complexity, delays and enhanced costs associated with ensuring compliance with Canadian Offering Memorandum requirements are frequently factors that issuers and underwriters take into consideration when deciding whether to include Canadian investor participation in an offering.

15. Non-Canadian issuers and underwriters will often extend the offering to Canadian institutional investors, provided that the timing requirements and incremental compliance costs do not outweigh the benefits of doing so.

16. In many cases, an offering proceeds on such an accelerated timetable that even a one-day turn-around to prepare a Canadian wrapper can make it impracticable to include participation by Canadian investors.

Decision

Each of the principal regulator and the Coordinated Exemptive Relief Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

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

(a) each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision;

(b) for a Specified Exempt Distribution by a Foreign Issuer, any Offering Memorandum provided by an Applicant or Affiliate complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering;

(c) if Related Issuer Disclosure would have been required for a Specified Exempt Distribution of securities issued or guaranteed by a Foreign Government, any Offering Memorandum provided by an Applicant or Affiliate:

(i) complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering; or

(ii) contains the disclosure specified in Appendix C of NI 33-105 to be included in the body of a prospectus or other document;

(d) on a monthly basis (unless and until otherwise notified in writing by the Director of the Corporate Finance Branch of the principal regulator), each Applicant will deliver to the Director of the Corporate Finance Branch of the principal regulator (within ten days of the last day of the previous month) a list of the Specified Exempt Distributions it or an Affiliate has made in reliance on this Decision stating the name of the issuer, the security distributed, the total value of the offering in Canadian dollars, the value in Canadian dollars of the securities distributed in Canada by the Applicant and its Affiliates, the date of the Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F6 *British Columbia Report of Exempt Distribution* in British Columbia) filed with applicable regulators and the jurisdictions in which it was filed;

(e) each Form 45-106F1 filed with the principal regulator by an Applicant or an Affiliate in connection with a Specified Exempt Distribution shall be filed using the electronic version of Form 45-106F1 available on the website of the principal regulator; and

(f) the Passport Exemptions shall terminate on the earlier of: (i) the date that is three years after the date of this Decision and (ii) the date that amendments to the Legislation become effective in each jurisdiction of Canada that provide for substantially the same relief as the Passport Exemptions.

“Jo-Anne Matear”

AND

The decision of the Coordinated Review Decision Makers under the Legislation is that the Coordinated Exemptive Relief is granted, provided that:

(a) each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision; and

(b) the Coordinated Exemptive Relief shall terminate in a particular jurisdiction on the earlier of: (i) the date that is three years after the date of this Decision and (ii) the date that amendments to the Legislation become effective in the jurisdiction that provide for substantially the same relief as the Coordinated Exemptive Relief.

"C. Wesley M. Scott" "Judith N. Robertson"

SCHEDULE A

The Applicants and Their Affiliates Registered as an Investment Dealer and/or Which Have Filed Form 31-103F2 in Order to Qualify for the International Dealer Exemption

Applicant and affiliates	Registration status	Exempt International Dealer	Investment Dealer
WELLS FARGO			
WELLS FARGO SECURITIES, LLC	Relying on International Dealer Exemption.	ON, AB, BC, MB, NS, QC, SK	
WELLS FARGO SECURITIES CANADA, LTD.	Registered as an Investment Dealer.		ON, AB, BC, QC
RBS			
RBS SECURITIES INC.	Relying on International Dealer Exemption.	ON, AB, BC, MB, QC	
RBS CAPITAL MARKETS (CANADA) LIMITED	Registered as an Investment Dealer.		ON
NOMURA			
NOMURA SECURITIES INTERNATIONAL, INC.	Relying on International Dealer Exemption.	ON, AB, BC, MB, NB NL, NT, NS, NU, PE, QC, SK, YT	
INSTINET CANADA LIMITED	Registered as an Investment Dealer.		ON, AB, BC, MB, NB, AC
NOMURA INTERNATIONAL PLC	Relying on International Dealer Exemption.	ON, AB, BC, QC	
INSTINET, LLC	Relying on International Dealer Exemption.	ON	
KEYBANC			
KEYBANC CAPITAL MARKETS INC.	Relying on International Dealer Exemption.	ON, QC	
JONESTRADING			
JONESTRADING CANADA INC.	Registered as an Investment Dealer.		ON, AB, BC, MB, NB, NL, NS, PE, QC, SK
JONESTRADING INSTITUTIONAL SERVICES LLC	Relying on International Dealer Exemption.	ON, AB, BC, MB, NB, NS, QC, SK	

SCHEDULE B

FOREIGN SECURITY PRIVATE PLACEMENTS

NOTICE TO CLIENTS

We may from time to time sell to you as principal or agent securities of Foreign Issuers or securities of or guaranteed by Foreign Governments sold into Canada on a prospectus exempt basis ("Foreign Security Private Placements"). On ●, 2013, the Canadian Securities Administrators issued a decision (the Decision) exempting us and our affiliates from certain disclosure obligations applicable to such transactions on the basis that you are a permitted client as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*. The Decision is available at www.osc.gov.on.ca and terminates on the earlier of three years after the effective date of the Decision and the date amendments to the Legislation come into effect in each jurisdiction in Canada that provide for substantially the same relief as the Decision. Capitalized terms used but not otherwise defined in this notice have the meanings ascribed to such terms in the Decision.

It is a requirement of the Decision that we notify you of the following two matters set forth in this notice.

1. Statutory Rights of Action

If, in connection with a Foreign Security Private Placement, we deliver to you an offering document that constitutes an offering memorandum under applicable securities laws in Canada, you may have, depending on the province or territory of Canada in which the trade was made to you, remedies for rescission or damages if the offering memorandum and any amendment thereto contains a misrepresentation, provided that the remedies for rescission or damages are exercised by you within the time limit prescribed by the securities legislation of your province or territory. You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

2. Relationship between the Issuer or Selling Securityholder and the Underwriters

We or our affiliates in respect of a Foreign Security Private Placement may have an ownership, lending or other relationship with the issuer of such securities or a selling securityholder that may cause the issuer or selling securityholder to be a “related issuer” or "connected issuer" to us or such affiliate under Canadian securities law (as those terms are defined in National Instrument 33-105 *Underwriting Conflicts*). Under the terms of the Decision, the offering document for a private placement by a Foreign Issuer will disclose underwriter conflicts of interest in accordance with the requirements of U.S. federal securities laws and of the Financial Industry Regulatory Authority, a self-regulatory organization in the United States, applicable to an offering registered under the 1933 Act. The Decision grants an exemption from the requirement to include connected issuer disclosure or cover page related issuer disclosure in an offering document for a private placement of securities of or guaranteed by a Foreign Government.

Please note the following for your information.

Canadian Federal Income Tax Considerations

The offering document in respect of the Foreign Security Private Placement may not contain a discussion of the Canadian tax consequences of the purchase, holding or disposition of the securities offered. You are advised to consult your own tax advisor regarding the Canadian federal income tax considerations relevant to the purchase of securities offered in a Foreign Security Private Placement having regard to your particular circumstances. The Canadian federal income tax considerations relevant to you may differ from the income tax considerations described in the offering document and such differences may be material and adverse.

Dated ●, 2013

CLIENT ACKNOWLEDGEMENT, CONSENT AND REPRESENTATION

I, _____, on behalf of _____, acknowledge receipt of the Notice to Clients dated _____, 2013 and consent to Foreign Security Private Placements made to us by way of offering documents prepared and delivered in reliance on an exemption from the disclosure requirements as described pursuant to the decision of the Canadian Securities Administrators dated ●, 2013, and represent that _____ is a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*.

Per: _____ Date: _____
Authorized Signatory

I have authority to bind the company

Name: _____

Title: _____

2.1.6 Credit Suisse Securities (USA) LLC et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions (NP 11-203) – Applicants are dealers that regularly participate in offerings of foreign securities into Canada on a private placement basis to permitted clients – when a foreign offering document is provided to prospective Canadian investors certain items of disclosure must be included in the foreign offering document – Canadian specific disclosure items are commonly included in a foreign offering document by adding a "wrapper" to the foreign offering document which contains any required Canadian disclosure – Applicants granted relief from certain disclosure requirements in the context of offerings of securities made under a prospectus exemption to Canadian investors that are permitted clients – the securities must be offered primarily in a foreign jurisdiction – the securities must be issued by an issuer that qualifies as a "foreign issuer" as defined in the decision – Applicants granted relief from the requirement in National Instrument 33-105 Underwriting Conflicts (NI 33-105) to provide disclosure on conflicts of interest between dealers and issuers provided that disclosure required for U.S. registered offerings is provided instead – Applicants granted relief from the requirement in NI 33-105 to provide disclosure of a connected issuer relationship where the issuer is a foreign government on certain conditions – Applicants granted relief from the requirement in OSC Rule 45-501 Ontario Prospectus and Registration Exemptions to include in an offering memorandum disclosure of the statutory right of action for damages and right of rescission provided to purchasers under the legislation on certain conditions – Applicants provided with a separate permission from the Director pursuant to s. 38(3) of the Securities Act(Ontario) for the making of a listing representation in an offering memorandum – Applicants provided with a separate letter from the Director confirming that the requirement in Form 45-106F1 Report of Exempt Distribution in Ontario to notify purchasers of the collection of their personal information only applies where such purchasers are individuals.

Applicable Legislative Provisions

National Instrument 33-105 Underwriting Conflicts, s. 2.1.
OSC Rule 45-501 Ontario Prospectus and Registration Exemptions, s. 5.3.
National Instrument 45-106 Prospectus and Registration Exemptions – Form 45-106F1.
Securities Act,R.S.O. 1990, c.S.5, as am.

June 21, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, ALBERTA, BRITISH COLUMBIA, MANITOBA,
NEW BRUNSWICK, NEWFOUNDLAND AND LABRADOR,
NORTHWEST TERRITORIES, NOVA SCOTIA, NUNAVUT,
PRINCE EDWARD ISLAND, QUEBEC, SASKATCHEWAN AND YUKON

AND

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

AND

IN THE MATTER OF
CREDIT SUISSE SECURITIES (USA) LLC,
CREDIT SUISSE SECURITIES (CANADA), INC.,
CREDIT SUISSE AG,
JEFFERIES LLC,
BTG PACTUAL US CAPITAL LLC
(COLLECTIVELY, THE APPLICANTS)

DECISION

Background

Connected and Related Issuer Disclosure

The regulator in Ontario has received an application from the Applicants for a decision under the Legislation of the jurisdiction of the principal regulator for the following exemptions (the *Passport Exemptions*)

(i) an exemption from the disclosure (the **Connected Issuer Disclosure and Related Issuer Disclosure**) required by subsection 2.1(1) of National Instrument 33-105 *Underwriting Conflicts* (**NI 33-105**) as specified in Appendix C of NI 33-105 in an offering memorandum as defined in the Legislation (**Offering Memorandum**) with respect to distributions of securities that meet all of the following criteria (a **Specified Exempt Distribution**):

(a) a distribution under an exemption from the prospectus requirement (**Accredited Investor Prospectus Exemption**) set out in section 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**),

(b) of a security offered primarily in a "foreign jurisdiction" (as defined in National Instrument 14-101 *Definitions*) (**Foreign Jurisdiction**),

(c) by an Applicant or an affiliate of an Applicant named in Schedule A attached hereto (**Affiliate**) as underwriter,

(d) to Canadian investors each of which is a "permitted client" as defined in NI 31103 (Permitted Client), and

(e) of a security issued by an issuer incorporated, formed or created under the laws of a Foreign Jurisdiction, that is not a reporting issuer in any jurisdiction of Canada and that has its head office or principal executive office outside of Canada (Foreign Issuer).

(ii) an exemption from the requirement to include Connected Issuer Disclosure in an Offering Memorandum for a Specified Exempt Distribution of a security issued or guaranteed by the government of a Foreign Jurisdiction (**Foreign Government**) and that meets all of the criteria described in (i) above other than (e); and

(iii) an exemption from the requirement to include Related Issuer Disclosure in an Offering Memorandum for a Specified Exempt Distribution of a security issued or guaranteed by a Foreign Government and that meets all of the criteria described in (i) above other than (e).

Right of Action Disclosure

The securities regulatory authority or regulator in each of Ontario, New Brunswick, Nova Scotia and Saskatchewan (the **Coordinated Exemptive Relief Decision Makers**) has received an application (the **Coordinated Exemptive Relief**) from the Applicants for a decision under the securities legislation of those jurisdictions for an exemption from the requirement to disclose in an Offering Memorandum with respect to a Specified Exempt Distribution, a description of the statutory right of action available to purchasers for a misrepresentation in the Offering Memorandum (the **Right of Action Disclosure**).

Process for Exemptive Relief Applications in Multiple Jurisdictions

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

(a) the OSC is the principal regulator for this application;

(b) the Applicants have provided notice that subsection 4.7(1) of Multilateral Instrument 11102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Yukon, the Northwest Territories and Nunavut;

(c) the decision is the decision of the principal regulator; and

(d) the decision evidences the decision of each Coordinated Exemptive Relief Decision Maker.

Interpretation

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

"Legislation" means, for the local jurisdiction, its securities legislation.

Representations

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

1. Each Applicant is either an investment dealer or a dealer with the registration of "restricted dealer" or "exempt market dealer" and/or has filed Form 31-103F2 *Submission to Jurisdiction and Appointment of Agent for Service* (**Form 31-**

103F2) in order to qualify for the international dealer exemption. Attached hereto as Schedule A is a list of the Applicants and Affiliates registered as an investment dealer, restricted dealer or exempt market dealer and/or which have filed Form 31-103F2 in order to qualify for the international dealer exemption under section 8.18 of NI 31-103.

2. Each of Credit Suisse Securities (USA) LLC, Jefferies LLC and BTG Pactual US Capital LLC is registered as a broker-dealer with the U.S. Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority, a self-regulatory organization.

3. Each Applicant, together with its Affiliates, is actively involved in underwriting public offerings and private placements in the United States and elsewhere by U.S. and other foreign issuers.

4. The Applicants and their Affiliates regularly consider extending offerings of Foreign Issuers or Foreign Governments to Canadian investors that are Permitted Clients under the Accredited Investor Prospectus Exemption.

5. If a prospectus or private placement memorandum (a **foreign offering document**) is provided to investors outside Canada, it is common practice where these offerings are extended to Canadian investors to provide the foreign offering document to Canadian investors. The foreign offering document when used in the jurisdiction constitutes an Offering Memorandum.

6. If an Offering Memorandum is provided to Canadian investors, it is required to include, depending on the jurisdiction, one or both of (i) the Connected Issuer Disclosure and Related Issuer Disclosure; and (ii) Right of Action Disclosure.

7. The Connected Issuer Disclosure and Related Issuer Disclosure prescribes summary disclosure to be included on the cover page of an Offering Memorandum, together with a cross-reference, and more detailed disclosure to be included in the body of an Offering Memorandum concerning the nature of any relationship that the issuer or any selling securityholder may have with an underwriter of the distribution or any affiliate of an underwriter, either through a significant security holding (related issuer) (**Related Issuer Disclosure**) or such that a reasonable prospective purchaser of the offered securities may be led to question if the underwriter or affiliate and the issuer or selling securityholder are independent of each other in respect of the distribution (connected issuer) (**Connected Issuer Disclosure**) and the effect the distribution may have on the underwriter or affiliate.

8. The Right of Action Disclosure provides a description of the statutory right of action for rescission or damages available to purchasers in the event of misrepresentation in the Offering Memorandum.

9. In order to have the prescribed Canadian disclosure included in the foreign offering document, that foreign offering document may either be amended to include the prescribed Canadian disclosure, or, more commonly, a "wrapper" with the prescribed Canadian disclosure and other optional disclosure (a **Canadian wrapper**) is prepared by one or more underwriters making a Specified Exempt Distribution and attached to the face of the foreign offering document, so that the Canadian wrapper together with the foreign offering document form one document constituting a Canadian Offering Memorandum for the purposes of that offering. The underwriters making the Exempt Distribution or their affiliates provide the Canadian Offering Memorandum to purchasers in Canada.

10. An offering document for an offering registered under U.S. federal securities laws (**U.S. Registered Offering**) by a U.S. domestic issuer or foreign private issuer must include disclosure, pursuant to section 229.508 of Regulation S-K under the U.S. Securities Act of 1933, as amended (**1933 Act**) and FINRA Rule 5121 regarding underwriter conflicts of interest, that is substantially similar to that required by the Connected Issuer Disclosure and Related Issuer Disclosure, except that cover page disclosure is not required.

11. An offering document for a U.S. Registered Offering must identify each underwriter having a material relationship with the issuer and state the nature of the relationship. Pursuant to FINRA Rule 5121, no underwriter that has a conflict of interest may participate in a U.S. Registered Offering unless the offering document includes prominent disclosure of the nature of the conflict of interest.

12. Certain unregistered offerings (such as bank debt offerings exempt from registration under section 3(a)2 of the 1933 Act, offerings by foreign governments and securities exchange offerings exempt from registration under section 3(a)9 of the 1933 Act) are also subject to FINRA Rule 5121.

13. Right of Action Disclosure is only required in the provinces of Saskatchewan, Nova Scotia, New Brunswick and Ontario. The securities legislation of Manitoba, Prince Edward Island, Newfoundland and Labrador, Yukon, the Northwest Territories and Nunavut provide for statutory rights of rescission or damages in the event of misrepresentation in an offering memorandum, but do not mandate disclosure of the rights in the offering memorandum. The securities legislation of Alberta, British Columbia and Quebec provides for statutory rights of

rescission or damages in the event of misrepresentation in an offering memorandum when the exemption in section 2.9 of NI 45-106 is relied upon.

14. The added complexity, delays and enhanced costs associated with ensuring compliance with Canadian Offering Memorandum requirements are frequently factors that issuers and underwriters take into consideration when deciding whether to include Canadian investor participation in an offering.

15. Non-Canadian issuers and underwriters will often extend the offering to Canadian institutional investors, provided that the timing requirements and incremental compliance costs do not outweigh the benefits of doing so.

16. In many cases, an offering proceeds on such an accelerated timetable that even a one-day turn-around to prepare a Canadian wrapper can make it impracticable to include participation by Canadian investors.

Decision

Each of the principal regulator and the Coordinated Exemptive Relief Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

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

(a) each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision;

(b) for a Specified Exempt Distribution by a Foreign Issuer, any Offering Memorandum provided by an Applicant or Affiliate complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering;

(c) if Related Issuer Disclosure would have been required for a Specified Exempt Distribution of securities issued or guaranteed by a Foreign Government, any Offering Memorandum provided by an Applicant or Affiliate:

(i) complies with the disclosure requirements applicable to a U.S. Registered Offering with respect to disclosure of underwriter conflicts of interest between the Applicant or Affiliate and the issuer or selling securityholder, whether or not the offering is a U.S. Registered Offering; or

(ii) contains the disclosure specified in Appendix C of NI 33-105 to be included in the body of a prospectus or other document;

(d) on a monthly basis (unless and until otherwise notified in writing by the Director of the Corporate Finance Branch of the principal regulator), each Applicant will deliver to the Director of the Corporate Finance Branch of the principal regulator (within ten days of the last day of the previous month), a list of the Specified Exempt Distributions it or an Affiliate has made in reliance on this Decision stating the name of the issuer, the security distributed, the total value of the offering in Canadian dollars, the value in Canadian dollars of the securities distributed in Canada by the Applicant and its Affiliates, the date of the Form 45-106F1 *Report of Exempt Distribution* (Form 45-106F6 *British Columbia Report of Exempt Distribution* in British Columbia) filed with applicable regulators and the jurisdictions in which it was filed;

(e) each Form 45-106F1 filed with the principal regulator by an Applicant or an Affiliate in connection with a Specified Exempt Distribution shall be filed using the electronic version of Form 45-106F1 available on the website of the principal regulator; and

(f) the Passport Exemptions shall terminate on the earlier of: (i) the date that is three years after the effective date of this Decision and (ii) the date that amendments to the Legislation become effective in each jurisdiction of Canada that provide for substantially the same relief as the Passport Exemptions.

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

AND

The decision of the Coordinated Review Decision Makers under the Legislation is that the Coordinated Exemptive Relief is granted, effective as of June 22, 2013, provided that:

(a) each Applicant and Affiliate shall deliver to each prospective purchaser of securities under a Specified Exempt Distribution a notice, substantially in the form of Schedule B attached hereto, prior to the first reliance on this Decision for distributions of securities to such prospective purchaser and the purchaser provides in return a written acknowledgement and consent to reliance by the Applicant or Affiliate upon this Decision; and

(b) the Coordinated Exemptive Relief shall terminate in a particular jurisdiction on the earlier of: (i) the date that is three years after the effective date of this Decision and (ii) the date that amendments to the Legislation become effective in the jurisdiction that provide for substantially the same relief as the Coordinated Exemptive Relief

"Wesley Scott"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

SCHEDULE A

The Applicants and Their Affiliates Registered as an Investment Dealer, Restricted Dealer or Exempt Market Dealer and/or Which Have Filed Form 31-103F2 in Order to Qualify for the International Dealer Exemption

Applicant and affiliates	Registration status	Exempt Investment Dealer	Exempt Market Dealer	Restricted Dealer	Investment Dealer
Credit Suisse					
CREDIT SUISSE SECURITIES (USA) 1,1,C	Relying on International Dealer Exemption; registered as an Exempt Market Dealer.	ON, QC, BC, AB, SK, MB, NB, NL, NS. PE	ON, QC, BC, AB, SK, MB, NB, NL, NS, PE		
CREDIT SUISSE SECURITIES (CANADA), INC. VALEURS MOBILIERES CREDIT SUISSE (CANADA), INC.	Registered as an Investment Dealer and Futures Commission Merchant				ON, QC, BC, AB, SK, MB, NB, NL, NS, PE, NT, NU, YT
CREDIT SUISSE SECURITIES (EUROPE) LIMITED	Relying on International Dealer Exemption; registered as an Exempt Market Dealer.	ON, QC, BC, AB, SK, MB, NB, NL, NS, PE	ON		
CREDIT SUISSE AG	Relying on International Dealer Exemption	ON, QC, BC, AB, SK, MB, NB, NL, NS, PE			
Jefferies					
JEFFERIES LLC	Relying on International Dealer Exemption	ON, QC, BC, AB, MB, NS			
JEFFERIES BACHE	Registered as Restricted Dealer			AB	
BTG Pactual US Capital LLC	Relying on International Dealer Exemption	ON, QC, BC, AB			

SCHEDULE B

FOREIGN SECURITY PRIVATE PLACEMENTS
NOTICE TO CLIENTS

We may from time to time sell to you as principal or agent securities of Foreign Issuers or securities of or guaranteed by Foreign Governments sold into Canada on a prospectus exempt basis ("Foreign Security Private Placements"). On ●, 2013, the Canadian Securities Administrators issued a decision (the Decision) exempting us and our affiliates from certain disclosure obligations applicable to such transactions on the basis that you are a permitted client as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements.* The Decision is available at ● and terminates on the earlier of three years after the effective date of the Decision and the date amendments to the Legislation come into effect in each jurisdiction in Canada that provide for substantially the same relief as the Decision. Capitalized terms used but not otherwise defined in this notice have the meanings ascribed to such terms in the Decision.

It is a requirement of the. Decision that we notify you of the following two matters set forth in this notice.

1. Statutory Rights of Action

If, in connection with a Foreign Security Private Placement, we deliver to you an offering document that constitutes an offering memorandum under applicable securities laws in Canada, you may have, depending on the province or territory of Canada in which the trade was made to you, remedies for rescission or damages if the offering memorandum and any amendment thereto contains a misrepresentation, provided that the remedies for rescission or damages are exercised by you within the time limit prescribed by the securities legislation of your province or territory. You should refer to any applicable provisions of the securities legislation of your province or territory for the particulars of these rights or consult with a legal advisor.

2. Relationship between the Issuer or Selling Securityholder and the Underwriters

We or our affiliates in respect of a Foreign Security Private Placement may have an ownership, lending or other relationship with the issuer of such securities or a selling securityholder that may cause the issuer or selling securityholder to be a "related issuer" or "connected issuer" to us or such affiliate under Canadian securities law (as those terms are defined in National Instrument 33-105 *Underwriting Conflicts).* Under the terms of the Decision, the offering document for a private placement by a Foreign Issuer will disclose underwriter conflicts of interest in ccordance with the requirements of U.S. federal securities laws and of the Financial Industry Regulatory Authority, a self-regulatory organization in the United States, applicable to an offering registered under the 1933 Act. The Decision grants an exemption from the requirement to include connected issuer disclosure or cover page related issuer disclosure in an offering document for a private placement of securities of or guaranteed by a Foreign Government.

Please note the following for your information.

Canadian Federal Income Tax Considerations

The offering document in respect of the Foreign Security Private Placement may not contain a discussion of the Canadian tax consequences of the purchase, holding or disposition of the securities offered. You are advised to consult your own tax advisor regarding the Canadian federal income tax considerations relevant to the purchase of securities offered in a Foreign Security Private Placement having regard to your particular circumstances. The Canadian federal income tax considerations relevant to you may differ from the income tax considerations described in the offering document and such differences may be material and adverse.

Dated ●, 2013

CLIENT ACKNOWLEDGEMENT, CONSENT AND REPRESENTATION

I, _____, on behalf of _____, acknowledge receipt of the Notice to Clients dated _____, 2013 and consent to Foreign Security Private Placements made to us by way of offering documents prepared and delivered in reliance on an exemption from the disclosure requirements as described pursuant to the decision of the Canadian Securities Administrators dated ●, 2013, and represent that _____ is a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Requirements*.

Per: _____ Date: _____
Authorized Signatory

I have authority to bind the company

Name: _____

Title: _____

2.2 Orders

2.2.1 Medusa Mining Limited – s. 144(1)

Headnote

Order to vary a cease trade order under subsection 144(1) of the Act – cease trade order varied to permit beneficial shareholder, who is not an insider or control person, to sell securities through the Australian Stock Exchange or the London Stock Exchange, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF
MEDUSA MINING LIMITED

ORDER
(Subsection 144(1) of the Act)

WHEREAS on February 8, 2013, as a result of Medusa Mining Limited (the **Company**) failing to file: (a) audited annual financial statements for the year ended June 30, 2012; (b) management's discussion and analysis relating to the audited annual financial statements for the year ended June 30, 2012; and (c) certification of the foregoing filings as required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, the Ontario Securities Commission (the **OSC**) ordered, pursuant to paragraph 2 of subsection 127(1) of the Act that, effective immediately, all trading in the securities of the Company, whether direct or indirect, shall cease until further order by the Director (the **CTO**).

AND WHEREAS on October 25, 2012 the Company applied to the OSC for a relieving order under subclause 1(10)(a)(ii) of the Act that the Company is no longer a reporting issuer in the province of Ontario (the **Application**);

AND WHEREAS the Company represented in the Application that it became a reporting issuer in Ontario on November 27, 2009 upon the listing of its ordinary shares on the Toronto Stock Exchange (**TSX**);

AND WHEREAS the Company represented in the Application that it was a reporting issuer under the Act and was not a reporting issuer or equivalent under the securities legislation of any other jurisdiction in Canada.

AND WHEREAS the Company represented in the Application that the Company's ordinary shares were voluntarily delisted from the TSX on June 17, 2011;

AND WHEREAS the Company represented in the Application that residents of Canada did not: (i) directly or indirectly beneficially own more than 2% of each class or series of outstanding securities (including debt securities) of the Company worldwide, and (ii) directly or indirectly, comprise more than 2% of the total number of securityholders of the Company worldwide.

AND WHEREAS the Company's ordinary shares continue to be listed for trading on the Australian Stock Exchange (**ASX**) and the London Stock Exchange (**LSE**).

AND WHEREAS the Executive Director has made an application pursuant to subsection 144(1) of the Act for an order to vary the CTO to allow a beneficial shareholder of the Company, who is not, and was not at the date of the CTO, an insider or control person of the Company, to sell securities of the Company, subject to certain conditions.

AND UPON the OSC being satisfied that:

(a) the terms and conditions to the CTO put Canadian shareholders at a disadvantage relative to non-Canadian shareholders who are free to trade their shares on either of the ASX or the LSE; and

(b) it is not prejudicial to the public interest to vary the CTO pursuant to subsection 144(1) of the Act.

IT IS ORDERED that, pursuant to subsection 144(1) of the Act, the CTO be varied by including the following paragraph:

DESPITE THIS ORDER, a beneficial shareholder of Medusa Mining Limited who is not, and was not at the date of this order, an insider or control person of Medusa Mining Limited, may sell securities of Medusa Mining Limited acquired before the date of this order, if:

1. the sale is made through the Australian Stock Exchange or the London Stock Exchange;

2. the sale is made through an investment dealer registered in Ontario; and

3. the investment dealer maintains a record of the details of the sales made under this provision.

DATED this 21st day of June 2013.

"Huston Loke"
Director, Corporate Finance

2.2.2 Nest Acquisitions and Mergers et al.

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

AND

IN THE MATTER OF
NEST ACQUISITIONS AND MERGERS,
IMG INTERNATIONAL INC.,
CAROLINE MYRIAM FRAYSSIGNES,
DAVID PELCOWITZ, MICHAEL SMITH, and
ROBERT PATRICK ZUK

ORDER

WHEREAS on January 18, 2010, the Secretary to the Ontario Securities Commission (the "Commission") issued a Notice of Hearing, pursuant to sections 37, 127 and 127.1 of the Ontario Securities Act, R.S.O. 1990, c. S.5, as amended, for a hearing to commence at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on Monday, January 28th, 2010 at 10 a.m., or as soon thereafter as the hearing can be held;

AND WHEREAS on January 18, 2010, Staff of the Commission ("Staff") filed with the Commission a Statement of Allegations in this matter;

AND WHEREAS on April 26, 2013, following the hearing on the merits which took place between May 16, 2012 and January 15, 2013, the Commission released its reasons and decision on the merits;

AND WHEREAS on April 26, 2013, the Commission ordered that the hearing in respect of sanctions and costs take place on June 27, 2013 at 10 a.m. (the "Sanctions and Costs Hearing");

AND WHEREAS on or about June 20, 2013, recently retained counsel for David Pelcowitz requested the consent of Staff to a brief adjournment of the Sanctions and Costs Hearing;

AND WHEREAS Staff consented to a brief adjournment of the Sanctions and Costs Hearing;

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

IT IS ORDERED that the Sanctions and Costs Hearing scheduled for June 27, 2013 at 10 a.m. is adjourned to July 17, 2013 at 9 a.m.

DATED at Toronto this 26th day of June 2013.

"James D. Carnwath"

2.2.3 Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus – s. 60 of the CFA and Rule 3 and Rule 4.3(2) of the OSC Rules of Procedure

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

AND

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

ORDER
(Section 60 of the Commodity Futures Act and Rule 3 and Rule 4.3(2) of the Commission's Rules of Procedure (2012), 35 O.S.C.B. 10071)

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

AND WHEREAS on February 5, 2013, Staff of the Commission ("Staff") and the Respondents attended before the Commission and agreed to attend a confidential pre-hearing conference on April 23, 2013 at 3:30 p.m.;

AND WHEREAS on February 5, 2013, the Commission ordered that this matter be adjourned to a confidential pre-hearing conference on April 23, 2013 at 3:30 p.m.;

AND WHEREAS on April 26, 2013, the Commission issued a Notice of Hearing providing notice that the Commission would hold a hearing on June 24, 2013 at 11:30 a.m. to hear a motion application by the Respondents and the Commission would hold a further hearing on August 14, 2013 at 11:00 a.m. to hear a motion application by the Respondents;

AND WHEREAS on June 24, 2013, Staff attended the hearing in person, the Respondents attended the hearing via teleconference and the parties made submissions regarding the Respondents' request to have Staff's electronic disclosure provided in printed form;

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

IT IS HEREBY ORDERED that:

1. Staff shall provide one full hard copy of its disclosure documents to the Respondents by July 10, 2013; and

2. Khan shall be responsible to make arrangements to pick up the disclosure documents from Staff on the day they become available.

