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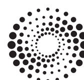

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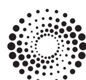

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Chapter 1

Notices / News Releases

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1.1.1 Current Proceedings Before The Ontario Securities Commission

November 7, 2013

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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SCHEDULED OSC HEARINGS

November 11-12, November 14-18, November 20, November 22 – December 2, December 4-5, December 9-16 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 C. Price/A. Pelletier in attendance for Staff Panel: EPK/DL/AMR
November 11-18, 2013 10:00 a.m.	**Systematech Solutions Inc., April Vuong and Hao Quach** s. 127 D. Ferris in attendance for Staff Panel: JDC
November 12, 2013 10:00 a.m.	**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: VK

November 13, 2013 10:00 a.m.	**Weizhen Tang** s. 127 C. Rossi in attendance for Staff Panel: TBA
November 21, 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: JEAT
November 22, 2013 10:00 a.m.	**Juniper Fund Management Corporation, Juniper Income Fund, Juniper Equity Growth Fund and Roy Brown (a.k.a. Roy Brown-Rodrigues)** s. 127 and 127.1 D. Ferris in attendance for Staff Panel: VK
November 26, 2013 2:00 p.m.	**Children's Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
November 28-29, 2013 10:00 a.m.	**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: MGC/CP
December 5, 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
December 9, 2013 10:00 a.m.	**Bradon Technologies Ltd., Joseph Compta, Ensign Corporate Communications Inc. and Timothy German** s. 127 and 127.1 C. Weiler in attendance for Staff Panel: JEAT
December 10, 2013 10:00 a.m.	**Andrea Lee Mccarthy, BFM Industries Inc. and Liquid Gold International Corp. (aka Liquid Gold International Inc.)** s. 127 J. Feasby/C. Watson in attendance for Staff Panel: JDC
December 12, 2013 10:00 a.m.	**Pro-Financial Asset Management Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT
December 16, 2013 10:00 a.m.	**Heritage Education Funds Inc.** s. 127 D. Ferris in attendance for Staff Panel: JEAT

December 17, 2013 3:30 p.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
January 6, 2014 2:00 p.m.	**Kevin Warren Zietsoff** s. 127 J. Feasby 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
January 27, 2014 10:00 a.m.	**Welcome Place Inc., Daniel Maxsood also known as Muhammad M. Khan, Tao Zhang, and Talat Ashraf** s. 127 G. Smyth in attendance for Staff Panel: TBA
February 3, 2014 10:00 a.m.	**Tricoastal Capital Partners LLC, Tricoastal Capital Management Ltd. and Keith Macdonald Summers** s. 127 C Johnson/G. Smyth in attendance for Staff Panel: TBA
February 10 and February 12-18, 2014 10:00 a.m.	**Portfolio Capital Inc., David Rogerson and Amy Hanna-Rogerson** s. 127 J. Lynch in attendance for Staff Panel: TBA
March 17-24 and March 26, 2014 10:00 a.m.	**Newer Technologies Limited, Ryan Pickering and Rodger Frey** s. 127 and 127.1 B. Shulman in attendance for staff Panel: TBA
March 27, 2014 10:00 a.m.	**AMTE Services Inc., Osler Energy Corporation, Ranjit Grewal, Phillip Colbert and Edward Ozga** s. 127 C. Rossi in attendance for Staff Panel: JEAT
March 31 – April 7, April 9-17, April 21 and April 23-30, 2014 10:00 a.m.	**Issam El-Bouji, Global RESP Corporation, Global Growth Assets Inc., Global Educational Trust Foundation and Margaret Singh** s. 127 and 127.1 M. Vaillancourt in attendance for Staff Panel: TBA
March 31 – April 7 and April 9-11, 2014 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: TBA

May 5, May 7-16, May 21-June 2 and June 4-12, 2014 10:00 a.m.	**Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus** s. 60 and 60.1 of the *Commodity Futures Act* T. Center in attendance for Staff Panel: TBA
June 2, 4-6, 10-16, 18-20, 24-30, July 3-4, 8-14, 16-18, 22-25, August 11, 13-15, 19-25, 27-29, September 2-8, 10-15, October 15-17, 28-31, November 3, 5-7, 11, 19-21, 25-28, December 1, 3-5, 9-15, 17-19, 2014, January 7-12, 14-16, 20-26, 28-30, February 3-9, 11-13 and February 17-20, 2015 10:00 a.m.	**Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley** s. 127 H. Craig in attendance for Staff Panel: TBA
September 15-22, September 24, September 29 – October 6, October 8-10, October 14-20, October 22 – November 3 and November 5-7, 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
November 11-17, 19-21, November 25 – December 1, December 3-5, 9-15, 17-19, 2014, January 14-16, 20-26, 28-30, February 3-9, 11-13, 17-23, 25-27 and March 3-6, 2015 10:00 a.m.	**Ernst & Young LLP** s. 127 and 127.1 Y. Chisholm / H. Craig in attendance for Staff Panel: TBA
May 1, 2015 10:00 a.m.	**Ernst & Young LLP (Audits of Zungui Haixi Corporation)** s. 127 and 127.1 J. Friedman 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
In writing	**Blackwood & Rose Inc., Steven Zetchus and Justin Kreller (also known as Justin Kay)** s. 37, 127 and 127.1 C. Rossi in attendance for Staff Panel: JEAT
In writing	**Bunting & Waddington Inc., Arvind Sanmugam and Julie Winget** s. 127 and 127.1 M. Britton/A. Pelletier in attendance for Staff Panel: EPK

In writing	**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
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	**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	**David M. O'Brien** s. 37, 127 and 127.1 B. Shulman 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	**Global RESP Corporation and Global Growth Assets Inc.** s. 127 D. Ferris in attendance for Staff Panel: TBA

TBA	**Garth H. Drabinsky, Myron I. Gottlieb and Gordon Eckstein** s. 127 J. Friedman in attendance for Staff Panel: TBA
TBA	**Jowdat Waheed and Bruce Walter** s. 127 J. Lynch in attendance for Staff
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
	Conrad M. Black, John A Boultbee and Peter Y. Atkinson s. 127 and 127.1 J. Friedman in attendance for Staff Panel: TBA
TBA	**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: TBA
TBA	**North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti, and Luigino Arconti** s. 127 M. Vaillancourt in attendance for Staff Panel: TBA
TBA	**David Charles Phillips and John Russell Wilson** s. 127 Y. Chisholm/B. Shulman in attendance for Staff Panel: TBA
TBA	**Global Consulting and Financial Services, Crown Capital Management Corporation, Canadian Private Audit Service, Executive Asset Management, Michael Chomica, Peter Siklos (also known as Peter Kuti), Jan Chomica, and Lorne Banks** s. 127 C. Rossi in attendance for Staff Panel: TBA
TBA	**Ground Wealth Inc., Michelle Dunk, Adrion Smith, Joel Webster, Douglas DeBoer, Armadillo Energy Inc., Armadillo Energy, Inc., and Armadillo Energy, LLC (aka Armadillo Energy LLC)** s. 127 J. Feasby in attendance for Staff Panel: TBA

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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

1.1.2 CSA Staff Notice 54-302 – Update on CSA Consultation Paper 54-401 Review of the Proxy Voting Infrastructure

Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Staff Notice 54-302
Update on CSA Consultation Paper 54-401 Review of the Proxy Voting Infrastructure

October 31, 2013

On August 15, 2013, the Canadian Securities Administrators (**CSA**) published for comment CSA Consultation Paper 54-401 *Review of the Proxy Voting Infrastructure* (the **Consultation Paper**). The comment period closes on November 13, 2013, and we encourage all interested parties to provide comments. This notice provides an update to market participants about the expected next steps in the consultation process.

The purpose of the Consultation Paper is to seek feedback from market participants on a proposed approach to address concerns regarding the integrity and reliability of the proxy voting infrastructure. The Consultation Paper identifies a number of areas for discussion that the CSA has determined may impact the accuracy of the proxy voting infrastructure, including:

- whether the current infrastructure adequately supports accurate and reliable vote counting, and
- what type of vote confirmation system will allow shareholders to be confident that their votes have been properly transmitted, received and counted at a shareholder meeting.

As indicated in the Consultation Paper, the CSA intends to engage in further consultations targeted at specific topics with market participants in order to inform the CSA's next steps. Certain jurisdictions intend to hold further consultations in **early 2014**. We will identify the specific topics to be addressed in these consultations from our review of the written comments that we receive, as well as from our on-going consideration of the issues identified in the Consultation Paper.

Questions

Please refer your questions to any of:

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1.1.3 OSC Staff Notice 33-742 – 2013 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers

OSC Staff Notice 33-742 – *2013 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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ONTARIO SECURITIES COMMISSION

OSC Staff Notice 33-742

2013

OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers

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ONTARIO
SECURITIES
COMMISSION

Introduction

OSC
ONTARIO SECURITIES COMMISSION

Introduction

This report provides information for registered firms and individuals (registrants) that are directly regulated by the Ontario Securities Commission (OSC). These registrants primarily include:

- exempt market dealers (EMDs)
- scholarship plan dealers (SPDs)
- advisers (portfolio managers or PMs), and
- investment fund managers (IFMs).

It was prepared by the OSC's Compliance and Registrant Regulation (CRR) Branch, which registers and oversees approximately 1,300 firms and 66,000 individuals in Ontario that trade or advise in securities or commodity futures, or act as IFMs. Although the OSC registers firms and individuals in the category of mutual fund dealer and firms in the category of investment dealer, these firms and individuals are directly overseen by their self-regulatory organizations (SROs), the Mutual Fund Dealers Association of Canada (MFDA) and the Investment Industry Regulatory Organization of Canada (IIROC), respectively.

In this report, we summarize new and proposed rules and initiatives impacting registrants, current trends in deficiencies from compliance reviews of registrants (and suggested practices to address them), and current trends in registration issues. We discuss our new registrant outreach program that will help strengthen our communication with registrants on compliance practices. We also provide a summary of some key registrant misconduct cases, explain where registrants can get more information about their obligations, and provide OSC contact information.

This report is a key part of our outreach to registrants. We strongly encourage registrants to thoroughly read and use this report to enhance their understanding of:

- initial and ongoing registration and compliance requirements,
- OSC staff expectations of registrants and our interpretation of regulatory requirements, and
- new and proposed rules and other regulatory initiatives.

We also recommend registrants pro-actively use this report as a self-assessment tool to strengthen their compliance with Ontario securities law, and as appropriate, to make changes to enhance their systems of compliance, internal controls and supervision.[1]

[1] The content of this report is provided as guidance for information purposes and not as advice. We encourage firms to seek advice from a professional advisor as they conduct their self-assessment and/or implement any changes to address issues raised in the report.

1. Key policy initiatives impacting registrants

1.1 Cost disclosure, performance reporting and client statements

1.2 Potential statutory best interest standard for dealers and advisers

1.3 Independent dispute resolution services for registrants

1.4 Registration of OTC derivatives market participants

1.5 Review of prospectus exemptions

1.6 Ongoing amendments to registration requirements, exemptions and ongoing registrant obligations

1. Key policy initiatives impacting registrants

1.1 Cost disclosure, performance reporting and client statements

Effective July 15, 2013, the Canadian Securities Administrators (CSA) amended National Instrument (NI) 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), as well as its Companion Policy (31-103CP), implementing new requirements to ensure all investors receive essential information about the costs and performance of their investments. The amendments are relevant to all categories of registered dealer and registered adviser, with some application to IFMs. The amendments are commonly referred to as the "Client Relationship Model - Phase 2" or "CRM2".

The amendments will be phased-in over three years. Beginning this July, minor clarifications to NI 31-103 took effect, such as enhancements to relationship disclosure information.

Beginning July 15, 2014, registered firms will need to:

- provide pre-trade disclosure of charges; and
- report on compensation from debt securities transactions

Beginning July 15, 2015, the new account statement /additional statement requirements take effect. These include requirements to provide position cost information and to determine market values using a prescribed methodology.

Beginning July 15, 2016, registered firms will need to:

- provide an annual report on charges and other compensation that shows, in dollars, what the dealer or adviser was paid for the products and services it provided; and
- provide an annual investment performance report that covers
    - deposits into, and withdrawals from, the client's account;
    - the change in value of the account; and
    - the percentage returns for the previous year; and the previous three, five and ten years.

Additional guidance about implementing the CRM2 requirements can be found in CSA Staff Notice 31-334 *CSA Review of Relationship Disclosure Practices* (CSA Staff Notice 31-334) and in an "FAQ" that we expect to publish this fall.

The CSA expects the IIROC and MFDA member rules to be materially harmonized with the CSA's CRM2 requirements and to be implemented on substantially the same schedule.

For more information, see CSA Notice of Amendments to NI 31-103 and to 31-103CP (Cost Disclosure, Performance Reporting and Client Statements).

1.2 Potential statutory best interest standard for dealers and advisers

We are re-evaluating the advisor-client relationship by considering whether an explicit statutory fiduciary or best interest standard should apply to dealers and advisers and on what terms. A fiduciary duty is essentially a duty to act in a client's best interest.

In Ontario, section 116 of the *Securities Act* (Ontario) (Act) applies a best interest standard to IFMs in their dealings with the investment funds they manage. There is no equivalent provision under the Act that explicitly applies a best interest standard to dealers and advisers in their dealings with their clients, although section 2.1 of OSC Rule 31-505 *Conditions of Registration* (OSC Rule 31-505) requires dealers and advisers to deal fairly, honestly and in good faith with their clients. While there is no statutory best interest duty for dealers and advisers in Ontario, Canadian courts can find that a given dealer or adviser owes a best interest duty to his or her client depending on the nature of their relationship.

CSA Consultation Paper 33-403 *The Standard of Conduct for Advisers and Dealers: Exploring the Appropriateness of Introducing a Statutory Best Interest Duty When Advice is Provided to Retail Clients* was published on October 25, 2012. With the CSA, we are reviewing over ninety comment letters and conducted three roundtable sessions to engage stakeholders on the issues raised in the paper.

Working with the CSA, we plan to publish an update on the consultation findings this fall.

1.3 Independent dispute resolution services for registrants

In November 2012, the CSA proposed rule amendments to NI 31-103 that would require all registered dealers and advisers, outside of Québec, to use the Ombudsman for Banking Services and Investments (OBSI) as the common dispute-resolution service for the securities industry. OBSI is an independent, not-for-profit organization with significant experience as a dispute-resolution service. The CSA has reviewed stakeholder comments on the proposal and is considering appropriate next steps.

Except in Québec, the transition period for dealers and advisers that were registered as of September 28, 2009 to make available to their clients independent dispute resolution or mediation services has been extended to the earlier of September 28, 2014 or the implementation of amendments to the requirement. If a firm became registered after September 28, 2009, then this extension does not apply and we expect the firm to immediately comply with the independent dispute resolution requirements.

For more information, see Proposed Amendments to NI 31-103 on Dispute Resolution Service.

We remind all dealers and advisers of their existing requirements in section 13.15 of NI 31-103 to have internal complaint handling policies to ensure that all client complaints are addressed appropriately.

1.4 Registration of OTC derivatives market participants

As part of the CSA's ongoing development of proposals for the regulation of over-the-counter (OTC) derivatives in Canada, the CSA's Derivatives Committee published on April 18, 2013 a consultation paper on the registration and regulation of derivatives market participants.

CSA Consultation Paper 91-407 *Derivatives: Registration* (CSA CP 91-407) proposes three categories of registration as follows:

- Derivatives dealer for persons carrying on the business of trading in derivatives (or holding themselves out as doing so),
- Derivatives adviser for persons carrying on the business of advising others in derivatives (or holding themselves out as doing so), and
- Large derivatives participant for entities (other than derivatives dealers) that have a substantial aggregate derivatives exposure.

The paper recommends that all derivatives registrants be subject to requirements on:

- Proficiency,
- Financial condition and solvency,
- Compliance systems and internal business conduct,
- Honest dealing, and
- Holding of client and counterparty assets.

In addition, the paper also recommends that derivatives dealers and advisers be subject to:

- Gatekeeper obligations (to ensure market integrity and to assess counterparty risks), and
- Business conduct requirements, including know your client (KYC) and suitability obligations, addressing conflicts of interest, and fair dealing obligations.