DATED at Toronto this 24th day of June, 2013.

"Alan J. Lenczner"

2.2.4 Global Consulting and Financial Services et al. – Rules 1.4 and 1.5.3(3) of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
GLOBAL CONSULTING AND FINANCIAL SERVICES,
GLOBAL CAPITAL GROUP, CROWN CAPITAL MANAGEMENT CORP.,
MICHAEL CHOMICA, JAN CHOMICA and LORNE BANKS

ORDER
(Rules 1.4 and 1.5.3(3) of the Commission's Rules of Procedure (2012), 35 O.S.C.B. 10071)

WHEREAS on March 27, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 37, 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act") accompanied by a Statement of Allegations of Staff of the Commission dated March 27, 2013 (the "Statement of Allegations") with respect to Global Consulting and Financial Services ("Global Consulting"), Global Capital Group ("Global Capital"), Crown Capital Management Corp. ("Crown Capital"), Michael Chomica, Jan Chomica and Lorne Banks ("Banks") (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing announced that a hearing would be held at the offices of the Commission on April 17, 2013;

AND WHEREAS on April 17, 2013, Staff attended the hearing, counsel for Banks appeared through a Student-at-law from his office, and no one appeared on behalf of the remaining Respondents;

AND WHEREAS Staff filed the affidavit of Nancy Poyhonen sworn April 15, 2013 demonstrating service of the Notice of Hearing and the Statement of Allegations on the Respondents;

AND WHEREAS Staff counsel requested that the matter be adjourned to a date in May 2013 for the purpose of setting further dates in this matter;

AND WHEREAS on April 17, 2013, the Commission ordered that the hearing be adjourned to May 22, 2013 at 9:45 a.m.;

AND WHEREAS on May 22, 2013, Staff and counsel for Banks attended the hearing and no one appeared on behalf of the remaining Respondents;

AND WHEREAS Staff filed the affidavit of Peaches A. Barnaby, sworn May 21, 2013, demonstrating service of the Commission's Order dated April 17, 2013 (the "April 17th Order") on the Respondents;

AND WHEREAS the Commission was satisfied that Staff had taken all reasonable steps to serve the Respondents with the April 17th Order and that all Respondents had reasonable notice of the hearing;

AND WHEREAS Staff requested that a confidential pre-hearing conference be scheduled in this matter;

AND WHEREAS on May 22, 2013, the Commission ordered that:

(i) the hearing be adjourned to a confidential pre-hearing conference to be held on June 24, 2013 at 10:00 a.m.; and

(ii) at the June 24, 2013 pre-hearing conference, the parties be prepared to: (a) set dates for the hearing on the merits, and (b) set a schedule for the completion of any and all interlocutory matters;

AND WHEREAS on June 24, 2013, Staff attended the pre-hearing conference and no one appeared on behalf of Global Consulting, Global Capital, Crown Capital, Michael Chomica or Jan Chomica;

AND WHEREAS due to a miscommunication, counsel to Banks was unavailable to attend the pre-hearing conference, but later consented to the order requested by Staff;

AND WHEREAS Staff filed the affidavit of Peaches A. Barnaby, sworn June 21, 2013, demonstrating service of the Commission's Order dated May 22, 2013 (the "May 22nd Order") on Global Consulting, Global Capital, Michael Chomica, Jan Chomica and Lorne Banks;

AND WHEREAS the Commission was satisfied that Staff had taken all reasonable steps to serve the Respondents with the May 22nd Order and that all Respondents had reasonable notice of the hearing;

AND WHEREAS it has become evident that service on Crown Capital and Global Capital is not possible;

AND WHEREAS the Commission considered the evidence and submissions before it and is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED that:

(i) pursuant to Rule 1.4 and Rule 1.5.3(3) of the Commission's *Rules of Procedure (*2012), 35 O.S.C.B. 10071, future service on Crown Capital and Global Capital is waived;

(ii) the hearing is adjourned to a confidential pre-hearing conference to be held on September 4, 2013 at 2:00 p.m.;

(iii) the hearing on the merits with respect to Global Consulting, Jan Chomica and Lorne Banks shall commence on November 25, 2013 at 10:00 a.m. and shall continue on November 26, 27, 28 and 29, 2013 or such other dates as may be agreed to by the parties or set by the Office of the Secretary;

(iv) in the event that Staff intends to bring a motion for an order to convert the oral hearing on the merits as it relates to Michael Chomica, Crown Capital and Global Capital to a written hearing (the "Motion"), the parties shall comply with the following schedule:

(a) Staff shall file and serve a notice and its materials in connection with the Motion by August 15, 2013;

(b) if Michael Chomica, Crown Capital or Global Capital objects to the Motion, they shall file and serve materials in connection with the Motion by August 29, 2013 and the Motion will be heard on September 4, 2013 at 2:00 p.m.,

(c) if the Motion is not granted by the Commission, an oral hearing on the merits with respect to Michael Chomica, Crown Capital and Global Capital will be held on September 27, 2013 at 11:00 a.m.; and

(d) if Michael Chomica, Crown Capital or Global Capital do not oppose the Motion, Staff shall file its written submissions and any evidence that it intends to rely on in connection with the hearing as it relates to Michael Chomica, Crown Capital or Global Capital by September 15, 2013 and Michael Chomica, Crown Capital or Global Capital shall file any responding materials by September 30, 2013.

DATED at Toronto this 24th day of June, 2013.

2.2.5 New Found Freedom Financial et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH,
WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND
ZOMPAS CONSULTING

ORDER
(Subections 127(1) and 127.1 of the Securities *Act*)

WHEREAS on November 2, 2011, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Act***"), in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on November 1, 2011 with respect to New Found Freedom Financial ("NFF"), Ron Deonarine Singh ("**Singh**"), Wayne Gerard Martinez ("**Martinez**"), Pauline Levy ("**Levy**"), David Whidden ("**Whidden**"), Paul Swaby ("**Swaby**") and Zompas Consulting ("**Zompas**");

AND WHEREAS on July 26, 2012, the Commission approved a settlement agreement between Swaby and Zompas;

AND WHEREAS on September 7, 2012, the Commission approved a settlement agreement between Staff and Whidden;

WHEREAS the Commission found on December 17, 2012 that the respondents engaged in conduct which was contrary to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Act***") and contrary to the public interest;

AND WHEREAS on March 13, 2013, the Commission held a hearing with respect to the sanctions and costs to be imposed in this matter;

AND WHEREAS I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the *Act* to make this order;

IT IS HEREBY ORDERED THAT:

(a) against NFF, Singh and Martinez:

(i) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*, that NFF, Singh and Martinez cease trading in and acquiring securities permanently;

(ii) pursuant to paragraph 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to NFF, Singh and Martinez permanently;

(iii) pursuant to paragraph 6 of subsection 127(1) of the *Act*, that Singh and Martinez be reprimanded;

(iv) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Act*, that Singh and Martinez shall resign all positions they hold as a director or officer of any issuer, registrant or investment fund manager;

(v) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the *Act*, that Singh and Martinez are permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(vi) pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, that NFF, Singh and Martinez are permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;

(vii) pursuant to paragraph 9 of subsection 127(1) of the *Act*, that Singh and Martinez shall each pay an administrative penalty of $250,000, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*;

(viii) pursuant to paragraph 10 of subsection 127(1) of the *Act*, that NFF, Singh and Martinez are jointly and severally liable to disgorge to the Commission $1,071,269 obtained as a result of their non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*; and

(ix) pursuant to section 127.1 of the *Act*, that NFF, Singh and Martinez shall pay on a joint and several basis $85,856 for costs incurred in the hearing of this matter;

(b) against Pauline Levy:

(i) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*, that Levy cease trading in and acquiring securities for a period of 5 years, with the exception that she be permitted to trade and acquire securities for the account of her registered retirement savings plan, as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended, after the administrative penalty at subparagraph (vii) and disgorgement at subparagraph (viii) ordered against her below are paid in full;

(ii) pursuant to paragraph 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to Levy for a period of 5 years, except as required to trade in or acquire securities in accordance with the exception provided above;

(iii) pursuant to paragraph 6 of subsection 127(1) of the *Act*, that Levy be reprimanded;

(iv) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Act*, that Levy shall resign all positions she holds as a director or officer of any issuer, registrant or investment fund manager;

(v) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the *Act*, that Levy is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 5 years;

(vi) pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, that Levy is prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 5 years;

(vii) pursuant to paragraph 9 of subsection 127(1) of the *Act*, that Levy shall pay an administrative penalty of $5,000, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*;

(viii) pursuant to paragraph 10 of subsection 127(1) of the *Act*, that Levy disgorge to the Commission $59,849 obtained as a result of her non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*; and

(ix) pursuant to section 127.1 of the *Act*, that Levy shall pay jointly and severally with NFF, Singh and Martinez, $5,000 for costs incurred in the hearing of this matter.

DATED at Toronto this 26th day of June, 2013.

"James D. Carnwath"

2.2.6 Pro-Financial Asset Management Inc. – ss. 127(1), (2) and (8)

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), (2) and (8))

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

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

2. Pursuant to paragraph 1 of subsection 127(1) of the Act, 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, 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 it appeared 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 principal protected notes ("PPNs");

AND WHEREAS PFAM has undertaken to Staff that all early redemptions for the nine series of PPNs and all redemptions at maturity shall cease while PFAM completes its PPN reconciliation which reconciliation process is ongoing;

AND WHEREAS on May 28, 2013, the Commission ordered that: (i) the Temporary Order be extended to June 27, 2013; (ii) the hearing to consider whether to further extend the terms of the Temporary Order and/or to make any further order as to PFAM's registration, would proceed on June 26, 2013 at 10:00 a.m.;

AND WHEREAS Staff's investigation is ongoing;

AND WHEREAS PFAM advised Staff on June 21, 2013 that PFAM expected the final PPN reconciliation report would be completed within one month;

AND WHEREAS on June 26, 2013, Staff and counsel for PFAM advised the Commission that the parties agree that: (i) the Temporary Order should be extended to July 15, 2013; (ii) PFAM will provide Staff with its plan for a sale of its assets by July 3, 2013; and (iii) the hearing be adjourned to July 12, 2013 at 10:00 a.m. for the purposes set out below;

AND WHEREAS on June 26, 2013, Staff sought to have the affidavit of Michael Denyszyn sworn May 24, 2013 marked as an exhibit in this hearing and counsel for PFAM opposed Staff's request on the basis that public disclosure of the affidavit in the short term might adversely affect PFAM's ongoing sale process;

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 HEREBY ORDERED pursuant to subsection 127(8) of the Act that:

1. The Temporary Order is extended to July 15, 2013;

2. The affidavit of Michael Denyszyn sworn May 24, 2013 will not be marked as an exhibit at this time but will be received as an exhibit at the hearing on July 12, 2013 in the absence of a Commission order to the contrary; and

3. The hearing to consider whether to: (i) further extend or vary the terms of the Temporary Order; (ii) make any further order as to PFAM's registration; (iii) review PFAM's plan for a sale of PFAM's assets; and/or (iv) consider whether to order PFAM to deliver the final PPN reconciliation report to Staff, will proceed on July 12, 2013 at 10:00 a.m.

DATED at Toronto this 26th day of June, 2013.

"Christopher Portner"

2.2.7 Chicago Mercantile Exchange Inc. – s. 147

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

AND

IN THE MATTER OF
CHICAGO MERCANTILE EXCHANGE INC. (CME)

ORDER
(Section 147 of the Act)

WHEREAS CME has filed an application dated May 6, 2013 (**Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an order exempting CME from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Order**);

AND WHEREAS the Commission issued an interim order with effective date June 19, 2012 (**Interim Order**) exempting CME from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act, until the earlier of (i) June 30, 2013 and (ii) the effective date of a subsequent order exempting CME from the requirement to be recognized as a clearing agency under section 147 of the Act;

AND WHEREAS the Commission issued an order (**Variation Order**) dated August 31, 2012 varying the Interim Order by extending the deadline for CME to file a full application for the subsequent order from August 31, 2012 to September 10, 2012;

AND WHEREAS the Interim Order, as varied and restated by the Variation Order, will be replaced by this order and therefore be automatically revoked upon issuance of this order;

AND WHEREAS CME has represented to the Commission that:

1.1 CME is a corporation organized under the laws of the State of Delaware in the United States (**U.S.**) and is a wholly owned subsidiary of CME Group Inc. (**CMEG**), a publicly traded for-profit corporation organized under the laws of Delaware and listed for trading on the NASDAQ National Market. CMEG is the ultimate parent company of: (i) CME; (ii) Board of Trade of the City of Chicago, Inc.; (iii) Commodity Exchange, Inc. (**COMEX**); (iv) New York Mercantile Exchange, Inc.; and (v) Board of Trade of Kansas City, Missouri, Inc. (collectively, the **CMEG Exchanges**).

1.2 CMEG receives a majority of its revenue from clearing and transaction fees, which include electronic trading fees, surcharges for privately-negotiated transactions and other volume-related charges for contracts executed through CMEG's trading venues.

1.3 CME is a designated contract market (**DCM**) and a derivatives clearing organization (**DCO**) within the meanings of those terms under the U.S. Commodity Exchange Act (**CEA**). CME is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission (**CFTC**), a U.S. federal regulatory agency, and is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. The CFTC reviews, assesses and enforces a DCO's adherence to the CEA and the regulations thereunder on an ongoing basis, including but not limited to, the DCM and DCO core principles relating to compliance with the core principles, financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards.

1.4 CME is deemed to be registered with the U.S. Securities and Exchange Commission (**SEC**) as a securities clearing agency, effective July 16, 2011, in accordance with certain provisions under Subsection 763(b) of the *Dodd Frank Wall Street Reform and Consumer Protection Act* (**Dodd Frank Act**), and is therefore also subject to limited regulatory supervision by the SEC in connection with its offering of clearing services for single stock and narrow-based security index products.

1.5 On July 18, 2012, CME was designated by the Financial Stability Oversight Council as a systemically important financial market utility under Title VIII of the Dodd Frank Act.

1.6 On November 21, 2012, CME became registered with the CFTC as a swap data repository (**SDR**) to provide SDR services supporting credit default swaps (**CDS**), interest rate swaps (**IRS**), commodities and foreign exchange (**FX**) asset classes through its CME Repository Service.

1.7 CME provides clearing and settlement services for exchange-traded futures and options on futures, as well as for over-the-counter (**OTC**) derivatives transactions. CME clears OTC derivatives in the following asset classes: agricultural commodities; credit; energy; environmental commodities; equities; FX; interest rates; and metals. The exchange-traded futures and options on futures products cleared by CME include, but are not limited to, the following: short-term interest rates (Eurodollar, Euribor, U.S. Treasury Bills); government bonds (U.S. Treasury Bonds and Notes); medium and long-term swap rates (U.S. Dollar), narrow-based equity indices (U.S.-related S&P, NASDAQ and DJIA indices and Nikkei indices); commodity index swaps (gold, crude oil, UBS commodity index); and a broad range of commodities (*e.g.*, gold, silver, platinum, palladium, copper, steel and uranium, cocoa, coffee, corn, sugar, wheat, oats, soybeans, live cattle and butter). In addition, CME clears freight futures, forwards and options, iron futures, options and swap futures, fertilizer swaps and electricity swap futures. The full list of products cleared by CME is available on its website at www.cmegroup.com.

1.8 CME is the DCO for, and provides clearing services to, each of the CMEG Exchanges. CME also serves as the central counterparty for all trades executed on the CMEG Exchanges and all OTC trades submitted for clearing.

1.9 CME's clearing members consist of banks, securities houses/investment banks, commodity brokers and traders and, to a very limited extent, industrial companies.

1.10 CME does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory, except for a CMEG marketing office in Calgary, Alberta whose activities are limited to marketing and development of energy products.

1.11 CME currently has three clearing members that have a head office or principal place of business in Ontario and that are OTC derivatives clearing members, with privileges to clear IRS OTC derivatives products on their own behalf, and on behalf of their branches and affiliated companies. In addition, one of such clearing members is a COMEX clearing member (**COMEX Exchange Clearing Member**) that currently has privileges to clear COMEX exchange-listed futures and options on futures on its own behalf, and on behalf of its branches and affiliated companies. It became a COMEX Exchange Clearing Member on December 1, 1997.

1.12 CME Clearport is a web-based graphical user interface owned, maintained and operated by CME to view and submit bilaterally negotiated transactions (e.g., block trades, OTC swap futures substituted for exchange-traded futures and OTC derivatives) into CME for clearing and settlement services by clearing firms and their customers in the U.S. CME ClearPort is not a clearing system as it does not clear trades or serve as a central counterparty for trades submitted via CME ClearPort to CME in the U.S.

1.13 CME proposes to offer direct clearing access in Ontario to certain Canadian financial institutions (within the meaning of such term in subsection 1.1(3) of National Instrument 14-101 *Definitions*) that have a head office or principal place of business in Ontario as clearing members with privileges to clear OTC derivative products (**OTC Derivatives Clearing Members**) and exchange-traded futures and options on futures products (described in paragraph 1.7 above) on one or more of the CMEG Exchanges (**CMEG Exchange Clearing Members**) (together with the clearing members referred to in paragraph 1.11 above, the **Ontario Clearing Members**).

1.14 CME currently carries on business in Ontario pursuant to the Interim Order, as varied and restated by the Variation Order.

1.15 CME submits that it does not pose a significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction.

1.16 CME maintains clearing member criteria that all applicants must satisfy before their applications are accepted, including fitness criteria, review of corporate constating documentation, financial standards, operational standards, appropriate registration qualifications with applicable statutory regulatory authorities, and CME applies a due diligence process to ensure that all applicants meet the required criteria.

1.17 CME utilizes processes to minimize systemic risk, which processes include operational and financial criteria for all clearing members, margining and financial protections, the maintenance of a clearing/guarantee fund,

sound information systems, comprehensive internal controls, ongoing monitoring of clearing members, and appropriate oversight by the Board of Directors.

AND WHEREAS CME has agreed to the respective terms and conditions as set out in Schedule "B" to this order;

AND WHEREAS based on the Application and the representations CME has made to the Commission, the Commission has determined that CME satisfies the criteria set out in Schedule "A" and that the granting of the order exempting CME from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act would not be prejudicial to the public interest;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and CME's activities on an ongoing basis to determine whether it is appropriate that CME continue to be exempted from the requirement to be recognized as a clearing agency and, if so, whether it is appropriate that it continue to be exempted subject to the terms and conditions in this order;

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

PROVIDED THAT CME complies with the terms and conditions attached hereto as Schedule "B", as applicable.

DATED at Toronto, June 27, 2013.

"Edward P. Kerwin"
Commissioner

"Christopher Portner:
Commissioner

SCHEDULE "A"

Criteria for Exemption from Recognition by the Ontario Securities Commission as a Clearing Agency pursuant to section 21.1(0.1) of the *Securities Act* (Ontario)

PART 1. Governance

1.1 The governance structure and governance arrangements of the clearing agency ensures:

(a) effective oversight of the clearing agency;

(b) the clearing agency's activities are in keeping with its public interest mandate;

(c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;

(d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing, settlement and depository services and facilities (settlement services) of the clearing agency;

(e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;

(f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and

(g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

PART 2. Fees

2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.

2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

PART 3. Access

3.1 The clearing agency has appropriate written standards for access to its services.

3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of

(a) each grant of access including, for each participant, the reasons for granting such access, and

(b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

PART 4. Rules and Rulemaking

4.1 The clearing agency's rules are designed to govern all aspects of the settlement services offered by the clearing agency, and

(a) are not inconsistent with securities legislation,

(b) do not permit unreasonable discrimination among participants, and

(c) do not impose any burden on competition that is not necessary or appropriate.

4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.

4.3 The clearing agency monitors participant activities to ensure compliance with the rules.

4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

PART 5. Due Process

5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:

(a) an applicant or a participant is given an opportunity to be heard or make representations; and

(b) the clearing agency keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.

PART 6. Risk Management

6.1 The clearing agency's settlement services are designed to minimize systemic risk.

6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.

6.3 Without limiting the generality of the foregoing, the clearing agency's services or functions are designed to achieve the following objectives:

1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.

2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.

3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.

4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.

5. Assets used to settle the ultimate payment obligations arising from securities transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in settlement services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.

6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.

6.4 The clearing agency engaging in activities not related to settlement services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the settlement service.

PART 7. Systems and Technology

7.1 For its settlement services systems, the clearing agency:

(a) develops and maintains,

(i) reasonable business continuity and disaster recovery plans,

(ii) an adequate system of internal control,

(iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;

(b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,

(i) makes reasonable current and future capacity estimates,

(ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,

(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

PART 8. Financial Viability and Reporting

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

PART 9. Operational Reliability

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

PART 10. Protection of Assets

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

PART 11. Outsourcing

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

PART 12. Information Sharing and Regulatory Cooperation

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

SCHEDULE "B"

Terms and Conditions

DEFINITIONS

For the purposes of this Schedule "B":

"Clearing Member" means a clearing member as defined under CME's rules;

"client clearing" means the ability of a Clearing Member to clear transactions at CME for and on behalf of a client who is not a Clearing Member;

"rule" means any provision or other requirement in CME's rulebook, operating procedures or manuals, user guides, or similar documents governing rights and obligations between CME and the Clearing Members or among the Clearing Members;

"U.S. Authorities" means the CFTC, SEC and any other authority in the United States that has or may have jurisdiction over CME.

Unless the context otherwise requires, other terms used in this Schedule "B" have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this exemption order).

REGULATION OF CME

1. CME will maintain its registration as a DCO and as a deemed-registered securities clearing agency in the United States and will continue to be subject to the regulatory oversight of the U.S. Authorities.

2. CME will continue to comply with its ongoing regulatory requirements as a DCO and as a deemed-registered securities clearing agency in the United States.

3. CME will continue to meet the criteria for exemption from recognition as a clearing agency as set out in Schedule "A".

GOVERNANCE

4. CME will continue to promote a corporate governance structure that minimizes the potential for any conflicts of interest between CMEG (and its affiliates) and CME that could adversely affect the clearance and settlement of trades in contracts or the effectiveness of CME's risk management policies, controls, and standards.

FILING REQUIREMENTS

Filings with U.S. Authorities

5. CME will promptly provide staff of the Commission the following information to the extent that it is required to file such information with the U.S. Authorities:

    (a) the annual audited financial statements of CME;

    (b) details of any material legal proceeding instituted against it;

    (c) notification that CME has failed to comply with an undisputed obligation to pay money or deliver property to a Clearing Member for a period of thirty days after receiving notice from the Clearing Member of CME's past due obligation;

    (d) notification that CME has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate CME or has a proceeding for any such petition instituted against it;

    (e) the appointment of a receiver or the making of any voluntary arrangement with creditors; and

    (f) material changes to its bylaws and rules.

Prompt Notice

6. CME will promptly notify staff of the Commission of any of the following:

   (a) any material change to its business or operations or the information as provided in the Application;

   (b) any material problem with the clearance and settlement of transactions in contracts cleared by CME that could materially affect the financial viability of CME;

   (c) any event of default by an Ontario Clearing Member;

   (d) any material system failure of a clearing service utilized by an Ontario Clearing Member;

   (e) any material change or proposed material change in CME's status as a DCO or deemed securities clearing agency or to the regulatory oversight by the U.S. Authorities; and

   (f) the admission of any new Ontario Clearing Member or any other Ontario resident that has entered into a direct connection arrangement with CME for facilitating the Ontario resident's direct access to one or more CME systems.

Quarterly Reporting

7. CME will maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on a quarterly basis (by the end of the month following the end of the calendar quarter), and at any time promptly upon the request of staff of the Commission:

   (a) a current list of all Ontario Clearing Members;

   (b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the quarter by CME or, to the best of CME's knowledge, by the U.S. Authorities with respect to such Ontario Clearing Members' clearing activities on CME;

   (c) a list of all referrals for disciplinary action by CME relating to Ontario Clearing Members;

   (d) a list of all Ontario applicants who have been denied clearing member status in CME in the quarter;

   (e) the average daily volume of exchange-traded products and the notional value of trades of OTC derivatives cleared by asset class during the quarter, for each Ontario Clearing Member;

   (f) the percentage of total volume of exchange-traded products along with the notional value of trades of OTC derivatives cleared by asset class during the quarter for all Clearing Members that represents the total volume and value of trades cleared during the quarter for each Ontario Clearing Member;

   (g) the aggregate total margin amount required by CME ending on the last trading day during the quarter for each Ontario Clearing Member;

   (h) the portion of the total margin required by CME ending on the last trading day of the quarter for all Clearing Members that represents the total margin required during the quarter for each Ontario Clearing Member;

   (i) the Guaranty Fund contribution for each Ontario Clearing Member on the last trading day during the quarter for each Ontario Clearing Member and the proportion of the total Guaranty Fund contributions;

   (j) a list of Ontario Clearing Members who have received permission or approval by CME during the quarter to:

      1) perform client clearing at CME; or

      2) clear at CME new classes of products that the Ontario Clearing Member was not otherwise permitted or approved to clear under the terms of its CME membership;

   (k) a summary of risk management analysis related to the adequacy of required margin and the level of the guaranty funds, including but not limited to stress testing and back testing results;

(l) based on information available to CME, the aggregate notional value and volume of transactions cleared during the quarter by Clearing Members for and on behalf of clients that are Ontario residents; and, where CME has subsequently verified the accuracy of such aggregate client clearing information for any previous quarters, any summary that describes the results of such verification including any reconciliation of the information previously reported to the Commission;

(m) to the extent CME becomes aware of the offering of client clearing to Ontario residents by a Clearing Member, the identity of such Clearing Member and its jurisdiction of incorporation (including that of its ultimate parent) that provides such client clearing services to Ontario residents including, where known,

1) the name of each of the Ontario residents receiving such services; and

2) the value and volume of transactions cleared by asset class during the quarter for and on behalf of each Ontario resident;

(n) any other information in relation to an OTC derivative cleared by CME for Ontario Clearing Members as may be required by the Commission from time to time in order to carry out the Commission's mandate; and

(o) a copy of the bylaws and rules showing all cumulative changes to the bylaws and rules made during the quarter.

INFORMATION SHARING

8. CME will provide such information as may be requested from time to time by, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

9. Unless otherwise prohibited under applicable law, CME will share information relating to regulatory and enforcement matters and otherwise cooperate with other recognized and exempt clearing agencies on such matters, as appropriate.

SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE

10. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of CME's activities in Ontario, CME shall submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

11. For greater certainty, CME shall file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom the Commission may serve a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of CME's activities in Ontario.

2.2.8 Onix International Inc. and Tyrone Constantine Phipps – ss. 37, 127(1)

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

AND

IN THE MATTER OF
ONIX INTERNATIONAL INC. and
TYRONE CONSTANTINE PHIPPS

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION AND
ONIX INTERNATIONAL INC. AND
TYRONE CONSTANTINE PHIPPS

ORDER
(Sections 37 and 127(1) of the Securities Act)

WHEREAS by Notice of Hearing dated March 8, 2013, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on April 3, 2013, pursuant to sections 37, 127, and 127.1 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 orders, as specified therein, against Onix International Inc. ("Onix International") and Tyrone Constantine Phipps ("Phipps") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission ("Staff') dated March 7, 2013;

AND WHEREAS the Respondents entered into a settlement agreement with Staff dated June 21, 2013 (the "Settlement Agreement") in which the Respondents agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing dated March 8, 2013, subject to the approval of the Commission;

AND WHEREAS on June 24, 2013, the Commission issued a Notice of Hearing pursuant to sections 37 and 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement (the "Hearing");

AND WHEREAS on June 26, 2013, Phipps and Staff attended the Hearing and made submissions;

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

IT IS HEREBY ORDERED that the Hearing is adjourned to July 16, 2013 at 3:30 p.m. or to such other date or time as agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 26th day of June, 2013.

"Vern Krishna"

2.2.9 GLG Life Tech Corporation – 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 its failure to file financial statements – Issuer has brought its filings up-to-date – Issuer is otherwise not in default of applicable securities legislation, except for certain matters which it intends to remedy – Issuer is currently inactive, but intends to reactivate itself – Issuer has provided an undertaking to the Commission that it will not complete (a) a restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada, (b) a reverse takeover with a reverse takeover acquirer that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada, or (c) a significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada, unless the issuer files a preliminary prospectus and a final prospectus with the Ontario Securities Commission and obtains receipts for the preliminary prospectus and the final prospectus from the Director under the Act.

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
GLG LIFE TECH CORPORATION

ORDER
(Section 144)

WHEREAS a Director of the Ontario Securities Commission (the **Commission**) issued a temporary cease trade order dated May 4, 2012 pursuant to paragraph 2 and paragraph 2.1 of subsection 127(1) and subsection 127(5) of the Act, as extended by an order dated May 16, 2012 (together, the **Cease Trade Order**) pursuant to paragraph 2 and paragraph 2.1 of subsection 127(1) of the Act, which provided that all trading in and all acquisitions of the securities of GLG Life Tech Corporation (the **Applicant**), whether direct or indirect, shall cease until further order by the Director;

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

AND WHEREAS the Applicant was also subject to a cease trade order dated May 2, 2012 made by the Executive Director pursuant to section 164 of the *Securities Act* (British Columbia) (the **B.C. Cease Trade Order**) ordering that the trading in the securities of the Applicant cease until the B.C. Cease Trade Order is revoked by the Executive Director;

AND WHEREAS the Applicant applied to the British Columbia Securities Commission for an order for revocation of the B.C. Cease Trade Order and received an order for revocation of the B.C. Cease Trade Order on June 13, 2013;

AND WHEREAS the Applicant is also subject to a cease trade order dated July 9, 2012 made by the Director pursuant to section 148(1) of the *Securities Act* (Manitoba) (the **Manitoba Cease Trade Order**) ordering that the trading in the securities of the Applicant cease until the Manitoba Cease Trade Order is revoked by the Director;

AND WHEREAS the Applicant has applied to the Manitoba Securities Commission for an order for revocation of the Manitoba Cease Trade Order;

AND WHEREAS the Applicant has applied to the Commission pursuant to section 144 of the Act for a revocation of the Cease Trade Order;

AND WHEREAS the Applicant has represented to the Commission that:

1. The Applicant is a company incorporated under the laws of the Province of British Columbia, with its head office located in Vancouver, British Columbia.

2. The Applicant is a reporting issuer in all of the provinces of Canada except Quebec.

3. The authorized share capital of the Applicant consists of an unlimited number of common shares (the **Common Shares**) of which 32,915,634 Common Shares are issued and outstanding. The Applicant also has warrants to purchase 2,645,000 Common Shares and stock options to purchase 292,926 Common Shares outstanding.