The paper also proposes exemptions from regulatory requirements (but not registration) for persons subject to equivalent requirements, and also exemptions from registration (such as for derivatives dealers that provide incidental advice from also having to also register as derivatives advisers).

The CSA is reviewing over 40 comment letters it received on the consultation paper (comments closed on June 17, 2013), which will be considered when it develops rules for an OTC derivatives regulatory framework.

For more information, see CSA CP 91-407.

1.5 Review of prospectus exemptions

The OSC is actively involved in exempt market initiatives including the CSA policy review of the existing minimum amount and accredited investor prospectus exemptions and the OSC's expanded review of potential new prospectus exemptions. These initiatives will have important implications for EMDs and other registrants selling exempt market products.

We are evaluating whether any changes should be made to the existing accredited investor and minimum amount exemptions. The feedback from industry highlighted the need for greater access to the exempt market for issuers, particularly start-ups and small and medium sized enterprises. As a result of that feedback, on December 14, 2012, we published OSC Staff Consultation Paper 45-710 *Considerations for New Capital Raising Prospectus Exemptions*, which sets out four concept ideas for new prospectus exemptions in Ontario. The comment period closed on March 8, 2013 and we received over 100 comment letters. We also held several town hall sessions and consulted with numerous stakeholders including SROs, foreign regulators, investor advocates, industry associations, portals, and academics.

To assist us in our review of potential new prospectus exemptions, we established the OSC's Exempt Market Advisory Committee to advise us on possible regulatory approaches to the exempt market. In addition, we considered the experience of other CSA jurisdictions with prospectus exemptions not currently available in Ontario, as well as international developments relevant to capital raising in the exempt market.

On August 28, 2013, we published OSC Notice 45-712 *Progress Report on Review of Prospectus Exemptions to Facilitate Capital Raising* (OSC Notice 45-712), which sets out the next steps in the OSC's exempt market review and consideration of the following prospectus exemptions:

- a crowdfunding exemption,
- a family, friends and business associates exemption,
- an offering memorandum exemption,
- a streamlined version of the existing rights offering exemption currently available across Canada, and
- amending the accredited investor exemption in Ontario to allow fully managed accounts to purchase investment fund securities.

This work is a priority for the OSC and any resulting proposals will be brought to the public for comment before making any final decisions. For more information, see OSC Notice 45-712.

1.6 Ongoing amendments to registration requirements, exemptions and ongoing registrant obligations

Since the implementation of NI 31-103 in September 2009, and amendments which came into force in July 2011, we have monitored this new regulatory regime for registrants and engaged in discussions with stakeholders about questions and concerns regarding their practical experience working with the regime. With the CSA, we have developed additional technical and substantive amendments to NI 31-103 and NI 33-109 *Registration Information* (NI 33-109) arising from this ongoing process.

This fall, we expect to publish for comment these proposed amendments to codify current exemption orders, refine certain exemptions, and provide guidance and clarifications that will enhance investor protection and improve the day-to-day operation of the registration regime for industry participants and regulators. In addition, we believe that the proposed amendments will further clarify our legislative intent.

2. Outreach to registrants

2.1 New outreach program

2.2 Registrant advisory committee

2. Outreach to registrants

2.1 New outreach program

In July 2013, the CRR Branch launched its new outreach program to registrants. The new program will strengthen our communications with Ontario registrants we directly regulate and other industry participants (such as lawyers and compliance consultants), and is intended to promote stronger compliance practices and enhance investor protection.

Our new outreach program is interactive and will enhance dialogue with registrants. It has the following features:

Registrant Outreach web page

We have set up a Registrant Outreach web page on the OSC's website, which has been designed to enhance awareness of topical compliance issues. Registrants are encouraged to check the web page on a regular basis for updates on regulatory issues impacting Ontario registrants.

Educational seminars

Beginning September 2013, we began hosting a series of targeted seminars to provide registrants with practical knowledge on compliance related matters, such as calculating regulatory capital, understanding KYC, know your product (KYP), and suitability obligations, and getting through an OSC compliance review. Interested registrants can find the seminar calendar, course descriptions, and how to register on the Registrant Outreach web page.

Registrant Outreach Community

Registrants are also encouraged to join our Registrant Outreach Community to receive regular email updates on OSC policies and initiatives impacting registrants, as well as the latest publications and guidance on our expectations regarding compliance. To join, visit the Registrant Outreach web page.

Registrant Resources

Our Registrant Outreach web page has a Registrant Resources section to provide registrants and other industry participants with easy, centralized access to recent compliance materials.

If you have questions related directly to the Registrant Outreach program or have suggestions for seminar topics, please send an email to RegistrantOutreach@osc.gov.on.ca.

2.2 Registrant advisory committee

The CRR Branch has formed a new committee to help us to consult with our stakeholders and to assist registrants in meeting their regulatory obligations. In December 2012, we established the Registrant Advisory Committee (RAC) to serve as a forum to discuss issues and challenges faced by registrants in interpreting and complying with Ontario securities law, including registration and compliance related matters. The committee's mandate is to assess these issues, discuss possible resolutions, consider the implication of each feasible option, and help to ensure that solutions are applied consistently across registrants. The committee also plays a consultative role by providing feedback to the CRR Branch on the development and implementation of policy and rule making initiatives that promote investor protection and fair and efficient capital markets.

The RAC is chaired by the CRR Branch's Director and consists of members representing the different registration categories and registrant business models, industry advisory groups and SROs. The RAC meets approximately four to six times per year, in addition to ad hoc meetings as required, with members serving two-year terms.

3. Registration of firms and individuals

3.1 Registration and oversight of foreign broker-dealers

3.2 Current trends in registration issues

3.3 Novel business activities potentially requiring registration

3.4 Relevant investment management experience for advising representatives

3.5 Amendments to calculation of capital markets participation fees

3. Registration of firms and individuals

The registration requirements under securities law help to protect investors from unfair, improper or fraudulent practices by participants in the securities markets. The information required to support a registration application allows us to assess a firm's and individual's fitness for registration. When assessing a firm's fitness for registration we consider whether it is able to carry out its obligations under securities law. For example, registered firms must be financially viable. We use three fundamental criteria to assess an individual's fitness; their proficiency, integrity and solvency. These fitness requirements are the cornerstones of the registration regime.

In this section, we discuss foreign broker-dealers registered as EMDs, current trends in registration issues, novel business activities potentially requiring registration, relevant investment management experience for advising representatives, and amendments to the fees rule.

3.1 Registration and oversight of foreign broker-dealers

Following a public consultation process, the CSA and IIROC have concluded that IIROC should regulate all firms that conduct brokerage activities (trading securities listed on an exchange in foreign or Canadian markets), and that firms using the EMD registration category should not be permitted to conduct brokerage activities with accredited investors. We intend to publish proposed amendments to NI 31-103 later in 2013 as part of the ongoing amendments to that rule in order to prohibit EMDs from conducting brokerage activities. In our most recent notice, we suggest that impacted firms may wish to consider how they will conduct brokerage activities in the future, including transferring their brokerage activities to a Canadian incorporated IIROC firm, tailoring their activities to fit solely within the EMD registration category, or relying upon the international dealer exemption in section 8.18 of NI 31-103.

For more information, see the most recent notices published by the CSA and IIROC on February 7, 2013:

- CSA Staff Notice 31-333 *Follow-up to Broker-Dealer Registration in the Exempt Market Dealer Category*
- IIROC Notice 13-0042 *IIROC Concept Proposal Restricted Dealer Member Proposal – Summary of Comments*

3.2 Current trends in registration issues

Outside business activities

Registrants sometimes have business activities in addition to those with their sponsoring firm. Registrants must ensure that these outside business activities (OBAs) do not impair or impede the performance of their regulatory obligations, including with the conflicts of interest provision in NI 31-103. We remind

registrants that all OBAs must be disclosed in Item 10 of Form 33-109F4 (Form F4), or Form 33-109F5 for changes in OBAs after registration.

Below, we list some of the inquiries we received on which OBAs must be disclosed and our interpretation of the requirements.

What does "business related" mean in Form F4?

Any activity that places the registered individual in regular contact with clients or potential clients can be considered "business related".

What does "officer or director positions and . . . any other equivalent positions" mean in Form F4?

Equivalent positions to an officer or director include roles where the individual is in a position of power or influence over clients or potential clients. This may include non-leadership and/or unpaid roles. For example, some of the activities that we have required to be disclosed include:

- roles handling investments or monies of an organization, such as being on a charity's investment or finance committee, as these roles are similar to activities performed by registrants,
- acting as a pastor, as this role places the individual in a position of influence over his or her congregation, and
- mentoring youth through an organization, as it places the individual in a position of influence over potential clients, including family members of the youth.

Does being an owner of a holding company require disclosure?

Yes. Having ownership in a holding company is a "business" activity that requires disclosure. This is because owning a holding company allows a person to perform, control or influence a business activity indirectly. However, where the ownership is at a negligible level of 1% or 2%, we generally do not require disclosure.

Does an OBA have to be "material" in order to merit disclosure?

No. Whether an activity is material is subjective. An OBA that falls under Form F4 must be disclosed, even if it is "immaterial" from the perspective of the firm or the registered individual. Once the activity has been disclosed, we will review the activity and take into account the potential conflicts of interest that may arise as a result of that activity.

Return of (or requests to withdraw) incomplete or delayed applications

In some instances, we receive applications for registration that are substantially incomplete. For example, required provincial business name registrations have not been obtained, audited financial statements

have not been prepared, an auditor has not been appointed, or firms are not prepared to file the individual registration applications on the National Registration Database (NRD). In these instances, we may return the applications without review for completion.

As well, in other cases when we review applications, applicants provide inadequate, incomplete or no responses to deficiencies we raise or to our requests for further information, despite multiple follow-ups. Also, applications for exemptive relief from certain registration requirements (such as proficiency) provided with registration applications are also sometimes deficient in the information they include or filers are slow to respond to questions. These deficiencies cause delays in the time to process these applications. In these instances, we may require the applicant to withdraw the application.

Applicants should be aware that when we return an application or require the withdrawal of an application, when the application is re-filed, we may require the filing fees to be paid again.

As such, to avoid processing delays and paying additional filing fees, applicants should ensure that applications are complete and contain all required information when they are filed and that they have the resources to respond to our deficiencies and questions within a reasonable time-frame.

Late filings

We continue to see a trend in registrants incurring late fees for failing to meet deadlines to notify us of changes in registration information. In particular, we see numerous late filings relating to terminations, OBAs, and criminal, civil and financial disclosure. NI 33-109 sets out the deadlines for these and other filings.

Also, many registered firms and exempt international firms fail to file their Form 13-502F4 *Capital Markets Participation Fee Calculation* by December 1, or in the case of unregistered investment fund managers, within 90 days of their fiscal year ends. Also, some registrants are filing late notices under section 11.9 of NI 31-103 (see section 4.1.2 on *Failure to provide notice of ownership changes or asset acquisitions*). We will charge late fees in applicable circumstances. The fees for late filings are outlined in Appendix D to OSC Rule 13-502 *Fees* (OSC Rule 13-502).

When late fees remain unpaid for more than 30 days after they are due, the firm's registration is automatically suspended pursuant to section 29(1) of the Act.

We remind firms that they are expected to have policies and procedures in place to ensure that required filings are made within the deadlines established under securities laws. Maintaining these policies and procedures will also help firms avoid incurring late fees. In addition, repeated late filings may impact our assessment of a firm's suitability for registration.

3.3 Novel business activities potentially requiring registration

Over the last year, we reviewed a number of cases involving persons and companies engaging in (or proposing to engage in) novel business activities that appeared to be registrable trading or advising activities. In these cases, we assessed whether these entities would be "in the business" of trading or advising and therefore subject to the dealer or adviser registration requirements under the Act.

To assist entities in determining whether their activities require registration, we generally refer them to the guidance in section 1.3 of 31-103CP under *Business trigger for trading and advising*. The definition of "trade" is very broad and includes "any act, advertisement, solicitation, conduct or negotiation directly or indirectly in furtherance of" a trade. The question of whether entities satisfy the "business trigger" will generally be fact-specific and may not apply to all entities engaged in similar activities.

Some recent examples of entities that we have found to be in the business of trading or advising include:

- an online platform that aims to bring together accredited investors and issuers,
- entities that offer "auto-trading", "mirror investing" and "trade copying" services to clients,
- promoters and distributors of certain tax shelter products, particularly products that involve leveraged donations of property to charities in the expectation that clients will receive tax credits,
- finders, referral agents and investor relations entities who regularly participate in private placements and prospectus offerings in return for fees and/or warrants granted as compensation,
- an online portfolio management system for investors to use to build investment portfolios based on their investment needs and objectives, and
- unregistered firms in Ontario that were trading or advising in securities with investors located outside of Ontario.

Some of these examples are discussed in more detail below.

1) <u>Online platform to facilitate investing</u>

We recently granted restricted dealer registration to a not-for-profit online platform (the Filer) that aims to facilitate "impact investing" by bringing together accredited investors in Ontario (and potentially elsewhere) and issuers that aim to solve social or environmental challenges in Ontario.

The Filer also obtained exemptive relief from certain KYC and suitability requirements (Client-Specific KYC and Suitability Requirements) in NI 31-103.

The decision states that, subject to certain investment limits and other terms and conditions, the Filer is exempt from the obligation to determine that sales of securities by issuers to accredited investors who are matched to the issuers through the Filer's platform are suitable for the investors in light of the investor's investment needs and objectives, financial circumstances and risk tolerance. The Filer continues to be

required to comply with customary gatekeeper KYC requirements, such as establishing the identity of a client, confirming that the client is an accredited investor and complying with anti-money laundering requirements. The Filer may not issue securities or have related or connected issuers and no transactions may be executed, settled or cleared through the Filer's platform.

The time-limited relief from the Client-Specific KYC and Suitability Requirements for the Filer's platform is based on the particular facts and circumstances of the application and on very specific, rigorous conditions relating to processes such as the criteria for selecting issuers and background checks. There is no assurance that a similar exemption from KYC and suitability requirements would be granted to others, including crowdfunding portals.

For more information, see the June 17, 2013 decision *In the Matter of MaRS VX*.

2) Auto-trading, mirror investing and trade copying services

We have considered a number of situations involving "auto-trading", "mirror investing" and "trade copying" services.

In one case, we considered a firm based in Ontario that provides auto-trading services to clients for a fee. The firm operates a website that allows investors to subscribe to one or more non-affiliated investment newsletter services that provide buy and sell recommendations for the trading of shares and options. The firm provides an automated trading service whereby the firm will, through the use of software and a power of attorney arrangement over the client's brokerage account, match newsletter recommendations with client instructions to create a trade order for each of its relevant clients which the firm electronically delivers to the client's investment dealer. Based on the nature of the services provided by the firm and the terms of the agreement between the firm and its clients, we concluded that the firm was in the business of advising in securities in Ontario.

We have also received enquiries from a number of individuals who proposed to set up "mirror investing" or "trade copying" arrangements for a fee. In one case, an individual claimed that he was an experienced trader who had developed a personal trading strategy that yielded consistent and positive returns. The individual wished to offer a service whereby other investors could benefit from his trading strategy by using "trade copying" software that would copy trades from his personal trading account to their trading accounts in exchange for a share of the profits. We asked this individual to seek appropriate legal advice before proceeding as we would likely take the view that these activities would be registrable advising activity.

3) Promoters and distributors of tax shelter products

We have recently reviewed a number of cases that involved promoters and distributors of tax shelter

products. Based upon our review of the products and how they were promoted, and the relevant caselaw, including the recent Synergy Group decision,[2] we concluded that the entities were engaged in registrable activity and were required to register as a dealer.

4) Online portfolio management system

An unregistered firm located in Ontario developed a web-based personal portfolio management system that investors could subscribe to, for a monthly fee, to enable them to build, design and manage an investment portfolio with securities using portfolio management tools and approaches. After investors input their portfolio needs, asset allocation and risk and reward preferences to the system, the firm's software (using algorithms) would provide them with a customized short-list of securities that the investor could consider for purchase through their on-line brokerage account at a registered investment dealer. The firm claimed that its system provided a research tool for self-directed investors and did not provide advice. We disagreed with this claim. Our view was that it would be in the business of providing tailored securities advice to investors based on their investment needs and objectives, and that the firm would need to register as an adviser if it launched its system in Ontario.