4. The Common Shares are listed on the Toronto Stock Exchange under the symbol "GLG".

5. The Applicant carries on the business of being a producer of high purity stevia extracts used in food and beverages.

6. The Cease Trade Order was issued as a result of the Applicant's failure to file a comparative financial statement for its financial year ended December 31, 2011, as required under Part 4 of National Instrument 51-102 (**NI 51-102**), a Form 51-102F1 *Management's Discussion and Analysis* for the period ended December 31, 2011, as required under Part 5 of NI 51-102, and a Form 51-102F2 *Annual Information Form* for the year ended December 31, 2011, as required under Part 6 of NI 51-102 (the **Continuous Disclosure Documents**).

7. The Applicant applied to the British Columbia Securities Commission and the Manitoba Securities Commission for revocation of the B.C. Cease Trade Order, and the Manitoba Cease Trade Order, respectively, and received a revocation of the B.C. Cease Trade Order on June 13, 2013.

8. The Applicant has prepared and filed all of the Continuous Disclosure Documents (such documents were filed with filing fees, where applicable) and the Company is otherwise current with respect to its continuous disclosure requirements.

9. The Applicant's SEDAR and SEDI profiles are up-to-date.

10. Except for the Cease Trade Order, the Applicant is not in default of any of its obligations as a reporting issuer under the Act or the rules and regulations made pursuant thereto.

11. The Applicant has filed a notice of meeting and record date to hold an annual meeting of shareholders of the Applicant on June 27, 2013 (the **Meeting**). The Applicant has provided the Commission with an undertaking that it will hold an annual meeting of shareholders of the Applicant on or before September 18, 2013. All matters relating to the Meeting will be conducted in accordance with the *Business Corporations Act* (British Columbia) and applicable securities legislation.

12. The Applicant has filed completed personal information and authorization forms for each director and officer of the Applicant in the form of Appendix A of National Instrument 41-101 *General Prospectus Requirements*. The current directors and officers of the Applicant, and how they were elected or appointed are as follows: Dr. Luke Zhang, appointed Chairman and Chief Executive Officer by directors' resolution dated June 28, 2012 and elected as a director at the Applicant's annual general meeting of shareholders held on June 28, 2012 (the **2012 Meeting**); Brian Palmieri, elected as a director at the 2012 Meeting; Sophia Leung, elected as a director at the 2012 Meeting; He Fangzhen, elected as a director at the 2012 Meeting; Liu Yingchun, elected as a director at the 2012 Meeting; David Hall, elected as a director at the 2012 Meeting; Dr. Hong Zhao Guang, elected as a director at the 2012 Meeting; and Brian Meadows, appointed President and Chief Financial Officer by directors' resolution dated June 28, 2012.

13. The Applicant has provided the Commission with an undertaking that it will not complete:

    (a) a restructuring transaction involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,

    (b) a reverse takeover with a reverse takeover acquirer that has a direct or indirect, existing or proposed, material underlying business which is not located in Canada,

    (c) a significant acquisition involving, directly or indirectly, an existing or proposed, material underlying business which is not located in Canada,

    unless

    (i) the Applicant files a preliminary prospectus and a final prospectus with the Ontario Securities Commission and obtains receipts for the preliminary prospectus and the final prospectus from the Director under the Act, and

(ii) the preliminary prospectus and final prospectus contain the information required by applicable securities legislation, including the information required for a probable restructuring transaction, reverse takeover or significant acquisition (as applicable).

14. Forthwith after the revocation of the Cease Trade Order, the Applicant will issue and file a news release and file a material change report on SEDAR disclosing the revocation of the Cease Trade Order and outlining the Applicant's future plans. The material change report will include disclosure on the Applicant's directors and officers, the Applicant's audit committee members what remedial continuous disclosure documents have been filed on SEDAR, and a description of the undertakings referred to in paragraphs 11 and 13 above.

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

AND UPON the Director is satisfied that it would not be prejudicial to the public interest to revoke the Cease Trade Order,

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

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

"Sonny Randhawa"
Manager, Corporate Finance

2.2.10 Vincent Ciccone and Cabo Catoche Corp. (a.k.a. Medra Corp. and Medra Corporation) – ss. 127, 127.1

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

AND

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

ORDER
(Sections 127 and 127.1)

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

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

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

AND WHEREAS a hearing on the merits in this matter was held before the Commission on September 5, 7, 13, and 20, 2012, October 9 and 19, 2012, November 8 and 29, 2012, December 19, 2013 and April 2, 2013 with respect to Medra;

AND WHEREAS on June 18, 2013, following the hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits;

AND WHEREAS on June 18, 2013, the Commission issued an Order that Staff shall file and serve written submissions on sanctions and costs by July 2, 2013, Medra shall file and serve written submissions on sanctions and costs by July 10, 2013, Staff shall file and serve written reply submissions on sanctions and costs by July 12, 2013, and the hearing to determine sanctions and costs will be held on July 15, 2013 at 10:00 a.m.;

AND WHEREAS on June 19, 2013, Staff requested an amendment to the timetable set out in the Order of June 18, 2013;

AND WHEREAS on June 21, 2013, the Commission invited Medra to comment, by June 25, 2013, on the timetable requested by Staff;

AND WHEREAS the Commission has received no response from Medra;

IT IS ORDERED that:

1. Staff shall file and serve written submissions on sanctions and costs by July 12, 2013;

2. Medra shall file and serve written submissions on sanctions and costs by July 26, 2013;

3. Staff shall file and serve written reply submissions on sanctions and costs by July 31, 2013; and

4. the hearing to determine sanctions and costs will be held at the office of the Commission at 20 Queen Street West, Toronto, commencing on August 12, 2013, at 1:30 p.m.;

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

DATED at Toronto this 2nd day of July, 2013.

"Vern Krishna"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Western Wind Energy Corp. et al.

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

AND

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

REASONS AND DECISION

Hearing:	February 7, 2013		
Decision:	June 25, 2013		
Panel:	Mary G. Condon	–	Vice-Chair and Chair of the Panel
	James E. A. Turner	–	Vice-Chair
	Judith N. Robertson	–	Commissioner
Counsel:	Markus Koehnen Paul Davis Brent McPherson	–	For Western Wind Energy Corp.
	Andrew Gray Karrin Powys-Lybbe James Miller	–	For Brookfield Renewable Energy Partners LP and WWE Equity Holdings Inc.
	Albert Pelletier Erin O'Donovan Frédéric Duguay Rebecca Kacaba	–-	For Staff of the Ontario Securities Commission

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REASONS AND DECISION

A. BACKGROUND

[1] On February 7, 2013, a hearing was held before the Ontario Securities Commission (the "Commission") with respect to an application dated January 28, 2013 (the "Application") brought by Western Wind Energy Corp. (the "Applicant") under subsection 104(1) of the Act, and a cross-motion dated February 4, 2013 (the "Respondent's Motion") brought by WWE Equity Holdings Inc., an indirect subsidiary of Brookfield Renewable Energy Partners LP, (together, the "Respondent").

[2] The Application is made to cease trade an Offer to Purchase For Cash (the "Offer") made by the Respondent for all of the outstanding common shares of the Applicant. The Offer was made on November 26, 2012 and had an initial expiry date of January 28, 2013 at 5:00 p.m., which was subsequently extended to 5:00 p.m. on February 11, 2013.

[3] The Application requested the Commission to issue:

(a) an order compelling the Respondent to obtain at its own expense a formal valuation of the Applicant and to otherwise comply with section 2.3 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101");

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

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

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

[4] In response to the Application, the Respondent's Motion was brought seeking:

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

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

[5] On February 1, 2013 a pre-hearing conference was held and it was determined that the hearing on February 7, 2013 would deal with the following three issues: (1) the Applicant's request for an interim and interlocutory order cease trading the Offer, (2) the Respondent's Motion, and (3) the confidentiality motion. If necessary, a subsequent hearing would be scheduled to address the formal valuation required under MI 61-101.

[6] On February 7, 2013, after reviewing all the materials submitted by the parties and hearing oral submissions from counsel for the Applicant, the Respondent and Staff of the Commission ("Staff"), the Commission issued an order (the "Order"):

1. dismissing the Applicant's request for a temporary order cease trading the Offer;

2. granting the Respondent's Motion to dismiss the Application; and

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

[7] These are our reasons for issuing the Order.

B. ANALYSIS

1. The Temporary Cease Trade Order

i. The Law

[8] Subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") authorizes the Commission to make certain orders in the public interest, including temporary cease trade orders. As stated in *Re Doulis* (2011), 34 O.S.C.B. 9597 at paras. 23 and 24:

> The Commission has observed that the dynamism and innovation of the capital markets can, and does, lead to abuse. As such, a "regulatory agency charged with oversight of the capital markets

> must have the capacity to move quickly to stop transactions which it considers to be injurious to the capital markets" (*Canadian Tire*, *supra*, at paragraph 127).
>
> To ensure that the Commission is able to intervene in a timely manner to protect investors and the capital markets, subsection 127(5) authorizes the Commission to issue a temporary cease trade order, "if in the opinion of the Commission the length of time required to conclude a hearing could be prejudicial to the public interest."

[9] The authority of the Commission to issue a temporary cease trade order is directly related to its statutory mandate set out in section 1.1 of the Act to: (a) provide protection to investors from unfair, improper or fraudulent practices; and (b) foster fair and efficient capital markets and confidence in capital markets.

[10] It is well established that the issuance of a temporary cease trade order is an extraordinary remedy and one that should not be exercised lightly. There must be sufficient evidence to support issuing such an order. In *Re Valentine* (2002), 25 O.S.C.B. 5329 at p. 5331, the Commission stated:

> In *Biller v. British Columbia (Securities Commission)*, [1998] B.C.J. No. 451 (BCCA), the BCSC had made a temporary order against Mr. Biller. Mr. Biller alleged that a temporary order was akin to an injunction and, as such, the BCSC erred in failing to consider the tests of irreparable harm and balance of convenience. At paragraph 11 the BCCA stated:
>
> > The submission is, in my view, misconceived. ***Temporary orders under the Act undoubtedly have much the same effect as interlocutory injunctions but are fundamentally different in that they are based upon statutory provisions which empower the orders to be made if the Commission or executive director "considers it to be in the public interest".*** To apply the tests applicable to common law injunctions to the exercise of that power would create a confusion of concepts. One may expect that the Commission will have due regard to the potential for harm to those who are subjects of the orders and reasonable regard to the convenience of any persons who might be affected by them. ***But, because the basic issue is whether it is in the public interest to make the order, the matters to be balanced are different.*** [Emphasis added in original]
>
> … Having regard to the legislative scheme as contained in s. 127, as well as the length of time required to conclude a hearing in this matter, we must satisfy ourselves, at this time, that there is sufficient evidence of conduct which may be harmful to the public interest.
>
> In exercising its regulatory authority, the Commission should consider all of the facts including, as part of its sufficiency consideration, ***the seriousness of the allegations and the evidence supporting them.*** The Commission should also consider any explanations or evidence that may contradict such evidence. This will allow it to weigh the threat to the public interest against the potential consequences of the order. [Emphasis added]

[11] The granting of a cease trade order is an extraordinary remedy. To obtain a temporary cease trade order, the party requesting such an order has a heavy onus to provide sufficient evidence to support issuing such an order in the public interest. The Commission has established that the evidence required may fall short of what would be required in a hearing on the merits, but there must be more than mere suspicion or speculation (*Re Doulis*, *supra* at para. 26 citing *Re Watson* (2008), 31 O.S.C.B. 705 at para. 41).

[12] Temporary cease trade orders are often issued in the context of regulatory enforcement proceedings. However, they may also be issued in the context of merger and acquisition ("M&A") transactions where different public interest considerations come into play. As stated in *Re Canadian Tire Corp. et al.* (1987), 10 O.S.C.B. 857 at pages 929 to 933:

> … the Commission has indicated that it would be prepared to use its power under section 123 [now 127] to deal with situations that are inconsistent with the best interests of investors or where a transaction constitutes a flagrant abuse of the marketplace.
>
> …
>
> … The Legislature deliberately has given the Commission a broad unfettered power to move quickly to intervene in the capital markets to stop a trade or a transaction which it deems to be contrary to the public interest. … the Legislature has vested in the Commission the power to

> intervene where it has been demonstrated that such intervention is necessary to fulfill the Commission's mandate to regulate the capital markets in the public interest.
>
> …
>
> … the Commission should act to restrain a transaction that is clearly abusive of investors and of the capital markets, whether or not that transaction constitutes a breach of the Act, regulations or a [Rule]. Such occasions may be rare, but the power is there in section [127] and it ought to be used in appropriate circumstances.

[13] Accordingly, the Commission's public interest jurisdiction permits it to intervene in M&A transactions even if there is no breach of Ontario securities law. However, that public interest jurisdiction "must be exercised with caution and restraint" (*Re Patheon Inc.* (2009), 32 O.S.C.B. 6445 at para. 114).

[14] In the present case, the Applicant asked us to cease trade the Respondent's Offer on an interim basis pending a hearing to consider whether a formal valuation was required. The applicable test for issuing a temporary cease trade order is set out in *Re Valentine* and was affirmed recently in *Re Doulis* and is as follows:

(1) the allegation made must be serious;

(2) there must be *prima facie* evidence supporting the allegation; and

(3) the public interest must favour granting this extraordinary remedy.

[15] The burden is on the party requesting the temporary cease trade order to demonstrate that this three-part test is met. We have applied this test in coming to the conclusion that it is not appropriate in the circumstances to issue a temporary order cease trading the Offer.

ii. The Seriousness of the Allegations

[16] The Applicant submits that the Respondent is required pursuant to section 2.3 of MI 61-101 to prepare a formal valuation in connection with the Offer because the Respondent is an insider making an insider bid. The Respondent owns 16% of the voting shares of the Applicant. Section 2.3 of MI 61-101 provides as follows:

> **2.3 Formal Valuation**
>
> (1) The offeror in an insider bid shall
>
> (a) obtain, at its own expense, a formal valuation,
>
> (b) provide the disclosure required by section 6.2,
>
> (c) include, in accordance with section 6.5, a summary of the formal valuation in the disclosure document for the insider bid, unless the formal valuation is included in its entirety in the disclosure document, and
>
> (d) comply with the other provisions of Part 6 applicable to it relating to formal valuations.
>
> (2) An independent committee of the offeree issuer shall, and the offeror shall enable the independent committee to
>
> (a) determine who the valuator will be,
>
> (b) supervise the preparation of the formal valuation, and
>
> (c) use its best efforts to ensure that the formal valuation is completed and provided to the offeror in a timely manner.

[17] The Applicant submits that the requirement to provide a formal valuation is an important provision of MI 61-101, such that failure to comply is a serious issue. In considering this issue, it is important to recognize the policy rationale behind the requirement to provide a formal valuation in connection with an insider bid.

[18] A take-over bid circular must provide shareholders with sufficient information to permit them to make an informed decision whether or not to tender to the bid.

[19] The policy rationale for the formal valuation requirement is that insiders may have access to more or better information about an issuer than other shareholders, including undisclosed material information. That may give the bidder an unfair advantage in valuing the securities of the target. The purpose of the formal valuation requirement is to ensure that all target shareholders are able to make an informed decision whether or not to tender to the bid and that shareholders have the benefit of an independent assessment of the fair market value of an issuer when assessing an insider bid for the issuer. This rationale is consistent with the overall policy objectives of the take-over bid regime, which include, in particular, protecting the interests of target shareholders. In our view, the failure to provide a formal valuation when one is required is a serious allegation.

[20] The fact that the Offer is an insider bid is not disputed. What is disputed is whether subsection 2.4(1)(a) of MI 61-101 is applicable to the Respondent. Section 2.4 of MI 61-101 states:

> **2.4 Exemptions from Formal Valuation Requirement**
>
> (1) Section 2.3 does not apply to an offeror in connection with an insider bid in any of the following circumstances:
>
> (a) **Lack of Knowledge and Representation** – neither the offeror nor any joint actor with the offeror has, or has had within the preceding 12 months, any board or management representation in respect of the offeree issuer, or has knowledge of any material information concerning the offeree issuer or its securities that has not been generally disclosed, [emphasis added]
>
> …

[21] The question is whether the Respondent "has knowledge of any material information concerning the offeree issuer or its securities that has not been generally disclosed". If the Respondent has such knowledge, then it must prepare a formal valuation in connection with its offer.

iii. Evidence Supporting the Allegations

Information Known to the Respondent

[22] The Applicant submits that the Respondent has knowledge of undisclosed material information about the Applicant, through (i) discussions with the Applicant starting in 2008 and continuing until late October 2011 concerning the possible purchase of the Applicant's assets and subsequent discussions about whether the Respondent would provide a $60 million credit facility to the Applicant, and (ii) negotiations related to the Respondent's potential purchase of the Applicant which took place up to January 19, 2013. At the hearing, the Applicant focused its submissions on the following information alleged to be known by the Respondent:

(a) the prices that purchasers pay the Applicant per megawatt hour of electricity under the Applicant's confidential power purchase agreements ("PPAs") with electrical utility companies; and

(b) the specific annual average wind speed per second measured in meters at the Applicant's various projects.

We will refer to that information as the "Confidential Information".

[23] The Applicant submits that the prices under the PPAs and average wind speed per second at the Applicant's projects have never been publicly disclosed and that this information is critical to anyone who wants to establish an accurate cash flow forecast for the Applicant, especially with regard to new projects whose results are not yet reflected in financial results.

[24] The Applicant also submits that in an e-mail dated January 24, 2008, the Applicant provided the Respondent with information about its operations including borrowing rates and key terms of the Applicant's most recent PPAs. This e-mail did not state that this information was confidential, and no confidentiality agreement was put in place at the time.

[25] The Applicant also submits that undisclosed material information was provided to the Respondent during a three hour meeting on August 30, 2012 and a six hour meeting on January 19, 2013. The Respondent submits in response that such information was not supported by documents that would have allowed it to verify the accuracy or completeness of the information, such as engineers' reports, studies, contracts, leases or permits. When questioned by the Panel at the hearing about whether written material was provided to the Respondent at the meetings, the Applicant conceded that "there's no

particular evidence in the record about that" but that "there would be a fair bit of detail and fair bit of notetaking". There was no evidence before us that documentation such as PPAs and other contracts was actually provided to the Respondent.

[26] The Applicant submitted in evidence an affidavit of David Savard ("Mr. Savard"), the Managing Director of Rothschild (Canada Inc.), the firm retained by the Applicant to provide a fairness opinion in connection with the Offer. Mr. Savard states in his affidavit that "[a] key component in the top-down forecasting exercise is the ability to adequately predict revenues over the forecasting period" and that "[t]his is where knowledge of the prices under Western Wind's confidential [PPAs] and knowledge of wind speed per second is highly significant".

[27] The Respondent submits that the Applicant has already publicly disclosed some of the Confidential Information which the Applicant claims is undisclosed material information. We were provided evidence of the transcript of the Applicant's November 30, 2012 Q3 corporate earnings conference call where the Applicant's CEO publicly disclosed information relating to the wind speed at the Applicant's flagship project in California.

[28] We note that in response to the Offer, the Applicant is soliciting offers from other potential bidders. Interested persons who signed confidentiality and standstill agreements were given access to the Applicant's data room which contains current information about the Applicant's PPAs and average wind speed per second. There were 14 potential bidders that obtained access to the Applicant's data room.

[29] In oral submissions, Staff emphasized that the hearing before us was not the merits hearing to address whether a formal valuation is required and that the Panel was not being asked to determine whether the information at issue is material information (Transcript, February 7, 2013, p. 123 lines 20 to 23). While we agree that the hearing on February 7, 2013 was not the merits hearing, we must determine whether there is sufficient prima facie evidence to support the allegation that the Respondent has knowledge of undisclosed material information about the Applicant.

What is Material Information?

[30] We must determine whether the Respondent has knowledge of "material information" for purposes of section 2.4(1)(a) of MI 61-101. In our view, "material information" includes "material facts" or "material changes" with respect to the Applicant within the meaning of those terms in the Act. Both terms turn on whether a fact or change would "reasonably be expected to have a significant effect on the market price or value" of the Applicant's securities.

[31] There are however, other disclosure requirements applicable to a take-over bid circular and a directors' circular. Item 23 of Form 62-504F1 – *Take-Over Bid Circular* requires that a bid circular describe:

> (a) any material facts concerning the securities of the offeree issuer, and
>
> (b) any other matter not disclosed in the take-over bid circular that has not previously been generally disclosed, is known to the offeror, and that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.

[32] A directors' circular is required to disclose information that would reasonably be expected to affect the decision of a shareholder to accept or reject an offer, and Form 62-504F3 – *Directors' Circular* requires that the following disclosure be made:

> ***Item 13 – Material changes in the affairs of offeree issuer***
>
> State the particulars of any information known to any of the directors or officers of the offeree issuer that indicates any material change in the affairs of the offeree issuer since the date of the last published interim financial report or annual financial statements of the offeree issuer.
>
> ***Item 14 – Other material information***
>
> State the particulars of any other information known to the directors but not already disclosed in the directors' circular that would reasonably be expected to affect the decision of the security holders of the offeree issuer to accept or reject the offer.
>
> …
>
> ***Item 19 – Certificate***
>
> A directors' circular certificate form must state:

> *The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.*

[33] In its submissions, the Applicant took the position that:

> In the context of a valuation, materiality is determined by asking whether one's view of value would be influenced, changed or affected by the omission or mis-statement of factors like PPA pricing and wind speed.

[34] We note, however, that the materiality test at issue is not what factors or information may be necessary to prepare a formal valuation or what factors might influence, change or affect such a valuation. Further, the question is not what information would be "highly significant" in that context (see paragraph [26]).

[35] We also note that the Applicant is alleging that the Respondent has knowledge of undisclosed material information about the Applicant yet at the same time the Applicant has stated in its Directors' Circular that there is no information that is known to the directors or officers of the Applicant that would reasonably be expected to affect the decision of its shareholders whether to tender to the bid. Specifically, the Applicant's Directors' Circular dated December 7, 2012 (the " Directors' Circular") states at page 11 that:

> As of the date hereof, except as disclosed in this Directors' Circular or otherwise publicly disclosed, there is no information that is known to the directors or officers of [the Applicant] that would reasonably be expected to affect the decision of the [Applicant's] shareholders to accept or reject the Offer.

[36] In our view, the Applicant has not established that the Confidential Information is likely material in the sense that it would, if disclosed, reasonably be expected to have a significant effect on the market price or value of the Applicant's securities. Nor, in our view, has the Applicant established that it is likely that the Confidential Information would reasonably be expected to affect the decision of a shareholder to accept or reject the Offer.

[37] For the reasons set out above, we find that the Applicant has not established that there is a prima facie case that the Respondent has knowledge of material undisclosed information within the meaning of section 2.4(1)(a) of MI 61-101. Accordingly, it does not appear to us that the Respondent has an obligation to obtain a formal valuation with respect to the Offer.

iv. Public Interest Considerations

[38] An important part of the Commission's mandate is to provide protection to investors from unfair, improper or fraudulent practices. The Commission's mandate also requires it to foster fair and efficient capital markets and confidence in capital markets. The Commission will intervene in situations where an offer is abusive, contravenes Ontario securities law or an animating principle underlying that law, or brings the integrity of the capital markets into disrepute.

[39] The Applicant submits that its shareholders face a significant risk of irreparable harm if a temporary cease trade order is not granted. According to the Applicant, in the absence of such an order, its shareholders would be coerced into tendering to the Offer without a formal valuation meant to provide information to protect minority shareholders, while at the same time, the Respondent's Offer has inhibited other bidders from coming forward.

[40] The Respondent submits that a temporary cease trade order should only be granted if the Commission is satisfied that such an order is required to remedy an abuse. It also submits that the evidentiary record before the Commission does not meet the standard for the Commission's intervention. In support of its position, the Respondent referred us to *Re Sears Canada Inc.* (2006), 35 O.S.C.B. 8781 at paragraph 304:

> The frequently cited *Canadian Tire* decision established that the Commission can and will intervene on public interest grounds even if there is no breach of the Act, the regulations or Commission policies. ***In such circumstances, the Commission's public interest jurisdiction will be invoked where necessary to prevent an otherwise abusive transaction from occurring.*** Accordingly, the standard for intervention in such circumstances is more than a complaint of unfairness and will generally involve some showing of a broader impact on the operation of the capital markets (*Re Canadian Tire Corp.* (1987), 10 O.S.C.B. 858 at 948, affirmed (1987) 37 D.L.R (4th) 94 (Div. Ct). [Emphasis added]

[41] We also note that in their July 30, 2012 news release, the Applicant stated that a fairness opinion with respect to the financial adequacy of the Offer would be prepared. No fairness opinion was prepared by the Applicant. In the circumstances, we draw an adverse inference from the fact that no fairness opinion as to the adequacy of the Offer has been prepared.

[42] The Applicant publicly announced that it was up for sale on July 30, 2012. In the six months since then, the Applicant has received only one offer, the Respondent's Offer. The Respondent has increased the price payable under that offer from an initial $2.50 per share to $2.60 per share. According to the Respondent's January 28, 2013 news release, the price of $2.60 is a premium of 24% based on the Applicant's closing price of $2.09 on August 28, 2012 (the last trading day prior to the Respondent's announcement of its initial investment in the Applicant). No other competing offers have come forward despite 14 potential bidders having gained access to the data room.

[43] We do not find anything abusive about the Offer. There is no apparent contravention of Ontario securities law and we have not found that there is *prima facie* evidence that the Respondent has contravened the requirement to prepare a formal valuation under MI 61-101. Accordingly, there is no public interest basis for us to cease trade the Offer.

v. Finding

[44] The Applicant requested the Commission to issue a temporary cease trade order and the Applicant has the onus of establishing that it is in the public interest to grant such an extraordinary remedy. While we find that the Applicant did raise a serious matter (an alleged failure to prepare a formal valuation), the Applicant did not tender sufficient prima facie evidence to satisfy that onus. We have concluded that it is not in the public interest to issue a cease trade order in these circumstances.

2. Application under Section 104 of the Act

[45] The Applicant brought the Application under section 104 of the Act. The Respondent submitted that the Application should be quashed because there is no right to a hearing under section 104 of the Act and the Commission may decline to hear an application brought under section 104. In this regard, the Respondent referred us to the recent decision *Re Fibrek (*2012), 35 O.S.C.B. 3645 ("*Fibrek*"). According to the Respondent, circumstances under which the Commission may decline to hear a section 104 application include where it is *prima facie* without merit, or where no valid purpose is served by the application or it is tactical and in the nature of a defensive measure.

[46] In our view, the Commission may decline to hear an application brought under section 104 of the Act. As stated in *Fibrek* (at paragraph 49):

> In our view, the Commission is not required to hold a hearing on the merits simply because an interested person has made an application under subsection 104(1) of the Act. We are required to consider that application and to give an applicant an opportunity to be heard. However, our inherent authority to govern our own processes allows us to dismiss an application on any appropriate grounds, including a decision not to assert our jurisdiction. An opportunity to be heard on the Application has been given to Mercer in this matter.

[47] Accordingly, the Commission can decline to hold a hearing on the merits in respect of an application brought under section 104 for any appropriate reason, including because the application is *prima facie* without merit, because no useful purpose would be served by the hearing or because holding such a hearing is not in the public interest.

[48] In our view, it is not appropriate in these circumstances to hold a hearing on the merits with respect to the Application. The Respondent's Motion to dismiss the Application is granted.

3. The Respondent's Alternative Argument for Granting an Exemption

[49] The Respondent's Motion also requested in the alternative that the Commission grant an exemption from the formal valuation requirement pursuant to subsection 9.1(2) of MI 61-101. In light of our conclusions above, there is no need to address the alternative relief requested by the Respondent.

4. Confidentiality

[50] The Applicant requested that it be allowed to file redacted public versions of materials filed by it and by the Respondent because certain of the materials contained confidential business information about the Applicant. Neither the Respondent nor Staff objected to this request, although the Respondent did question the need for the order.

[51] Rule 5.2 of the Commission's *Rules of Procedure* authorizes a panel to order that any documents filed in a hearing be kept confidential pursuant to section 9 of the *Statutory Powers Procedures Act*, R.S.O. 1990, c. S.22, as amended (the "SPPA").

[52] At the hearing, we were prepared to accept the submission that certain of the materials filed by the Applicant and the Respondent contained commercially sensitive information about the Applicant and that it would be appropriate to redact such information from the public record. As a result, the Applicant and the Respondent were requested to file both confidential and redacted versions of all materials. As some of the Respondent's hearing materials also contained what may be commercially

sensitive information about the Applicant, the Applicant agreed to redact the Respondent's materials. All parties were able to make oral submissions without reference to the commercially sensitive information redacted from the publicly filed materials.

C. CONCLUSION

[53] For the reasons set out above:

1. The Applicant's request for a temporary order cease trading the Offer was dismissed;

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

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

Dated at Toronto this 25th day of June, 2013.

"Mary G. Condon"

"James E. A. Turner"

"Judith N. Robertson"

3.1.2 New Found Freedom Financial et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
NEW FOUND FREEDOM FINANCIAL,
RON DEONARINE SINGH, WAYNE GERARD MARTINEZ, PAULINE LEVY,
DAVID WHIDDEN, PAUL SWABY AND ZOMPAS CONSULTING

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

Hearing:	March 13, 2013		
Decision:	June 26, 2013		
Panel:	James D. Carnwath, Q.C.	–	Commissioner and Chair of the Panel
Appearances:	Amanda Heydon Sean Horgan	–	For Staff of the Commission
	Ron D. Singh	–	Did not appear
	Wayne G. Martinez	–	Did not appear
	Pauline Levy	–	Did not appear
	New Found Freedom Financial	–	Did not appear

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PART I – OVERVIEW

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Act***") to determine whether it is in the public interest to order sanctions against New Found Freedom Financial ("**NFF**"), Ron Deonarine Singh ("**Singh**"), Wayne Gerard Martinez ("**Martinez**") and Pauline Levy ("**Levy**") (collectively, the "**Respondents**").

[2] Prior to the merits hearing, Paul Swaby ("**Swaby**"), Zompas Consulting ("**Zompas**") and David Whidden ("**Whidden**"), who were also named as respondents in the matter, settled with Enforcement Staff of the Commission ("**Staff**"). On July 26, 2012, the Commission approved a settlement agreement between Staff and Swaby and Zompas (*Re New Found Freedom Financial* (2012), 35 O.S.C.B. 7085). On September 7, 2012, the Commission approved a settlement agreement between Staff and Whidden (*Re New Found Freedom Financial* (2012), 35 O.S.C.B. 8414 (the "**Whidden Order**").

[3] The Commission's Reasons and Decision on the merits dated December 17, 2012 (*Re New Found Freedom Financial et al.* (2012), 35 O.S.C.B. 11522 (the "Merits Decision")) concluded that the Respondents engaged in conduct including unregistered trading and an illegal distribution of securities which resulted in losses of at least $1.1 million to investors. In addition, certain of the Respondents were found to have perpetrated a fraud.

[4] A separate hearing was held on March 13, 2013 to consider submissions regarding the sanctions and costs (the "Hearing"). Staff appeared at the Hearing and made submissions. The Respondents did not appear or make submissions on sanctions and costs, despite being served with the Merits Decision.

[5] I am satisfied that the Respondents have received notice of this proceeding and that I may proceed in the absence of the Respondents, in accordance with subsection 7(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and Rule 7.1 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 ("***Rules of Procedure***").