5) Trading or advising in Ontario with non-Ontario investors

We have recently seen a number of cases in which individuals and firms located in Ontario were engaged in registrable trading or advising activities with investors outside of Ontario without being registered in Ontario.

We remind market participants that registration in Ontario is generally required (unless a registration exemption is otherwise available) where registrable activities are provided to investors resident in Ontario or where registrable activities are conducted within Ontario, regardless of the location of the clients. If the trading or advising activity is taking place within Ontario, then to comply with section 25 of the Act the individual or firm is generally required to be registered as a dealer or adviser (as applicable) in Ontario, or rely on a registration exemption. Individuals and firms that conduct these activities may not avoid registration by informing prospective clients that they do not offer or provide their services to Ontario investors.

In the recent *Crowe* decision,[3] the Ontario Superior Court of Justice (Divisional Court) reaffirmed that provincial securities legislation is not limited to protecting the interests of investors located within the province from unfair, improper or fraudulent activities. Provincial securities legislation regulates individuals and firms within the province in order to protect investors both within and outside the province from unfair,

[2] See decision of the Alberta Court of Appeal in *Synergy Group (2000) Inc. v. Alberta (Securities Commission)*, 2011 ABCA 194.

[3] See *Crowe v. OSC* (2012) 108 O.R. (3d) 410 (Aitken J., Pardu J., Swinton J.) (December 5, 2011); leave to appeal to the Court of Appeal dismissed July, 2012.

improper or fraudulent activities. Where a trade has an extra-provincial character, the Commission's jurisdiction over the trade is not determined by the location of the investors; rather, the Commission will have jurisdiction over a trade where there is a sufficient connection between Ontario and the impugned activities and the entities involved.

The Commission has recently granted relief from the dealer and adviser registration requirements in a number of cases[4] where registrable services were being conducted in Ontario but were provided to clients resident in the US or another foreign jurisdiction and the firm was appropriately registered to provide such services in the US or other foreign jurisdiction. While staff would not necessarily consider these cases to be precedents, we will consider recommending exemptive relief by analogy to the principles reflected in these cases in appropriate circumstances.

3.4 Relevant investment management experience for advising representatives

An individual applying to register as an advising representative or associate advising representative with a PM needs to meet the "relevant investment management experience" and educational requirements to qualify for registration.

We receive many inquiries about the factors we consider in assessing what constitutes "relevant investment management experience." In response, on January 17, 2013 we published CSA Staff Notice 31-332 *Relevant Investment Management Experience for Advising Representatives and Associate Advising Representatives of Portfolio Managers* (CSA Staff Notice 31-332). While we assess each application on its facts, we expect prospective applicants to consider the information in this notice when deciding whether to apply for registration as an advising representative or associate advising representative.

The notice discusses decisions on experience relating to:

- client relationship management
- corporate finance/investment banking
- dealing representative with IIROC member
- consulting on portfolio manager selection and monitoring, and
- mutual fund sales

For more information, see CSA Staff Notice 31-332.

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[4] See, e.g., the following adviser registration cases: *Re Macquarie Private Wealth Inc. and Macquarie Private Wealth Corp.* dated October 19, 2012; *Re BMO Nesbitt Burns Securities Ltd.* dated April 11, 2012;*Re Manulife Asset Management (North America) Limited* dated October 28, 2011; *Re Goodman & Company N.Y. Ltd. and Goodman & Company, Investment Counsel Ltd.* dated October 25, 2011; and *Re Gavin Management Group, Inc.* dated June 3, 2011; and the following dealer registration cases: *Re NCP Northland Capital Partners Inc. and NCP Northland Capital Partners (USA) Inc.* dated March 11, 2011; *Re Stonecap Securities Inc. and SCS (USA) Inc.* dated February 18, 2011; and *Re Thomas Weisel Partners Canada Inc. and Thomas Weisel Partners (USA) Inc.* dated October 7, 2008. All cases are available on the OSC's website.

3.5 Amendments to calculation of capital markets participation fees

On April 1, 2013, amendments to OSC Rule 13-502 on fees came into force.[5] In the past, registrants and unregistered capital markets participants were required to calculate information on Form 13-502F4 *Capital Markets Participation Fee Calculation* (Form 13-502F4) based on their most recently completed fiscal year. However, as a result of the amendments to the fees rule, registered firms, exempt international firms relying on sections 8.18 [international dealer] and 8.26 [international adviser] of NI 31-103 and unregistered IFMs[6] will complete Form 13-502F4 for the required filings for 2013, 2014 and 2015 based on information from their financial statements for their "reference year".

For most firms, the "reference year" will be their last fiscal year ending before May 1, 2012. Therefore, the specified Ontario revenues reported on most firms' Form 13-502F4 should be the same in each of 2013, 2014 and 2015. However, in cases where a firm was not a registrant firm, exempt international firm or unregistered IFM at the end of its last fiscal year ending before May 1, 2012, the firm's "reference year" will not be static. In these cases, registrant firms and exempt international firms will use their financial statements for their last fiscal year ending in the calendar year (or, in the case of unregistered investment fund managers, their last fiscal year) when completing Form 13-502F4. Therefore, the specified Ontario revenues reported on these firms' Form 13-502F4 will likely be different in each of 2013, 2014 and 2015. This scenario might apply where a firm became registered in Ontario for the first time on or after May 1, 2012 or became registered for the first time before May 1, 2012 but had not yet experienced a full fiscal year before May 1, 2012.

For more information, see OSC Rule 13-502. Also, see section 4.1.2 of this report on *Incorrect calculation of capital markets participation fees*.

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[5] On April 1, 2013, amendments to OSC Rule 13-503 *(Commodity Futures Act) Fees* also came into force. This rule covers fees for persons or companies registered as dealers or advisers under the *Commodity Futures Act* (Ontario).

[6] See section 1.1 of OSC Rule 13-502 for the definition of an "unregistered investment fund manager."

4. Information for dealers, advisers and investment fund managers

4.1 All registrants
- 4.1.1 Compliance review process
- 4.1.2 Current trends in deficiencies and suggested practices
- 4.1.3 New and proposed rules and initiatives impacting all registrants

4.2 Dealers (exempt market dealers and scholarship plan dealers)
- 4.2.1 Current trends in deficiencies of EMDs and suggested practices
- 4.2.2 Update on results of scholarship plan dealer reviews
- 4.2.3 EMDs that distribute related party products

4.3 Advisers (portfolio managers)
- 4.3.1 Current trends in deficiencies and suggested practices
- 4.3.2 Sweep of newly registered PMs
- 4.3.3 PM client account statement practices
- 4.3.4 New framework for direct electronic access

4.4 Investment fund managers
- 4.4.1 Current trends in deficiencies and suggested practices
- 4.4.2 New and proposed rules and initiatives impacting IFMs

4. Information for dealers, advisers and investment fund managers

The information in this section includes the key findings and outcomes from our ongoing compliance reviews of the registrants we directly regulate. We highlight current trends in deficiencies from our reviews and provide suggested practices to address the deficiencies. We also discuss new or proposed rules and initiatives impacting registrants.

This part of the report is divided into four main sections. The first section contains general information that is relevant for all registrants. The other sections contain information specific to dealers (EMDs and SPDs), advisers (PMs) and IFMs, respectively. This report is organized to allow a registrant to focus on reading the section for all registrants and the sections that apply to their registration categories. *However, we recommend that registrants review all sections in this part, as some of the information presented for one type of registrant may be relevant to other registrants*.

4.1 All registrants

This section discusses our compliance review process, current trends in deficiencies and suggested practices to address them, and new and proposed rules and initiatives impacting all registrants.

4.1.1 Compliance review process

We conduct compliance reviews of registered firms on a continuous basis. The purpose of compliance reviews is primarily to assess compliance with Ontario securities law; but they also help registrants to improve their understanding of regulatory requirements and our expectations, and help us to learn about a specific industry topic or practice we may have concerns with.

Risk-based approach

Firms are generally selected for review using a risk-based approach. This approach is intended to identify firms that are most likely to have material compliance issues (including risk of harm to investors) or a significant impact to the capital markets if there is a compliance breach. To determine which firms should be reviewed, we consider a number of factors, including firms' responses to the most recent OSC risk assessment questionnaire, their compliance review history, complaints or tips from external parties and referrals from another OSC branch, an SRO or another regulator.

We frequently conduct compliance reviews on-site at a registrant's premises, but also perform reviews from our offices, which are known as desk reviews. For information on "What to expect from, and how to prepare for, an OSC compliance review" see section 5.1.1 of OSC Staff Notice 33-738 *2012 OSC Annual Summary Report for Dealers, Advisers and Investment Fund Managers* (OSC Staff Notice 33-738).

As part of our risk-based approach to reviews, we also assess which areas of a registered firm's business and operations to review and focus on. This means that on any given review, we may not review all aspects of a firm's business, but may focus on certain functions or risks. For example, we may decide to review a PM firm's portfolio management and trading practices, but not to review their marketing practices. But we always perform certain review steps for on-site reviews, including interviewing senior management of the registrant to obtain an understanding of their business, reviewing the firm's most recent financial statements and excess working capital calculations, reviewing regulatory reports (such as the annual compliance report to the board of directors), and assessing the firm's overall compliance and supervision structure.

Sweep reviews

In addition to reviewing individual firms, we conduct sweeps which are compliance reviews of a sample of registered firms on a specific topic or in an industry sector. Sweeps allow us to respond on a timely basis to industry-wide concerns or issues. We regularly perform sweeps of newly registered firms to assess if they are off to a good start and to help them to understand their requirements and our expectations. We also regularly review large or "impact" firms to help ensure we allocate sufficient compliance oversight resources to firms that would have a material impact to investors and the Ontario capital markets if there was a significant failure in their systems of control and supervision.

Some of the sweep reviews we performed this year are high-lighted below:

- We reviewed a sample of newly registered PMs. See section 4.3.2 for a summary of this sweep and its findings.
- We started an on-site sweep review of a sample of "impact" PMs, IFMs and EMDs. We assessed a PM or IFM to be an "impact" firm if it had a high value of assets under administration or management and a high number of clients compared to other firms. We assessed an EMD to be an "impact" firm if it had a high number of dealing representatives compared to other firms.
- We performed a desk review of the custody practices of a sample of EMDs, PMs and IFMs that had custody of their client's assets. See section 4.1.3 *Review of custody requirements for non-SRO registrants* for a summary of this sweep and its findings.
- We performed a desk review sweep of a sample of firms' excess working capital calculations for periods during their financial year. This sweep complemented our ongoing reviews of firms' financial statements and other financial information that firms deliver to us for their financial year-ends. See section 4.1.2 on *Inaccurate calculations of excess working capital* for deficiencies identified from this sweep (and actions to be taken).
- We performed a desk review of a sample of firms' 2012 capital markets participation fees to the OSC. See section 4.1.2 on *Incorrect calculation of capital markets participation fees* for this sweep's findings and guidance.

Outcomes of compliance reviews

In most cases, the deficiencies found in a compliance review are set out in a written report to the firm so that they can take appropriate corrective action. After a firm addresses its deficiencies, the expected outcome is that they have enhanced their compliance. If a firm had many significant deficiencies, once it addresses these, the expected outcome is that they have significantly enhanced their compliance.

In addition to issuing compliance deficiency reports, we take additional regulatory action when warranted (including when we identify signs of potential registrant misconduct or fraud).

The outcomes of our compliance reviews in fiscal 2013, with comparables for 2012, are presented in the following table and are listed in their increasing order of seriousness. The percentages in the table are based on the registered firms we reviewed during the year and not the population of all registered firms.

Outcomes of compliance reviews (all registration categories)	Fiscal 2013	Fiscal 2012
Enhanced compliance	38%	34%
Significantly enhanced compliance	52%	47%
Terms and conditions on registration	3%	8%
Surrender of registration	1%	1%
Referral to the Enforcement Branch	2%	6%
Suspension of registration	4%	4%

For an explanation of each outcome, see Appendix A in OSC Staff Notice 33-738. In some cases, there may be more than one outcome from a review. In these cases, the review is counted only under its most serious outcome.

Non-significant deficiencies

In August 2011, we changed our approach to compliance deficiency reports issued to registrants upon the completion of a review. Previously, we required that registrants respond to us explaining how they will address all deficiencies included in the report. With our new approach, we require registrants to only respond in writing to deficiencies that we have identified as being "significant." This helps us to better allocate our resources and focus on higher-risk activities. However, we still expect registrants to address the non-significant deficiencies, even though there is no requirement for them to respond to us in writing. We informed registrants that on a sample basis we would follow up with them to assess that they have adequately addressed the non-significant deficiencies.

In November 2012 we conducted a desk review of a sample of EMDs, PMs and IFMs to assess if they had taken corrective actions regarding non-significant deficiencies identified from previous reviews. We required the selected registrants to provide us with the appropriate documentation to evidence that the non-significant deficiencies were addressed. Overall, we were satisfied with the corrective action taken for the non-significant deficiencies. Based on this sample, we believe that our new approach is effective and will therefore continue.

Contacting investors as part of compliance reviews

As part of our ongoing, normal course reviews of dealers and advisers, we contact a sample of their clients by telephone. Clients who are contacted may be asked a number of questions about their registrant firm and dealing or advising representative, including the completeness and accuracy of their KYC information obtained by the firm and the investment recommendations and advice provided to them. Clients' participation in this process is voluntary. We've found that investor contact is a valuable method to assess if registrants are complying with Ontario securities law. For more information, see OSC New Review Procedure of Calling Investors and Frequently Asked Questions on Receiving Calls from the OSC on the OSC's website.

Protection of registrant and investor information

As part of our on-site compliance reviews, we examine the books, records and other documents maintained by registrants, including personal information concerning their clients. This is normally done at the registrant's offices. However, we may make copies of this information and take it back to our offices. We also obtain information from registrants and applicants for other purposes, such as reviewing registration applications and notices of the sale of a registrant's securities or assets.

The OSC is subject to the provisions of the *Freedom of Information and Protection of Privacy Act* (Ontario), which imposes obligations on how we collect, use, disclose, retain, secure and destroy personal information. In addition, OSC staff are also subject to the OSC's Code of Conduct which requires us to use and protect confidential information appropriately. For example, access to registrant and client information obtained from a compliance review is limited to OSC staff participating in the review or others who may be involved in performing their duties because of issues raised by the review.

We have a responsibility to protect the information we obtain from our stakeholders, and will take all necessary steps in the event of a security breach.

4.1.2 Current trends in deficiencies and suggested practices

In this section, we summarize key trends in deficiencies from recent compliance reviews of EMDs, PMs, and IFMs. For each deficiency, we summarize the applicable requirements under Ontario securities law

which must be followed. In addition, where applicable, we provide suggested practices. *The suggested practices throughout this report are intended to give guidance to help registrants address the deficiencies, and provide our expectations of registrants*.

We strongly recommend registrants review the deficiencies and suggested practices in this report that apply to their registration categories and operations to assess and, as needed, implement enhancements to their firm's systems of compliance and internal controls.

Non-compliance with KYC, KYP and suitability requirements and accredited investor requirements

We continue to have concerns that some dealers and advisers are not adequately meeting their KYC, KYP and suitability obligations. We also remain concerned that some EMDs are selling securities to investors that do not qualify under a prospectus exemption (such as the accredited investor exemption).

In 2012, we conducted a targeted review (Suitability Sweep) of 87 firms registered in the categories of EMD and PM. Our Suitability Sweep identified a number of significant suitability compliance issues at the registrants we reviewed, which we think is unacceptable. On May 30, 2013, we published OSC Staff Notice 33-740 *Report on the results of the 2012 targeted review of portfolio managers and exempt market dealers to assess compliance with the know-your-client, know-your-product and suitability obligations* (OSC Staff Notice 33-740) which summarized the Suitability Sweep's findings. Some of the major findings are highlighted below.