The Merits Decision

[6] In the Merits Decision, I found that:

(a) the Respondents traded and engaged in or held themselves out as engaging in the business of trading in securities without being registered to do so and without an exemption from the dealer registration requirement, contrary to subsection 25(1)(a) of the *Act* as that section existed at the time of the conduct at issue, and contrary to subsection 25(1) of the *Act* as subsequently amended on September 28, 2009;

(b) the activities of the Respondents constituted a distribution of securities for which no preliminary prospectus or prospectus has been filed and for which no receipt has been issued by the Director, contrary to subsection 53(1) of the *Act*;

(c) NFF, Singh and Martinez directly or indirectly engaged or participated in acts, practices or a course of conduct relating to securities that they knew or reasonably ought to have known perpetrate a fraud on persons contrary to subsection 126.1(b) of the *Act*;

(d) as *de facto* directors of NFF, Singh and Martinez authorized, permitted or acquiesced in NFF's non-compliance with Ontario securities law and accordingly are deemed to have not complied with Ontario securities law, pursuant to section 129.2 of the *Act*; and

(e) the Respondents' conduct outlined above was contrary to the public interest and harmful to the integrity of the capital markets in Ontario.

(Merits Decision, above at para. 210)

[7] I found that NFF was a foreign exchange trading ("**Forex**") scheme, in which investors were persuaded to advance money for investment in Forex on the promise of unrealistic returns. Funds from investors late to the program were used to pay earlier investors and the proponents of the scheme, to their detriment (Merits Decision, above at para. 1).

[8] Singh, Martinez and Levy provided investment agreements (the "**NFF Investment Contracts**") to potential investors (Merits Decision, above at para. 176). I found that the NFF Investment Contracts were securities within the meaning of the *Act* (Merits Decision, above at para. 178). Singh, Martinez and Levy met with investors to discuss NFF Investment Contracts, and they each prepared and/or distributed promotional materials describing the NFF Investment Contracts (Merits Decision, above at para. 176).

[9] Singh and Martinez were the directing minds of NFF (Merits Decision, above at para. 208). They made all significant business decisions and had control over NFF's bank accounts, into which investor funds were deposited. They paid referral fees to Levy and others who brought investors into the NFF program (Merits Decision, above at para. 177).

[10] Singh and Martinez knowingly committed fraud. I found that their conduct was "nothing less than a litany of deceit, falsehoods and other fraudulent means", of which they each had subjective knowledge, including:

- Singh and Martinez represented to investors that their funds would be used for Forex or kept on deposit, but some investor funds were loaned to a property development company. Singh and Martinez admitted that they knew those funds were not being used for Forex;

- investor accounts were not segregated despite representations to the contrary in one of the NFF Investment Contracts;

- they admitted that NFF used investor funds to make monthly payments to other investors;

- despite knowing that NFF had not transferred any funds to Forex traders since January 23, 2009, they continued to solicit new investments without informing investors of this fact;

- after January 23, 2009, investors were provided with "Confirmation" letters which stated their funds would be deposited with a trader on a particular date when, in fact, no deposits were being made to any of the traders;

- they continued to seek new investments after July 3, 2009, without informing investors that NFF had stopped receiving payments from any of the Forex traders;

- despite knowing that NFF had not received any payments from any of the Forex traders since July 3, 2009, they represented to investors that NFF was having difficulty making monthly payments in July, August and September 2009 due solely to "banking problems";

- they used $173,890 of the funds in NFF's accounts for personal purposes including direct transfers to their individual accounts, cash withdrawals and VISA payments; and

- contrary to the representations made to investors by Singh and Martinez, investors' principal was not guaranteed – a total of over $1.1 million has never been returned to investors.

(Merits Decision, above at paras. 193 and 201)

[11] As *de facto* directors of NFF, I found that Singh and Martinez authorized, permitted or acquiesced in NFF's contraventions of sections 25, 53(1) and 126.1(b) of the *Act* (Merits Decision, above at para. 209).

PART II – SANCTIONS REQUESTED

[12] Staff submits that the following sanctions are appropriate:

(i) With respect to NFF, Singh and Martinez:

- an order that NFF, Singh and Martinez cease trading in and acquiring securities permanently;

- an order that any exemptions contained in Ontario securities law do not apply to NFF, Singh and Martinez permanently;

- an order that Singh and Martinez be reprimanded;

- an order that Singh and Martinez resign all positions they hold as a director or officer of any issuer, registrant or investment fund manager;

- an order that Singh and Martinez are permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

- an order that NFF, Singh and Martinez are permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;

- an order requiring Singh and Martinez to each pay an administrative penalty of $250,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the *Act*;

- an order making NFF, Singh and Martinez jointly and severally liable to disgorge to the Commission $1,142,618 obtained as a result of their non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the *Act*; and

- an order requiring payment by NFF, Singh and Martinez on a joint and several basis of $85,856 representing part of the costs incurred in the hearing of this matter.

(ii) With respect to Levy:

- an order that Levy cease trading in and acquiring securities for a period of 5 years, with the exception that, once she has satisfied all monetary orders, she be permitted to trade and acquire securities for the account of her registered retirement savings plan as defined in the *Income Tax Ac*t, R.S.C. 1985, c. 1, as amended;

- an order that any exemptions contained in Ontario securities law do not apply to Levy for a period of 5 years, except as required to trade in or acquire securities in accordance with the exception provided above;

- an order that Levy be reprimanded;

- an order that Levy resign all positions she holds as a director or officer of any issuer, registrant or investment fund manager;

- an order that Levy is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 5 years;

- an order that Levy is prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 5 years;

- an order requiring Levy to pay an administrative penalty of $15,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the *Act*;

- an order that Levy disgorge to the Commission $63,849 obtained as a result of her non-compliance with Ontario securities law, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the *Act*; and

- an order requiring payment by Levy, jointly and severally with NFF, Singh and Martinez, of $10,000 representing part of the costs incurred in the hearing of this matter.

PART III – THE LAW

[13] Staff made extensive submissions with respect to the applicable law in this matter which are reproduced in this Part III.

A. The Imposition of Sanctions

[14] The Commission must ensure that the sanctions imposed in each case are proportionate to the circumstances and conduct of the particular respondent. Some of the factors the Commission has considered in determining appropriate sanctions include:

(a) the seriousness of the allegations;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been a recognition of the seriousness of the improprieties;

(e) whether or not the sanctions imposed may serve to deter not only those involved in the case being considered, but any like-minded people from engaging in similar abuses of the capital markets;

(f) any mitigating factors;

(g) the size of any profit made or loss avoided from the illegal conduct;

(h) the size of any financial sanction or voluntary payment considered with other factors;

(i) the effect any sanction might have on the livelihood of a respondent;

(j) the restraint any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(k) the reputation and prestige of the respondent;

(l) the shame or financial pain that any sanction would reasonably cause to the respondent; and

(m) the remorse of the respondent.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746); *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 at 1134-1136)

[15] The Commission may also consider general and specific deterrence in crafting appropriate sanctions. The weight given to general deterrence will vary from case to case and is a matter within the discretion of the Commission (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 ("***Cartaway***") at paras. 60 and 64; *Re Momentas Corp.* (2007), 30 O.S.C.B. 6475 at paras. 51-52).

B. Application of Factors

[16] I accept Staff's submissions and agree that the factors below are particularly relevant to the drafting of sanctions in this case.

(i) Seriousness of the Allegations

[17] Where a respondent has breached securities law in a number of respects, the Commission may consider the seriousness of the breaches both individually and collectively (*Re Rowan* (2010), 33 O.S.C.B. 91 ("***Rowan***") at paras. 161 and 165).

[18] The evidence established that NFF, Singh and Martinez committed a series of breaches of the *Act* that included unregistered trading and distribution of securities without a prospectus. The Commission has previously held that the registration and prospectus requirements are essential to the regulatory framework of the *Act* and play an essential role in the protection of investors (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 1727 at para. 135; *Re MP Global Financial Ltd.* (2011), 34 O.S.C.B. 8897 at para. 117).

[19] I found that NFF, Singh and Martinez committed dishonest acts and engaged in an ongoing course of deceitful and fraudulent conduct, including:

(a) misrepresentations to investors in the NFF Investment Contracts and promotional materials;

(b) making misleading statements or omissions in the course of soliciting investors after January 23, 2009 and July 3, 2009;

(c) unauthorized use of investor funds to make payments to other investors; and

(d) use of investor funds for personal purposes.

(Merits Decision, above at paras. 193 and 201)

[20] The Commission has previously held that:

> Fraud is "one of the most egregious securities regulatory violations" and is both "an affront to the individual investors directly targeted" and something that "decreases confidence in the fairness and efficacy of the entire capital market system".
>
> (*Re Al-Tar Energy Corp. (*2010), 33 O.S.C.B. 5535 at para. 214 citing *Re Capital Alternatives Inc.* (2007), A.B.A.S.C. 79 at para. 308 citing D. Johnston and K.D. Rockwell, *Canadian Securities Regulation*, 4th ed., Markham: Lexis Nexis, 2007 at 420).

[21] I agree with Staff's submissions that conduct of NFF, Singh and Martinez, including persistent deception of investors, is cause for genuine concern. As a result of this conduct, investors sustained losses of at least $1.1 million.

[22] I found that Levy engaged in unregistered trading and distribution of securities without a prospectus. I agree with Staff's submissions that the seriousness of Levy's conduct is compounded by the fact that she used her position of trust as a mortgage broker agent to solicit investors for NFF. Levy suggested to her mortgage clients that they could use an investment in NFF to help pay their mortgages, and some of them ultimately decided to take some equity out of their homes to invest with NFF (Merits Decision, above at paras. 127, 180 and 186).

(ii) Respondents' Experience in the Marketplace

[23] There is no evidence that any of the Respondents have any experience in the capital markets other than with respect to this scheme. None of the Respondents have ever been registered with the Commission in any capacity.

(iii) Respondents' Recognition of the Seriousness of the Improprieties

[24] The Respondents appeared personally at the merits hearing. Martinez and Levy testified on their own behalf, while Singh did not testify and did not call any witnesses. The Respondents took no responsibility for their actions nor did they express remorse. Martinez blamed others, including the Commission.

[25] Staff submits that the actions of the Respondents demonstrate they have not recognized the seriousness of their conduct. I do not find this to be an aggravating factor.

(iv) Profit Made or Loss Avoided from Illegal Conduct

[26] The Respondents raised a total of $1,844,725 from 57 investors. Singh and Martinez used investor funds to make payments to themselves, cash withdrawals, and payments to VISA accounts in their names totalling $173,890 (Merits Decision, above at paras. 10, 31, 38 and 193).

[27] Levy received referral fees from NFF for referring investors into the program. She received payments from NFF through the accounts of her business partner totalling $63,849 (Merits Decision, above at paras. 31, 42 and 123-124). Although Levy used some of these funds to make payments to her clients, she did not provide sufficient evidence to establish the exact amount used for this purpose (Merits Decision, above at para. 124). The balance of these payments were retained by Levy for her referral fees (Merits Decision, above at para. 42).

(v) Any Mitigating Factors

[28] I find there are no mitigating factors in respect of NFF, Singh or Martinez. On the contrary, they persisted in their unlawful course of conduct knowing that they were dishonestly depriving investors of their funds.

[29] There is no evidence that Levy was aware the NFF investment was fraudulent at the time she referred clients to the program. Rather, she believed what Martinez told her about the program. After investors stopped receiving payments from NFF, Levy made some efforts to assist them in recovering their funds. This is a mitigating factor that may be considered by the Panel in determining the appropriate sanctions.

(vi) General and Specific Deterrence

[30] There is a need to send a strong message to the Respondents and the public at large in this case. Orders removing NFF, Singh and Martinez permanently from the capital markets, imposing significant administrative penalties and requiring disgorgement of funds not returned to investors are proportionate to their misconduct, and will send a message to NFF, Singh and Martinez and to like-minded individuals that involvement in these types of fraudulent schemes will result in severe sanctions.

[31] In addition, orders removing Levy from the capital markets for a period of 5 years, requiring disgorgement of all funds received from NFF and imposing an administrative penalty will send a message to Levy and to like-minded individuals that breaches of the registration and prospectus requirements will be viewed seriously by the Commission.

C. Market Bans

(i) NFF, Singh and Martinez

[32] Staff submits that given their conduct, NFF, Singh and Martinez should be subject to permanent trading, acquisition and exemption bans, and Singh and Martinez should also be subject to permanent director and officer bans. Even in the

absence of a fraud finding, the Commission has held that permanent trading, exemption and director and officer bans were necessary where a respondent had violated sections 25 and 53 of the *Act* and had engaged in misleading and deceptive behaviour. Staff submits that a permanent ban is all the more appropriate where fraud has been found (*Re Ochnik* (2006), 29 O.S.C.B. 3929 at paras. 108-113).

[33] Staff further submits that the trading and acquisition bans applicable to Singh and Martinez should not be subject to a "carve out" for personal trading in an RRSP account. The Commission has declined to grant a carve-out for personal trading where it had "no confidence whatsoever" that the respondent would not "once again push the envelope by engaging in conduct which is detrimental to others and abusive of our capital markets". Singh and Martinez's fraudulent conduct demonstrates that they cannot be trusted to participate in the capital markets in even a limited capacity (*Re Fortuna-St. John* (1998), 21 O.S.C.B. 3851 at paras. 130-133).

[34] I agree with Staff's submissions and find that it is appropriate that NFF, Singh and Martinez be subject to permanent trading, acquisition and exemption application bans with no carve-out for personal trading. I further find that Singh and Martinez should be subject to permanent director and officer bans.

(ii) Levy

[35] With respect to Levy's conduct, Staff submits that a five year trading, acquisition, exemption and director and officer bans are appropriate in the circumstances. The Commission has previously held that five year market bans are appropriate where the respondents engaged in unregistered trading and illegal distribution of securities but were not involved in fraud (*Re Simply Wealth* (2013), 36 O.S.C.B. 811).

[36] Staff submits that five year bans are also consistent with the sanctions imposed by the Commission in a settlement agreement with Whidden. Whidden and Levy played similar roles as referrers for the NFF investment. They each engaged in unregistered trading and illegal distribution of securities by soliciting investors for NFF and receiving referral fees in return. Whidden received four year trading, acquisition, exemption and director and officer bans (Whidden Order, above). These sanctions took into account a number of mitigating factors, including cooperation in reaching a settlement and demonstrated remorse in repaying all of the referral fees he received to investors.

[37] The Supreme Court of Canada has held that while settlement agreements arrived at with co-respondents are not binding on the Commission in determining sanctions for other co-respondents, "such settlements are among the relevant factors in assessing the appropriate penalty" (*Cartaway*, above at para. 68).

[38] Staff further submits that the trading, acquisition and exemption bans applied to Levy should be subject to a "carve out" for personal trading in an RRSP account, to become active after payment of any order for disgorgement, administrative penalties and costs. This is also consistent with the Commission's approach in *Simply Wealth* and with the Whidden settlement agreement (*Simply Wealth*, above; Whidden Order, above).

[39] I agree with Staff's submissions and find that a five year trading, acquisition and exemption application ban with a carve-out for personal trading in an RRSP account after payment of monetary penalties and orders are appropriate sanctions for Levy. I also find that Levy should be subject to five year market prohibitions.

D. Disgorgement

[40] Pursuant to clause 10 of subsection 127(1) of the *Act*, the Commission has the power to order disgorgement of "any amounts obtained as a result of the non-compliance" with Ontario securities law. The Commission has previously held that "all money illegally obtained from investors can be ordered to be disgorged, not just the 'profit' made as a result of the activity" (*Re Limelight Entertainment Inc.* (2008), 31 O.S.C.B. 12030 ("*Limelight*") at para. 49).

[41] In *Limelight*, the Commission held that it should consider the following non-exhaustive list of factors when contemplating a disgorgement order, in addition to the general factors for sanctioning:

(a) whether an amount was obtained by a respondent as a result of non-compliance with the *Act*;

(b) the seriousness of the misconduct and the breaches of the *Act* and whether investors were seriously harmed;

(c) whether the amount that a respondent obtained as a result of non-compliance with the *Act* is reasonably ascertainable;

(d) whether the individuals who suffered losses are likely to be able to obtain redress; and

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

(*Limelight*, above at para. 52)

[42] Staff has the onus of proving, on a balance of probabilities, the amounts obtained by a respondent as a result of his or her non-compliance with the *Act*. Subject to that onus, any risk of uncertainty in calculating disgorgement falls on the wrongdoer whose non-compliance with the *Act* gave rise to the uncertainty (Limelight, above at para. 53).

[43] Staff submits that the total amount obtained by NFF, Singh and Martinez from investors, less amounts repaid to investors, should be disgorged based on consideration of the following factors:

(a) this amount was obtained as a result of NFF, Singh and Martinez's unregistered trading and facilitated by their fraudulent conduct;

(b) their misconduct was extremely serious and investors were seriously harmed by the fraud perpetrated by NFF, Singh and Martinez;

(c) the amount obtained by NFF, Singh and Martinez has been ascertained;

(d) it does not appear likely that investors will be able to recoup much, if any, of their losses given that virtually all of the investor funds have been disposed of by Singh and Martinez; and

(e) a disgorgement order for the amount lost by investors as a result of the conduct of NFF, Singh and Martinez would have a significant specific and general deterrent effect.

[44] Levy must be credited for $4,000 returned to four investors as shown in Ex. 115, Tab 1, pp. 10 and 14. The sum to be disgorged and sought by Staff of $63,849 should be reduced to $59,849.

[45] As a result of their non-compliance NFF, Singh and Martinez raised $1,844,725 from investors and returned $702,107 during the same period (Merits Decision, above at paras. 31 and 33). As *de facto* directors and officers of NFF, Singh and Martinez should be jointly liable with NFF for $1,071,269. The amount of $1,071,269 reflects the amount raised less: (i) the amounts repaid to investors by NFF, Singh, Martinez and Levy; (ii) the amount to be disgorged by Levy; and (iii) $7,500 ordered to be disgorged by Swaby and Zompas.

E. Administrative Penalty

[46] The Commission has held that an administrative penalty should be of a magnitude sufficient to ensure effective specific and general deterrence. Factors to be considered in determining an appropriate administrative penalty include: the scope and seriousness of a respondent's misconduct; whether there were multiple and/or repeated breaches of the *Act*; whether the respondent realized any profit as a result of his or her misconduct; the amount of money raised from investors; the harm caused to investors; and the level of administrative penalties imposed in other cases (*Rowan*, above at paras. 67, 70 and 73; *Limelight*, above at paras. 67, 71 and 78).

[47] Levy was deceived by Singh and Martinez. She took active steps to try and recover the money her clients invested. A more appropriate administrative penalty for her is $5,000. In all other respects I find Staff's submissions to be appropriate.

[48] I find the administrative penalties of $250,000 each sought against Singh and Martinez to be appropriate.

F. COSTS

[49] Section 127.1 of the *Act* enables the Commission to order a person or company to pay the costs of an investigation and a hearing if the Commission is satisfied that that person or company has not complied with the *Act* or has not acted in the public interest. A costs order pursuant to section 127.1 of the *Act* is not a sanction. Rather, it is a means of recovering the costs of a hearing or investigation from persons or companies who have breached Ontario securities law or acted contrary to the public interest. As the Commission is a self-funded body, it is appropriate that its costs should be borne by those who have caused them to be incurred rather than by capital markets participants who comply with securities law.

[50] The Commission's *Rules of Procedure* set out a number of factors a panel may consider in exercising its discretion to order costs pursuant to section 127.1 of the *Act*. The relevant factors in this case include:

- the conduct of Staff during the investigation and during the proceeding, and how Staff's conduct contributed to the costs of the investigation and the proceeding;

- whether the respondent contributed to a shorter, more efficient, and more effective hearing, or whether the conduct of the respondent unnecessarily lengthened the duration of the proceeding;

- whether the respondent participated in the proceeding in a way that helped the Commission understand the issues before it;
- whether the respondent participated in a responsible, informed and well-prepared manner;
- whether the respondent co-operated with Staff and disclosed all relevant information; and
- whether the respondent denied or refused to admit anything that should have been admitted.

(*Rules of Procedure*, above, Rule 18.2)

[51] I agree with Staff's calculation of costs. NFF, Singh and Martinez shall be jointly and severally liable for costs of $85,856 and Levy shall pay to the Commission costs of $5,000, jointly and severally with NFF, Singh and Martinez.

PART IV – CONCLUSION

[52] I have reviewed Staff's submissions with respect to the Merits Decision and find them to be accurate. I have reviewed Staff's submissions on the appropriate sanctions and found them, for the most part, to be appropriate.

[53] I have reviewed Staff's submissions on the applicable law and find the statement of the law to be consistent with established jurisprudence in Commission matters.

A. NFF, Singh and Martinez

[54] NFF, Singh and Martinez defrauded investors of over $1.1 million and took $173,890 for their personal use. They continued to solicit investments after NFF had stopped receiving payments from Forex traders. They contravened subsection 25(1)(a) of the *Act*, and 25(1) of the *Act* as amended on September 28, 2009, subsection 53(1) of the *Act*, subsection 126.1(b) of the *Act* and acted contrary to the public interest. Singh and Martinez are also deemed to have not complied with Ontario securities law, pursuant to section 129.2 of the *Act*. I find the following sanctions and costs to be appropriate and in the public interest:

(a) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*, that NFF, Singh and Martinez cease trading in and acquiring securities permanently;

(b) pursuant to paragraph 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to NFF, Singh and Martinez permanently;

(c) pursuant to paragraph 6 of subsection 127(1) of the *Act*, that Singh and Martinez be reprimanded;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Act*, that Singh and Martinez shall resign all positions they hold as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the *Act*, that Singh and Martinez are permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;

(f) pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, that NFF, Singh and Martinez are permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter;

(g) pursuant to paragraph 9 of subsection 127(1) of the *Act*, that Singh and Martinez shall each pay an administrative penalty of $250,000, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*;

(h) pursuant to paragraph 10 of subsection 127(1) of the *Act*, that NFF, Singh and Martinez are jointly and severally liable to disgorge to the Commission $1,071,269 obtained as a result of their non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*; and

(i) pursuant to section 127.1 of the *Act*, that NFF, Singh and Martinez shall pay on a joint and several basis $85,856 for costs incurred in the hearing of this matter.

B. Pauline Levy

[55] Levy engaged in the business of trading securities without being registered to do so and her activity constituted a distribution of securities. Levy's conduct resulted in breaches of subsection 25(1)(a) of the *Act*, subsection 25(1) of the *Act*, as amended on September 28, 2009 and subsection 53(1) of the *Act*. Her conduct was contrary to the public interest. I find the following sanctions and costs for Levy to be appropriate and in the public interest:

(a) pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the *Act*, that Levy cease trading in and acquiring securities for a period of 5 years, with the exception that she be permitted to trade and acquire securities for the account of her registered retirement savings plan, as defined in the *Income Tax Act*, R.S.C. 1985, c. 1, as amended, after the administrative penalty at subparagraph (g) and disgorgement at subparagraph (h) ordered against her below are paid in full;

(b) pursuant to paragraph 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to Levy for a period of 5 years, except as required to trade in or acquire securities in accordance with the exception provided above;

(c) pursuant to paragraph 6 of subsection 127(1) of the *Act*, that Levy be reprimanded;

(d) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the *Act*, that Levy shall resign all positions she holds as a director or officer of any issuer, registrant or investment fund manager;

(e) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the *Act*, that Levy is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of 5 years;

(f) pursuant to paragraph 8.5 of subsection 127(1) of the *Act*, that Levy is prohibited from becoming or acting as a registrant, investment fund manager or promoter for a period of 5 years;

(g) pursuant to paragraph 9 of subsection 127(1) of the *Act*, that Levy shall pay an administrative penalty of $5,000, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*;

(h) pursuant to paragraph 10 of subsection 127(1) of the *Act*, that Levy disgorge to the Commission $59,849 obtained as a result of her non-compliance with Ontario securities law, to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the *Act*; and

(i) pursuant to section 127.1 of the *Act*, that Levy shall pay jointly and severally with NFF, Singh and Martinez, $5,000 for costs incurred in the hearing of this matter.

DATED at Toronto this 26th day of June, 2013.

"James D. Carnwath"

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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
B&A Fertilizers Limited	14 Jun 13	26 Jun 13		28 Jun 13
Gladstone Pacific Nickel Ltd.	14 Jun 13	26 Jun 13	26 Jun 13	
GLG Life Tech Corporation	04 May 12	16 May 12	16 May 12	27 Jun 13
Medipattern Corporation, The	26 Jun 13	08 Jul 13		
New Moon Minerals Corp.	14 Jun 13	26 Jun 13	26 Jun 13	
Phoenician Fund Corporation I, The	17 Jun 13	28 Jun 13	28 Jun 13	
Rheingold Exploration Corp.	17 Jun 13	28 Jun 13		01 Jul 13

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

4.2.2 Outstanding Management & Insider Cease Trading Orders

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

THERE ARE NO ITEMS FOR THIS WEEK.

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Chapter 5

Rules and Policies

5.1.1 CSA Notice of Approval – Amendments to National Instrument 23-103 Electronic Trading

CSA NOTICE OF APPROVAL

AMENDMENTS TO NATIONAL INSTRUMENT 23-103 ELECTRONIC TRADING

I. Introduction

The Canadian Securities Administrators (CSA or we) have made amendments to National Instrument 23-103 *Electronic Trading* (Instrument or NI 23-103) and its related Companion Policy 23-103 (CP) (together, the Amendments). The Amendments institute a consistent framework for marketplaces and marketplace participants regarding the offer and use of direct electronic access (DEA) to ensure that risks associated with DEA are appropriately managed. The Amendments will change the title of NI 23-103 to *Electronic Trading and Direct Electronic Access to Marketplaces*.

The Amendments have been adopted or are expected to be adopted by each member of the CSA. Provided all necessary ministerial approvals are obtained, the Amendments will come into force on March 1, 2014. We are publishing the text of the Amendments along with a blackline copy that identifies the Amendments concurrently with this Notice. The text of the Amendments is contained in Annexes A through C of this Notice and will also be available on the websites of various CSA jurisdictions.

We have worked closely with staff of the Investment Industry Regulatory Organization of Canada (IIROC) in developing and finalizing the Amendments and we thank them for sharing their knowledge and expertise. IIROC is also publishing today final amendments to the Universal Market Integrity Rules (UMIR) and dealer member rules that reflect and support the Amendments. More information is found at www.iiroc.ca.

Jurisdictions that are a party to Multilateral Instrument 11-102 *Passport System* (currently all jurisdictions except Ontario) have finalized amendments (Passport Amendments) to that instrument that permit the use of the passport system for aspects of NI 23-103. The Passport Amendments are found at Annex D of this Notice.

II. Background

On April 8, 2011, we published the Instrument for comment. It proposed requirements to regulate electronic trading generally, including the provision of DEA. We finalized the Instrument in June, 2012 but did not include requirements related to DEA as we continued to work with IIROC staff to create a regulatory framework that would treat similar types of third party access to marketplaces similarly, both at the CSA and IIROC level.

We subsequently published proposed amendments to the Instrument and CP related to DEA (2012 Proposed Amendments) on October 25, 2012. The 2012 Proposed Amendments included proposed requirements that would impose obligations on participant dealers[1] who offer DEA to their clients to appropriately manage the participant dealers' risks associated with providing DEA. The 2012 Proposed Amendments, together with IIROC's proposed UMIR and dealer member rule amendments related to third party electronic access to marketplaces, introduced a framework that treats similar forms of marketplace access and the risks that arise from these forms of access in a similar manner.

III. Summary of Written Comments Received by the CSA

We thank all three commenters for their submissions in response to the 2012 Proposed Amendments. A list of those who submitted comments, a summary of the comments and our responses to them are attached at Annex E to this Notice. Copies of the comment letters are posted at www.osc.gov.on.ca.

IV. Substance and Purpose of the Amendments

Developments in technology have not only increased the speed of trading but also have enabled marketplace participants to provide their clients with access to marketplaces more easily. The CSA think that there are risks associated with providing a

[1] A participant dealer is defined in section 1 of the Instrument as "a marketplace participant that is an investment dealer or in Québec, a foreign approved participant as defined in the Rules of the Montréal Exchange Inc. as amended from time to time".

client with DEA and that to ensure these risks are appropriately managed it is important to institute a consistent framework for marketplaces and marketplace participants relating to the offering and use of DEA.

The only DEA specific rules or policies that are currently in place have been set by marketplaces.[2] These rules and policies can vary between marketplaces and there is no consistent standard of interpretation of these requirements. We think that having a consistent framework for the offering and use of DEA in the Instrument reduces the risk of arbitrage among participant dealers providing DEA and also among marketplaces that have differing DEA standards or requirements.

The CSA have taken the view that whether a participant dealer is trading for its own account, for a customer or is providing DEA, the participant dealer is responsible for all trading activity that occurs under its marketplace participant identifier (MPID). Allowing the use of complicated technology and strategies, including high frequency trading strategies, through DEA brings increased risks to the participant dealer. For example, a participant dealer may be held responsible for the execution of erroneous trades that occur via DEA under its MPID, even when these trades go beyond its financial capability. As well, a participant dealer may be responsible for the lack of compliance with marketplace or regulatory requirements for DEA orders entered using its MPID.

Therefore, we think that appropriate controls are needed to manage the financial, regulatory and other risks associated with providing DEA to ensure the integrity of the participant dealer, the marketplace and the financial system.

The Amendments introduce requirements to assist a marketplace participant in managing these risks appropriately. As well, the Amendments will further serve the integrity of our markets by requiring specific controls to be in place to reduce the risk of violations of regulatory requirements through DEA trading and to better identify DEA trading. For example, the Amendments will help ensure that DEA trading is only conducted by clients that have a reasonable knowledge of applicable marketplace and regulatory requirements. In addition, the Amendments will allow DEA trading to be more readily tracked by regulators through the use of DEA client identifiers.

Below is a summary of the main requirements imposed by the Amendments.

(i) Provision of DEA

The Amendments allow only a participant dealer (i.e. a marketplace participant that is an investment dealer or in Québec, a foreign approved participant) to provide DEA.[3]

As well, a participant dealer may not provide DEA to a client that is acting and registered as a dealer with a securities regulatory authority.[4] We have specifically excluded investment dealers and foreign approved participants from receiving DEA as clients in the definition of "direct electronic access" because we think dealer-to-dealer arrangements (known as "routing arrangements" under UMIR) will be better dealt with in IIROC or, in the case of foreign approved participants, Montréal Exchange Inc. (Montréal Exchange), rules that specifically address these types of arrangements.

It is the CSA's view that a client acting and registered as a dealer with a securities regulatory authority must not be provided with DEA because we think that dealers that are not investment dealers should not have low latency electronic access to marketplaces since they are not subject to IIROC or Montréal Exchange rules related to dealer-to-dealer arrangements.

The requirement under subsection 4.2(2) will not prevent a client that is acting and registered as a dealer from using methods other than DEA to trade.

For an entity registered both as a dealer and an adviser, we note that it would be eligible for DEA provided that it only uses DEA when acting in its capacity as an adviser and not in its capacity as a dealer. If this entity uses DEA to place orders for its non-advisory clients, then we would consider it to be using DEA in its capacity as a dealer and therefore to be inappropriately using DEA. Similarly, if a foreign dealer is registered as a dealer, it would be eligible for DEA provided that it only uses DEA when acting in its capacity as a foreign dealer and not in its capacity as dealer for Canadian clients.[5]

The Amendments also address the issue of the use of DEA by individuals. DEA, especially when used in conjunction with complex trading strategies and algorithms, requires a high level of trading knowledge to be used appropriately. While we do not think that that most individuals possess this level of trading knowledge, there may be circumstances in which sophisticated individuals who have access to the necessary technology and resources, such as former registered traders or floor brokers, can use DEA appropriately. In this type of circumstance and if a participant dealer establishes and applies appropriate DEA client standards, we would consider it to be acceptable for individuals to use DEA.

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2 We note that marketplaces must revoke their rules or policies related to direct electronic access upon implementation of the Amendments.

3 Subsection 4.2(1) of NI 23-103.

4 Subsection 4.2(2) of NI 23-103.

5 Subsection 4.2(2) of 23-103CP.

(ii) Minimum Standards for DEA Clients

DEA clients may be large, institutional investors with regulatory obligations while others may be retail clients that have particular sophistication and resources to be able to manage DEA trading.

We think that a participant dealer must understand its risks in providing DEA and address those risks when establishing its minimum standards for providing DEA. We also expect a participant dealer to ensure that it can adequately manage its DEA business, such as having the necessary staffing, technology and other required resources, as well as having the financial ability to withstand the increased risks of providing DEA.

Therefore, the Amendments require that before granting DEA to a client, a participant dealer must first establish, maintain and apply appropriate standards for providing DEA and assess and document whether each potential DEA client meets these standards.[6] An important step in addressing the financial and regulatory risks associated with providing DEA is a participant dealer conducting due diligence on its prospective DEA clients. A thorough vetting of each DEA client will help a participant dealer ensure that the client meets the necessary standards and will help prevent the participant dealer from being unduly exposed when providing DEA. A participant dealer may conclude that it is not appropriate to offer DEA to a potential DEA client.

A participant dealer's DEA standards must include that the client has:

- sufficient resources to meet any financial obligations that may result from the use of DEA by that client,
- reasonable arrangements in place to ensure all individuals using DEA on behalf of the client have reasonable knowledge of and proficiency in the use of the order entry system,
- reasonable knowledge of and the ability to comply with all applicable marketplace and regulatory requirements, and
- reasonable arrangements in place to monitor the entry of orders through DEA.[7]

We consider the above standards to be the minimum necessary for a participant dealer to properly manage its risks but note that for a participant dealer to appropriately manage its risks, the participant dealer must assess and determine whether it needs any additional standards given its business model and the nature of each prospective DEA client. Standards that apply to an institutional client, for example, may differ from those that apply to an individual.

The Amendments do not set out an "eligible client list" that imposes specific financial standards upon DEA clients as found in the current DEA rules and policies at the marketplace level. We think that a participant dealer should have the flexibility to determine the specific levels of the minimum standards in order to accommodate its business model and appetite for risk. This approach is in keeping with global standards related to DEA.

In order to ensure that the established minimum DEA client standards are maintained, the Amendments require a participant dealer to annually assess, confirm and document that each DEA client continues to meet these standards.[8]

(iii) Written Agreement

In addition to minimum DEA client standards, we think that certain requirements for the provision of DEA should be part of every DEA arrangement to make sure that the risks of providing DEA are appropriately addressed. Therefore, the Amendments require that before providing DEA, a participant dealer must have a written agreement with each DEA client that specifies that:

- the DEA client will comply with marketplace and regulatory requirements,
- the DEA client will comply with the product limits and credit or other financial limits specified by the participant dealer,
- the DEA client will take all reasonable steps to prevent unauthorized access to the technology that facilitates the DEA,
- the DEA client will fully co-operate in connection with any investigation or proceeding by marketplaces or regulation services providers with respect to the trading conducted pursuant to the DEA provided,

6 Subsection 4.3(1) of NI 23-103.

7 Subsection 4.3(2) of NI 23-103.

8 Subsection 4.3(3) of NI 23-103.

- the DEA client will immediately inform the participant dealer if it fails or expects not to meet the standards set by the participant dealer,
- when the DEA client is trading for the accounts of another person or company, it will ensure that the orders of the other person or company are transmitted through the systems of the DEA client and will be subject to reasonable risk management and supervisory controls, policies and procedures,
- the DEA client will immediately provide the participant dealer in writing with the names of all personnel acting on the DEA client's behalf that it has authorized to enter an order using DEA, and
- the participant dealer has the authority, without prior notice, to reject, cancel or discontinue accepting orders and to vary or correct an order to comply with a marketplace or regulatory requirement.[9]

While these requirements are expected to address many of the risks associated with providing DEA, a participant dealer may add other provisions to the written agreement it thinks are necessary to manage its specific risks.

(iv) Training of DEA Clients

In order to address the market integrity risk that providing DEA can pose to a participant dealer, the Amendments require a participant dealer to be satisfied that a prospective DEA client has reasonable knowledge of marketplace and regulatory requirements as well as the DEA client standards the participant dealer has established before providing DEA to that client.[10] The participant dealer must determine what, if any, training a prospective DEA client requires to ensure the client has the requisite knowledge. Therefore, while no specific type of training is mandated by the Amendments, depending on the client and the trading it plans to do, the participant dealer may determine that a DEA client must take the same types of courses as is required for an approved participant under UMIR.

As well, in order to ensure that a DEA client is kept up to date with respect to applicable marketplace and regulatory requirements, a participant dealer must ensure that a DEA client receives any relevant amendments to these requirements.[11]

(v) DEA Client Identifier

The Amendments require a participant dealer to ensure that a DEA client is assigned a unique DEA client identifier that will be associated with every order the client sends using DEA.[12] In addition to this requirement, the Amendments prohibit a marketplace from permitting its participants to provide DEA unless the marketplace's systems support the use of DEA client identifiers.[13]

These provisions will allow regulators to identify DEA trading more readily and to more easily determine the specific DEA client behind each trade. We note that DEA client identifiers are currently being used on certain Canadian marketplaces and are of the view that mandating this practice across all marketplaces will help regulators to carry out their functions more effectively.

(vi) Trading by DEA Clients

In order to appropriately manage the risks of providing DEA, we do not think that DEA clients should pass on or provide their DEA access to another person or company. The CSA think that this "sub-delegation" of DEA would exacerbate the risks that DEA poses to the Canadian market by widening the breadth of market access to participants who do not have any incentive or obligation to comply with the regulatory requirements or any financial, credit or position limits imposed by participant dealers. Therefore, the Amendments prohibit a DEA client from providing its DEA to another person or company other than the personnel it has authorized under subparagraph 4.4(a)(vii) of the Instrument.[14]

In order to contain the use of DEA and limit the risks it poses to the participant dealer, the Amendments generally only allow a DEA client to trade for its own account. However, certain DEA clients may trade for the account of another person or company using DEA. Specifically, a person or company that: (i) is registered or exempted from registration as an adviser under securities legislation or (ii) carries on business in a foreign jurisdiction, is permitted to trade for the account of another person or company in that jurisdiction using DEA and is regulated in the foreign jurisdiction by a signatory to the IOSCO Multilateral Memorandum of Understanding, may trade for the account of another person or company using DEA.[15]

9 Section 4.4 of NI 23-103.
10 Subsection 4.5(1) of NI 23-103.
11 Subsection 4.5(2) of NI 23-103.
12 Subsection 4.6(1) of NI 23-103.
13 Section 9.1 of NI 23-103.
14 Subsection 4.7(4) of NI 23-103.
15 Subsection 4.7(1) of NI 23-103.

(vii) Application of Part 2.1 of the Instrument

The IIROC UMIR and dealer member rule amendments are intended to provide a comprehensive framework to regulate various forms of third-party electronic access to marketplaces provided by their participants and to complement the Amendments.

To avoid duplication with respect to DEA, section 4.1 of the Instrument exempts a participant dealer from complying with the requirements in Part 2.1 if it complies with requirements that are similar to those in Part 2.1 and have been established by a regulation services provider, or a recognized exchange or a recognized quotation and trade reporting system (QTRS) that directly monitors the conduct of its participants. We think that if the risks associated with providing and using DEA are similarly covered under the rules of a regulation services provider, or a recognized exchange or QTRS that performs its own regulation, then the requirements in Part 2.1 of the Instrument are not needed.

However, if a participant dealer is providing DEA access to a client and is not subject to similar requirements, it would still need to adhere to the requirements in Part 2.1. For example, a marketplace participant that is a member of the Montréal Exchange and provides DEA but is not subject to the UMIR requirements related to DEA would need to follow the requirements in Part 2.1 until the Montréal Exchange implements requirements similar to those in Part 2.1.

V. Summary of Changes to the 2012 Proposed Amendments

While the Amendments are substantially similar to the 2012 Proposed Amendments, this section describes the non-material changes the CSA have made to the proposed amendments published for comment on October 25, 2012.

(i) Definition of DEA

We have revised the definition of DEA to exclude investment dealers and in Québec, foreign approved participants, from its terms. This definition is now more consistent with the concept of DEA as outlined in UMIR and the change was made to address a comment that asked both the CSA and IIROC proposals to be as similar as possible to avoid confusion. We note that the granting of access to marketplaces by participant dealers to investment dealers or foreign approved participants of the Montréal Exchange is to be governed either by the rules of IIROC or soon to be proposed rules by the Montréal Exchange.

(ii) Definition of Participant Dealer

We have revised the definition of participant dealer to clarify that in Québec, this term includes foreign approved participants as that term is defined in the Rules of the Montréal Exchange from time to time.

(iii) Provision of DEA

Subsection 4.2(2) of the Instrument does not allow DEA to be provided to a person or company that is acting and registered as a dealer with a securities regulatory authority. The initial provision proposed that DEA could only be provided to registrants that were either portfolio managers or restricted portfolio managers. We received a comment that the proposed provision would benefit from greater clarity by specifying the entities that may not receive DEA. We agree with this comment and have revised the wording to clarify that a client acting and registered as a dealer may not be provided with DEA from a participant dealer. This provision would apply to a client registered as a mutual fund dealer, scholarship plan dealer, exempt market dealer and a restricted dealer.[16] The revised wording is also meant to clarify that a participant dealer may provide DEA to any other client that satisfies the criteria of sections 4.3, 4.4 and 4.5 of the Instrument, including banks and trust companies.

We think that, in order to prevent regulatory arbitrage, a client registered in a category of dealer, other than “investment dealer”, should not have this type of electronic access to marketplaces through a participant dealer since such a client is not subject to IIROC rules.

(iv) Standards for DEA clients

Under subsection 4.3(1) of NI 23-103, a participant dealer must not provide DEA to a client unless it has established, maintains and applies standards that are reasonably designed to manage, in accordance with prudent business practices, the participant dealer’s risks associated with providing DEA. Changes to the wording of this subsection were made to align it with the standard in paragraph 3(1)(a) of the Instrument that requires marketplace participants to establish, maintain and ensure compliance with risk management and supervisory controls, policies and procedures that are reasonably designed to manage, in accordance with prudent business practices, the risks associated with marketplace access or providing clients with access to a marketplace.

[16] We note that investment dealers are outside the definition of DEA.

We also added in subsection 4.3(3) of NI 23-103, that a participant dealer must assess and document as well as confirm on an annual basis that a DEA client continues to meet the standards established by the participant dealer. This change clarifies what actions the participant dealer must take during this annual confirmation.

(v) Written Agreement

Subsection 4.4(b) requires that a written agreement between the participant dealer and the DEA client provide that a participant dealer is authorized to reject or cancel any order or discontinue accepting orders from the DEA client without prior notice. The proposed provision also required that a participant dealer be authorized to vary or correct any order. We revised this proposed requirement so that a participant dealer need only be authorized to vary or correct an order to comply with a marketplace or regulatory requirement. This change addresses the concern that a DEA client may be uncomfortable with authorizing a participant dealer to vary or correct an order without notice and therefore change the DEA client's risk portfolio without the DEA client's knowledge. We note that this authorization is the minimum required by the CSA and that a participant dealer may impose more stringent requirements pertaining to its authorization that it thinks are necessary to appropriately manage its risks in providing DEA.

(vi) DEA Client Identifier

The 2012 Proposed Amendments included a requirement for a participant dealer to assign a DEA client identifier upon providing DEA to a DEA client. To ensure consistency with the UMIR amendments related to third party access, we have modified this requirement so that participant dealers must ensure the client is assigned a DEA client identifier. We expect that the current method of assigning DEA client identifiers used by the regulation services provider will continue to be used into the foreseeable future. However, the revised wording can accommodate any future changes to this process while ensuring that a client will only trade using DEA once it has received a unique DEA client identifier.

(vii) Trading by DEA Clients

Section 4.7 requires that if a DEA client is using DEA and trading for the account of another person or company, the orders of the other person or company must be transmitted through the systems of the DEA client before being entered on a marketplace through a participant dealer.

We received comments that the prohibition against providing DEA to a DEA client trading for the account of another person or company in subsection 4.7(1) did not correspond to the permissions in subsection 4.7(2) that referred to "clients". To rectify this inconsistency, we have modified the wording to use "person or company" throughout this section of the Instrument.

We also received comments that the wording between the UMIR amendments related to DEA should be as similar as possible to the provisions found in the Instrument. We modified some of the language in this section to conform to the language used in the corresponding UMIR amendments.

Finally, wording in subsection 4.7(1) has been modified to replace the term "is registered in a category analogous" to a portfolio manager or restricted portfolio manager with "carries on business" to address a concern that it may be difficult to determine whether a registration category in a foreign jurisdiction is analogous to the CSA's portfolio manager or restricted portfolio manager category. We think that the revised wording of "carries on business" will enable participant dealers to more readily identify DEA clients that are eligible to trade for the account of another person or company.

VI. Contents of Annexes

Annex A – Amending Instrument for NI 23-103
Annex B – Blackline of NI 23-103 indicating the Amendments
Annex C – Blackline of 23-103CP indicating the Amendments
Annex D – Passport System Amendments
Annex E – Comment Summary and CSA Responses

VII. Questions

The Amendments are available on certain websites of CSA members, including:

www.lautorite.qc.ca
www.albertasecurities.ca
www.bcsc.ca
www.osc.gov.on.ca

Please refer your questions to any of the following:

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VIII. Local Matters

In Ontario, the Amendments to the Instrument and other required materials were delivered to the Minister of Finance on July 4, 2013. The Minister may approve or reject the Amendments or return them for further consideration. If the Minister approves the Amendments or does not take any further action by September 3, 2013, the Amendments will come into force on March 1, 2014.

In Québec, the Amendments will be delivered to the Minister of Finance for approval. The Amendments will come into force on the date of publication in the *Gazette officielle du Québec* or on any later date specified in the Amendments.

July 4, 2013

ANNEX A

AMENDMENTS TO NATIONAL INSTRUMENT 23-103
ELECTRONIC TRADING

1. National Instrument 23-103 Electronic Trading is amended by this Instrument.

2. The title is amended by adding the following at the end of the title "*AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES****".***

3. Part 1 is amended by

(a) adding the following definitions in section 1:

"DEA client" means a client that is granted direct electronic access by a participant dealer;

"DEA client identifier" means a unique client identifier assigned to a DEA client;

"direct electronic access" means the access provided by a person or company to a client, other than a client that is registered as an investment dealer with a securities regulatory authority or, in Québec, is a foreign approved participant as defined in the Rules of the Montréal Exchange Inc., that permits the client to electronically transmit an order relating to a security to a marketplace, using the person or company's marketplace participant identifier,

(a) through the person or company's systems for automatic onward transmission to a marketplace; or

(b) directly to a marketplace without being electronically transmitted through the person or company's systems;

"marketplace participant identifier" means the unique identifier assigned to a marketplace participant to access a marketplace;

(b) replacing "NI 23-101" ***with*** "National Instrument 23-101 *Trading Rules*" ***in paragraph (c) of the definition of "marketplace and regulatory requirements";*** and

(c) replacing the definition of "participant dealer" with the following:

"participant dealer" means

(a) a marketplace participant that is an investment dealer, or

(b) in Québec, a foreign approved participant as defined in the Rules of the Montréal Exchange Inc., as amended from time to time.

4. Paragraph 3(2)(a) is amended by replacing the comma with a semi-colon.

5. Subparagraph 3(3)(a)(i) is amended by replacing the final comma in the subparagraph with a semi-colon.

6. Subsection 4(b) is amended by adding *"the"* ***before*** *"investment dealer"* ***in the last instance that term is used in the subsection.***

7. The following Part is added:

PART 2.1
REQUIREMENTS APPLICABLE TO PARTICIPANT DEALERS
PROVIDING DIRECT ELECTRONIC ACCESS

Application of this Part

4.1 This Part does not apply to a participant dealer if the participant dealer complies with similar requirements established by

(a) a regulation services provider;

(b) a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or

(c) a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set under subsection 7.3(1) of NI 23-101.

Provision of Direct Electronic Access

4.2 (1) A person or company must not provide direct electronic access unless it is a participant dealer.

(2) A participant dealer must not provide direct electronic access to a client that is acting and registered as a dealer with a securities regulatory authority.

Standards for DEA Clients

4.3 (1) A participant dealer must not provide direct electronic access to a client unless the participant dealer

(a) has established, maintains and applies standards that are reasonably designed to manage, in accordance with prudent business practices, the participant dealer's risks associated with providing direct electronic access; and

(b) assesses and documents that the client meets the standards established by the participant dealer under paragraph (a).

(2) The standards established by the participant dealer under subsection (1) must include the following:

(a) a client must not have direct electronic access unless the client has sufficient resources to meet any financial obligations that may result from the use of direct electronic access by that client,

(b) a client must not have direct electronic access unless the client has reasonable arrangements in place to ensure that all individuals using direct electronic access on behalf of the client have reasonable knowledge of and proficiency in the use of the order entry system that facilitates the direct electronic access,

(c) a client must not have direct electronic access unless the client has reasonable knowledge of and the ability to comply with all applicable marketplace and regulatory requirements, and

(d) a client must not have direct electronic access unless the client has reasonable arrangements in place to monitor the entry of orders through direct electronic access.

(3) A participant dealer must assess, confirm and document, at least annually, that the DEA client continues to meet the standards established by the participant dealer, including for greater certainty, those set out in this section.

Written Agreement

4.4 A participant dealer must not provide direct electronic access to a client unless the client has entered into a written agreement with the participant dealer that provides that,

(a) in the client's capacity as a DEA client,

(i) the client's trading activity will comply with marketplace and regulatory requirements;

(ii) the client's trading activity will comply with the product limits and credit or other financial limits specified by the participant dealer;

(iii) the client will take all reasonable steps to prevent unauthorized access to the technology that facilitates direct electronic access and will not permit any person or company to use the direct electronic access provided by the participant dealer other than those named by the client under the provision of the agreement referred to in subparagraph (vii);

(iv) the client will fully cooperate with the participant dealer in connection with any investigation or proceeding by any marketplace or regulation services provider with respect to trading conducted pursuant to the direct electronic access provided, including, upon request by the participant dealer, providing the marketplace or regulation services provider with access to information that is necessary for the purposes of the investigation or proceeding;

(v) the client will immediately inform the participant dealer if the client fails or expects not to meet the standards set by the participant dealer;

(vi) when trading for the accounts of another person or company, under subsection 4.7(1), the client will ensure that the orders of the other person or company are transmitted through the systems of the client and will be subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client;

(vii) the client will immediately provide to the participant dealer in writing,

(A) the names of all personnel acting on the client's behalf that the client has authorized to enter an order using direct electronic access; and

(B) details of any change to the information in clause (A),

(b) the participant dealer has the authority to, without prior notice

(i) reject any order;

(ii) vary or correct any order to comply with a marketplace or regulatory requirement;

(iii) cancel any order entered on a marketplace; and

(iv) discontinue accepting orders from the DEA client.

Training of DEA Clients

4.5 (1) A participant dealer must not allow a client to have, or continue to have, direct electronic access unless the participant dealer is satisfied that the client has reasonable knowledge of applicable marketplace and regulatory requirements and the standards established by the participant dealer under section 4.3.

(2) A participant dealer must ensure that a DEA client receives any relevant amendments to applicable marketplace and regulatory requirements or changes or updates to the standards established by the participant dealer under section 4.3.

DEA Client Identifier

4.6 (1) Upon providing direct electronic access to a DEA client, a participant dealer must ensure the client is assigned a DEA client identifier in the form and manner required by

(a) a regulation services provider;

(b) a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or

(c) a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set under subsection 7.3(1) of NI 23-101.

(2) A participant dealer under subsection (1) must immediately provide the DEA client identifier to each marketplace to which the DEA client has direct electronic access through the participant dealer.

(3) A participant dealer under subsection (1) must immediately provide the DEA client's name and the client's associated DEA client identifier to

(a) all regulation services providers monitoring trading on a marketplace to which the DEA client has access through the participant dealer;

(b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client has access through the participant dealer; and

(c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client has access through the participant dealer.

(4) A participant dealer must ensure that an order entered by a DEA client using direct electronic access provided by the participant dealer includes the appropriate DEA client identifier.

(5) If a client ceases to be a DEA client, the participant dealer must promptly inform

(a) all regulation services providers monitoring trading on a marketplace to which the DEA client had access through the participant dealer;

(b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set under section 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client had access through the participant dealer; and

(c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client had access through the participant dealer.

Trading by DEA Clients

4.7 (1) A participant dealer must not provide direct electronic access to a DEA client that is trading for the account of another person or company unless the DEA client is

(a) registered or exempted from registration as an adviser under securities legislation; or

(b) a person or company that

(i) carries on business in a foreign jurisdiction,

(ii) under the laws of the foreign jurisdiction, may trade for the account of another person or company using direct electronic access, and

(iii) is regulated in the foreign jurisdiction by a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.

(2) If a DEA client referred to in subsection (1) is using direct electronic access to trade for the account of another person or company, the DEA client must ensure that the orders of the other person or company are transmitted through the systems of the DEA client before being entered on a marketplace.

(3) A participant dealer must ensure that when a DEA client is trading for the account of another person or company using direct electronic access, the orders of the other person or company are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the DEA client.

(4) A DEA client must not provide access to or pass on its direct electronic access to another person or company other than the personnel authorized under subparagraph 4.4(a)(vii).

8. Part 4 is amended by adding the following section:

Support Use of DEA Client Identifiers

9.1 A marketplace must not permit a marketplace participant to provide direct electronic access to a person or company unless the marketplace's systems support the use of DEA client identifiers.

9. This Instrument comes into force on March 1, 2014.

ANNEX B

This Annex, shows by way of blackline, the changes that have been made to National Instrument 23-103 *Electronic Trading.*

NATIONAL INSTRUMENT 23-103

ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES

Table of Contents

PART 1
DEFINITIONS AND INTERPRETATION

Definitions

1. In this Instrument,

"automated order system" means a system used to automatically generate or electronically transmit orders on a pre-determined basis;

"DEA client" means a client that is granted direct electronic access by a participant dealer;

"DEA client identifier" means a unique client identifier assigned to a DEA client;

"direct electronic access" means the access provided by a person or company to a client, other than a client that is registered as an investment dealer with a securities regulatory authority, or, in Québec, is a foreign approved participant as defined in the Rules of the Montréal Exchange Inc., that permits the client to electronically transmit an order relating to a security to a marketplace, using the person or company's marketplace participant identifier,

(a) through the person or company's systems for automatic onward transmission to a marketplace; or

(b) directly to a marketplace without being electronically transmitted through the person or company's systems;

"marketplace and regulatory requirements" means

(a) the rules, policies, requirements or other similar instruments set by a marketplace respecting the method of trading by marketplace participants, including those related to order entry, the use of automated order systems, order types and features and the execution of trades;

(b) the applicable requirements in securities legislation; and

(c) the applicable requirements set by a recognized exchange, a recognized quotation and trade reporting system or a regulation services provider under section 7.1, 7.3 or 8.2 of ~~NI~~National Instrument 23-101 *Trading Rules*;

"marketplace participant identifier" means the unique identifier assigned to a marketplace participant to access a marketplace; and

"participant dealer" means

(a) ~~"participant dealer" means~~ a marketplace participant that is an investment dealer~~.~~, or

(b) in Québec, a foreign approved participant as defined in the Rules of the Montréal Exchange Inc., as amended from time to time.

Interpretation

2. A term that is defined or interpreted in National Instrument 21-101 *Marketplace Operation,* or National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* has, if used in this Instrument, the meaning ascribed to it in National Instrument 21-101 or National Instrument 31-103.

PART 2
REQUIREMENTS APPLICABLE TO MARKETPLACE PARTICIPANTS

Risk Management and Supervisory Controls, Policies and Procedures

3. (1) A marketplace participant must

(a) establish, maintain and ensure compliance with risk management and supervisory controls, policies and procedures that are reasonably designed to manage, in accordance with prudent business practices, the financial, regulatory and other risks associated with marketplace access or providing clients with access to a marketplace; and

(b) record the policies and procedures required under paragraph (a) and maintain a description of the marketplace participant's risk management and supervisory controls in written form.

(2) The risk management and supervisory controls, policies and procedures required under subsection (1) must be reasonably designed to ensure that all orders are monitored and for greater certainty, include

(a) automated pre-trade controls~~,~~; and

(b) regular post-trade monitoring.

(3) The risk management and supervisory controls, policies and procedures required in subsection (1) must be reasonably designed to

(a) systematically limit the financial exposure of the marketplace participant, including, for greater certainty, preventing

(i) the entry of one or more orders that would result in exceeding pre-determined credit or capital thresholds for the marketplace participant and, if applicable, its client with marketplace access provided by the marketplace participant~~,~~;

(ii) the entry of one or more orders that exceed pre-determined price or size parameters;

(b) ensure compliance with marketplace and regulatory requirements, including, for greater certainty,

(i) preventing the entry of orders that do not comply with marketplace and regulatory requirements that must be satisfied on a pre-order entry basis;

(ii) limiting the entry of orders to those securities that a marketplace participant or, if applicable, its client with marketplace access provided by the marketplace participant, is authorized to trade;

(iii) restricting access to trading on a marketplace to persons authorized by the marketplace participant; and

(iv) ensuring that the compliance staff of the marketplace participant receives immediate order and trade information, including, for greater certainty, execution reports, resulting from orders sent by the marketplace participant or, if applicable, its client with marketplace access provided by the marketplace participant;

(c) enable the marketplace participant to immediately stop or cancel one or more orders entered by the marketplace participant or, if applicable, its client with marketplace access provided by the marketplace participant;

(d) enable the marketplace participant to immediately suspend or terminate any access to a marketplace granted to a client with marketplace access provided by the marketplace participant; and

(e) ensure that the entry of orders does not interfere with fair and orderly markets.

(4) A third party that provides risk management and supervisory controls, policies or procedures to a marketplace participant must be independent from each client with marketplace access provided by the marketplace participant, except if the client is an affiliate of the marketplace participant.

(5) A marketplace participant must directly and exclusively set and adjust the risk management and supervisory controls, policies and procedures required under this section, including those provided by third parties.

(6) A marketplace participant must

(a) regularly assess and document the adequacy and effectiveness of its risk management and supervisory controls, policies and procedures; and

(b) document any deficiencies in the adequacy or effectiveness of a risk management or supervisory control, policy or procedure and promptly remedy the deficiency.

(7) If a marketplace participant uses the services of a third party to provide risk management or supervisory controls, policies and procedures, the marketplace participant must

(a) regularly assess and document the adequacy and effectiveness of the third party's relevant risk management and supervisory controls, policies and procedures; and

(b) document any deficiencies in the adequacy or effectiveness of a risk management or supervisory control, policy or procedure and ensure the deficiency is promptly remedied.

Authorization to Set or Adjust Risk Management and Supervisory Controls, Policies and Procedures

4. Despite subsection 3(5), a participant dealer may, on a reasonable basis, authorize an investment dealer to perform, on the participant dealer's behalf, the setting or adjusting of a specific risk management or supervisory control, policy or procedure required under subsection 3(1) if

(a) the participant dealer has a reasonable basis for determining that the investment dealer, based on the investment dealer's relationship with the ultimate client, has better access to information relating to the ultimate client than the participant dealer such that the investment dealer can more effectively set or adjust the control, policy or procedure;

(b) a description of the specific risk management or supervisory control, policy or procedure and the conditions under which the investment dealer is authorized to set or adjust the specific risk management or supervisory control, policy or procedure are set out in a written agreement between the participant dealer and the investment dealer;

(c) before authorizing the investment dealer to set or adjust a specific risk management or supervisory control, policy or procedure, the participant dealer assesses and documents the adequacy and effectiveness of the investment dealer's setting or adjusting of the risk management or supervisory control, policy or procedure;

(d) the participant dealer

(i) regularly assesses the adequacy and effectiveness of the setting or adjusting of the risk management or supervisory control, policy or procedure by the investment dealer, and

(ii) documents any deficiencies in the adequacy or effectiveness of the setting or adjusting of the risk management or supervisory control, policy or procedure and ensures that the deficiencies are promptly remedied, and

(e) the participant dealer provides the investment dealer with the immediate order and trade information of the ultimate client that the participant dealer receives under subparagraph 3(3)(b)(iv).

PART 2.1
REQUIREMENTS APPLICABLE TO PARTICIPANT DEALERS PROVIDING DIRECT ELECTRONIC ACCESS

Application of this Part

4.1 This Part does not apply to a participant dealer if the participant dealer complies with similar requirements established by

(a) a regulation services provider;

(b) a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or

(c) a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set under subsection 7.3(1) of NI 23-101.

Provision of Direct Electronic Access

4.2 (1) A person or company must not provide direct electronic access unless it is a participant dealer.

(2) A participant dealer must not provide direct electronic access to a client that is acting and registered as a dealer with a securities regulatory authority.

Standards for DEA Clients

4.3 (1) A participant dealer must not provide direct electronic access to a client unless the participant dealer

(a) has established, maintains and applies standards that are reasonably designed to manage, in accordance with prudent business practices, the participant dealer's risks associated with providing direct electronic access; and

(b) assesses and documents that the client meets the standards established by the participant dealer under paragraph (a).

(2) The standards established by the participant dealer under subsection (1) must include the following:

(a) a client must not have direct electronic access unless the client has sufficient resources to meet any financial obligations that may result from the use of direct electronic access by that client,

(b) a client must not have direct electronic access unless the client has reasonable arrangements in place to ensure that all individuals using direct electronic access on behalf of the client have reasonable knowledge of and proficiency in the use of the order entry system that facilitates the direct electronic access,

(c) a client must not have direct electronic access unless the client has reasonable knowledge of and the ability to comply with all applicable marketplace and regulatory requirements, and

(d) a client must not have direct electronic access unless the client has reasonable arrangements in place to monitor the entry of orders through direct electronic access.

(3) A participant dealer must assess, confirm and document, at least annually, that the DEA client continues to meet the standards established by the participant dealer, including for greater certainty, those set out in this section.

Written Agreement

4.4 A participant dealer must not provide direct electronic access to a client unless the client has entered into a written agreement with the participant dealer that provides that,

(a) in the client's capacity as a DEA client,

(i) the client's trading activity will comply with marketplace and regulatory requirements;

(ii) the client's trading activity will comply with the product limits and credit or other financial limits specified by the participant dealer;

(iii) the client will take all reasonable steps to prevent unauthorized access to the technology that facilitates direct electronic access and will not permit any person or company to use the direct electronic access provided by the participant dealer other than those named by the client under the provision of the agreement referred to in subparagraph (vii);

(iv) the client will fully cooperate with the participant dealer in connection with any investigation or proceeding by any marketplace or regulation services provider with respect to trading conducted pursuant to the direct electronic access provided, including, upon request by the participant dealer, providing the marketplace or regulation services provider with access to information that is necessary for the purposes of the investigation or proceeding;

(v) the client will immediately inform the participant dealer if the client fails or expects not to meet the standards set by the participant dealer;

(vi) when trading for the accounts of another person or company, under subsection 4.7(1), the client will ensure that the orders of the other person or company are transmitted through the systems of the client and will be subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the client;

(vii) the client will immediately provide to the participant dealer in writing,

(A) the names of all personnel acting on the client's behalf that the client has authorized to enter an order using direct electronic access; and

(B) details of any change to the information in clause (A),

(b) the participant dealer has the authority to, without prior notice

(i) reject any order;

(ii) vary or correct any order to comply with a marketplace or regulatory requirement;

(iii) cancel any order entered on a marketplace; and

(iv) discontinue accepting orders from the DEA client.