Findings from reviews of EMDs

- Selling exempt securities to non-accredited investors
- Inadequate suitability assessment, including due to over-concentration in one investment and due to inadequate documentation to satisfy how a suitability determination was made
- Inadequate process for collection, documentation and maintenance of KYC information

Findings from reviews of PMs

- Inadequate relationship disclosure information
- Inadequate process on collection, documentation and maintenance of KYC information

For more information, see OSC Staff Notice 33-740. For guidance to dealers on complying with the accredited investor exemption, see OSC Staff Notice 33-735 *Sale of Exempt Securities to Non-Accredited Investors* (OSC Staff Notice 33-735).

Later this year, we plan on issuing guidance (including suggested practices) in the areas of KYC, KYP and suitability to assist registrants in meeting their obligations. We will continue to focus on assessing if EMDs and PMs are meeting their KYC, KYP and suitability obligations, and if EMDs are selling exempt securities to non-accredited investors. Where we identify significant compliance issues in these areas, we

will take appropriate regulatory action. As well, we intend to pay particular attention to registrants relying on purported “client-directed trade instructions”, or selling investments using the $150,000 minimum amount exemption when the investment represents more than 10% of the client’s net financial assets.

Inadequate compliance systems and UDPs and CCOs not meeting their responsibilities

In a limited number of cases, we find that registered firms have an inadequate compliance system and that their Ultimate Designated Person (UDP) and Chief Compliance Officer (CCO) are not meeting their responsibilities. For example, we identified some firms with significant compliance issues, such as selling exempt securities to retail investors, dealing or advising in securities of related and connected issuers when it was not suitable or appropriate for clients, or having unregistered persons engage in dealing or advising activities on the firm’s behalf. We assessed these firms as having inadequate compliance systems and that their UDP and CCO (who in some cases were the same individual) were not meeting their responsibilities.

There are serious consequences when firms have deficiencies of this nature. In addition to requiring the firm to correct their deficiencies through a concerted effort to review and apply securities law to their operations, we may take further regulatory action including:

- requiring the firm to hire an external compliance consultant to correct the deficiencies and to strengthen the firm’s compliance system,
- requiring the firm to replace its CCO with a better suited individual, and
- referring the matter to the Enforcement Branch or suspending the firm’s registration.

Registered firms are required to maintain a control and supervisory system sufficient to ensure compliance with securities law and to manage business risks (see section 32(2) of the Act and section 11.1 of NI 31-103). A firm’s UDP and CCO have extremely important compliance roles. They are ultimately responsible for ensuring that a compliance system is in place to ensure that the firm, and its representatives, comply with securities law. It is critical that they understand and fulfill their required responsibilities and roles under sections 5.1 and 5.2 of NI 31-103.

The UDP is responsible to supervise the firm’s compliance activities and to promote compliance.

The CCO is responsible to establish and maintain policies for assessing compliance by the firm, and individuals acting on its behalf, with securities legislation. The CCO must also monitor and assess compliance by the firm, and individuals acting on its behalf, with securities legislation.

An effective compliance system is essential to a registered firm’s continued fitness for registration. Elements include day-to-day monitoring and supervision, overall systemic monitoring, identifying non-compliance at an early stage, and allowing for correction of non-compliant conduct in a timely manner.

Although the firm's UDP and CCO serve important roles, compliance is a responsibility that extends to everyone in the firm, whether they are registered or not.

Suggested practices

- UDPs should ensure that adequate staff and resources are allocated to their firm's compliance function, taking into account the size, nature, complexity and risk of their business.
- UDPs should communicate and reinforce to all staff that compliance with securities law is a firm-wide responsibility.
- CCOs should ensure that they have an appropriate amount of involvement, time and resources to fulfill their responsibility to monitor and assess compliance with regulatory requirements.
- Firms and their CCOs should perform ongoing self-assessments of their compliance with Ontario securities law and take action to improve their internal controls, monitoring, supervision and policies and procedures when necessary.
- Firms should provide regular training to their staff so that they understand the firm's policies and procedures and applicable regulatory requirements.
- Firms should consider engaging external legal counsel or a compliance consultant to provide advice on compliance, including making recommendations to improve the firm's compliance system.
- CCOs should continuously educate themselves on compliance and regulatory topics, such as by attending compliance-focused seminars and participating in compliance officer associations.
- Firms should appoint individuals to act as alternates in the brief absence of the CCO or UDP (such as during vacations).
- Firms should keep detailed records of activities they conduct to identify compliance deficiencies and the actions taken to correct them.

For more guidance, see section 11.1 of 31-103CP and our May 2012 OSC Message to CCOs and UDPs on Inadequate Compliance Systems.

Inadequate or no annual compliance report

We continue to find cases where a registered firm's CCO does not provide an annual report to the firm's board of directors that assesses the firm's, and its registered individuals', compliance with securities law. In addition, we also find cases where a CCO submits a perfunctory report that concludes that the firm has

complied with securities law, but does not provide any support for how the CCO made his or her assessment.

One of the CCO's responsibilities is to submit an annual report to the firm's board of directors, or individuals acting in a similar capacity for the firm, for the purpose of assessing compliance by the firm, and individuals acting on its behalf, with securities legislation (see section 5.2 of NI 31-103).

When the CCO has not submitted an annual compliance report, or submits a perfunctory report, this raises questions about the adequacy of the registrant's compliance system, and whether the CCO is adequately performing his or her responsibilities.

We review firm's annual reports during all on-site compliance reviews and use it as a factor to assess the adequacy of the reviewed firm's compliance system and if the CCO is performing his or her responsibilities.

For suggested practices on the CCO's annual compliance report, see section 5.1.2 of OSC Staff Notice 33-738 under the heading *Failure by CCO to submit an annual compliance report*.

Failure to provide notice of ownership changes or asset acquisitions

Some registrants do not provide us with the required notice under sections 11.9 or 11.10 of NI 31-103 of proposed ownership changes in, or asset acquisitions of, registered firms. We have found a number of cases where:

- registered firms or registered individuals (including the UDP, CCO, advising representative, or dealing representative of the firm) have acquired 10% or more of the securities of another registered firm, or their sponsoring firm, without first providing us with the required notice
- registered firms or registered individuals have acquired a security or securities in addition to the 10% or more securities that they already own without first providing us with the required notice; or
- registered firms have not provided us with the required notice as soon as the registered firm knew, or had reason to believe, that 10% or more of its voting securities were going to be acquired by a non-registrant, including an officer, director, permitted individual or employee of the firm (barring exceptional circumstances, we expect to receive notice of these transactions at least 30 days prior to the transaction taking place).

We have also found that some IIROC or MFDA member firms did not file the required 11.9 or 11.10 notices based on the view that their SRO notice process was sufficient. This is not the case. The notice obligations apply to all registrants, including member firms of IIROC and the MFDA, and arise from the OSC's responsibility to register, among others, dealer firms.

If we notify the registered firm or person making the proposed acquisition that we object to the transaction (within 30 days of receipt of the notice), then the acquisition must not take place until our objection is withdrawn.

In the cases where registrants did not provide us with the required notice for their completed acquisitions, we required them to file the notice, pay the applicable filing fees and be subjected to our notice review process. So far, we have not objected to any of these transactions, but instead have issued a written letter to each firm warning them of the seriousness of their failure to provide notice. However, if we were to object to a completed transaction in the future, we would take regulatory action, including potentially having the transaction unwound. In the future, registrants that do not give us the required notice may also be charged late filing fees.

In last year's report, we provided guidance to assist firms in providing sufficient information to us on their section 11.9 or 11.10 notices. See section 4.3 *Common deficiencies from notices on proposed ownership changes or asset acquisitions of a registrant and suggested practices* in OSC Staff Notice 33-738.

Inaccurate calculations of excess working capital

Registered firms must meet their capital requirements in section 12.1 of NI 31-103 to maintain their registration in good standing. Despite the importance of the capital requirements, our ongoing desk and field reviews continue to identify cases where firms are incorrectly calculating their excess working capital on Form 31-103F1 *Calculation of Excess Working Capital* (Form 31-103F1). An inaccurate calculation on Form 31-103F1 may result in a firm failing to meet its capital requirements once corrections are made.

To assist firms in correctly preparing their capital calculations, we have listed in the table below the common deficiencies identified from our reviews of Form 31-103F1s over the last year. Where applicable, the deficiencies have been separated out by each line item on Form 31-103F1. In order to reduce errors in calculating their capital, registered firms should avoid these deficiencies and follow the identified actions to be taken when preparing their Form 31-103F1s.

Deficiency noted	Action to be taken
Line 1 Current assets and Line 2 Current liabilities	
The amounts for current assets and current liabilities are accounted for on a cash-basis	Form 31-103F1 must be prepared using the accounting principles used to prepare the firm's financial statements in accordance with NI 52-107 *Acceptable Accounting Principles and Auditing Standards.* These accounting principles include using an accrual basis of

Deficiency noted	Action to be taken
and not an accrual basis.	accounting.
Line 1 *Current assets* (a) Inclusion of accounts receivables, especially from related parties, that are not readily convertible to cash. (b) Inclusion of cash that is committed to serve a specific purpose (e.g., for collateral or as a security deposit).	(a) Any receivables that are included on Line 1 and that cannot be converted into cash in a prompt and timely manner should be deducted on Line 2 *Less current assets not readily convertible into cash (e.g., prepaid expenses)*. Firms should maintain evidence that if the related party receivable was called upon by the firm, the amount could be promptly received. Evidence may include, among other items, the most recent audited financial statements of the related party or a bank statement supporting the amount of cash available. (b) Any cash that is not readily available for use by the registrant for its current business purposes or to settle its current liabilities is considered to be restricted cash and should be deducted on Line 2.
Line 5 *Add long-term related party debt* (a) Failure to add back 100% of long-term related party debt. (b) Failure to deliver a copy of the subordination agreement to the regulator when subordination agreements have been executed.	(a) All long-term related party debt is required to be added back on Line 5 unless the firm and the lender have executed a subordination agreement in the form and content prescribed in Appendix B to NI 31-103 and the firm has delivered a copy of the agreement to its principal regulator. (b) Firms are required to deliver a copy of all subordination agreements to their principal regulator. Long-term related party debt is only considered to be subordinated when the executed agreement is delivered to the principal regulator.

Deficiency noted	Action to be taken
(c) Subordinated debt is repaid without prior notice to the regulator.	(c) Firms are required to notify their principal regulator 10 days before the full or partial repayment of a subordinated loan or the termination of the agreement (see section 12.2 of NI 31-103). We may request further supporting documentation, such as updated interim financial information and Form 31-103F1, to assess whether the firm will have sufficient excess working capital following the loan repayment. After a partial repayment of a loan, the firm should provide an updated schedule to its principal regulator indicating the updated outstanding subordinated loan balance.
Line 9 *Less market risk* A market risk deduction has not been made when the value of securities are included on Line 1.	For all securities whose values are included in Line 1 current assets, the market risk for each security must be determined based on its fair value and the applicable margin rates set out in Schedule 1 of Form 31-103F1. See Schedule 1 of Form 31-103F1 for instructions on calculating market risk. Firms should provide documentation to support the market risk calculation as part of its annual and/or interim financial statement filing.
Form 31-103F1 is not prepared at least monthly.	Registered firms should know their capital position at all times. This may require a firm to calculate its excess working capital every day. The frequency of capital calculations depends on many factors, including the size of the firm, the nature of its business and the stability of the components of its working capital. However, firms should prepare their excess working capital calculation at least monthly.

Insufficient working capital and failure to report capital deficiency

Some registered firms do not always maintain sufficient working capital. Section 12.1(2) of NI 31-103 requires that a registered firm's excess working capital using Form 31-103F1 must not be less than zero

for 2 consecutive days. We treat any failures to meet the capital requirements seriously. We expect firms to resolve any capital deficiencies in a timely basis, usually within 48 hours. This may be done in a number of ways, including injection of new capital into the firm or by subordinating any long-term related party debt. If a firm does not resolve a capital deficiency in a reasonable period of time, we may take regulatory action such as recommending terms and conditions be placed on the firm's registration to restrict their business activities (such as no securities dealings until the deficiency is rectified and notification to existing clients of the terms and conditions imposed) or recommending that the firm's registration be suspended.

In addition, some firms do not notify us when their excess working capital is less than zero. These capital deficiencies were later detected during compliance reviews. Firms are required under section 12.1(1) of NI 31-103 to notify their principal regulator as soon as possible of any capital deficiency.

After a firm resolves its capital deficiency, it is our practice to either recommend terms and conditions be placed on the firm's registration requiring it to send to us copies of its Form 31-103F1 and financial statements each month for a period of time, or warn the firm in writing of the seriousness of the deficiency and that if a capital deficiency recurs, we will recommend terms and conditions. When deciding on whether to recommend terms and conditions or issue a warning letter, we consider a number of factors including whether the firm notified us of its capital deficiency on a timely basis.

Suggested practices

When a firm notifies us of a capital deficiency, they should contact one of the financial analysts in the Compliance, Strategy and Risk team of the CRR Branch (see Appendix A), and:

- Explain the details and nature of the deficiency
- Provide a copy of the firm's Form 31-103F1 and supporting records (such as financial statements and market risk calculation) for the date(s) of the capital deficiency
- Explain what they have done, or will do, to resolve the capital deficiency, and once resolved, what steps were taken to prevent the recurrence of the deficiency
- Once the deficiency is resolved, provide a copy of the firm's Form 31-103F1 and supporting records (as above) that demonstrate that the firm is meeting the capital requirements
- Provide evidence of how the deficiency was resolved (such as a copy of a deposit slip or bank statement to support additional cash injected into the firm or a copy of the executed subordination agreement if long-term related party debt was subordinated).

Financial statements not prepared in accordance with NI 52-107

Some firms prepare their annual financial statements and interim financial information in accordance with International Financial Reporting Standards (IFRS) without accounting for, or disclosing, the adjustments to IFRS as required by NI 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107).

Section 3.2(3)(a) of NI 52-107 requires a registered firm’s financial statements and interim financial information to be prepared in accordance with Canadian Generally Accepted Accounting Principles applicable to publicly accountable enterprises (i.e. IFRS), except that any investments in subsidiaries, jointly controlled entities and associates must be accounted for as specified for separate financial statements in International Accounting Standard 27 *Separate Financial Statements* (IAS 27). Separate financial statements are sometimes referred to as non-consolidated financial statements.

Section 3.2(3)(b) of NI 52-107 also requires a registered firm's annual financial statements to include the following:

- a sentence indicating that the financial statements are prepared in accordance with the financial reporting framework specified in section 3.2(3)(a) or, for foreign firms, section 3.15 of NI 52-107, and
- a description of the financial reporting framework used to prepare the financial statements.

The additional sentence should be outlined in the independent auditor's report. The description of the financial reporting framework used to prepare the financial statements should be disclosed in the notes and refer to the requirement to account for any investments in subsidiaries, jointly controlled entities and associates as specified for separate financial statements in IAS 27, even if the registered firm does not have these types of investments.

Requirements for annual financial statements and interim financial information for foreign registered firms are set out in section 3.15 of NI 52-107.

Inadequate relationship disclosure information

Dealers and advisers regularly do not provide their clients with adequate information on their relationship with clients, as required by section 14.2 of NI 31-103.

In July 2013, we published CSA Staff Notice 31-334 to summarize the findings of the CSA’s 2012 sweep of the relationship disclosure information (RDI) practices of over 120 PMs and EMDs. The notice provides guidance on RDI practices, and considers the recent RDI changes made as part of the CRM2 amendments (see section 1.1 of this report).

The notice sets out suggested practices, including on the disclosure of:

- Risks of using borrowed money to finance the purchase of a security,

- The obligation to assess suitability prior to executing a transaction,
- Content and frequency of reporting for each account of a client,
- Types of risks that a client should consider,
- Conflicts of interest,
- All costs to a client for the operation of an account, and
- Compensation paid to the firm.

For more information, see CSA Staff Notice 31-334.