Training of DEA Clients

4.5 (1) A participant dealer must not allow a client to have, or continue to have, direct electronic access unless the participant dealer is satisfied that the client has reasonable knowledge of applicable marketplace and regulatory requirements and the standards established by the participant dealer under section 4.3.

(2) A participant dealer must ensure that a DEA client receives any relevant amendments to applicable marketplace and regulatory requirements or changes or updates to the standards established by the participant dealer under section 4.3.

DEA Client Identifier

4.6 (1) Upon providing direct electronic access to a DEA client, a participant dealer must ensure the client is assigned a DEA client identifier in the form and manner required by

(a) a regulation services provider;

(b) a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or

(c) a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set under subsection 7.3(1) of NI 23-101.

(2) A participant dealer under subsection (1) must immediately provide the DEA client identifier to each marketplace to which the DEA client has direct electronic access through the participant dealer.

(3) A participant dealer under subsection (1) must immediately provide the DEA client's name and the client's associated DEA client identifier to

(a) all regulation services providers monitoring trading on a marketplace to which the DEA client has access through the participant dealer;

(b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client has access through the participant dealer; and

(c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client has access through the participant dealer.

(4) A participant dealer must ensure that an order entered by a DEA client using direct electronic access provided by the participant dealer includes the appropriate DEA client identifier.

(5) If a client ceases to be a DEA client, the participant dealer must promptly inform

(a) all regulation services providers monitoring trading on a marketplace to which the DEA client had access through the participant dealer;

(b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set under section 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client had access through the participant dealer; and

(c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client had access through the participant dealer.

Trading by DEA Clients

4.7 (1) A participant dealer must not provide direct electronic access to a DEA client that is trading for the account of another person or company unless the DEA client is

(a) registered or exempted from registration as an adviser under securities legislation; or

(b) a person or company that

(i) carries on business in a foreign jurisdiction,

(ii) under the laws of the foreign jurisdiction, may trade for the account of another person or company using direct electronic access, and

(iii) is regulated in the foreign jurisdiction by a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding.

(2) If a DEA client referred to in subsection (1) is using direct electronic access to trade for the account of another person or company, the DEA client must ensure that the orders of the other person or company are transmitted through the systems of the DEA client before being entered on a marketplace.

(3) A participant dealer must ensure that when a DEA client is trading for the account of another person or company using direct electronic access, the orders of the other person or company are subject to reasonable risk management and supervisory controls, policies and procedures established and maintained by the DEA client.

(4) A DEA client must not provide access to or pass on its direct electronic access to another person or company other than the personnel authorized under subparagraph 4.4(a)(vii).

PART 3
REQUIREMENTS APPLICABLE TO USE OF AUTOMATED ORDER SYSTEMS

Use of Automated Order Systems

5. (1) A marketplace participant must take all reasonable steps to ensure that its use of an automated order system or the use of an automated order system by any client, does not interfere with fair and orderly markets.

(2) A client of a marketplace participant must take all reasonable steps to ensure that its use of an automated order system does not interfere with fair and orderly markets.

(3) For the purpose of the risk management and supervisory controls, policies and procedures required under subsection 3(1), a marketplace participant must

(a) have a level of knowledge and understanding of any automated order system used by the marketplace participant or any client that is sufficient to allow the marketplace participant to identify and manage the risks associated with the use of the automated order system,

(b) ensure that every automated order system used by the marketplace participant or any client is tested in accordance with prudent business practices initially before use and at least annually thereafter, and

(c) have controls in place to immediately

(i) disable an automated order system used by the marketplace participant, and

(ii) prevent orders generated by an automated order system used by the marketplace participant or any client from reaching a marketplace.

PART 4
REQUIREMENTS APPLICABLE TO MARKETPLACES

Availability of Order and Trade Information

6. (1) A marketplace must provide a marketplace participant with access to its order and trade information, including execution reports, on an immediate basis to enable the marketplace participant to effectively implement the risk management and supervisory controls, policies and procedures required under section 3.

(2) A marketplace must provide a marketplace participant access to its order and trade information referenced in subsection (1) on reasonable terms.

Marketplace Controls Relating to Electronic Trading

7. (1) A marketplace must not provide access to a marketplace participant unless it has the ability and authority to terminate all or a portion of the access provided to the marketplace participant.

(2) A marketplace must

(a) regularly assess and document whether the marketplace requires any risk management and supervisory controls, policies and procedures relating to electronic trading, in addition to those controls that a marketplace participant is required to have under subsection 3(1), and ensure that such controls, policies and procedures are implemented in a timely manner;

(b) regularly assess and document the adequacy and effectiveness of any risk management and supervisory controls, policies and procedures implemented under paragraph (a); and

(c) document and promptly remedy any deficiencies in the adequacy or effectiveness of the controls, policies and procedures implemented under paragraph (a).

Marketplace Thresholds

8. (1) A marketplace must not permit the execution of orders for exchange-traded securities to exceed the price and volume thresholds set by

(a) its regulation services provider;

(b) the marketplace, if it is a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or

(c) the marketplace, if it is a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces the requirements set under subsection 7.3(1) of NI 23-101.

(2) A recognized exchange, recognized quotation and trade reporting system or regulation services provider setting a price threshold for an exchange-traded security under subsection (1) must coordinate its price threshold with all other exchanges, quotation and trade reporting systems and regulation services providers setting a price threshold under subsection (1) for the exchange-traded security or a security underlying the exchange-traded security.

Clearly Erroneous Trades

9. (1) A marketplace must not provide access to a marketplace participant unless it has the ability to cancel, vary or correct a trade executed by the marketplace participant.

(2) If a marketplace has retained a regulation services provider, the marketplace must not cancel, vary or correct a trade executed on the marketplace unless

(a) instructed to do so by its regulation services provider;

(b) the cancellation, variation or correction is requested by a party to the trade, consent is provided by both parties to the trade and notification is provided to the marketplace's regulation services provider; or

(c) the cancellation, variation or correction is necessary to correct an error caused by a system or technological malfunction of the marketplace systems or equipment, or caused by an individual acting on behalf of the marketplace, and the consent to cancel, vary or correct has been obtained from the marketplace's regulation services provider.

(3) A marketplace must establish, maintain and ensure compliance with reasonable policies and procedures that clearly outline the processes and parameters associated with a cancellation, variation or correction and must make such policies and procedures publicly available.

Support Use of DEA Client Identifiers

9.1 A marketplace must not permit a marketplace participant to provide direct electronic access to a person or company unless the marketplace's systems support the use of DEA client identifiers.

PART 5
EXEMPTION AND EFFECTIVE DATE

Exemption

10. (1) The regulator or the securities regulatory authority may grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Except in Ontario, an exemption referred to in subsection (1) is granted under the statute referred to in Appendix B of National Instrument 14-101 *Definitions* opposite the name of the local jurisdiction.

Effective Date

11. This Instrument comes into force on March 1, 2013.

ANNEX C

This Annex, shows by way of blackline, the changes made to Companion Policy 23-103CP Electronic Trading.

COMPANION POLICY 23-103CP
ELECTRONIC TRADING AND DIRECT ELECTRONIC ACCESS TO MARKETPLACES

Table of Contents

PART 1 GENERAL COMMENTS

1.1 Introduction

(1) Purpose of National Instrument 23-103

The purpose of National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces* (NI 23-103 or the Instrument) is to address areas of concern and risks brought about by electronic trading and direct electronic access (DEA). The increased speed and automation of trading on marketplaces give rise to various risks, including credit risk and market integrity risk. To protect marketplace participants from harm and to ensure continuing market integrity, these risks need to be reasonably and effectively controlled and monitored.

In the view of the Canadian Securities Administrators (CSA or we), marketplace participants should bear primary responsibility for ensuring that these risks are reasonably and effectively controlled and monitored. This responsibility applies to orders that are entered electronically by the marketplace participant itself, as well as orders from clients using the participant dealer's marketplace participant identifier.

This responsibility includes both financial and regulatory obligations. This view is premised on the fact that it is the marketplace participant that makes the decision to engage in trading or provide marketplace access to a client. However, the marketplaces also have some responsibilities to manage risks to the market.

NI 23-103 is meant to address risks associated with electronic trading on a marketplace with a key focus on the gatekeeping function of the executing broker. However, a clearing broker also bears financial and regulatory risks associated with providing clearing services. Under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) a dealer must manage the risks associated with its business in accordance with prudent business practices. As part of that obligation, we expect a clearing dealer to have in place effective systems and controls to properly manage its risks.

NI 23-103 also provides a minimum framework for the provision of DEA; however we note that each marketplace has the discretion to determine whether to allow DEA and to impose stricter standards regarding the provision of DEA.

(2) Scope of NI 23-103

NI 23-103 applies to the electronic trading of securities on marketplaces. In Alberta and British Columbia, the term "security" when used in NI 23-103 includes an option that is an exchange contract but does not include a futures contract. In Ontario, the term "security" when used in NI 23-103, does not include a commodity futures contract or a commodity futures option that is not traded on a commodity futures exchange registered with or recognized by the Commission under the Commodity Futures Act or the form of which is not accepted by the Director under the Commodity Futures Act. In Québec, the term "security" when used in NI 23-103, includes a standardized derivative as this notion is defined in the Derivatives Act.

(3) Purpose of Companion Policy

This Companion Policy sets out how the CSA interpret or apply the provisions of NI 23-103 and related securities legislation.

Except for Part 1, the numbering of Parts and sections in this Companion Policy correspond to the numbering in NI 23-103. Any general guidance for a Part appears immediately after the Part name. Any specific guidance on sections in NI 23-103 follows any general guidance. If there is no guidance for a Part or section, the numbering in this Companion Policy will skip to the next provision that does have guidance.

All references in this Companion Policy to Parts and sections are to NI 23-103**,** unless otherwise noted.

1.2 Definitions

Unless defined in NI 23-103**,** terms used in NI 23-103 and in this Companion Policy have the meaning given to them in the securities legislation of each jurisdiction, in National Instrument 14-101 *Definitions*, National Instrument 21-101 *Marketplace Operation* (NI 21-101)*,* or NI 31-103.

(1) Automated order systems

Automated order systems encompass both hardware and software used to generate or electronically transmit orders on a pre-determined basis and would include smart order routers and trading algorithms that are used by marketplace participants, offered by marketplace participants to clients or developed or used by clients.

(2) Direct electronic access

Section 1 defines "direct electronic access" as the access provided by a person or company to a client, other than a client that is registered as an investment dealer with a securities regulatory authority, or in Québec, is a foreign approved participant as defined in the Rules of the Montréal Exchange Inc. (Montréal Exchange), that permits the client to electronically transmit an order relating to a security to a marketplace, using the person or company's marketplace participant identifier either through the person or company's systems for automatic onward transmission to a marketplace or directly to the marketplace without being electronically transmitted through the person or company's systems.

While the term "person or company" is used in the definition of DEA, under subsection 4.2(1), only a participant dealer may provide DEA.

The Instrument outlines a DEA framework for clients of a participant dealer. Investment dealers and, in Québec, foreign approved participants, are outside the definition of "DEA". The granting of access to marketplaces by participant dealers to investment dealers or foreign approved participants of the Montréal Exchange is governed by the rules of either a regulation services provider or an exchange doing its own regulation. Those regimes are expected to be substantially similar to the framework NI 23-103 imposes upon DEA clients that are not investment dealers or foreign approved participants by requiring minimum client standards, written agreements and training. Furthermore, a derivatives dealer in Québec, which is an approved participant of the Montréal Exchange, must be registered as an investment dealer.

The CSA view a DEA order as including an order that is generated by an automated order system used by a DEA client if the DEA client determines the specified marketplace to which the order is to be sent and if the order is transmitted using the participant dealer's marketplace participant identifier. We hold this view regardless of whether or not the DEA client is using an automated order system that is offered by the participant dealer. We note that a DEA client's routing decisions may be varied for regulatory purposes by a participant dealer when an order passes through the participant dealer's system, for example to comply with the order protection rule or with the risk management requirements of NI 23-103, but we still consider the order to be a DEA order.

This definition does not capture orders entered using an order execution service or other electronic access arrangements in which a client uses the website of a dealer to enter orders since these services and arrangements do not permit the client to enter orders using a participant dealer's marketplace participant identifier.

(3) DEA client identifier

NI 23-103 requires each DEA client to have a unique identifier in order to track orders originating from that DEA client. A participant dealer is responsible for ensuring that each DEA client is assigned a DEA client identifier under subsection 4.6(1) and for ensuring that every order entered by a DEA client using DEA includes the appropriate DEA client identifier under subsection 4.6(4). Following current industry practice, we expect the participant dealer will collaborate with the marketplace with respect to the assignment of the necessary identifiers.

(4) Marketplace participant identifier

A marketplace participant identifier is the unique identifier assigned to the marketplace participant for trading purposes. The assignment of this identifier is co-ordinated with a regulation services provider of the marketplace, where applicable. We expect a marketplace participant to use its marketplace participant identifier across all marketplaces of which it is a member, user or subscriber.

PART 2 REQUIREMENTS APPLICABLE TO MARKETPLACE PARTICIPANTS

3. Risk management and supervisory controls, policies and procedures

(1) National Instrument 31-103 requirements

For marketplace participants that are registered firms, section 11.1 of NI 31-103 requires the registered firm to establish, maintain and apply policies and procedures that establish a system of controls and supervision sufficient to: (a) provide reasonable assurance that the registered firm and each individual acting on its behalf complies with securities legislation; and (b) manage the risks associated with its business in accordance with prudent business practices. Section 3 of NI 23-103 builds on the obligations outlined in section 11.1 of NI 31-103. The CSA have included requirements in NI 23-103 for all marketplace participants that conduct trading on a marketplace to have risk management and supervisory controls, policies and procedures that are reasonably designed to manage their risks in accordance with prudent business practices. A marketplace participant must apply its risk management and supervisory controls, policies and procedures to all trading conducted under its marketplace participant identifier including trading conducted by a DEA client.

What would be considered to be "reasonably designed" in this context is tied to the risks associated with electronic trading that the marketplace participant is willing to bear and what is necessary to manage that risk in accordance with prudent business practices.

These requirements provide greater specificity with respect to the expectations surrounding controls, policies and procedures relating to electronic trading. The requirements apply to all marketplace participants, not just those that are registered firms.

(2) Documentation of risk management and supervisory controls, policies and procedures

Paragraph 3(1)(b) requires a marketplace participant to record its policies and procedures and maintain a copy of its risk management and supervisory controls in written form. This includes a narrative description of any electronic controls implemented by the marketplace participant as well as their functions.

We note that the risk management and supervisory controls, policies and procedures related to the trading of unlisted, government and corporate debt may not be the same as those related to the trading of equity securities due to the differences in the nature of trading of these types of securities. Different marketplace models such as a request for quote, negotiation system, or continuous auction market may require different risk management and supervisory controls, policies and procedures in order to appropriately address the varying levels of diverse risks these different marketplace models can pose to our markets.

A registered firm's obligation to maintain its risk management and supervisory controls in written form under paragraph 3(1)(b) includes retaining these documents and builds on a registered firm's obligation in NI 31-103 to retain its books and records. We expect a non-registered marketplace participant to retain these documents as part of its obligation under paragraph 3(1)(b) to maintain a description of its risk management and supervisory controls in written form.

(3) Clients that also maintain risk management controls

We are aware that a client that is not a registered dealer may maintain its own risk management controls. However, part of the intent of NI 23-103's risk management and supervisory controls, policies and procedures is to require a participant dealer to manage its risks associated with electronic trading and to protect the participant dealer under whose marketplace participant identifier an order is being entered. Consequently, a participant dealer must maintain reasonably designed risk management and supervisory controls, policies and procedures regardless of whether its clients maintain their own controls. It is not appropriate for a participant dealer to rely on a client's risk management controls, as the participant dealer would not be able to ensure the sufficiency of the client's controls, nor would the controls be tailored to the particular needs of the participant dealer.

(4) Minimum risk management and supervisory controls, policies and procedures

Subsection 3(2) sets out the minimum elements of the risk management and supervisory controls, policies and procedures that must be addressed and documented by each marketplace participant. Automated pre-trade controls include an examination of the order before it is entered on a marketplace and the monitoring of entered orders whether executed or not. The marketplace

participant should assess, document and implement any additional risk management and supervisory controls, policies and procedures that it determines are necessary to manage the marketplace participant's financial exposure and to ensure compliance with applicable marketplace and regulatory requirements.

With respect to regular post-trade monitoring, it is expected that the regularity of this monitoring will be conducted commensurate with the marketplace participant's determination of the order flow it is handling. At a minimum, an end of day check is expected.

(5) Pre-determined credit or capital thresholds

A marketplace participant can establish pre-determined credit thresholds by setting lending limits for a client and establish pre-determined capital thresholds by setting limits on the financial exposure that can be created by orders entered or executed on a marketplace under its marketplace participant identifier. The pre-determined credit or capital thresholds referenced in paragraph 3(3)(a) may be set based on different criteria, such as per order, trade account or other criteria, including overall trading strategy, or using a combination of these factors as required in the circumstances.

For example, a participant dealer that sets a credit limit for a client with marketplace access provided by the participant dealer could impose that credit limit by setting sub-limits applied at each marketplace to which the participant dealer provides access that together equal the total credit limit. A participant dealer may also consider whether to establish credit or capital thresholds based on sector, security or other relevant factors. In order to address the financial exposure that might result from rapid order entry, a participant dealer may also consider measuring compliance with set credit or capital thresholds on the basis of orders entered rather than executions obtained.

We note that different thresholds may be set for the marketplace participant's own order flow (including both proprietary and client order flow) and that of a client with marketplace access provided by the marketplace participant, if appropriate.

(6) Compliance with applicable marketplace and regulatory requirements

The CSA expect marketplace participants to prevent the entry of orders that do not comply with all applicable marketplace and regulatory requirements that must be satisfied on a pre-trade basis where possible. Specifically, marketplace and regulatory requirements that must be satisfied on a pre-order entry basis are those requirements that can effectively be complied with only before an order is entered on a marketplace, including: (i) conditions that must be satisfied under National Instrument 23-101 *Trading Rules* (NI 23-101) before an order can be marked a "directed-action order", (ii) marketplace requirements applicable to particular order types and (iii) compliance with trading halts. This requirement does not impose new substantive regulatory requirements on the marketplace participant. Rather it establishes that marketplace participants must have appropriate mechanisms in place that are reasonably designed to effectively comply with their existing regulatory obligations on a pre-trade basis in an automated, high-speed trading environment.

(7) Order and trade information

Subparagraph 3(3)(b)(iv) requires the risk management and supervisory controls, policies and procedures to be reasonably designed to ensure that the compliance staff of the marketplace participant receives immediate order and trade information. This will require the marketplace participant to ensure that it has the capability to view trading information in real-time or to receive immediate order and trade information from the marketplace, such as through a drop copy.

This requirement will help the marketplace participant fulfill its obligations under subsection 3(1) with respect to establishing and implementing reasonably designed risk management and supervisory controls, policies and procedures that manage its risks associated with access to marketplaces.

This provision does not prescribe that a marketplace participant carry out compliance monitoring in real-time. There are instances however, when automated, real-time monitoring should be considered, such as when an automated order system is used to generate orders. It is up to the marketplace participant to determine, based on the risk that the order flow poses to the marketplace participant, the appropriate timing for compliance monitoring. However, our view is that it is important that a marketplace participant have the necessary tools in place to facilitate order and trade monitoring as part of the marketplace participant's risk management and supervisory controls, policies and procedures.

(8) Direct and exclusive control over setting and adjusting of risk management and supervisory controls, policies and procedures

Subsection 3(5) specifies that a marketplace participant must directly and exclusively set and adjust its risk management and supervisory controls, policies and procedures. With respect to exclusive control, we expect that no person or company, other than the marketplace participant, will be able to set and adjust the controls, policies and procedures. With respect to direct

control, a marketplace participant must not rely on a third party in order to perform the actual setting and adjusting of its controls, policies and procedures.

A marketplace participant can use technology of third parties, including that of marketplaces, as long as the marketplace participant, whether a registered dealer or institutional investor, is able to directly and exclusively set and adjust its supervisory and risk management controls, policies and procedures.

Section 4 provides a limited exception to the requirement in subsection 3(5) in that a participant dealer may , on a reasonable basis, and subject to other requirements, authorize an investment dealer to set or adjust a specific risk management or supervisory control, policy or procedure on behalf of the participant dealer.

(***9) Risk management and supervisory controls, policies and procedures provided by an independent third party***

Under subsection 3(4), a third party providing risk management and supervisory controls, policies or procedures to a marketplace participant must be independent of any client of the marketplace participant. However, an entity affiliated with a participant dealer that is also a client of the participant dealer may provide supervisory and risk management controls to the participant dealer. In all instances, the participant dealer must directly and exclusively set and adjust its supervisory and risk management controls.

Paragraph 3(7)(a) requires that a marketplace participant must regularly assess and document whether the risk management and supervisory controls, policies and procedures of the third party are effective and otherwise consistent with the provisions of NI 23-103 before engaging such services. Reliance on representations of a third party provider is insufficient to meet this assessment requirement. The CSA expect registered firms to be responsible and accountable for all functions that they outsource to a service provider as set out in Part 11 of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations.*

(10) Regular assessment of risk management controls and supervisory policies and procedures

Subsection 3(6) requires a marketplace participant to regularly assess and document the adequacy and effectiveness of the controls, policies and procedures it is required to establish under subsection 3(1). Under subsection 3(7), the same assessment requirement also applies if a marketplace participant uses the services of a third party to provide risk management or supervisory controls, policies and procedures. A "regular" assessment would constitute, at a minimum, an assessment conducted annually of the controls, policies and procedures and whenever a substantive change is made to the controls, policies and procedures. A marketplace participant should determine whether more frequent assessments are required, depending on the particular circumstances.

A marketplace participant that is a registered firm is expected to retain the documentation of each such assessment as part of its obligation to maintain books and records in NI 31-103.

4. Authorization to set or adjust risk management and supervisory controls, policies and procedures

Section 4 is intended to address introducing (originating) and carrying (executing) arrangements or jitney arrangements that involve multiple dealers. In such arrangements, there may be certain controls that are better directed by the originating dealer, since it is the originating dealer that has knowledge of its client and is responsible for suitability and other "know your client" obligations. ~~However, the executing~~We expect the "ultimate client" to be a third party to the originating investment dealer ~~must also have reasonable controls~~ in all instances.

The executing dealer must also have reasonable controls in place to manage the risks it incurs by executing orders for other dealers.

Therefore, section 4 provides that a participant dealer may, on a reasonable basis, authorize an investment dealer to set or adjust a specific risk management or supervisory control, policy or procedure on the participant dealer's behalf by written contract and after a thorough assessment. Our view is that where the originating investment dealer with the direct relationship with the ultimate client has better access than the participant dealer to information relating to the ultimate client, the originating investment dealer may more effectively assess the ultimate client's financial resources and investment objectives.

We also expect that the participant dealer will maintain a written contract with the investment dealer that sets out a description of the specific risk management or supervisory control, policy or procedure and the conditions under which the investment dealer is authorized to set or adjust the control, policy or procedure as part of its books and records obligations set out in NI 31-103.

Paragraph 4(d) requires a participant dealer to regularly assess the adequacy and effectiveness of the investment dealer's setting or adjusting of the risk management and supervisory controls, policies and procedures that it performs on the participant dealer's behalf. We expect that this will include an assessment of the performance of the investment dealer under the written

agreement prescribed in paragraph 4(b). A “regular” assessment would constitute, at a minimum, an assessment conducted annually of the controls, policies and procedures and whenever a substantive change is made to the controls, policies or procedures. A marketplace participant should determine whether more frequent assessments are required, depending on the particular circumstances.

Under paragraph 4(e), the participant dealer must provide the compliance staff of the originating investment dealer with immediate order and trade information of the ultimate client. This is to allow the originating investment dealer to monitor trading more effectively and efficiently.

Authorizing an investment dealer to set or adjust a risk management or supervisory control, policy or procedure does not relieve the participant dealer of its obligations under section 3, including the overall responsibility to establish, document, maintain and ensure compliance with risk management and supervisory controls, policies and procedures reasonably designed to manage, in accordance with prudent business practices, the financial, regulatory and other risks associated with marketplace access.

PART 2.1 REQUIREMENTS APPLICABLE TO PARTICIPANT DEALERS PROVIDING DIRECT ELECTRONIC ACCESS

4.2 Provision of DEA

(1) Registration requirement

Only marketplace participants that meet the definition of “participant dealer” are permitted to provide DEA to clients. NI 23-103 defines a participant dealer as a marketplace participant that is an investment dealer or, in Québec, a foreign approved participant as defined in the Rules of the Montréal Exchange as amended from time to time.

(2) Persons or companies not eligible for DEA

Subsection 4.2(2) specifically prohibits a participant dealer from providing DEA to clients that are acting and registered as dealers. We think that dealers that are acting as and registered in dealer categories other than “investment dealer” should not have this type of electronic access to marketplaces through a participant dealer unless they themselves are investment dealers and subject to Investment Industry Regulatory Organization of Canada (IIROC) rules. We note that investment dealers and foreign approved participants are not included under this subsection because they are outside the definition of DEA, which is a form of marketplace access given to clients other than an investment dealer or a foreign approved participant.

Investment dealers that are members of IIROC may trade electronically using routing arrangements as regulated under its Universal Market Integrity Rules.

A client is ineligible for DEA if it is both registered as a dealer with a securities regulatory authority and is acting in its capacity as a registered dealer. For example, a person or company that is registered as an adviser, such as a portfolio manager or restricted portfolio manager, and that is also registered as a dealer is eligible for DEA if it only uses DEA when acting in its capacity as an adviser and not in its capacity as a dealer. If a dually registered firm uses DEA to place trades through a participant dealer for its managed account clients, then it is using DEA in its capacity as an adviser. NI 31-103 defines a managed account to mean an account of a client for which a person or company makes the investment decisions if that person or company has discretion to trade in securities for the account without requiring the client's express consent to a transaction. As a further example, if a firm uses DEA to place trades through a participant dealer for accounts of clients that are accredited investors (as defined in National Instrument 45-106 *Prospectus and Registration Exemptions*) but are not managed accounts, then it is using DEA in its capacity as a dealer, and therefore must not be using DEA for this trading activity.

Similarly, a foreign dealer that is also registered as a dealer with a securities regulatory authority is eligible for DEA if it only uses DEA when acting in its capacity as a foreign dealer and not in its capacity as a dealer registered with a securities regulatory authority.

(3) Order execution services

The definition of DEA does not include order execution services as they are governed by IIROC rules.

It is our view that, in general, retail investors should not be using DEA and should be sending orders using order execution services. However, there are some circumstances in which individuals are sophisticated and have access to the necessary technology to use DEA (for example, former registered traders or floor brokers). In these circumstances, we expect that if a participant dealer chooses to offer DEA to an individual, the participant dealer will set standards high enough to ensure that the participant dealer is not exposed to undue risk. It may be appropriate for these standards to be higher than those set for institutional investors. All requirements relating to risk management and supervisory controls, policies and procedures would apply when providing DEA to an individual.

4.3 Standards for DEA clients

(1) Minimum standards

A participant dealer's due diligence with respect to its clients is a key method of managing risks associated with providing DEA and necessitates a thorough vetting of potential DEA clients. As a result, section 4.3 requires the participant dealer to establish, maintain and apply standards that are reasonably designed to manage, in accordance with prudent business practices, the participant dealer's risks associated with providing DEA and to assess and document that the prospective DEA client meets these standards before providing DEA. A participant dealer's establishment, maintenance and application of standards that are reasonably designed to manage the participant dealer's risks associated with providing DEA would include evaluating its risks in providing DEA to a specific client. The participant dealer must establish, maintain and apply these standards with respect to all DEA clients. Subsection 4.3(2) requires a participant dealer's standards to include that a DEA client has sufficient resources to meet any financial obligation that may result from its use of direct electronic access and has reasonable knowledge of both the use of the order entry system and all applicable marketplace and regulatory requirements.

Each participant dealer has a different risk profile and as a result, we have provided flexibility to participant dealers in determining the specific levels of the minimum standards. We view these standards to be the minimum required for the participant dealer to properly manage its risks. The participant dealer should assess and determine what additional standards are reasonable given the particular circumstances of the participant dealer and each prospective DEA client. For example, a participant dealer might need to modify certain standards that it applies to an institutional client when determining whether an individual is suitable for receiving DEA.

Some additional factors a participant dealer could consider when setting such standards for prospective DEA clients include prior sanctions for improper trading activity, evidence of a proven track record of responsible trading, supervisory oversight, and the proposed trading strategy and associated volumes of trading.

(2) Monitoring the entry of orders

The requirement in paragraph 4.3(2)(d) for the DEA client to monitor the entry of orders though DEA is expected to help ensure that orders comply with marketplace and regulatory requirements, meet minimum standards set for managing risk and do not interfere with fair and orderly markets.

(3) Annual confirmation

Subsection 4.3(3) requires a participant dealer to assess, confirm and document, at least annually, that each DEA client continues to meet the minimum standards established by the participant dealer. It is up to the participant dealer to choose the method of confirmation. Obtaining a written annual certification by the DEA client is one way to meet this requirement. If the participant dealer does not require a written annual certification, the participant dealer should record the steps it has taken to perform the annual confirmation in order to be able to demonstrate compliance with this requirement.

4.4 Written agreement

While section 4.4 sets out the provisions that must be included in a written agreement between a participant dealer and its DEA client, the participant dealer may choose to include additional provisions in the agreement as well.

Subparagraph 4.4(a)(iii) requires a DEA client to take all reasonable steps to prevent unauthorized access to the technology that facilitates direct electronic access and to not permit any person or company to use the direct electronic access provided by the participant dealer other than those named by the DEA client under the provision of the agreement referred to in subparagraph 4.4(a)(vii). The steps taken should be commensurate with the risks posed by the type of technology and systems that are being used.

Subparagraph 4.4(a)(iv) specifies that when a participant dealer requests information from its DEA client in connection with an investigation or proceeding by any marketplace or regulation services provider with respect to trading conducted pursuant to the DEA provided, the information is required to only be given to the marketplace or regulation services provider conducting the investigation or proceeding in order to protect the confidentiality of the information.

Subparagraph 4.4(a)(vii) specifies that a DEA client will immediately provide to the participant dealer, in writing, the names of all personnel acting on the DEA client's behalf that it has authorized to enter an order using DEA. This requires a DEA client to formally authorize its personnel who will be entering orders using DEA when trading for the DEA client.