Incorrect calculation of capital markets participation fees

Each year, registered firms and unregistered capital markets participants are required to pay participation fees to the OSC based on the firm's revenues attributable to their capital markets activities in Ontario. Some firms are incorrectly calculating these fees. We recently conducted a review of the 2012 capital markets participation fees that were required to be submitted to the OSC under OSC Rule 13-502, using Form 13-502F4. During the review, we identified a number of errors in some firms' calculations of their capital markets participation fees on Form 13-502F4.

On July 18, 2013 we published OSC Staff Notice 33-741 *Report on the Results of the Reviews of Capital Markets Participation Fees* (OSC Staff Notice 33-741) to summarize the review's findings and provide guidance on the calculation of capital markets participation fees. The review's findings include:

- incorrect reporting of revenue
- incorrect deductions taken from gross revenue
- attributing an incorrect percentage to revenues earned in Ontario, and
- misinterpretation of OSC Rule 13-502.

We will continue to review capital markets participation fees on an ongoing basis.

For more information, see OSC Staff Notice 33-741. Also, see section 3.5 of this report on *Amendments to calculation of capital markets participation fees*.

4.1.3 New and proposed rules and initiatives impacting all registrants

Review of custody requirements for non-SRO registrants

Although Ontario securities law does not prohibit registrants from holding client assets, most of the registered firms we directly regulate do not have custody of their clients' assets (securities and cash). Instead, the assets are held at banks, trust companies or dealers that are members of IIROC (Custodian Firms). However, we are aware of a small number of firms that have custody of their clients' assets. By "custody" we mean holding client assets (e.g. by registering securities in nominee name or taking physical

possession) or by having "deemed" custody over client assets (e.g. by acting as trustee for clients or having a power of attorney over some clients' assets.)

This year, we conducted a desk review of the custody practices of 70 firms in Ontario registered as EMDs, PMs, or IFMs. We identified these firms as potentially having actual custody of clients' assets from analyzing responses to our most recent risk assessment questionnaires. The purpose of the desk review was to:

- confirm and better understand these firms' custodial practices including the types of controls that are in place to safeguard client assets, and
- identify risks and investor protection concerns that are not addressed by the existing custody requirements for non-SRO registrants in NI 31-103.

We identified 21 firms in our review that had actual custody of their clients' assets and were not members of an SRO. The nature of the custody arrangements vary, but include:

- PMs that maintain "omnibus" accounts in their firm's name at a Custodian Firm to hold their clients' assets on an aggregate basis, and
- PMs, EMDs and IFMs that hold clients' share certificates in private companies at their offices.

In addition, we found that a number of registrants have "deemed" custody over clients' assets, for example, by acting as a trustee for a client or having the authority to withdraw funds from a client's account at a Custodial Firm through a power of attorney.

We have concerns with these arrangements. It is a risk to investors when registrants have actual or deemed custody of their clients' assets. The existing custody requirements for EMDs, PMs and IFMs in sections 14.6 to 14.9 of NI 31-103 focus primarily on maintaining clients' assets separate and apart from the registrants' assets and do not have specific requirements for who can act as a custodian for client's securities. Further, when an EMD, PM or IFM has custody of client assets, there is no requirement for them to hold those assets in each client's name.

Dealers that are members of IIROC and the MFDA commonly hold clients' assets in nominee name on behalf of their clients. To address the risks related to holding client assets in nominee name, IIROC and the MFDA have prescriptive rules governing capital, insurance, custody and segregation requirements for their members, and they both have investor protection funds for dealer insolvencies. There are also prescriptive requirements for custody of the assets of investment funds sold by prospectus in NI 81-102 *Mutual Funds* (NI 81-102) and NI 41-101 *General Prospectus Requirements* (NI 41-101), including that the fund's assets must be held at a qualified custodian.

Together with the CSA, we are reviewing the existing custody requirements in NI 31-103 for non-SRO registrants to assess if they adequately protect client assets. When this review is complete, the CSA may

propose enhancements to the custody requirements. We will also continue to review custody practices of registered firms as part of our compliance field reviews.

Electronic delivery of documents to the OSC

On October 31, 2013, we published a rule that will make electronic filing mandatory for a number of documents that are currently filed with the OSC in paper format. The documents generally include the forms, notices and other materials required under Ontario's securities rules that are not covered already by SEDAR, SEDI[7] and NRD, the CSA's national electronic filing systems. The rule is expected to come into force on February 19, 2014.

Electronic filing is a convenience to filers and will allow for the efficient collection and use of information by the OSC. Under the rule, each required document must be transmitted to the OSC electronically in accordance with system instructions on the OSC's website.

The documents that are to be delivered electronically that affect registered firms include:

- Form 31-103F1 together with audited annual financial statements and other financial information,
- Notice of repayment or termination of a subordination agreement,
- Notice of change, claim or cancellation of an insurance policy,
- Capital markets participation fee calculations,
- Notices of proposed ownership changes or asset acquisitions of registrants,
- Reporting obligations related to terrorist financing,
- Firm registrations and changes in registration information,
- Reports of exempt distributions and delivery of an offering memorandum, and
- Registered Firm Exception Report of DAP/RAP Trade Reporting and Matching (Form 24-101F1).

Initially, it is anticipated that many of the required documents will be filed using PDF. However, at the time the rule comes into force, we expect the following forms to be available only as online web-based forms:

- Form 24-101F1,
- Form 31-103F1,
- Forms 45-106F1 and 45-501F1 *Report of Exempt Distribution*, and
- Applications for exemptive relief and pre files.

These forms are currently available on the OSC website either to the general public on a voluntary basis, or to select market participants on a 'pilot' testing basis. We anticipate that the online filing portal will be available on a voluntary basis for all users by January 10, 2014 with electronic filing becoming mandatory on February 19, 2014.

[7] System for Electronic Document Analysis and Retrieval (SEDAR) and System for Electronic Disclosure by Insiders (SEDI).

For more information, see Notice of Commission Approval of OSC Rule 11-501 *Electronic Delivery of Documents to the Ontario Securities Commission*.

Planned research on suitability of advice

In the OSC's Statement of Priorities for 2013-14, we proposed to conduct a "mystery shop" research sweep of dealers and advisers this fiscal year to gauge the suitability of advice currently being provided and identify areas of concern and assist in targeting future OSC suitability sweeps. Mystery shopping is a tool that can be used to measure quality of service or compliance with regulation. The mystery consumer's specific identity and purpose is generally not known by the entity being evaluated. In this case, individuals will pose as investors seeking investment advice and provide detailed reports or feedback about their experiences. Once this research is completed, we expect to publish the findings.

4.2 Dealers (exempt market dealers and scholarship plan dealers)

This section contains information that is specific to EMDs and SPDs, including current trends in deficiencies from compliance reviews of EMDs (and suggested practices to address them), an update on the results of our SPD reviews, and our new initiative to address concerns with EMDs that distribute related party products.

4.2.1 Current trends in deficiencies of EMDs and suggested practices

This year's compliance reviews of EMDs focused on areas that we found to be problematic in recent years, including:

- inadequate compliance systems and supervision of dealing representatives,
- failure to assess the suitability of trades and the sale of unsuitable investments, especially when there is a high investment concentration in related or connected issuers,
- insufficient product due diligence (KYP),
- failure to identify and respond to conflicts of interest,
- improper reliance on the accredited investor exemption, and
- inadequate collection and documentation of KYC information.

We will continue to focus on these areas of concern in future reviews of EMDs.

In addition to the deficiencies from the Suitability Sweep as outlined in OSC Staff Notice 33-740 and in section 4.1.2 of this report, the following are deficiencies that we identified during this year's compliance reviews of EMDs.

Conflicts of interest when selling securities of related or connected issuers

We continue to have significant concerns with EMDs that distribute the securities of related or connected issuers, particularly EMDs that solely distribute these types of securities.[8] The significant deficiencies that we identified include:

- misappropriation of investor funds,
- concealment of poor financial condition of the related or connected issuer,
- sale of unsuitable, high-risk investments to investors, and
- high investment concentration in the securities of a related or connected issuer.

These deficiencies are in large part attributable to the lack of separation between the mind and management of the EMDs and their related or connected issuers, which gives rise to significant conflicts of interest. Investor proceeds are not being used in accordance with what has been disclosed to investors and in some instances are used to pay for the personal expenses of officers or directors or to satisfy obligations to existing investors. Also, we identified the sale of unsuitable, high-risk investments, which form a high concentration of investors' portfolios. These deficiencies suggest that the interests of the EMD and its related or connected issuers take precedence over those of investors and, therefore, that the EMD is not dealing fairly, honestly and in good faith with its clients as required by section 2.1 of OSC Rule 31-505.

EMDs are required to take reasonable steps to identify existing material conflicts of interest, and material conflicts that the firm reasonably expects to arise between the EMD and a client (see section 13.4 of NI 31-103). A conflict of interest is any circumstance where the interests of different parties, for instance those of an EMD and its client, are inconsistent or divergent. If the risk of harming a client or the integrity of the markets is too high, then the conflict of interest in question needs to be avoided. If the conflict of interest is not avoided, then the EMD should take steps to control or disclose it, as appropriate. See *Inadequate disclosure of conflicts of interest* directly below for additional information, including suggested practices, on the disclosure of conflicts of interest.

Suggested practices

EMDs should:

- collect information from the individuals acting on their behalf regarding the conflicts they expect to arise with clients,
- avoid conflicts of interest that are contrary to the interests of clients and where controls or disclosure are not appropriate responses to these conflicts, and

[8] See definitions of "connected issuer" and "related issuer" in section 1.1 of NI 33-105 *Underwriting Conflicts.*

- ensure their organizational structures, lines of reporting and physical locations will enable the firm to control these risks and conflicts of interest effectively.

Inadequate disclosure of conflicts of interest

Some EMDs are not meeting their disclosure obligations in NI 33-105 *Underwriting Conflicts* (NI 33-105). In particular, section 2.1(1) of NI 33-105 imposes a disclosure obligation for distributions where there is a direct or indirect relationship between the issuer or selling securityholder and the underwriter. An offering document must contain the information specified in Appendix C of NI 33-105, which includes a statement on the front page of the offering document that summarizes the basis on which the issuer is a related or connected issuer of the EMD, as well as a cross reference to the applicable section in the body of the offering document where further information concerning this relationship is provided.

An EMD that trades in, or recommends the securities of, a related or connected issuer must provide specific disclosure about the issuer. An EMD may, for instance, maintain and post on its website a list of related or connected issuers for whom its acts as a dealer. This disclosure may not meet the expectations of a reasonable investor when a registered individual recommends a trade in the securities of the related or connected issuer. In these circumstances, the EMD should provide the client with disclosure about the specific conflict of interest with the related or connected issuer, including a description of the nature of the relationship between the two entities, including why the issuer is considered “related” or “connected” (e.g., common ownership) and information on the extent to which the proceeds of a sale of securities will be applied for the benefit of the EMD or a related or connected issuer of the EMD. The EMD must disclose this information in a timely manner, in order to give clients a reasonable amount of time to assess the conflict.

Suggested practices

EMDs should:

- draft prominent, specific, clear and meaningful disclosure about material conflicts of interest and explain how the conflict of interest could affect the service being offered,
- avoid providing generic disclosure, giving partial disclosure that could mislead clients, or obscuring conflicts of interest in overly detailed or complex disclosure,
- disclose conflicts of interest to clients before or at the time they recommend the transaction in question and keep evidence of this disclosure, and
- refresh disclosure to clients about conflicts of interest, since previous disclosure may no longer be relevant to (or remembered by) the client.

Inadequate risk disclosure information

Some EMDs do not deliver adequate, or any, risk disclosure information to clients before acting for them. Section 14.2 of NI 31-103 requires EMDs to deliver to clients all information that a reasonable investor would consider important about their relationship with the clients. This includes a description of the risks of using borrowed money to finance the purchase of a security and a description of the types of risks that clients should consider when making investment decisions. For more guidance on the risk disclosure requirements in section 14.2 of NI 31-103, see CSA Staff Notice 31-334.

Section 2.1 of OSC Rule 31-505 requires EMDs to deal fairly, honestly and in good faith with their clients. The person purchasing the investment product is the client of the EMD. EMDs' disclosure to clients should accurately reflect the risks of the specific products recommended; and EMDs should ensure that their clients understand the risk features prior to making a purchase in a security. Registered individuals should spend sufficient time with clients to adequately explain the risk disclosure information that is delivered to them.

Suggested practices

EMDs should:

- present risk disclosure information in a clear and meaningful manner,
- have policies and procedures in place that require their registered individuals to demonstrate that they have satisfied their obligations to adequately explain the risk disclosure to clients,
- keep evidence of compliance with client disclosure requirements at account opening, prior to trades and at other required times (e.g., through detailed notes and signed client acknowledgements),
- review relevant documents (e.g., KYC forms, term sheets and offering memoranda) regularly to ensure that they contain the required risk disclosure information, and
- promote client participation, for instance by helping clients understand investment risks and encouraging them to review the sales literature and to consult with necessary professionals, including lawyers and accountants, where appropriate.

4.2.2 Update on results of scholarship plan dealer reviews

In the prior year, we conducted compliance reviews of all five firms registered solely as SPDs in Ontario. An SPD acts as a dealer in securities of scholarship plans, education plans or educational trusts. We referred four SPDs to our Enforcement Branch after identifying serious concerns with the compliance

systems and sales practices of these SPDs. See section 5.3.1 of OSC Staff Notice 33-738 for more information about the key areas of concern from these compliance reviews.

Regulatory proceedings were brought against the four SPDs in response to significant non-compliance by the firms. In order to address our investor protection concerns, interim terms and conditions on their registration were imposed by the Commission on consent of each of Children's Education Funds Inc. (CEFI), Global RESP Corporation (Global RESP), Heritage Education Funds Inc. (HEFI), and Knowledge First Financial Inc. (KFFI). The terms and conditions that were imposed by temporary orders on the four SPDs required them to:

- retain an OSC-approved independent consultant (the Consultant) to develop and implement a plan to strengthen the firm's compliance system (Compliance Plan), and to provide progress reports as to the implementation of the Compliance Plan,
- retain an OSC-approved independent monitor (the Monitor) to review new client applications, call certain clients to confirm accuracy of their KYC information, confirm that the product is suitable and affordable, confirm that the investor understands the applicable fees, and unwind any unsuitable investments, and provide regular reports to us, and
- not open any new branch locations or hire any new dealing representatives (except to replace an existing dealing representative provided that the Consultant is satisfied that the new dealing representative is adequately trained and supervised) until the Compliance Plan has been fully implemented.

Each Compliance Plan was to include recommendations to strengthen the firm's compliance system and to rectify the deficiencies identified in the compliance reviews including:

- documenting and collecting clients' KYC information,
- ensuring that all trades are suitable for its clients,
- training and supervising dealing representatives,
- overseeing branch location, and
- preparing and distributing marketing materials.

For more information, see the temporary orders for CEFI, Global RESP, and HEFI. The temporary orders have been extended and in certain cases have been varied from the original terms and conditions set out above. On October 23, 2013, KFFI's temporary order was revoked and its remaining terms and conditions were deleted. All public information about the proceedings against the SPDs is available on the OSC's website under All Commission Proceedings.

We are of the view that the imposed terms and conditions were necessary to deal with SPDs that failed to comply with their regulatory obligations. Once the proceedings against the SPDs are concluded, we will

publish a report including a summary of the deficiencies and suggested practices to provide guidance to new firms that plan to register as SPDs on how to meet their regulatory obligations.

4.2.3 EMDs that distribute related party products

We have seen a number of cases of commingling of assets and inappropriate use of investor proceeds by the EMD and/or its related party issuer (see section 4.2.1 on *Conflicts of interest when selling securities of related or connected issuers*) when EMDs sell related party investments. We have also found that conflicts of interest matters respecting related parties that were not properly managed. This has resulted in regulatory action being taken on many firms (e.g. suspension of firms, or enforcement proceedings and sanctions).

In light of the significant issues we continue to find, we started an initiative to consider how to address these concerns. Our policy objective is to increase investor protection and deter misuse of investor funds by EMDs and their related parties.

4.3 Advisers (portfolio managers)

This section contains information specific to PMs, including current trends in deficiencies and suggested practices to address them. We also discuss our sweep of newly registered PMs, PM client account statement practices, and the new framework for direct electronic access.

4.3.1 Current trends in deficiencies and suggested practices

Inadequate personal trading policies

Some PMs have inadequate policies and procedures for the personal trading of their advising representatives, research analysts, traders and other persons who have access to their clients' trading and investment information (Access Persons).

We found cases where PM firms did not:

- maintain personal trading policies and procedures,
- enforce the firm's established personal trading policies,
- require written pre-approval for personal trades of Access Persons,
- review and maintain the personal trading records of Access Persons to ensure they complied with the firm's personal trading policies, or
- have complete information on the personal trading accounts of all Access Persons.

There is a risk of investor harm when Access Persons trade for their personal accounts since they may put their personal interests ahead of their clients' interests or otherwise abuse their position of trust. Policies and procedures create a framework to monitor and supervise Access Persons' personal trading practices. Without policies and procedures, registered firms are unable to detect inappropriate personal trading practices, which is unacceptable.

Registered firms are required to maintain a control and supervisory system sufficient to ensure compliance with securities law and to manage business risks (see section 32(2) of the Act and section 11.1 of NI 31-103).

Section 119 of the Act prohibits a person with access to information concerning an investment portfolio managed under discretionary authority from making securities transactions for their own account where the client's investment portfolio holds the same security and the person has used the information for their direct benefit.

PMs should establish, maintain and apply written personal trading policies and procedures for their Access Persons. This will help to ensure compliance with section 119 of the Act and prevent and detect self-dealing and other abusive practices.

Suggested practices

- A PM's personal trading policies should, at a minimum:
  - include an annual acknowledgement in writing from all Access Persons that they understand and will comply with the firm's personal trading policies,
  - appoint a qualified person, such as the CCO, to be responsible for monitoring the firm's personal trading policies,
  - define who is an Access Person,
  - clarify the application of policies to spouses of Access Persons and accounts that Access Persons have control over,
  - maintain a restricted securities list,
  - establish blackout periods,
  - require written pre-approval of Access Persons' personal trades by a qualified person, such as the CCO,
  - require direct receipt of Access Persons' personal trading records (such as account statements),
  - require the review and timely reconciliation of Access Person's pre-approved trades to their personal trading records, and
  - set out details of repercussions for non-compliance with the policies, and reporting of

non-compliance to senior management.

- PMs should maintain records of personal trade pre-approvals and personal trading records of Access Persons.
- PMs should assess compliance with the personal trading policies as part of the CCO's annual compliance report to the board.

Inadequate investment management agreements

Some PMs do not have adequate investment management agreements (IMAs) with their clients. We found cases where:

- The IMA did not state that the PM must manage the client's assets in accordance with their KYC and suitability information or that the PM is responsible for proxy voting.
- The IMA did not clearly state the type of investment authority the PM has over its client's assets. For example, the IMA states that the client grants the PM authorization to make investment decisions in their accounts without stating that the PM has discretionary trading authorization.
- PMs did not sign an IMA with all clients, or could not locate copies of IMAs we requested.
- IMAs were not current. For example, the fee arrangements had changed from what was outlined in the IMA, but the IMA was not updated to reflect the change.
- A PM inappropriately attempted in the IMA to limit the extent of their legal obligation to obtain KYC and suitability information from the client. The IMA stated that the client had sole responsibility for their KYC and suitability information.

There is a risk of harm to investors when they do not have an IMA with their PM, or do not have an adequate IMA. PMs have a significant amount of authority and responsibility over their clients' assets. A well-drafted and up-to-date IMA helps investors to adequately protect their assets and ensure that the PM manages their assets in accordance with their KYC and suitability information and instructions.

Section 11.5(1) of NI 31-103 requires PMs to maintain records to accurately record their business activities, financial affairs and client transactions. Section 11.5(2)(k) of NI 31-103 states that this includes records that document the opening of client accounts, including any agreements with clients.

PMs are responsible for collecting KYC information from clients and keeping the information current to support their suitability determinations; it is not the sole responsibility of the PM's clients. PMs may not use client agreements to limit their KYC or suitability obligations or mislead clients as to their obligation to know their clients and make suitability determinations.

Suggested practices

- PMs need to have a written IMA with each client that sets out the services to be provided, the roles and responsibilities of each party, and addresses all aspects of the investment advisory process.
- Since the IMA is a legal document, PMs should consult with legal counsel on its terms and keep it current.
- Each completed IMA should be reviewed, approved and signed and dated by senior management of the PM and the client, with a copy provided to the client.
- The terms of an IMA should include, but not be limited to:
  - the type of authority the PM has over the client's assets (such as discretionary or non-discretionary trading authority),
  - how the client's assets managed by the PM will be held (such as in the client's name at a third-party custodian),
  - any client instructions or restrictions,
  - who is responsible for proxy voting and insider reporting obligations,
  - how any conflicts of interests that impact the advisory services to be provided are addressed,
  - fee arrangements with clients, including how and when investment management fees (including performance fees) are calculated and charged, and
  - the notice period for terminating the agreement.
- IMAs should state that the PM is required to manage the client's assets in accordance with the client's investment needs and objectives, risk tolerance, financial circumstances and any client instructions or restrictions.

Inadequate supervision of advising representatives and research analysts

We noted several cases where a PM firm did not adequately supervise its advising representatives (AR), associate advising representatives (AAR), or research analysts.

In one case, a PM firm failed to supervise a number of ARs that the firm sponsored. The ARs operated under the PM firm's name, but effectively carried out their advising activities independent of, and without adequate oversight by, the PM firm. For example:

- the ARs did not follow, and lacked knowledge of, the firm's policies and procedures for meeting with clients and documenting their advising activities,
- clients did not sign a standard IMA with the firm; instead, each AR had a different agreement that their clients signed,

- the firm did not have an established process for collecting, documenting and updating KYC and suitability information from clients; instead each AR had their own process that was often inadequate,
- some of the ARs conducted their advising activities from their home office that was not a registered office of the firm, and that was not subject to adequate oversight by the firm,
- the ARs had their own distinct marketing materials and referral arrangements that often were not reviewed and approved by the firm, and
- some of the AR's books and records were not accessible to the firm.

In another case, an unregistered research analyst employed by a PM firm appeared to be making investment decisions for several managed account clients of the firm as part of a specific investment strategy. The firm's UDP, CCO and sole AR told us that he authorized the analyst's trades before they were placed with a dealer. But we had concerns that this individual did not fully understand the trades made by the analyst, did not adequately document his authorization of the trades, did not adequately monitor the investment strategy in question, and did not adequately supervise the research analyst.

We also noted some cases where a designated AR at a PM firm was not adequately supervising the advice of an AAR that he or she was responsible for (as required by section 25(3) of the Act). Specifically, there was no evidence that the designated AR had pre-approved investment decisions that the AAR had made for clients' managed accounts.

In each of the above cases, we took appropriate steps to ensure the firms took corrective action to adequately supervise their staff and meet other requirements under securities law. In one case, terms and conditions were placed on the firm's registration requiring the retention of a compliance consultant.

PMs are required to maintain a control and supervisory system sufficient to ensure compliance with securities law and to manage business risks (see section 32(2) of the Act and section 11.1 of NI 31-103).

PMs should have written policies and procedures on how they supervise their ARs, AARs, and research analysts, and how designated ARs are to supervise their AARs. A PM's system of control and supervision, and policies and procedures, should apply to all of the firm's ARs, AARs, and research analysts, and should take into account if these individuals work at locations other than the firm's head office. It is unacceptable for PM firms to sponsor individuals as their ARs or AARs when they are permitted to act independently of the firm's system of control and supervision, and policies and procedures.

For PMs to meet their suitability requirements in section 13.3(1) of NI 31-103, an AR (or AAR under the supervision of their designated AR) must fully understand the structure, features and risks of each trade before it is placed with a dealer, and monitor the client's managed account portfolio on an ongoing basis.

Section 4.2 of NI 31-103 requires PMs to designate an AR to approve the advice provided by an AAR. The designated AR must approve the advice before the AAR gives it to a client or makes an investment decision for a client's managed account.

Suggested practices

- All trades conducted on behalf of a PM's clients should be authorized, in writing, by an AR (or AAR under the supervision of an AR), before the trades are placed with dealers.
- An AR designated to supervise the advice of an AAR should document his or her pre-approval of the advice made by the AAR to clients.
- PMs should train their investment staff on the advising activities they are permitted to perform under their AR or AAR category of registration (if registered) or not permitted to perform (if not registered).
- PMs should refer to CSA Staff Notice 33-315 *Suitability Obligation and Know Your Product* for guidance on meeting their suitability and KYP obligations.
- PMs should assess whether a change in an individual's role, responsibilities or activities within the firm requires them to be registered.

Delegating KYC and suitability obligations to referral agents

We continue to be concerned about the practice by some PMs of delegating their KYC and suitability obligations to referral agents such as mutual fund dealing representatives and financial planners. We detailed our concerns in previous annual reports and set out a list of suggested practices for PMs. Despite this, some PMs are still delegating their KYC and suitability obligations to referral agents. In the future, we intend to respond to this type of conduct more aggressively, for example, by recommending a suspension of registration or by referring the matter to our Enforcement Branch.

This year, we reviewed a case where a referral agent, an individual who had formerly been registered with an MFDA member firm, but was no longer registered in any capacity, had referred a large number of clients to a PM, and where no AR of the PM had spoken with those clients before trades were made on their behalf. The referral agent also met with the clients on an ongoing basis to review their investment portfolios, and discussed with the PM the selection of specific securities for inclusion in, or removal from, the clients' portfolios. Many of the activities performed by the referral agent required registration, and should have been carried out by an appropriately registered individual acting on behalf of the PM.

PMs must comply with the referral arrangement requirements in sections 13.8 to 13.10 of NI 31-103 (also, see the guidance in Part 13 of 31-103CP). A client who is referred to a PM becomes the client of that PM for the purposes of the services provided under the referral arrangement. The PM receiving a referral

must meet all of its obligations as a registrant towards its referred clients, including KYC and suitability determinations. PMs may not use a referral arrangement to assign, contract out of or otherwise avoid their regulatory obligations.

PMs that use referral agents should carefully review their practices to ensure that only appropriately registered individuals are performing registrable activities. Registrable activities include meeting with investors to ascertain their investment needs and objectives, risk tolerance and financial circumstances, discussing and recommending investment opportunities, and performing ongoing portfolio reviews. We also encourage PMs to review the guidance in section 5.2A of OSC Staff Notice 33-736 *2011 Annual Summary Report for Dealers, Advisers and Investment Fund Managers* under the heading *Delegating know your client and suitability obligations*.

4.3.2 Sweep of newly registered PMs

This year we conducted a sweep review of a sample of newly registered PMs in Ontario to gain an understanding of each firm's business, assess their compliance with Ontario securities law, and provide guidance on key regulatory requirements. We selected 23 firms to review using risk-based criteria. Our reviews focused on each firm's compliance system, financial condition and processes for portfolio management, trading, and marketing.

Of the 23 PM firms we reviewed, 18 (78%) were issued a report that required them to take corrective action on deficiencies we identified. A total of 8 firms had experienced an excess working capital deficiency (34%) within the last 12 months that had not been previously reported to the OSC. Each of these 8 firms had already corrected their capital deficiency at the time of our review, or did so after our review on a timely basis. Each of the 8 firms were informed of the seriousness of not meeting their capital requirements (and the requirement to report capital deficiencies to the OSC on a timely basis) either through a warning letter or by placing terms and conditions on the firm's registration requiring them to send to us monthly capital calculations and financial information. We also identified it as a significant deficiency when we reported to the firm on the review's findings.

The common deficiencies we identified from the sweep are listed below, along with where to get more information on the requirements and guidance to address the deficiencies.

1. Excess working capital deficiency. See section 4.1.2 of this report under *Insufficient working capital and failure to report capital deficiency* and *Inaccurate calculations of excess working capital*.
2. Inadequate relationship disclosure information to clients. See section 4.1.2 of this report under *Inadequate relationship disclosure information*.
3. Misleading marketing practices. See CSA Staff Notice 31-325 *Marketing Practices of Portfolio Managers*.

4. Inadequate trade matching policies. See *Lack of awareness of trade-matching requirements* in section 5.4.1 of OSC Staff Notice 33-738.
5. Inadequate personal trading policies. See section 4.3.1 of this report on *Inadequate personal trading policies.*

We believe that this sweep was effective in helping the reviewed firms to better understand their key regulatory requirements, and in enhancing their compliance through the corrective actions they took to address identified deficiencies. It also developed a relationship for the reviewed firms with staff from the CRR Branch. We will continue to perform sweep reviews of newly registered firms on an ongoing basis and will use the information we obtain to enhance our outreach to registrants.

4.3.3 PM client account statement practices

In last year's report, we outlined our concern that some PMs are not meeting their obligations to deliver an account statement to each of their clients as required under section 14.14 of NI 31-103. These PMs are not delivering account statements because their clients' custodians deliver account statements to them for accounts over which the PMs have discretionary trading authority. Some of these PMs told us that they outsourced their account statement delivery to their clients' custodians; however, in many cases these PMs do not appear to be responsible or accountable for the custodians' delivery of the account statements. We also found that some PMs that deliver account statements do not list the transactions that they have made in their clients' accounts, as they only disclose investment holdings.

We expect PMs to deliver an account statement in their firm's name to each of their clients at least quarterly for each account that they manage for the client (unless monthly statements are requested). The statements must contain transaction and holding information, and should not contain disclaimers on the completeness or accuracy of the reported information. A consolidated account statement may be provided when appropriate accounts are grouped and they contain adequate disclosure, and the consolidated statement is delivered in addition to statements for each account managed by the PM (see guidance on *Use of consolidated account statements* in section 5.4.1 of OSC Staff Notice 33-738).

PMs do not meet their statement delivery obligation by solely relying on the fact that their clients' custodians deliver account statements to them. PMs may outsource statement delivery to a service provider if they meet the guidance in 31-103CP for outsourcing arrangements which includes that they:

- are responsible and accountable for all functions that they outsource to a service provider,
- supervise the service provider, and
- have a written, legally binding contract with the service provider that includes the expectations of the parties to the outsourcing arrangement.

See Parts 11 and 14 of 31-103CP for the CSA's complete expectations when registered firms enter into outsourcing arrangements.

We believe that clients of most PM firms receive account statements from their PM and separate statements from the clients' custodian. The PM statement reports on the trades and investments that the PM has authorized and made for them as being suitable to meet the client's investment objectives and frequently also provides performance and cost reporting. The custodian statement reports the assets that an IIROC dealer member or financial institution holds and protects for a client, and that are obligations of the custodian to the client.

We think that investors are better protected and served when they receive statements from both their PM and custodian. However, given certain firms' practices where only one statement is provided, we are considering whether and in what circumstances investors will be equally protected by this practice. We are working with the CSA to review service arrangements between PMs and their clients' custodians, including for account statement delivery, and to determine if any changes to the custody requirements impact account statement delivery requirements (see section 4.1.3 *Review of custody requirements for non-SRO registrants*). In addition, as part of the CRM2 amendments that begin on July 15, 2015, PMs will be required to provide to their clients "additional statements" about the investments over which they have trading authority. This requirement will be a factor for us to consider as we review the practices of certain firms who provide only one statement.

Until this work is completed, we consider the following when assessing if a PM is meeting its statement delivery obligations to its clients when only the client's custodian delivers a statement to the client:

- if all of the client's assets managed by the PM are held at the custodian (and not the PM or another party);
- if the PM ensures that an account statement is delivered to each of the PM's clients directly by the custodian at the frequency, and with the content, required by NI 31-103 (such as by receiving a copy of the statement or testing the delivery practices of the custodian); and
- if the PM takes reasonable steps to ensure the content of the custodian's statement to its clients is complete and accurate (such as by regularly reconciling its records against the custodian's records).

4.3.4 New framework for direct electronic access

The CSA and IIROC have established a new regulatory framework for managing the risks associated with direct electronic access (DEA) to marketplaces. On July 4, 2013, the CSA published amendments to NI 23-103 *Electronic Trading* (NI 23-103) and IIROC published related amendments to the Universal Market Integrity Rules and their Dealer Member Rules (see IIROC Notice 13-0184). The new DEA framework builds on the existing framework to address risks in Canadian markets arising from the speed and automation of electronic trading, and is expected to come into force on March 1, 2014.