In order to assist a participant dealer in managing its risks with providing DEA, subsection 4.4(b) requires that the written agreement between a participant dealer and its DEA client provide that a participant dealer is authorized to reject any order, cancel any order entered on a marketplace and discontinue accepting orders from the DEA client, without prior notice. It also

requires that the participant dealer be authorized to, without prior notice, vary or correct any order to comply with a marketplace or regulatory requirement. For example, this may occur when an order is re-priced by a participant dealer to ensure the order does not lock or cross the market. We note that the authorization to vary or correct any order to comply with a marketplace or regulatory requirement is the minimum expected by the CSA and a participant dealer may require greater latitude in the agreement to vary or correct orders of a DEA client than is mandated under the Instrument.

4.5 Training of DEA clients

Pursuant to subsection 4.5(1), before providing DEA to a client, and as necessary after DEA is provided, a participant dealer must satisfy itself that the client has reasonable knowledge of applicable marketplace and regulatory requirements. What constitutes "reasonable knowledge" will depend on the particular client's trading activity and the associated risks presented by each specific client.

The participant dealer must assess the client's knowledge and determine what, if any, training is required in the particular circumstances. The training must, at a minimum, enable the DEA client to understand the applicable marketplace and regulatory requirements and how trading on the marketplace system occurs. For example, it may be appropriate for the participant dealer to require the client to have the same training required of an approved participant under UMIR.

After DEA has been provided, an assessment of the DEA client's knowledge of applicable marketplace and regulatory requirements would be considered necessary if significant changes to these requirements are made or if the participant dealer notices unusual trading activity by the DEA client. If the participant dealer finds the DEA client's knowledge to be deficient after such an assessment, the participant dealer should require additional training for the DEA client until the DEA client achieves the requisite level of knowledge or discontinue providing DEA to that DEA client.

4.6 DEA client identifier

(1) Assignment of DEA client identifier

The purpose of requiring a unique identifier for each DEA client is to identify orders of clients entered onto a marketplace by way of DEA. NI 23-103 requires a participant dealer, upon providing DEA to a client, to ensure that the DEA client has been assigned a DEA client identifier. Following current industry practice, we expect the participant dealer will collaborate with the marketplace with respect to determining the necessary identifiers. We note that a DEA client may be assigned one or more DEA client identifiers.

(2) Information to marketplaces

Subsection 4.6(2) requires a participant dealer to immediately provide the assigned DEA client identifier to each marketplace to which the DEA client has direct electronic access through that participant dealer. This provision is to ensure that marketplaces are aware of which trading channels contain DEA flow in order for marketplaces to properly manage their risks. The CSA do not expect that a DEA client's name will be disclosed to a marketplace. Instead, a participant dealer would only need to provide the assigned DEA client identifier to a marketplace to enable the marketplace to more readily identify DEA flow.

4.7 Trading by DEA clients

Client orders passing through the systems of the DEA client

The CSA are of the view that DEA clients should not provide their DEA to their clients or any other person or company. Subsection 4.7(2) requires that if a DEA client is using DEA and trading for the account of another person or company, the orders of the other person or company must be transmitted through the systems of the DEA client before being entered on a marketplace. We consider the systems of the DEA client to include the DEA client's own proprietary systems or systems that are provided to the DEA client by a third party. The orders of the other person or company must be transmitted through the DEA client's systems regardless of whether a DEA client sends orders directly or indirectly through a participant dealer.

This is meant to allow for those arrangements that the CSA are comfortable with, such as a DEA client acting as a "hub" and aggregating the orders of its affiliates before sending the orders to the participant dealer. Requiring orders to be transmitted through the systems of the DEA client allows the DEA client to impose any controls it deems necessary or is required to impose under any requirements to manage its risks. Although the participant dealer is required to have controls to manage its risks that arise from providing DEA to clients, including automated pre-trade controls, it is the DEA client that has knowledge of the person or company it is trading for. As a result, the DEA client is likely in a better position to determine the appropriate controls and parameters of those controls that are specific to each person or company it is trading for. The participant dealer is responsible for ensuring that the DEA client has adequate controls in place to monitor the orders entering the DEA client's systems.

PART 3 REQUIREMENTS APPLICABLE TO THE USE OF AUTOMATED ORDER SYSTEMS

5. Use of automated order systems

Section 5 stipulates that a marketplace participant or any client must take all reasonable steps to ensure that its use of automated order systems does not interfere with fair and orderly markets. A marketplace participant must also take all reasonable steps to ensure that the use of an automated order system by a client does not interfere with fair and orderly markets. This includes both the fair and orderly trading on a marketplace or the market as a whole and the proper functioning of a marketplace. For example, the sending of a continuous stream of orders that negatively impacts the price of a security or that overloads the systems of a marketplace may be considered as interfering with fair and orderly markets.

Paragraph 5(3)(a) requires a marketplace participant to have a level of knowledge and understanding of any automated order systems used by either the marketplace participant or the marketplace participant's clients that is sufficient to allow the marketplace participant to identify and manage the risks associated with the use of the automated order system. We understand that detailed information of automated order systems may be treated as proprietary information by some clients or third party service providers; however, the CSA expect that the marketplace participant will be able to obtain sufficient information in order to properly identify and manage its own risks.

Paragraph 5(3)(b) requires that each automated order system is tested in accordance with prudent business practices. A participating dealer does not necessarily have to conduct tests on each automated order system used by its clients but must satisfy itself that these automated order systems have been appropriately tested. Testing an automated order system in accordance with prudent business practices includes testing it before its initial use and at least annually thereafter. We would also expect that testing would also occur after any significant change to the automated order system is made.

PART 4 REQUIREMENTS APPLICABLE TO MARKETPLACES

6. Availability of order and trade information

(1) Reasonable access

Subsection 6(1) is designed to ensure that a marketplace participant has immediate access to the marketplace participant's order and trade information when needed. Subsection 6(2) will help ensure that the marketplace does not have any rules, polices, procedures, fees or practices that would unreasonably create barriers to the marketplace participant in accessing this information.

This obligation is distinct from the requirement for marketplaces to disseminate order and trade information through an information processor under Parts 7 and 8 of NI 21-101. The information to be provided pursuant to section 6 would need to include the private information included on each order and trade in addition to the public information disseminated through an information processor.

(2) Immediate order and trade information

For the purposes of providing access to order and trade information on an immediate basis, we consider a marketplace's provision of this information by a drop copy to be acceptable.

7. Marketplace controls relating to electronic trading

(1) Termination of marketplace access

Subsection 7(1) requires a marketplace to have the ability and authority to terminate all or a portion of the access provided to a marketplace participant before providing access to that marketplace participant. This requirement also includes the authority of a marketplace to terminate access provided to a client that is using a participant dealer's marketplace participant identifier to access the marketplace. We expect a marketplace to act when it identifies trading behaviour that interferes with the fair and orderly functioning of its market.

(2) Assessments to be conducted

Paragraph 7(2)(a) requires a marketplace to regularly assess and document whether the marketplace requires any risk management and supervisory controls, policies and procedures relating to electronic trading, in addition to the risk management and supervisory controls, policies and procedures that marketplace participants are required to have under subsection 3(1), and ensure that such controls, policies and procedures are implemented in a timely manner. As well, a marketplace must regularly assess and document the adequacy and effectiveness of any risk management and supervisory controls, policies and

procedures put in place under paragraph 7(2)(a). A marketplace is expected to document any conclusions reached as a result of its assessment and any deficiencies noted. It must also promptly remedy any identified deficiencies.

It is important that a marketplace take steps to ensure it does not engage in activity that interferes with fair and orderly markets. Part 12 of NI 21-101 requires marketplaces to establish systems-related risk management controls. It is therefore expected that a marketplace will be generally aware of the risk management and supervisory controls, policies and procedures of its marketplace participants and assess whether it needs to implement additional controls, policies and procedures to eliminate any risk management gaps and ensure the integrity of trading on its market.

(3) Timing of assessments

A "regular" assessment would constitute, at a minimum, an assessment conducted annually and whenever a substantive change is made to a marketplace's operations, rules, controls, policies or procedures that relate to methods of electronic trading. A marketplace should determine whether more frequent assessments are required depending on the particular circumstances of the marketplace, for example when the number of orders or trades is increasing very rapidly or when new types of clients or trading activities are identified. A marketplace should document and preserve a copy of each such assessment as part of its books and records obligation in NI 21-101.

(4) Implementing controls, policies and procedures in a timely manner

A "timely manner" will depend on the particular circumstances, including the degree of potential risk of financial harm to marketplace participants and their clients or harm to the integrity of the marketplace and to the market as a whole. The marketplace must ensure the timely implementation of any necessary risk management and supervisory controls, policies and procedures.

8. Marketplace thresholds

Section 8 requires that each marketplace must not permit the execution of orders of exchange-traded securities exceeding price and volume thresholds set by its regulation services provider, or by the marketplace if it is a recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces certain requirements set under NI 23-101.

These price and volume thresholds are expected to reduce erroneous orders and price volatility by preventing the execution of orders that could interfere with a fair and orderly market.

There are a variety of methods that may be used to prevent the execution of these orders. However, the setting of the price threshold is to be coordinated among all regulation services providers, recognized exchanges and recognized quotation and trade reporting systems that set the threshold under subsection 8(1).

The coordination requirement also applies when setting a price threshold for securities that have underlying interests in an exchange-traded security. We note that there may be differences in the actual price thresholds set for an exchange-traded security and a security that has underlying interests in that exchange-traded security.

9. Clearly erroneous trades

(1) Application of section 9

Section 9 provides that a marketplace cannot provide access to a marketplace participant unless it has the ability to cancel, vary or correct a trade executed by that marketplace participant. This requirement would apply in the instance where the marketplace decides to cancel, vary or correct a trade or is instructed to do so by a regulation services provider.

Before cancelling, varying or correcting a trade, paragraph 9 (2)(a) requires that a marketplace receive instructions from its regulation services provider, if it has retained one. We note that this would not apply in the case of a recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set pursuant to subsection 7.1(1) or 7.3(1) respectively of NI 23-101.

(2) Cancellation, variation or correction where necessary to correct a system or technological malfunction or error made by the marketplace systems or equipment

Under paragraph 9(2)(c) a marketplace may cancel, vary or correct a trade where necessary to correct an error caused by a system or technological malfunction of the marketplace's systems or equipment or an individual acting on behalf of the marketplace. If a marketplace has retained a regulation services provider, it must not cancel, vary or correct a trade unless it has obtained permission from its regulation services provider to do so.

Examples of errors caused by a system or technological malfunction include where the system executes a trade on terms that are inconsistent with the explicit conditions placed on the order by the marketplace participant, or allocates fills for orders at the same price level in a manner or sequence that is inconsistent with the stated manner or sequence in which such fills are to occur on the marketplace. Another example includes where the trade price was calculated by a marketplace's systems or equipment based on some stated reference price, but it was calculated incorrectly.

(3) Policies and procedures

For policies and procedures established by the marketplace in accordance with the requirements of subsection 9(3) to be "reasonable", they should be clear and understandable to all marketplace participants.

The policies and procedures should also provide for consistent application. For example, if a marketplace decides that it will consider requests for cancellation, variation or correction of trades in accordance with paragraph 9(2)(b), it should consider all requests received regardless of the identity of the counterparty. If a marketplace chooses to establish parameters only within which it might be willing to consider such requests, it should apply these parameters consistently to each request, and should not exercise its discretion to refuse a cancellation or amendment when the request falls within the stated parameters and the consent of the affected parties has been provided.

When establishing any policies and procedures in accordance with subsection 9(3), a marketplace should also consider what additional policies and procedures might be appropriate to address any conflicts of interest that might arise.

ANNEX D

PASSPORT SYSTEM AMENDMENTS

Amending Instrument for
Multilateral Instrument 11-102 *Passport System*

1. Multilateral Instrument 11-102 Passport System is amended by this Instrument.

2. Appendix D is amended by repealing the row that contains "Electronic trading" ***in the column entitled "Provision" and replacing it with the following row:***

Electronic trading and direct electronic access to marketplaces	NI 23-103 (only sections 3(1), 3(2), 3(3)(a) to 3(3)(d), 3(4) to 3(7), 4, 4.2, 4.3, 4.4(a)(ii), 4.4(a)(iii), 4.4(a)(v) to 4.4(a)(vii), 4.4(b), 4.5, 4.7, and 5(3))

3. This instrument comes into force on March 1, 2014.

ANNEX E

COMMENT SUMMARY AND CSA RESPONSES

Commenters:

Michael Mercier, British Columbia Investment Management Corporation

Mark DesLauriers, Osler, Hoskin & Harcourt LLP

Kevan Cowan, TMX Group Limited

Topic	Summary of Comments	Response to Comments
NI 23-103 in General	One commenter advocated making the wording and grammar of the amendments to NI 23-103 *Electronic Trading* (Instrument or NI 23-103) and the Investment Industry Regulatory Organization of Canada's (IIROC) Proposed Provisions Respecting Third-Party Electronic Access to Marketplaces identical in order to avoid inconsistent interpretations. This commenter was also concerned about problems from this duplication. As an example, the commenter said that it is burdensome for dealers who wish to gain an exemption to comply with the separate processes in NI 23-103 and IIROC's Universal Market Integrity Rules (UMIR).	We have examined the differences in language between the IIROC proposal and NI 23-101 and have made the language as consistent as possible. Where the language is not identical, it is our view that the meaning is substantially the same. We note that under section 4.1 of NI 23-103, a participant dealer that complies with UMIR requirements similar to those established under Part 2.1 of the Instrument would not need to meet the requirements of Part 2.1 and would therefore only need to gain an exemption under UMIR. A separate exemption from NI 23-103 would not be necessary.
Proposed Provisions		
4.1 Requirements Applicable to Participant Dealers Providing Direct Electronic Access: Application of this Part This Part does not apply to a participant dealer if the participant dealer complies with similar requirements established by (a) a regulation services provider; (b) a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or (c) a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set under subsection 7.3(1) of NI 23-101.	One commenter questioned the potential redundancy of the Instrument as a result of subsection 4.1(a). This commenter suggested that NI 23-103 may be inapplicable to participant dealers because all dealers affected by the Instrument are required to abide by the UMIR proposal of IIROC, a regulation services provider (as identified in subsection 4.1(a)). The commenter asked to whom the proposal applies since it does not apply to participant dealers.	The definition of "participant dealer" has been revised to clarify that in Québec, "foreign approved participants" as defined in the Rules of the Montréal Exchange Inc. (Montréal Exchange) also fall under this term. We note that IIROC is not the regulation services provider to all marketplaces in Canada, for example, the Montréal Exchange. Therefore, the proposal would apply to members of a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101 but has not established similar

Topic	Summary of Comments	Response to Comments
		requirements.
4.2 Provision of Direct Electronic Access (1) A person or company must not provide direct electronic access unless it is a participant dealer. (2) A participant dealer must not provide direct electronic access to a registrant unless the registrant is (a) a portfolio manager; or (b) a restricted portfolio manager.	Two commenters found the use of "registrant" in subsection 4.2(2) confusing. They asked about the subsection's application to exemptive relief. One commenter suggested replacing the list of qualifying dealers in subsection 4.2(2) with a list of prohibited dealers to clarify which entities can receive DEA. The same commenter asked why the Instrument prohibits registered investment dealers, scholarship plan dealers, mutual fund dealers, exempt market dealers, restricted dealers and investment fund managers from obtaining DEA. This commenter stated that the risk these dealers pose is no greater than the risk posed by entities that will be able to obtain DEA under the Instrument, particularly since the prohibition on trading for the account of clients limits many DEA clients to trading as principle.	We have revised the wording in subsection 4.2(2) to avoid any confusion from the use of the term "registrant" and to ensure that only the appropriate registered entities are captured by the provision. Subsection 4.2(2) now stipulates that clients acting and registered as dealers with a securities regulatory authority cannot receive DEA. The CSA do not want to facilitate regulatory arbitrage with respect to trading. In our view, as stated in subsection 4.2(2) of the CP, dealers acting and registered in categories other than "investment dealer" should not have this type of electronic access to marketplace through a participant dealer unless they themselves are investment dealer and subject to IIROC rules. We note that investment dealer-to-investment dealer arrangements are addressed in UMIR as "routing arrangements".
4.6 DEA Client Identifier (1) Upon providing direct electronic access to a DEA client, a participant dealer must assign to the client a DEA client identifier in the form and manner required by (a) a regulation services provider; (b) a recognized exchange that directly monitors the conduct of its members and enforces requirements set under subsection 7.1(1) of NI 23-101; or (c) a recognized quotation and trade reporting system that directly monitors the conduct of its users and enforces requirements set under subsection 7.3(1) of NI 23-101. (2) A participant dealer that assigns a DEA client identifier under subsection (1) must immediately provide the DEA client identifier to each marketplace to which the DEA client has direct electronic access through the participant dealer.	One commenter noted that subsection 4.6(2) reflects current industry practice for assigning client identifiers but that IIROC Notice 12-0315 described a different process, in which IIROC will assign client identifiers to DEA clients. The commenter asked whether the current practice for assigning client identifiers will change and expressed concerns about business and efficiency impacts if it does. This commenter recommended the process for obtaining client identifiers be efficient while allowing for due diligence.	We have addressed the noted inconsistency by revising subsections 4.6(1), (2) and (3). Subsection 4.6(1) will now require that participant dealers ensure that each of their DEA clients is assigned a DEA client identifier. We do not expect the current practice for assigning DEA client identifiers to change in the near future. However, this revision will be able to accommodate changes to the DEA client identifier assignment process, while ensuring that a client will only trade using DEA once it has been assigned a unique DEA client identifier.

Topic	Summary of Comments	Response to Comments
(3) A participant dealer that assigns a DEA client identifier under subsection (1) must immediately provide the DEA client's name and its associated DEA client identifier to: (a) all regulation services providers monitoring trading on a marketplace to which the DEA client has access through the participant dealer; (b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client has access through the participant dealer; and (c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client has access through the participant dealer. (4) A participant dealer must ensure that an order entered by a DEA client using direct electronic access provided by the participant dealer includes the appropriate DEA client identifier. (5) If a client ceases to be a DEA client, the participant dealer must promptly inform: (a) all regulation services providers monitoring trading on a marketplace to which the DEA client had access through the participant dealer; (b) any recognized exchange or recognized quotation and trade reporting system that directly monitors the conduct of its members or users and enforces requirements set under section 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client had access through the participant dealer; and (c) any exchange or quotation and trade reporting system that is recognized for the purposes of this Instrument and that directly monitors the conduct of its members or users and enforces requirements set under subsection 7.1(1) or 7.3(1) of NI 23-101 and to which the DEA client had access through the participant dealer.		

Topic	Summary of Comments	Response to Comments
4.7 Trading by DEA Clients (1) A participant dealer must not provide direct electronic access to a DEA client that is trading for the account of another person or company. (2) Despite subsection (1), when using direct electronic access, the following DEA clients may trade for the accounts of their clients: (a) a portfolio manager; (b) a restricted portfolio manager; (c) a person or company that is registered in a category analogous to the entities referred to in paragraphs (a) or (b) in a foreign jurisdiction that is a signatory to the International Organization of Securities Commissions' Multilateral Memorandum of Understanding. (3) If a DEA client is using direct electronic access to trade for the account of a client, as permitted by subsection (2), the DEA client must ensure that its client's orders flow through the systems of the DEA client before being entered on a marketplace. (4) A participant dealer must ensure that when a DEA client is trading for the account of its client using direct electronic access, the DEA client has established and maintains reasonable risk management and supervisory controls, policies and procedures. (5) A DEA client must not provide access to or pass on its direct electronic access to another person or company other than the individuals authorized under paragraph 4.4(a)(vii).	A commenter thought that prohibiting trading for the account of clients is problematic because it would prevent a market participant from exercising discretionary or directed DEA trading for many client accounts. The commenter suggested this limitation will cause market disruption and negatively impact trading volumes. Further, the commenter suggested that trading by a market participant on behalf of its clients should be treated no differently than the market participant trading on its own behalf because the risks are comparable. The same commenter agreed that prohibiting the sub-delegation of DEA to clients (subsection 4.7(5)) is appropriate. One commenter suggested that the reference to “participant dealers” in section 4.7(1) and the reference to “clients” in section 4.7(2) is inconsistent and makes section 4.7(2) technically unusable. This commenter suggested that making subsection 4.7(1) consistent with subsection 4.7(2), which refers to DEA clients, by narrowing the restriction in subsection 4.7(1) so that it prohibits DEA clients from trading for the account of *clients*, rather than for *another person or company*. The commenter noted that given the broad meaning of “person”, the change would avoid unnecessary restrictions. This commenter also suggested expanding subsection 4.7(2) to include entities that, except for an exemption from NI 31-103, would otherwise be a portfolio manager. If the CSA intended entities to apply for exemptions, the commenter asked the CSA to clarify which entity (the client or the market participant), would be able to apply for an exemption from subsection 4.7(1).	We remain of the view that it is important to limit the risk of DEA trading by preventing DEA clients from trading via DEA for another person or company except under specified circumstances. We have revised the wording of subsections 4.7(1) and 4.7(2) to: • clarify that a DEA client that is registered or exempted from registration as an adviser under securities legislation may trade for the account of another person or company using DEA; • remove the limitation of unregistered entities carrying on business in a foreign jurisdiction that are permitted to trade for another person or company via DEA in that foreign jurisdiction from doing so in Canada, if it is regulated in the foreign jurisdiction by a signatory to the IOSCO Multilateral MOU; • remove the inconsistent references to “participant dealers” in subsection 4.7(1) and “clients” in subsection 4.7(2); and • consistently refer to “a person or company” instead of “clients”. Subsection 4.7(1) imposes an obligation on participant dealers. If an exemption from this requirement is needed, it is the participant dealer that must file the requested exemption from this requirement.
Companion Policy 23-103CP in General	One commenter expressed concern that the policy guidelines spoke only to the concept of sub-delegation to a client, and not to trading for the account of another person.	We have revised the wording in the CP accordingly to clarify that the concept of sub-delegation applies to trading for the account of another person or company.

Topic	Summary of Comments	Response to Comments
1.1 Introduction ***(1) Purpose of National Instrument 23-103***	One commenter was supportive of allowing marketplaces discretion in choosing whether to provide DEA access and whether to impose stricter standards than required by the Instrument.	We note the comment.

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/08/2013	1	2039299 Ontario Inc. - Warrant	322,906.25	1.00
04/01/2013	1	Accutrac Capital Solutions Inc. - Preferred Shares	100,000.00	100.00
04/30/2013	114	ACM Commercial Mortgage Fund - Units	16,447,794.56	N/A
06/10/2013	1	AgriMarine Holdings Inc. - Note	3,529,032.88	1.00
06/07/2013	2	Alchemist Mining Inc. - Units	20,000.00	2,600,000.00
05/31/2013	2	American Solar Direct Holdings Inc. - Units	978,500.00	475,000.00
06/11/2013	1	Approach Resources Inc. - Note	12,228,000.00	1.00
06/13/2013	68	Avidus Management Group Inc. - Units	651,500.00	13,030,000.00
05/09/2013	3	Ball Corporation - Notes	7,770,925.00	3.00
06/11/2013	3	Baxter International Inc. - Notes	24,378,963.60	3.00
05/23/2013	61	BMW Canada Inc. - Notes	449,952,500.00	61.00
06/03/2013 to 06/10/2013	3	BNY Trust Company of Canada, as trustee of MOVE Trust - Notes	28,316,445.72	3.00
06/13/2013	14	Bow Centre Street Limited Partnership - Bonds	300,000,000.00	300,000.00
03/12/2013	3	Burlington Northern Santa Fe, LLC - Debentures	20,926,106.85	150,250.00
03/12/2013	3	Burlington Northern Santa Fe, LLC - Debentures	31,088,641.00	150,250.00
04/02/2013	9	Capital Direct I Income Trust - Trust Units	499,570.00	49,957.00
06/07/2013 to 06/10/2013	17	Carlisle Goldfields Limited - Units	892,460.02	14,874,333.67
05/30/2013	4	Carube Resources Inc. - Common Shares	50,000.00	200,000.00
05/21/2013	2	Concho Resources Inc. - Notes	4,227,636.64	2.00
06/13/2013	14	Crocotta Energy Inc. - Common Shares	21,983,000.40	6,041,892.00
06/19/2013	48	Crown William Mining Corporation - Common Shares	555,979.10	17,119,582.00
05/17/2013	11	Demeure Operating Company Ltd. - Common Shares	1,001,056.22	11.00
05/22/2013	60	Denison Mines Corp. - Common Shares	14,950,000.00	60.00
05/20/2013	10	Dynergy Inc. - Notes	10,289,538.00	10.00
04/18/2013	11	Enthrill Distribution Inc. - Units	330,000.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/10/2013 to 05/31/2013	3	ePals Corporation - Debentures	2,750,000.00	2,750.00
06/17/2013	17	Everest Gold Inc. - Units	375,000.00	3,750,000.00
06/13/2013	3	Explor Resources Inc. - Flow-Through Units	750,000.00	15,000,000.00
03/27/2013	1	Exterran Partners, L.P. - Notes	2,034,000.00	2,000.00
03/01/2013	1	Fortress Asia Macro Fund Ltd. - Common Shares	50,420,000.00	N/A
05/23/2013 to 05/30/2013	2	Fortress Calgary 2011 Ltd. - Loans	150,000.00	2.00
06/10/2013 to 06/13/2013	3	Gatineau Centre Development Limited Partnership - Notes	69,647.00	69,647.00
05/21/2013 to 05/24/2013	4	Gatineau Centre Development Limited Partnership - Notes	131,000.00	4.00
06/18/2013	1	GDV Resources Inc. - Common Shares	125,000.00	2,500,000.00
06/07/2013	3	GMF Floorplan Canadian Owner Revolving Trust - Debt	120,000,000.00	3.00
06/18/2013	1	Gulf Power Company - Note	25,483,195.00	1.00
12/05/2012	1	GulfMark Offshore, Inc. - Notes	495,600.00	500.00
06/14/2013	1	Hyde Park Residences Inc. - Trust Units	150,000.00	3.00
05/23/2013	9	International Millennium Mining Corp. - Units	660,000.00	9.00
06/07/2013	1	Jack Cooper Holdings Corp. - Notes	3,063,000.00	3,063.00
05/15/2013	5	Kingwest Avenue Portfolio - Units	101,200.00	3,072.37
05/15/2013	2	Kingwest Canadian Equity Portfolio - Units	500,000.00	39,292.73
05/15/2013	2	Kingwest US Equity Portfolio - Units	508,823.94	27,042.38
06/10/2013	2	League IGW Real Estate Investment Trust - Units	4,731.85	4,731.85
06/19/2013	10	Lorus Therapeutics Inc. - Units	893,000.00	893.00
05/21/2013	4	LTP Financing Inc. - Bonds	177,000.00	4.00
05/30/2013	1	Marengo Mining Limited - Debentures	9,278,100.00	9,000.00
05/15/2013	44	Medivest Professional Centre Inc. - Common Shares	1,591,750.00	44.00
06/07/2013	37	Merus Lab International Inc. - Common Shares	4,606,820.40	7,678,034.00
06/12/2013	1	Metalcorp Limited - Common Shares	40,000.00	800,000.00
06/06/2013	8	Micromem Technologies Inc. - Units	114,227.05	709,596.00
05/28/2013	8	Mint Technology Corp. - Units	274,620.00	8.00
05/17/2013	7	Mitomics Inc. - Notes	304,572.00	7.00
05/23/2013 to	3	MM Realty Partners LP - Units	805,330.00	3.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/24/2013				
06/05/2013	13	Mobidia Technology Inc. - Preferred Shares	493,360.00	352,400.00
05/17/2013	6	Mohawk Medicine Hat Opportunity Partners (I) LP - Limited Partnership Units	160,000.00	1,600.00
06/12/2013	1	Monarques Resources Inc. - Common Shares	25,000.00	192,308.00
04/01/2013	6	Morrison Laurier Mortgage Corporation - Common Shares	630,500.00	N/A
05/27/2013	5	Newbaska Gold and Copper Mines Ltd. - Common Shares	46,103.00	5.00
06/13/2013	2	Octagon Investment Partners XVI, Ltd. - Notes	16,856,775.00	2.00
06/05/2013	64	OMERS Realty Corporation - Debentures	1,100,000,000.00	15,625,000.00
06/12/2013	2	Partnership Assurance Group plc - Common Shares	2,897,552.35	470,000.00
06/19/2013	44	Patient Home Monitoring Corp. - Units	798,244.00	9,978,050.00
06/12/2013	4	PBF Energy Inc. - Common Shares	826,362.00	30,000.00
05/20/2013	1	Petrobras Global Finance B.V. - Note	253,716.18	1.00
05/29/2013	3	Ply Gem Holdings, Inc. - Common Shares	4,682,700.00	15,789,474.00
06/10/2013	1	Pounder Venture Capital Corp. - Common Shares	24,000.00	240,000.00
06/12/2013	5	PSPIB-RE Summit Inc. - Bonds	220,000,000.00	220,000.00
06/10/2013	1	Pulis Registered Capital I Inc. - Bonds	165,500.00	1,655.00
01/23/2013 to 03/06/2013	2	Quantum Leap Mortgage Investment Fund - Units	15,000.00	1,500.00
05/29/2013 to 06/04/2013	9	Rainy River Resources Ltd. - Common Shares	318,008.96	29,000.00
04/16/2013 to 04/23/2013	18	Redstone Capital Corporation - Bonds	633,400.00	N/A
04/29/2013 to 05/02/2013	7	Redstone Investment Corporation - Notes	455,000.00	N/A
05/30/2013	2	ROI Capital / 2154197 Ontario Inc. & Benjamin Hospitality Inc. - Loans	916,456.00	916,456.00
05/28/2013	2	ROI Capital / Argus Hospitality Group Ltd. - Loans	1,784,472.67	1,784,472.67
06/04/2013	2	ROI Capital / Castlepoint Studio Partners Limited - Loans	24,307.40	24,307.40
05/24/2013	3	ROI Capital / Newmarket Golden Space Inc. & Newmarket Gorham LP - Loans	553,011.00	553,011.00
06/06/2013	3	Roper Industries, Inc. - Notes	9,705,772.45	3.00
06/10/2013 to 06/11/2013	6	Sabina Gold & Silver Corp. - Flow-Through Shares	20,266,013.60	14,475,724.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/08/2013	2	Seminole Hard Rock Entertainment, Inc. and Seminole Hard Rock International, L.L.C. - Notes	1,393,197.00	2.00
06/05/2013 to 06/13/2013	44	SIF Solar Energy Income & Growth Fund - Units	812,700.00	8,127.00
06/01/2013	82	Skyline Commercial Real Estate Investment Trust - Units	8,868,650.00	886,865.00
06/07/2013	3	SmartCool Systems Inc. - Common Shares	250,000.00	10,000,000.00
05/28/2013	6	Sonic Automotive, Inc. - Notes	6,945,705.00	6.00
06/11/2013	1	Stoney Range Industrial Limited Partnership - Units	150,000.00	150,000.00
06/05/2013	1	Supernova Interactive Inc. - Common Shares	500,000.00	10,417.00
06/07/2013	2	The Allstate Corporation - Notes	7,132,920.41	2.00
06/12/2013	20	Trevali Mining Corporation - Common Shares	10,903,020.00	18,171,700.00
06/10/2013	8	Tri-D Technologies Inc. - Preferred Shares	1,697,479.39	3,211,273.91
05/29/2013	2	Trilennium Solutions Inc. - Common Shares	10,000.00	200,000.00
06/10/2013 to 06/14/2013	17	UBS AG, Jersey Branch - Certificates	6,762,920.95	17.00
06/03/2013 to 06/07/2013	32	UBS AG, Jersey Branch - Certificates	14,808,221.38	32.00
05/21/2013 to 05/31/2013	54	UBS AG, Jersey Branch - Certificates	19,856,564.99	54.00
06/07/2013	9	UBS AG, London Branch - Notes	2,550,000.00	2,550.00
04/05/2013	4	UMC Financial Management Inc. - Limited Partnership Interest	323,000.00	N/A
04/24/2013	9	UMC Financial Management Inc. - Limited Partnership Interest	1,000,000.00	N/A
04/19/2013	5	UMC Financial Management Inc. - Limited Partnership Interest	870,000.00	N/A
06/04/2013	1	UniCredit S.p.A. - Note	450,000,000.00	1.00
06/03/2013	16	Vanstar Mining Resources Inc. - Units	175,000.00	175.00
06/12/2013	1	VRX Worldwide Inc. - Common Shares	150,000.00	34,626,146.00
06/13/2013	36	Walton CA Highland Ridge Investment Corporation - Units	681,590.00	68,159.00
05/30/2013	46	Walton Income 7 Investment Corporation - Common Shares	2,764,000.00	4,600.00
06/13/2013	39	Walton Income 7 Investment Corporation - Common Shares	1,846,000.00	3,900.00
06/03/2013	12	Western Pacific Resources Corp. - Units	980,500.20	6,536,668.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Canadian Overseas Petroleum Limited
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
Maximum: $10,000,000.00 - 50,000,000 Common Shares
Minimum: $6,000,000.00 - 30,000,000 Common Shares
Price: $0.20 per Common Share
Underwriter(s) or Distributor(s):
FIRSTENERGY CAPITAL CORP.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2045010