The rule changes are relevant for entities that offer or use DEA to send orders to marketplaces. The amendments allow only a participant dealer[9] to offer DEA to others. Participant dealers may not offer DEA to registered dealers including EMDs, as these dealers are not subject to the same standards as investment dealers. We note that the use of DEA by investment dealers is covered under the IIROC amendments rather than under NI 23-103. A PM may use DEA when it is provided by a participant dealer for trading in its own accounts or the accounts of its advisory clients, subject to additional requirements.

For more information, see Amendments to NI 23-103, which is to be retitled as *Electronic Trading and Direct Electronic Access to Marketplaces*.

4.4 Investment fund managers

This section contains information specific to IFMs, including current trends in deficiencies and suggested practices to address them, and new and proposed rules and initiatives.

4.4.1 Current trends in deficiencies and suggested practices

Inappropriate expenses charged to funds

We continue to find that some IFMs are charging inappropriate expenses to the investment funds they manage. This negatively impacts the fund's investors, as it inappropriately reduces the fund's net assets and returns. Although we have highlighted this deficiency in previous years, we emphasize it once again given its importance. When we identify this deficiency, we require the IFM to reimburse the applicable fund(s) for the inappropriate expenses, and depending on the facts and circumstances, we may take further regulatory actions, such as imposing terms and conditions or recommending suspension of registration.

IFMs should only charge expenses to their investment funds that are related to the operation of the investment funds. Some IFMs are charging their investment funds expenses that are related to the operation of the IFMs' business and not the investment funds. Some examples of inappropriate expenses noted in our compliance reviews include fees for the audit of the IFM (as opposed to audit fees for the funds), and insurance premiums, professional dues and recruiting expenses of the IFM. We consider these expenses to be the cost of running a fund management business and should therefore be borne by the IFM, and not its investment funds.

We also find that a number of IFMs do not properly allocate the appropriate amount of expenses between the operation of the IFM and the operation of the funds. This occurs because often there are expenses common to the operation of the IFM business and the management of the funds. This often results in an

[9] A participant dealer is a marketplace participant that is an investment dealer or in Quebec, a foreign approved participant.

over-allocation of expenses to some of the investment funds. For example, some IFMs use a single allocation rate to allocate different types of overhead expenses to their investment funds without considering whether each type of expense relates to the operation of each of the funds, and whether the single allocation rate is the appropriate rate for all types of expenses. Also, some IFMs do not have procedures to review the expense allocation methodology on a regular basis to ensure that it remains fair and reasonable to all funds.

Section 116 of the Act imposes a standard of care on IFMs for the investment funds they manage. In our view, to meet this standard of care, IFMs should ensure that the investment funds they manage are only paying for expenses that are related to the operation of the investment funds. They should also ensure that expenses are allocated fairly and appropriately to all funds.

Suggested practices

IFMs should:

- establish policies and procedures to ensure that their investment funds are only paying for expenses that are related to the operation of those funds. The policies and procedures should, at a minimum:
    - address the types of expenses that are eligible to be paid by the funds,
    - ensure that expense invoices are reviewed and approved by an authorized person before they are processed for payment, and
    - ensure that expenses charged to the funds are only for types of expenses that are disclosed in the funds' offering documents as being permitted expenses.
- review their expense allocation methodology for their funds on a regular basis and maintain evidence of the review. The review should cover, at a minimum:
    - how each type of expense relates to the operations of the funds, and
    - the factors used to determine the allocation rate for each type of expense.
- provide clear and specific disclosure in the funds' offering documents regarding the types of expenses that will be charged to the funds.

Inadequate disclosure in offering memoranda

We reviewed a number of IFMs that manage investment funds offered through offering memoranda (instead of prospectus or simplified prospectus). We noted some instances where the offering memoranda contained inadequate and/or misleading disclosure, particularly in the following areas:

- conflict of interest matters,

- types of expenses that are paid by the investment funds, and
- the method of calculating performance fees; in particular, how any hurdle rate is to be applied in the event that a fund's performance exceeds any high water mark part-way through the year.

We also noted some cases where the IFMs, who were also the distributors of the investment funds, did not recognize that certain promotional documents (such as term sheets and confidential information memoranda) provided to potential investors met the definition of an "offering memorandum" under section 1(1) of the Act. In these cases, there was no disclosure of the purchaser's right of action for damages and right of rescission under section 130.1 of the Act, and the documents were not delivered to the OSC as required under section 5.4 of OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* (OSC Rule 45-501).

Under the standard of care requirement in section 116 of the Act, IFMs should ensure that all information contained in the offering memorandum of an investment fund managed by them is factual, accurate and not misleading. Section 5.3 of OSC Rule 45-501 requires an offering memorandum to disclose a purchaser's right of action for damages and right of rescission in the event of a misrepresentation (as outlined in section 130.1 of the Act) for many distributions under a prospectus exemption (see section 5.1 of OSC Rule 45-501), including the accredited investor and minimum amount investment exemptions. Furthermore, the offering memorandum needs to be delivered to the OSC within 10 days of the distribution.

Suggested practices

IFMs should review the offering memoranda of their investment funds to ensure that they adequately and accurately disclose all material facts relating to the investment funds, including:

- the types of expenses that are to be paid by the funds in clear and specific terms,
- conflict of interest matters, such as fees paid to related parties, and
- details on how any performance fees are calculated, including how any hurdle rate is to be applied if the fund's performance exceeds any high water mark part-way through the year.

Inadequate oversight of outsourced functions and service providers

We continue to identify situations where IFMs inadequately oversee their funds' service providers. Many IFMs outsource certain aspects of their IFM operations (such as fund accounting, trust accounting and transfer agency) to third-party service providers. Some IFMs rely solely on third-party service providers and do not perform any oversight to ensure that these service providers are fulfilling their duties and

responsibilities. As a result, these IFMs are not satisfactorily discharging their obligations to comply with applicable securities legislation.

Section 11.1 of NI 31-103 requires IFMs to establish a system of controls and supervision to ensure compliance with securities legislation and to manage their business risks in accordance with prudent business practices. Part 11 of 31-103CP, under the heading *General business practices – outsourcing*, states that registrants that outsource aspects of their business operations to third-party service providers are responsible and accountable for all functions that have been outsourced. An IFM is required to oversee its service providers in order to meet its obligation of being responsible and accountable for the work performed by the service providers.

Suggested practices

IFMs should:

- establish and implement policies and procedures to actively monitor the work of service providers,
- on an ongoing basis, review the quality of work performed by service providers, including:
    - the calculation of net asset value,
    - reports on income and expenses of the funds,
    - valuation of hard-to-value securities,
    - reconciliation of total number of units outstanding between fund accounting records and transfer agent records,
    - security position reconciliations between fund accounting records and the fund's custodian records, and
    - trust account reconciliations,
- review exception reports and follow-up on variances,
- adequately document their monitoring of service providers,
- ensure that service providers have adequate safeguards for keeping information confidential, and
- develop and test a business continuity plan to minimize disruption to the IFM if the service providers do not deliver their services satisfactorily.

Non-delivery of net asset value adjustments

A number of IFMs did not provide us with a description of net asset value (NAV) adjustments for investment funds that they manage as part of their annual or interim financial reporting.

Section 12.14 of NI 31-103 requires an IFM to deliver to its principal regulator a description of any NAV adjustment made in respect of an investment fund it manages during the year or interim period (as applicable), within 90 days after the end of the IFM's financial year and no later than 30 days after the end of the first, second and third interim period of the IFM's financial year (as applicable). The description of a NAV adjustment must include:

- the name of the fund,
- assets under administration of the fund,
- the cause of the adjustment,
- the dollar amount of the adjustment, and
- the effect of the adjustment on NAV per unit or share and any corrections made to the purchase and sale transactions affecting either the investment fund or security holders of the investment fund.

We expect IFMs to have policies and procedures in place to ensure that descriptions of any NAV adjustments made to their investment funds are delivered to their principal regulator within the required timeframe.

Suggested practices

We encourage IFMs to also provide the following details as part of the description submitted for a NAV adjustment:

- date(s) of the NAV error
- date of the NAV adjustment
- total dollar amount of the NAV adjustment for each investment fund affected by the NAV adjustment
- percentage change in NAV for each of the investment funds affected due to the NAV adjustment
- if the NAV adjustment was the result of a material error under the IFM's policies and procedures
- date of the reimbursement
- total amount reimbursed to each of the investment funds, if any
- total amount reimbursed to the security holders of each of the investment funds, if any
- description and date of any corrections made to purchase and redemption transactions affecting either the investment funds or security holders of each of the investment funds
- how long before the NAV error was discovered
- how long after the NAV error was discovered that the NAV adjustment was made
- if the NAV error was discovered by the IFM or by another person
- if the policies and procedures of the IFM were changed following the NAV adjustment and if

so, a description of the changes, and

- if the NAV adjustment was communicated to security holders of each of the investment funds affected and if so, a description of the communications

4.4.2 New and proposed rules and initiatives impacting IFMs

Our Investment Funds Branch has worked on a number of new and proposed rules with the CSA on the regulation of investment funds, and other initiatives, which impact IFMs. A summary of some of this work follows.

Investment funds modernization project

On March 27, 2013, the CSA published for comment (now closed) proposed amendments to NI 81-102 to introduce core operational requirements for publicly offered non-redeemable investment funds. The CSA also sought input on an alternative fund framework, to be effected through amendments to NI 81-104 *Commodity Pools.* This framework would operate in conjunction with the proposed NI 81-102 amendments and would govern investment funds that invest in assets, or use investment strategies, that would not be permitted under the proposed NI 81-102 amendments.

These proposals are the first stage of Phase 2 of the CSA's investment funds modernization project. The objective is to identify and address any market efficiency, investor protection or fairness issues from the differing regulatory regimes that apply to different types of publicly offered investment funds.

The CSA will next review the investment restrictions applicable to mutual funds to assess if any changes should be made in light of market and product developments. For more information, see Amendments to NI 81-102 and Companion Policy 81-102CP.

Point of sale disclosure

On June 13, 2013, the CSA published the final amendments to NI 81-101 *Mutual Fund Prospectus Disclosure* which (i) include amendments to the Fund Facts form requirements, and (ii) require delivery of the Fund Facts instead of the prospectus to satisfy the requirement to deliver a prospectus within two days of buying a mutual fund. The amendments will take effect June 13, 2014.

The CSA continues to encourage early adoption of the delivery of the Fund Facts instead of the prospectus, in order to assist investors in their decision-making process and in discussions with their financial advisors.

For more information, see CSA Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds – Delivery of Fund Facts.

New prospectus form for scholarship plans

The CSA amended the prospectus requirements for scholarship plans by introducing a prospectus form tailored to reflect the unique features of scholarship plans. This is an important investor-focused initiative. New Form 41-101F3 *Information Required in a Scholarship Plan Prospectus* will require scholarship plans to provide investors with key information in a simple, accessible and comparable format to assist them in making more informed investment decisions. Central to the new prospectus form is the Plan Summary document. It is written in plain language, will generally be no more than four pages, and highlights the potential benefits, risks and the costs of investing in a scholarship plan. It will form part of the prospectus, but will be bound separately.

The amendments came into force on May 31, 2013. For more information, see the CSA's notice on Implementation of a New Prospectus Form for Scholarship Plans as part of amendments to NI 41-101.

Mutual fund fees

The CSA is examining the mutual fund fee structure in Canada to see if there are investor protection or fairness issues, and to determine whether any regulatory responses are needed. The CSA published CSA Discussion Paper and Request for Comment 81-407 *Mutual Fund Fees* in late 2012, and held a consultation roundtable in June 2013 to engage various stakeholders in the discussion of the issues raised in the paper. At the same time, the CSA continues to monitor and assess the effects of related regulatory reforms in Canada and globally.

Continuous disclosure review of sales communications

Our Investment Funds Branch recently conducted a targeted review of sales communications from a sample of publicly offered investment funds. OSC Staff Notice 81-720 *Report on Staff's Continuous Disclosure Review of Sales Communications by Investment Funds* summarizes the findings and provides guidance to address the findings.

5. Acting on registrant misconduct

5.1 Registrant misconduct cases of interest

5. Acting on registrant misconduct

5.1 Registrant misconduct cases of interest

We stay alert for signs of potential registrant misconduct or fraud and when we find evidence of either we take appropriate regulatory action. The CRR Branch works together with the Enforcement Branch to maintain an effective compliance-enforcement continuum for registrants, and to take appropriate regulatory action when justified. These include sanctions such as the suspension or termination of the registration of a registered firm and/or its registered individuals, administrative penalties, and disgorgement of monies.

In addition to the four SPD cases discussed in section 4.2.2 of this report, some notable registrant misconduct cases from the past year are summarized below. Please note that some cases are still ongoing. To get more information on a particular case, click on the respondent's name. Documents related to OSC proceedings before the Commission and before the Courts are available on the OSC's website under All Commission Proceedings. Further, Director's Decisions from the CRR Branch are also available on our website.

In 2012, we performed a Suitability Sweep of almost 90 PMs and EMDs (see OSC Staff Notice 33-740). To date, this sweep has resulted in the suspension of one firm and two individuals:

- In *Re Investment Allocation International Inc. and Miller* (June 4, 2013), the registrants were a PM and its UDP, CCO, and sole advising representative. During the Suitability Sweep, we found, among other things, that the firm did not have sufficient working capital, and the individual had raised money for his small internet start-up company by selling securities of the company to most of his clients whose portfolios he managed on a discretionary basis. We alleged that the registrants had not properly addressed the conflicts of interest in the sale of these securities, and that certain management fees were not properly disclosed to investors. We recommended to the Director that the registrants be suspended, and the registrants requested an opportunity to be heard (an OTBH) in relation to that recommendation. Ultimately, staff and the registrants settled the matter on terms that included a permanent suspension of the firm and the individual as a UDP and CCO, and a temporary suspension of the individual's registration as an advising representative.

- In *Re Gbalajobi* (July 26, 2013), the registrant was the CCO and dealing representative of an EMD. During the Suitability Sweep, we found, among other things, that the registrant had traded in securities while his firm was suspended, that he did not properly record KYC information for a number of clients, and that he could not demonstrate to staff that he had assessed the suitability of an investment for another client. We recommended to the Director that the individual be suspended, and after an OTBH was requested, the matter was settled on the basis that the individual's registration as

a CCO would be suspended for three years, and his registration as a dealing representative would be suspended for nine months.

Although staff has made use of settlement agreements as part of the OTBH process, such arrangements are not appropriate in all cases, and we remain committed to pursuing regulatory action through contested OTBH proceedings when necessary. For example:

- In *Re Trinity Wood Securities Ltd. and Browning* (October 31, 2012), the Director refused a firm's application for registration as an IFM and EMD, and the individual's application to be its UDP, CCO, and dealing representative. The individual applicant, and companies related to him, had incurred outstanding liabilities of approximately $2.6 million during his previous tenure as the owner of a registered dealer. The Director was not persuaded by the applicant's submissions during the OTBH that his significant financial difficulties were irrelevant to his application because the corporate applicant was not legally responsible for his outstanding liabilities.

- In *Re White Capital Corporation and White* (April 26, 2013), the Director suspended an EMD and its UDP, CCO, and dealing representative. This decision was made following an OTBH in which the Director found, among other things, that the registrants had not properly addressed a conflict of interest arising out of the firm's receipt of funds from a company related to one of the issuers it was selling, and that their books and records were not sufficient to satisfy its KYC and suitability obligations to clients.

Two earlier OTBH decisions of the Director were the subject of review proceedings decided in 2013:

- In *Re Pyasetsky* (March 28, 2013), the Commission reviewed the decision of the Director to refuse the applicant's application for registration as a dealing representative in the category of mutual fund dealer. The applicant had failed to disclose in her application for registration that she had been employed by a "boiler room", and the Director concluded that this, and other statements by her, indicated that she lacked the requisite integrity for registration. Following a hearing and review under section 8 of the Act, a panel of the Commission also concluded that the applicant did not have the integrity required for registration, and refused her application.