Issuer Name:
CERF Incorporated
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 27, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Up to $10,000,000.80 - 3,703,704 Units
Price: $2.70 per Unit
Underwriter(s) or Distributor(s):
GLOBAL SECURITIES CORPORATION
ALTACORP CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
BURGEONVEST BICK SECURITIES LIMITED
PI FINANCIAL CORP.
Promoter(s):
-
Project #2080322

Issuer Name:
Great-West Lifeco Inc.
Principal Regulator - Manitoba
Type and Date:
Preliminary Base Shelf Prospectus dated June 21, 2013
NP 11-202 Receipt dated June 25, 2013
Offering Price and Description:
$5,000,000,000.00
Debt Securities (unsecured)
First Preferred Shares
Common Shares
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2077857

Issuer Name:
Limited Duration Investment Grade Preferred Securities Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated June 27, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Maximum: U.S. $* (* Class U Units and/or Class V Units)
Price: U.S. $25.00 per Class U Unit or Class V Unit
Minimum Purchase: 100 Class U Units
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 #2080150

Issuer Name:
MINT Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
OFFERING OF ● WARRANTS TO PURCHASE A MAXIMUM OF ● TRUST UNITS
Warrant Exercise Price: $● per Trust Unit
Underwriter(s) or Distributor(s):
Middlefield Capital Corporation
Promoter(s):
-
Project #2080354

Issuer Name:
MINT Income Fund
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Maximum: $150,000,000.00 (* Class A Units)
Price: $* per Class A Unit
Minimum Purchase: * Class A Units
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Middlefield Capital Corporation
Promoter(s):
-
Project #2080334

Issuer Name:
NexGen Canadian Preferred Share Registered Fund
NexGen Canadian Preferred Share Tax Managed Fund
NexGen Global Equity Registered Fund
NexGen Global Equity Tax Managed Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated June 28, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Units of the following Series: Regular, Regular F, High Net Worth, High Net Worth F, Ultra High Net Worth and Institutional Front End Load, Deferred Load and Low Load, Global Series Shares and Preferred Series Shares
Shares of the Global Series of: Capital Gains Class, Return of Capital 40 Class, Dividend Tax Credit 40 Class and Compound Growth Class
Shares of the Preferred Series of: Capital Gains Class, Return of Capital Class, Dividend Tax Credit Class and Compound Growth Class
Underwriter(s) or Distributor(s):
NexGen Financial Limited Partnership
Promoter(s):
NexGen Financial Limited Partnership
Project #2080619

Issuer Name:
Orbite Aluminae Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated June 27, 2013
NP 11-202 Receipt dated June 27, 2013
Offering Price and Description:
Minimum Offering: $* - * Units
Maximum Offering: $* - * Units
and
Issuance of up to 14,525,146 Class A Shares in Settlement of Certain Outstanding Debts
Price: $* per Unit
Underwriter(s) or Distributor(s):
Euro Pacific Canada Inc.
National Bank Financial Inc.
Promoter(s):
-
Project #2079695

Issuer Name:
TransAlta Renewables Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
$ * - * Common Shares
Price: $10.00 per Common Share
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
Promoter(s):
TRANSALTA CORPORATION
Project #2078742

Issuer Name:
Class E Units, Class F Units, Class I Units, Class O Units, Class P Units, Class R Units (unless otherwise indicated) of
Canadian Equity Fund (also Class D Units)
Canadian Small Company Equity Fund (also Class D Units)
U.S. Large Company Equity Fund (also Class D Units, Class D(H) Units, Class E(H) Units, Class F(H) Units, Class I(H) Units, Class O(H) Units, Class P(H) Units and Class R(H) Units)
U.S. Small Company Equity Fund (also Class D Units, Class D(H) Units, Class E(H) Units, Class F(H) Units, Class I(H) Units, Class O(H) Units, Class P(H) Units and Class R(H) Units)
EAFE Equity Fund (also Class D Units)
Emerging Markets Equity Fund (also Class D Units)
Canadian Fixed Income Fund (also Class D Units)
Long Duration Bond Fund (also Class D Units)
Real Return Bond Fund (also Class D Units)
Short Term Bond Fund (also Class D Units)
Money Market Fund
U.S. Large Cap Index Fund (formerly U.S. Large Cap Synthetic Fund) (also Class D Units, Class F(H) Units and Class O(H) Units)
U.S. MidCap Synthetic Fund
U.S. High Yield Bond Fund (also Class D Units, Class D(H) Units, Class E(H) Units, Class F(H) Units, Class I(H) Units, Class O(H) Units, Class P(H) Units and Class R(H) Units)
Income 100 Fund (also Class S Units)
Income 20/80 Fund (also Class S Units)
Income 30/70 Fund (also Class S Units)
Income 40/60 Fund (also Class S Units)
Balanced 50/50 Fund (also Class S Units)
Balanced 60/40 Fund (also Class S Units)
Growth 100 Fund (also Class S Units)
Growth 70/30 Fund (also Class S Units)
Growth 80/20 Fund (also Class S Units)
Global Growth 100 Fund (also Class S Units)
Conservative Monthly Income Fund (also Class S Units)
Balanced Monthly Income Fund (also Class S Units)
Canadian Focused Balanced Fund (also Class S Units)
Canadian Focused Growth Fund (also Class S Units)
Global Managed Volatility Fund (Class D Units, Class F Units, Class O Units, Class P Units only)
Short Term Investment Fund (Class E Units, Class F Units, Class O Units and Class P Units only)
Long Duration Credit Bond Fund (Class O Units only)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 25, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Class D Units, Class E Units, Class F Units, Class I Units, Class O Units, Class P Units, Class R Units, Class S Units, Class D(H) Units, Class E(H) Units, Class F(H) Units, Class I(H) Units, Class O(H) Units, Class P(H) Units and Class R(H) Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2065735

Issuer Name:
Class B Units, Class D Units, Class F Units and Class I Units (unless otherwise noted) of
Beutel Goodman Balanced Fund
Beutel Goodman Canadian Equity Fund
Beutel Goodman Canadian Equity Plus Fund
Beutel Goodman Canadian Intrinsic Fund
Beutel Goodman Small Cap Fund
Beutel Goodman Canadian Dividend Fund
Beutel Goodman Global Dividend Fund*
Beutel Goodman World Focus Equity Fund
Beutel Goodman Global Equity Fund
Beutel Goodman International Equity Fund
Beutel Goodman American Equity Fund
Beutel Goodman Income Fund
Beutel Goodman Long Term Bond Fund
Beutel Goodman Corporate/Provincial Active Bond Fund
Beutel Goodman Short Term Bond Fund*
Beutel Goodman Money Market Fund**
*Offering Class B Units, Class F Units and Class I Units only
** Offering Class D Units, Class F Units and Class I Units only
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 28, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Class B Units, Class D Units, Class F Units and Class I Units
Underwriter(s) or Distributor(s):

Beutel Goodman Managed Funds Inc,
Promoter(s):
-
Project #2066973

Issuer Name:
Series A, F and O Units (unless otherwise noted) of:
Templeton Canadian Balanced Fund (Series A, F, O and T units)
Templeton Canadian Stock Fund
Templeton EAFE Developed Markets Fund
Templeton Emerging Markets Fund (Series A, F, I and O units)
Templeton Global Balanced Fund (Series A, F, O, S, T and T-USD units)
Templeton Global Bond Fund (Series A, F, I and O units)
Templeton Global Smaller Companies Fund (Series A, F, I and O units)
Templeton Growth Fund, Ltd. (Series A, A (Hedged), F, I and O shares)
Templeton International Stock Fund (Series A, F, I, O and T units)
Franklin Flex Cap Growth Fund
Franklin High Income Fund (Series A, F, I and O units)
Franklin Income Fund (Series A, F, I, O, R, S, T and U-USD units)
Franklin Strategic Income Fund (Series A, F, I and O units)
Franklin U.S. Core Equity Fund
Franklin U.S. Rising Dividends Fund (Series A, F, O and T units)
Franklin World Growth Fund (Series A, F, O and T units)
Bissett All Canadian Focus Fund (Series A, F, I and O units)
Bissett Bond Fund (Series A, F, I and O units)
Franklin Bissett Canadian All Cap Balanced Fund (formerly Bissett Focus Balanced
Fund) (Series A, F, I, O and T units)
Bissett Canadian Balanced Fund (Series A, F, I, O and T units)
Bissett Canadian Dividend Fund
Bissett Canadian Equity Fund (Series A, F, I and O units)
Bissett Canadian High Dividend Fund (Series A, F, I and O units)
Bissett Canadian Short Term Bond Fund
Bissett Corporate Bond Fund (Series A, F, I and O units)
Bissett Dividend Income Fund (Series A, F, I, O and T units)
Bissett Microcap Fund
Bissett Small Cap Fund
Bissett Strategic Income Fund (Series A, F, I and O units)
Mutual Beacon Fund (Series A, F, I, O and T units)
Mutual Global Discovery Fund (Series A, F, I, O, T and T-USD units)
Franklin Templeton Money Market Fund (Series A, F, I and O units)
Franklin Templeton Treasury Bill Fund (Series A, F, I and O units)
Series A, F and O shares (unless otherwise noted) of the following classes of Franklin Templeton Corporate Class Ltd.:
Templeton Asian Growth Corporate Class (Series A, F, I and O shares)
Templeton BRIC Corporate Class (Series A, F, I and O shares)
Templeton Canadian Stock Corporate Class
Templeton Emerging Markets Corporate Class
Templeton Frontier Markets Corporate Class
Templeton Global Bond Hedged Yield Class (Series A, F, I, O, R, S and T shares)
Templeton Global Smaller Companies Corporate Class (Series A, F, I and O shares)
Templeton Growth Corporate Class (Series A, F, I and O shares)
Templeton International Stock Corporate Class (Series A, F, I, O and T shares)
Franklin Flex Cap Growth Corporate Class
Franklin Income Corporate Class (Series A, F, I, O, R, S, T and T-USD shares)
Franklin Income Hedged Corporate Class (Series A, F, I, O, R, S and T shares)
Franklin U.S. Rising Dividends Corporate Class (Series A, F, O and T shares)
Franklin U.S. Rising Dividends Hedged Corporate Class (Series A, F, O and T shares)
Franklin World Growth Corporate Class (Series A, F, O and T shares)
Bissett All Canadian Focus Corporate Class (Series A, F, I and O shares)
Bissett Bond Corporate Class (Series A, F, I and O shares)
Bissett Bond Yield Class (Series A, F, I and O shares)
Franklin Bissett Canadian All Cap Balanced Corporate Class (formerly Bissett Focus Balanced
Corporate Class) (Series A, F, I, O and T shares)
Bissett Canadian Balanced Corporate Class (Series A, F, O and T shares)
Bissett Canadian Dividend Corporate Class (Series A, F, I, O, R, S and T shares)
Bissett Canadian Equity Corporate Class (Series A, F, O, I, R and T shares)
Bissett Canadian High Dividend Corporate Class (Series A, F, I, O and T shares)
Bissett Canadian Short Term Bond Yield Class (Series A, F, I and O shares)
Bissett Corporate Bond Yield Class (Series A, F, I, O and T shares)
Bissett Dividend Income Corporate Class (Series A, F, I, O and T shares)
Bissett Energy Corporate Class
Bissett Small Cap Corporate Class
Bissett Strategic Income Corporate Class (Series A, F, I, O, R, S and T shares)
Bissett U.S. Focus Corporate Class
Quotential Balanced Growth Corporate Class Portfolio (Series A, F, I, O, R, S and T shares)
Quotential Balanced Income Corporate Class Portfolio (Series A, F, I, O, R, S and T shares)
Quotential Canadian Growth Corporate Class Portfolio (Series A, F, I, O, R and T shares)
Quotential Diversified Income Corporate Class Portfolio (Series A, F, I, O, R, S, T and T-USD
shares)
Quotential Global Balanced Corporate Class Portfolio (Series A, F, I, O, R, S and T shares)
Quotential Global Growth Corporate Class Portfolio (Series A, F, I, O, R, S, T and T-USD
shares)
Quotential Growth Corporate Class Portfolio (Series A, F, I, O, R, S and T shares)
Quotential Maximum Growth Corporate Class Portfolio (Series A, F, I, O, R, S and T shares)

Mutual Beacon Corporate Class (Series A, F, I, O and T shares)
Mutual Global Discovery Corporate Class (Series A, F, I, O, T and T-USD shares)
Franklin Templeton Money Market Corporate Class (Series A, F, I and O shares)
Franklin Templeton Money Market Yield Class (Series A, F, I and O shares)
Series A, F and O units (unless otherwise noted) of the following Franklin Quotential
Portfolios:
Quotential Balanced Growth Portfolio (Series A, F, I, O, R, S and T units)
Quotential Balanced Income Portfolio (Series A, F, I, O, R, S and T units)
Quotential Canadian Growth Portfolio (Series A, F, I and O units)
Quotential Diversified Income Portfolio (Series A, F, I, O, S and T units)
Quotential Global Balanced Portfolio (Series A, F, I, O, R, S and T units)
Quotential Global Growth Portfolio (Series A, F, I, O, R, T and T-USD units)
Quotential Growth Portfolio (Series A, F, I, O, R and T units)
Quotential Maximum Growth Portfolio (Series A, F, I and O units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 20, 2013
NP 11-202 Receipt dated June 27, 2013
Offering Price and Description:
Series A, F, I, O, R, S, T and T-USD units and Series A, F, I, O, R, S, T and T-USD shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Franklin Templeton Investments Corp..
Bissett Investment Management, a division of Franklin Templeton Investments Corp.
Promoter(s):

Project #2058806

Issuer Name:
Brigata Diversified Portfolio (formerly Brigata Canadian Balanced Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated June 21, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Series A units and Series F units
Underwriter(s) or Distributor(s):
Independent Planning Group Inc.
Promoter(s):
-
Project #2064404

Issuer Name:
Brookfield Asset Management Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
US$1,000,000,000.00:
Debt Securities
Class A Preference Shares
Class A Limited Voting Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2074953

Issuer Name:
Brookfield Global Infrastructure Securities Income Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 24, 2013
NP 11-202 Receipt dated June 25, 2013
Offering Price and Description:
Maximum $350,000,000 (35,000,000 Units)
$10.00 per Unit
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:
Choice Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
$400,000,000.00 - 40,000,000 Units Price: $10.00 per Unit
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
Promoter(s):
Loblaw Companies Limited
Project #2065243

Issuer Name:
Choice Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
$400 million 3.554% Series A Senior Unsecured Debentures due July 5, 2018
and
$200 million 4.903% Series B Senior Unsecured Debentures due July 5, 2023
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CITIGROUP GLOBAL MARKETSCANADA INC
DESJARDINS SECURITIES INC.
J.P. MORGAN SECURITIES CANADA INC
MERRILL LYNCH CANADA INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
Promoter(s):
Loblaw Companies Limited
Project #2065244

Issuer Name:
Educators Balanced Fund
Educators Bond Fund
Educators Dividend Fund
Educators Growth Fund
Educators Money Market Fund
Educators Monthly Income Fund
Educators Mortgage & Income Fund
Educators North American Diversified Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 21, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
Class A units
Underwriter(s) or Distributor(s):
Educators Financial Group Inc.
Promoter(s):
-
Project #2063417

Issuer Name:
Friday Capital Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Prospectus dated June 26, 2013 amending and restating the Prospectus dated March 12, 2013.
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Macquarie Private Wealth Inc.
Promoter(s):
Michael Davidson
Project #1996537

Issuer Name:
Galileo Global Opportunities Fund
Galileo High Income Plus Fund
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated June 17, 2013 to the Simplified Prospectus and Annual Information Form dated August 24, 2012
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #1934348

Issuer Name:
Information Services Corporation
Principal Regulator - Saskatchewan
Type and Date:
Final Long Form Prospectus dated June 27, 2013
NP 11-202 Receipt dated June 27, 2013
Offering Price and Description:
$147,000,000.00 - 10,500,000 Class A Limited Voting Shares Price: $14.00 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:
MDPIM Canadian Bond Pool (Series A units)
MDPIM Canadian Long Term Bond Pool (Series A units)
MDPIM Dividend Pool (Series A and Series T units)
MDPIM Strategic Yield Pool (Series A units)
MDPIM Canadian Equity Pool (Private Trust Series units and Series T units)
MDPIM US Equity Pool (Private Trust Series units and Series T units)
MDPIM International Equity Pool (Series A and Series T units)
MDPIM Strategic Opportunities Pool (Series A units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated June 21, 2013
NP 11-202 Receipt dated June 28, 2013
Offering Price and Description:
Series A, Series T and Private Trust Units @ Net Asset Value
Underwriter(s) or Distributor(s):
MD Management Limited
MD Management Ltd.
Promoter(s):
-
Project #2063889

Issuer Name:
NEI Ethical Select Balanced Portfolio (formerly NEI Ethical Select Canadian Balanced Portfolio)
NEI Ethical Select Growth Portfolio (formerly NEI Ethical Select Canadian Growth Portfolio)
(Series A and Series F securities)
Principal Regulator - Ontario
Type and Date:
Amendment #4 dated June 19, 2013 to the Simplified Prospectuses and Annual Information Form dated July 3, 2012
NP 11-202 Receipt dated June 25, 2013
Offering Price and Description:
Series A and F securities
Underwriter(s) or Distributor(s):
Credential Asset Management Inc.
Credential Asset Management
Promoter(s):
Northwest & Ethical Investments L.P.
Project #1917486

Issuer Name:
Redknee Solutions Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated June 25, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
$45,069,350.00 - 14,538,500 Common Shares Issuable on Exercise of Outstanding Special Warrants
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
TDSECURITIES INC.
CANACCORD GENUITY CORP.
M PARTNERS INC.
Promoter(s):
-
Project #2076283

Issuer Name:
Surge Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated June 26, 2013
NP 11-202 Receipt dated June 26, 2013
Offering Price and Description:
$225,000,000.00
15,000,000 Units
Price: $15.00 per Unit
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
GMP Securities L.P.
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
FirstEnergy Capital Corp.
Dundee Securities Ltd.
Cormark Securities Inc.
Promoter(s):
-
Project #2075690

Issuer Name:
Sunshine Silver Mines Corporation
Principal Jurisdiction - Ontario
Type and Date:
Preliminary Long Form Prospectus dated December 21, 2012
Withdrawn on June 25, 2013
Offering Price and Description:
US$ * - * Shares of Common Stock
Price: US$ * per Share of Common Stock
Underwriter(s) or Distributor(s):
MORGAN STANLEY CANADA LIMITED
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
Promoter(s):
THE ELECTRUM GROUP LLC
Project #2001215

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Voluntary Surrender of Registration	Creststreet Asset Management Limited	Investment Fund Manager, Portfolio Manager and Commodity Trading Manager	June 25, 2013
Voluntary Surrender of Registration	Select Financial Services Inc.	Mutual Fund Dealer	June 27, 2013
New Business Registration	Firm Capital Securities Corp.	Exempt Market Dealer	June 28, 2013
New Business Registration	Pace Securities Corp.	Investment Dealer	June 28, 2013

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC – Notice of Commission Approval – Amendments Respecting Third-Party Electronic Access to Marketplaces

INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

AMENDMENTS RESPECTING THIRD-PARTY ELECTRONIC ACCESS TO MARKETPLACES

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission approved proposed amendments to the Universal Market Integrity Rules (UMIR) and the Investment Industry Regulatory Organization of Canada's (IIROC) Dealer Member Rules respecting third-party electronic access to marketplaces (the Amendments). In addition, the British Columbia Securities Commission did not object to, and the Alberta Securities Commission, the Autorité des marchés financiers, the Saskatchewan Financial Services Commission, the Manitoba Securities Commission, the Nova Scotia Securities Commission, the New Brunswick Securities Commission and the Financial Services Regulation Division of the Department of Government Services of Newfoundland and Labrador have approved the Amendments.

The Amendments, effective March 1, 2014, will align the requirements of UMIR and the IIROC Dealer Member Rules to National Instrument 23-103 *Electronic Trading and Direct Electronic Access to Marketplaces*.

The Amendments were published for comment on October 25, 2012. Eight comment letters were received and a summary of the comments and IIROC's response, as well as a copy of the approved amendments, can be found at www.osc.gov.on.ca.

13.3 Clearing Agencies

13.3.1 Chicago Mercantile Exchange Inc. – Notice of Commission Order – Application for Exemptive Relief

CHICAGO MERCANTILE EXCHANGE INC. (CME)

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF COMMISSION ORDER

On June 27, 2013, the Commission issued an order under section 147 of the *Securities Act* (Ontario) (Act) exempting CME from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order), subject to terms and conditions as set out in the Order.

The Commission published CME's application and draft exemption order for comment on May 16, 2013 at (2013) 36 OSCB 5209 (as corrected in (2013) 36 OSCB 5270). A comment letter was received from TMX Group Limited. A copy of the comment letter is posted at www.osc.gov.on.ca. We summarize below the main comments and Staff's responses to them. In issuing the Order, no amendments were made to the draft exemption order published for comment.

A copy of the Order is published in Chapter 2 of this Bulletin.

Comment	Response
The commenter raised concerns about the need for a consistent regulatory approach in Ontario and, in particular, the absence of reciprocity between Canadian and U.S. regulators, which creates an "unlevel playing field". The commenter submitted that, because Canadian clearing agencies must be fully recognized as derivatives clearing organizations to operate in the U.S. market, U.S.-based clearing agencies should face a similar requirement when seeking to operate in the Canadian market.	As noted in OSC Staff Notice 24-072 *Regulatory Approach to Recognition and Exemption from Recognition of Clearing Agencies*, we are prepared to exempt a clearing agency if it does not pose significant risk to Ontario capital markets and is subject to an appropriate regulatory and oversight regime in another jurisdiction by its home regulator(s). The existence of different regulatory regimes is acknowledged in the recent CPSS-IOSCO's *Principles for financial market infrastructures* that requires authorities to cooperate with each other in promoting the safety and efficiency of financial market infrastructures (FMIs). Our approach to recognition or exemption of a domestic clearing agency is consistent with our approach to recognition or exemption of foreign-based clearing agencies. It is based largely on whether the clearing agency poses significant risk to the Ontario capital markets.
The commenter referred to the difference in approach to exempt or recognize a clearing agency and submitted that regulation and supervision should not be a function of projected volume.	We note that volume is not the sole or main indicator of the level of risk to the Ontario capital markets used by the OSC. Determining the systemic importance of a clearing agency based on the level of activity of a clearing agency in Ontario (by measuring indicators such as notional value and volume of transactions cleared for Ontario-based market participants) is one factor considered by the OSC together with other qualitative and quantitative factors, such as interconnectedness, size of obligations and the role and central importance of a clearing agency to a particular market.

Chapter 25

Other Information

25.1 Consents

25.1.1 Bontan Corporation Inc. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under BVI Business Companies Act, 2004 (as amended).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.

Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O 1990, REGULATION 289/00, AS AMENDED
(the "Regulation") MADE UNDER THE
BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c.B.16, AS AMENDED (the "OBCA")

AND

IN THE MATTER OF
BONTAN CORPORATION INC.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application (the "Application") of Bontan Corporation Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") requesting a consent from the Commission for the Applicant to continue in another jurisdiction (the "Continuance"), as required by subsection 4(b) of the Regulation;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the laws of Ontario on April 9, 1973 and amalgamated on May 15, 2012.

2. The Applicant's registered office is located at 47 Avenue Road, Suite 200, Toronto, Ontario M5R 2G3.

3. The Applicant's authorized share capital consists of an unlimited number of common shares ("Common Shares") of which 176,275,790 Common Shares are issued and outstanding as at June 17, 2013. The Common Shares are quoted on the Over the Counter Bulletin Board ("OTCBB") under the trading symbol "BNTNF".

4. The Applicant intends to apply (the "Application for Continuance") to the Director under the OBCA for authorization to continue under the *BVI Business Companies Act, 2004* (the "BVI Act"), pursuant to section 181 of the OBCA.

5. Pursuant to subsection 4(b) of the Regulation, where a corporation is an offering corporation under the OBCA, the Application for Continuance must be accompanied by a consent from the Commission.

6. The Applicant is an offering corporation under the OBCA and is a reporting issuer under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the "Act") and is not on the list of defaulting reporting issuers. The Applicant is not a reporting issuer or the equivalent in any other jurisdiction in Canada.

7. The Applicant intends to remain a reporting issuer in the Province of Ontario.

8. The Applicant is not in default of any of the provisions of the Act or the regulations or rules made under the Act.

9. The Applicant is not a party to any proceeding or, to the best of its knowledge, information and belief, pending proceeding under the Act.

10. The Applicant's shareholders authorized the continuance of the Applicant as a corporation under the BVI Act by special resolution at a meeting of shareholders (the “Meeting”) held on March 28, 2013. The special resolution authorizing the Continuance was approved at the Meeting by 99.59% of the votes cast. None of the shareholders of the Applicant exercised dissent rights pursuant to section 185 of the OBCA.

11. The management information circular dated February 21, 2013 (the "Information Circular") provided to all shareholders of the Applicant in connection with the Meeting included full disclosure of the reasons for, and the implications of, the proposed Continuance, provided specimen Memorandum of Association and Articles of Association under the BVI Act, and advised the shareholders of their dissent rights in connection with the Application for Continuance pursuant to section 185 of the OBCA.

12. The Continuance follows the acquisition by the Applicant of Portage Pharma Ltd., a private company incorporated under the BVI Act, on June 4, 2013. The Continuance is intended to reorganize the corporate operations of the Applicant and to take advantage of the favourable tax treatment accorded to companies governed by the BVI Act, particularly in light of the fact that the Applicant will have limited operations and material assets in Canada following the Continuance.

13. The BVI Act permits foreign jurisdiction corporations to continue under the laws of the British Virgin Islands.

14. The material rights, duties and obligations of a company governed by the laws of the British Virgin Islands are substantially similar to those of a corporation governed by the OBCA.

15. At present, the Applicant controls a wholly-owned private Ontario numbered company, 1843343 Ontario Inc. (the “Numbered Company”). Upon completion of the Continuance, the Numbered Company will continue to be a wholly-owned subsidiary of the Applicant based in Ontario, with one employee. There will be no other assets or operations in Canada.

16. As the Applicant does not intend to maintain a corporate office in Canada subsequent to the Continuance, the Applicant has provided an undertaking (the "Undertaking") to the Commission that it will complete and file an "Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process" in the form of Schedule "A" thereto (the "Submission to Jurisdiction Form") with the Commission through the System for Electronic Document Analysis and Retrieval (SEDAR) promptly following the effective date of the Continuance. The Undertaking also provides that the Applicant will maintain and update the information contained in the Submission to Jurisdiction Form, or furnish a new Submission to Jurisdiction Form, in accordance with the provisions contained therein. The form of Undertaking provided to the Commission is attached as Appendix "A".

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the BVI Act.

DATED at Toronto on this 25th day of June, 2013.

“Edward P. Kerwin”
Ontario Securities Commission

“C. Wesley M. Scott”
Ontario Securities Commission

APPENDIX "A"

UNDERTAKING

To: Ontario Securities Commission (the "Commission")

RE: Bontan Corporation Inc. (the "Applicant")

Application dated June 7, 2013 for a Consent to a Continuance under the BVI Business Companies Act, 2004 (the "Continuance") pursuant to clause 4(b) of Ontario Regulation 289/00 made under the Business Corporations Act, R.S.O. 1990, c. B.16

The Applicant hereby undertakes that it will complete and file an "Issuer Form of Submission to Jurisdiction and Appointment of Agent for Service of Process" in the form of Schedule "A" hereto (the "Submission to Jurisdiction Form") with the Commission through the System for Electronic Document Analysis and Retrieval (SEDAR) promptly following the effective date of the Continuance.

The Applicant hereby further undertakes that it will maintain and update the information contained in the Submission to Jurisdiction Form, or furnish a new Submission to Jurisdiction Form, in accordance with the provisions contained therein.

Dated: June 7, 2013.

BONTAN CORPORATION INC.

per: *"Kam Shah"*
Name: Kam Shah
Title: Secretary

SCHEDULE "A"
TO
APPENDIX "A"

ISSUER FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

1. Name of issuer (the "Issuer"):

   _____

2. Jurisdiction of incorporation, or equivalent, of Issuer:

   _____

3. Address of principal place of business of Issuer:

   _____

4. Description of securities (the "Securities"):

   _____

5. Name of agent for service of process (the "Agent"):

   _____

6. Address for service of process of Agent in Canada (the address may be anywhere in Canada):

   _____

7. The Issuer designates and appoints the Agent at the address of the Agent stated above as its agent upon whom may be served any notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding (the "Proceeding") arising out of, relating to or concerning the obligations of the Issuer as a reporting issuer, and irrevocably waives any right to raise as a defence in any such Proceeding any alleged lack of jurisdiction to bring such Proceeding.

8. The Issuer irrevocably and unconditionally submits to the non-exclusive jurisdiction of

   (a) the judicial, quasi-judicial and administrative tribunals of each of the provinces [and territories] of Canada in which the securities are distributed under the Prospectus; and

   (b) any administrative proceeding in any such province [or territory],

   in any Proceeding arising out of or related to or concerning the obligations of the Issuer as a reporting issuer.

9. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer shall file a new submission to jurisdiction and appointment of agent for service of process in this form at least 30 days before termination of this submission to jurisdiction and appointment of agent for service of process.

10. Until six years after it has ceased to be a reporting issuer in any Canadian province or territory, the Issuer 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.

11. This submission to jurisdiction and appointment of agent for service of process shall be governed by and construed in accordance with the laws of [insert province or territory of above address of Agent].

Dated: _____

_____
Signature of Issuer

_____
Print name and title of signing officer of Issuer

AGENT

The undersigned accepts the appointment as agent for service of process of [insert name of Issuer] under the terms and conditions of the appointment of agent for service of process stated above.

Dated: _____

_____
Signature of Agent

_____
Print name of person signing and, if Agent is not an individual, the title of the person

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