- In Sawh *v. Ontario Securities Commission* (June 12, 2013), the Divisional Court dismissed an appeal brought by two applicants in respect of a decision of the Commission to refuse their applications for registration as dealing representatives in the category of mutual fund dealer. In 2011, the Director determined that the applicants lacked the requisite integrity for registration on the basis of, among other things, their conduct in selling prospectus-exempt securities to clients that did not qualify for any prospectus exemptions, and for whom the investments were unsuitable. In 2012, the Commission reviewed the Director's decision pursuant to section 8 of the Act, and reached the same conclusion.

Before the Divisional Court, the applicants argued that the Commission ought to have showed deference to a settlement agreement the applicants entered into with the MFDA regarding the conduct in question. That settlement did not impose a ban on the applicants becoming dealing representatives. The Divisional Court rejected this argument, and confirmed that the Commission, and not the MFDA, has the jurisdiction over the registration of dealing representatives in the category of mutual fund dealer.

This year has also seen a number of registrant-related enforcement matters before the Commission:

- In *Re Morgan Dragon Development Corp.* (April 10, 2013), the Commission imposed monetary penalties and trading and registration bans against a registered firm and its UDP and CCO, who admitted that they had engaged unregistered individuals to act as commissioned securities salespeople, and had traded in prospectus-exempt securities with individuals who did not qualify for prospectus exemptions.

- In *Re Juniper Fund Management Corp.* (April 11, 2013), the Commission found that a fund manager and its president, with respect to its investment funds, (i) failed to maintain proper books and records, (ii) failed to provide full, true and plain disclosure of all material facts, and (iii) breached their statutory duty of care. The Commission also found that one of the Juniper funds provided prohibited loans and held prohibited investments contrary to sections 111 and 112 of the Act. A sanctions and costs hearing started on October 25, 2013 and is ongoing.

- In *Re Crown Hill Capital Corp.* (August 23, 2013), the Commission found that an IFM and its directing mind breached their fiduciary duty in connection with several transactions made for their investment funds. The decision states that an IFM's fiduciary duty under section 116 of the Act requires it to:
  - act with utmost good faith and in the best interests of the investment fund and put the interests of the fund and its unitholders ahead of its own,
  - generally avoid material conflicts of interest and transactions that give rise to material conflicts of interest on the part of the IFM, including self-interested and related party transactions,
  - where a conflict of interest cannot be avoided, or where a material self-interested or related party transaction is proposed, ensure that the conflict of interest or transaction is appropriately addressed as a matter of good governance and in compliance with NI 81-107 *Independent Review Committee for Investment Funds*,
  - make full disclosure to the board of directors, the independent review committee and unitholders, as the circumstances may dictate, in respect of all of the circumstances surrounding a material conflict of interest or self-interested or related party transaction,
  - obtain the informed consent of unitholders where a conflict of interest or self-interested or related party transaction is sufficiently material to warrant obtaining such consent, and

    - ensure compliance in all material respects with the terms of the declaration of trust governing the relationship between the IFM and the investment fund.

A sanctions and costs hearing has not yet occurred.

- In *Re Quadrexx Asset Management Inc.* (ongoing), the Commission suspended the registration of an IFM, PM, and EMD, and issued a cease trade order in respect of certain investment products managed by the firm, after the firm reported a large capital deficiency that it was unable to rectify. The firm's portfolio management clients have been transferred out, and a receiver has been appointed to manage the wind-up of the firm. This matter remains ongoing.

- *In Re Pro-Financial Asset Management Inc.* (ongoing), the Commission suspended the EMD registration of a firm and placed its PM registration on terms and conditions pending the proposed sale of the firm's portfolio management and investment fund management business. The firm's auditor confirmed a large capital deficiency, and the firm also informed us of a shortfall in the proceeds necessary to honour redemption requests of certain series of principal protected notes. This matter remains ongoing.

6. Additional resources

OSC ONTARIO SECURITIES COMMISSION

6. Additional resources

This section discusses how registrants can get more information about their obligations.

The CRR Branch works to foster a culture of compliance through outreach and other initiatives. We try to assist registrants in meeting their regulatory requirements in a number of ways.

We developed a new outreach program to registrants (see section 2.1 of this report) to help them understand and comply with their obligations. We encourage registrants to visit our Registrant Outreach web page on the OSC's website.

Also, the Information for: Dealers, Advisers and IFMs section on the OSC website provides detailed information about the registration process and registrants' ongoing obligations. It includes information about compliance reviews and suggested practices, provides quick links to forms, rules and past reports and email blasts to registrants. It also contains links to previous years' versions of our annual summary reports to registrants.

The Information for: Investment Funds section on our website also contains useful information for IFMs, including past editions of The Investment Funds Practitioner published by our Investment Funds Branch.

Registrants may also contact us. Please see Appendix A to this report for the CRR Branch's contact information. The CRR Branch's PM, IFM and dealer teams focus on registration, oversight, policy changes, and exemption applications for their respective registration categories. The Registrant Conduct team supports the PM, IFM and dealer teams in cases of potential registrant misconduct. The financial analysts on the Compliance, Strategy and Risk team review registrant submissions for financial reporting (such as audited annual financial statements, calculations of excess working capital and subordination agreements).

Appendix A

Contact Information for Registrants

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November 7, 2013

1.1.4 CSA Staff Notice 21-312 – Update on Consultation Paper 21-401 Real Time Market Data Fees

Canadian Securities Administrators   Autorités canadiennes en valeurs mobilières

CSA Staff Notice 21-312
Update on Consultation Paper 21-401 Real Time Market Data Fees

November 7, 2013

A. Introduction and Background

On November 8, 2012 the Canadian Securities Administrators (the CSA or we) published for comment Consultation Paper 21-401 *Real Time Market Data Fees* (Consultation Paper)[1].

The Consultation Paper discussed issues associated with real-time market data fees and potential regulatory options to address them. The issues described in the Consultation Paper fall into three themes:

- The level of data fees charged by marketplaces;
- The view of the dealer community that they need to have access to data from all transparent marketplaces to comply with regulation, which makes them a "captive market" for real-time market data; and
- Transparency is needed in the regulatory review of fees.

The analysis in the Consultation Paper focused on the fees charged for consolidated data, identified a number of possible options that could be used to address the issues[2] and requested feedback.

The purpose of this CSA Staff Notice is to summarize the comments received from industry on the potential options set out in the Consultation Paper and to discuss the CSA's next steps for addressing industry's concerns with real-time market data fees.

B. Comments Received

Sixteen comment letters[3] were received, with the majority of comments submitted by marketplaces and market participants[4]. A description of the options and a detailed summary of comments is attached as Appendix A.

Marketplaces

Smaller marketplaces were not supportive of the two options linking data fees to the level of activity on a marketplace. They expressed concerns that these two options would be detrimental to the Canadian market; specifically, that such an approach would create greater barriers to entry for new marketplaces and may lead to reduced services and choice for market participants.

Smaller marketplaces favoured a regulatory response that would see the creation of a utility that would collect and distribute data at a "fair and equitable" price. However, they had differing views on how the utility should be overseen including how its fees should be regulated.

Larger marketplaces partially supported the introduction of fee caps that would prevent significant future fee increases attributable to marketplaces with minimal market share (of trading activity) and possibly impact an increase in the number of new marketplaces. Larger marketplaces were supportive of a regulatory approach that would assess the value of a marketplace's data, which would take into consideration a variety of factors beyond market share, such as changing market conditions.

[1] OSC Bulletin, (2012) 35 OSCB 10099.

[2] The issues associated with the captive audience will be addressed in the ongoing review with respect to the Order Protection Rule (OPR). For more information see Part D Next Steps.

[3] The marketplaces that made a submission were: Chi-X Canada, TMX Group, Omega ATS and CNSX. Dealers that submitted comments were: RBC Dominion Securities, TD Securities, BMO Capital Markets, and ITG Canada. Advisory firms submitting comments were RBC Global Asset Management and State Street Global Advisors. Industry Associations submitting comments were Securities Industry and Financial Markets Association (SIFMA), Investment Industry Association of Canada (IIROC), Association for Financial Markets in Europe (AFME). Other commenters were Bloomberg, Cossiom (a data user group) and a retail investor.

[4] Market participants include commenters from both dealers (sell side) and advisory firms (buy side).

Some marketplaces suggested additional regulatory approaches for real-time market data fees. These regulatory approaches are described in Part C of this Notice.

Market Participants

Market participants were in agreement that real-time market data fees should be regulated; however, they disagreed on the appropriate approach for the Canadian market. Most commenters observed that a sound regulatory approach should ensure the fees charged for real-time market data reflect the "value" of a marketplace's data.

Generally, market participants did not support the three options where real-time market data fees are regulated through the information processor (IP). They thought these options were either too complex to administer or would disadvantage a large proportion of real-time market data users.

There was also limited support for a regulatory approach that would limit real-time market data fees charged by new marketplaces whereby the fees levied would vary according to a marketplace's level of trading activity. Market participants were concerned with the complexity of this option and its potential abuse by marketplaces.

The option that received the most support from market participants was the proposal to cap real-time market data fees until a marketplace's trading activity reaches a *de minimis* threshold established by regulators. It was acknowledged that this option would not address concerns about existing fees currently charged by marketplaces.

One marketplace participant did not support any of the options presented in the Consultation Paper and instead proposed a different approach for regulating real-time market data fees. This approach is presented in Part C of this Notice.

Industry Associations

Three industry associations submitted comment letters. They were the IIAC, the SIFMA in the U.S. and the AFME. These industry associations agreed that regulation of real-time market data fees is necessary; however, their views differed on the best approach.

IIAC advocated an approach where fees for core data are based on the cost to produce real-time market data. The fees for core data would be used to establish the value of market data sold by the IP, directly by the marketplaces or service providers. SIFMA favoured the establishment of a mandated data utility to operate on a cost recovery basis in association with the publication of fees for comment. It cautioned against narrowly defining core data, as this may lead to major tranches of significant data being excluded from the core data feed. The AFME favoured the regulation of consolidated data fees charged by the IP either in conjunction with the publication of marketplace fee amendments and fee models for comment or by establishing a fee cap on core data.

C. Additional Options Proposed by Commenters

A few commenters suggested additional options on a regulatory model that would benefit the Canadian market.

Two commenters suggested the creation of a designated industry vendor as the sole provider of Canadian market data. The designated vendor would have responsibility for data distribution and revenue distribution amongst marketplaces. Unlike a pure utility model, the designated data vendor would be permitted to earn a profit. Marketplaces would share revenues based on their contribution to price discovery. No revenue would be distributed to marketplaces that fail to reach a minimum level of market activity. Governance of the designated vendor and the revenue sharing formula would be overseen by an oversight committee or a board. The option would help control real-time market data fee costs by preventing marketplaces from charging for market data until certain market quality conditions are met.

Another commenter suggested that regulators facilitate the creation of an industry body that would enter into agreements with each marketplace to allow the administrator to license a consolidated data feed and other data products to vendors. The contractual terms and conditions of the administrator's vendor license would be regulated by the CSA. The commenter suggested using the "indirect billing" model where vendors would collect a fee per end user for the administrator. The administrator would apportion the proceeds, less operating costs to the marketplaces in accordance with a formula to be agreed upon. End users would not have to contract with the administrator since the terms and conditions of the consolidated data license would be covered by existing agreements between the end users and vendors. In this commenter's view, this approach would evenly distribute trade and quote information from all visible marketplaces and provide users with market data services at a reasonable price that would reflect a marketplace's contribution to price discovery.

One other commenter suggested that what should change is the mandatory requirement to buy or display all marketplaces' data on every professional terminal. This commenter is of the view that the CSA should help articulate the guiding principles in this regard. In this context, a marketplace's trading activity should reach a *de minimis* threshold before that marketplace can start

charging for data. The *de minimis* test should include a wide range of criteria to evaluate the value of a marketplace's data. The value of data would take into consideration each marketplace's contribution to market quality, for example, to price discovery. These criteria would form the basis of a Fair Value Fee Model that would be used to establish the fee that a marketplace could charge.

D. Next Steps

The comments received from the Consultation Paper are varied with respect to the approach to regulating real-time market data fees. Of the eight options proposed in it, only the following two garnered some level of support from some of the stakeholders who commented on them.

1. Limiting real-time market data fees charged by existing or new marketplaces until they reach an established activity level – this option was supported by marketplaces and market participants, although some of the smaller marketplaces were opposed to this approach.

2. Publishing data fee proposals and changes to fee models for comment – this option was supported by all industry associations and one market participant.

As noted by commenters, these options do not address concerns about the level of fees currently charged by marketplaces that are above the threshold. CSA staff are of the view that these two options, along with possibly defining core data or the core data products that are needed to comply with regulatory requirements, although considered partial solutions, should be explored further to assess whether they could be part of a regulatory framework for real-time market data fees in Canada.

The Consultation Paper does not ask any particular questions about the role of the existing IP, however any steps taken to regulate data fees would impact the IP and its model for data distribution.

The creation of a data utility or a similar entity is a complex solution for a small market. It would be costly and take a significant amount of time and resources from the CSA and industry to develop due to the many issues that it would have to address. It would also require legislative changes and new regulations in many CSA jurisdictions. CSA staff are of the view that this option may be considered in the long-term.

Currently, CSA staff are reviewing the Order Protection Rule (OPR) that generally requires that all better-priced limit orders are executed before inferior-priced limit orders and are not traded through. As noted in Part A of this Notice, the view of the dealer community is that in order to comply with the OPR requirements they have to access trading and real-time market data from all transparent marketplaces, which makes them a “captive audience”. This "captive audience" issue is a key factor with respect to the review of market data and OPR and therefore, we will be continuing the examination of data fees in the OPR review. In particular, as part of the OPR review, CSA staff will be considering the impact of OPR on fees, including market data fees. In addition, staff will be working toward the creation of a methodology for the evaluation of all such fees proposed to be charged by marketplaces. The OPR review process is ongoing and feedback from stakeholders will be requested at a later date.

E. Questions

Please refer your questions to any of the following:

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APPENDIX A

SUMMARY OF COMMENTS RECEIVED FOR EACH OPTION PROPOSED IN THE CONSULTATION PAPER 21-401

Option 1 – Cap Fees for Core Data

The first option discussed in the paper proposed to cap fees for core data. This option would define a set of data as "core data" that would include only that data that would be necessary to comply with regulatory requirements. The regulatory authority would then regulate the fees applicable to this core data, whether distributed through the IP or through the marketplaces. Since core data would not necessarily need to include all data elements that are currently in market data feeds, this data could be available at a lower price.

Marketplaces would be free to set fees for non-core real-time data products, subject to the normal fee review and approval process. To prevent marketplaces from bundling core data with other data as a way to circumvent the pricing restrictions, marketplaces would be required to offer core data as a stand-alone product.

Comments Received

Support for this option was mixed. Some commenters thought this option, in combination with other levers could be a partial solution to addressing cost concerns. Other commenters fully rejected this option because they were concerned that this option could create more problems than it solved. Overall most commenters did not view this option as a viable solution.

Concerns were expressed about the definition of core data. A definition that is too narrow could unintentionally lead to necessary data falling outside the scope of protection. One commenter believed that the definition of core data could not be static; therefore, creating and maintaining this product may be costly and defeat the objective of making it available at a lower price.

Another contentious issue was how the caps for core data should be set or whether there should be any caps at all. Three commenters supported basing the caps on the cost of data production while others viewed the fair value of data as the starting point in setting the caps. One commenter expressed concerns that any referencing to the cost of production, market share, rates of return or any other benchmarks may generate unintended distortions in the market with respect to costs.

A few commenters discussed the competitive and business impacts of implementing such an option. One commenter stated that this option does little to address the competitive imbalances that are present in the current model for market data distribution. Furthermore, this commenter believes that adopting this option will lead to further increases in costs for certain marketplace subscribers and incent marketplaces to develop other types of data products to further capitalize on the revenue generating potential of their market data function.

Option 2 – Cap Data Fees Charged by a Marketplace until it Meets a *De Minimis* Threshold

The second option proposed to impose a cap on the fees that a marketplace could charge for its market data until it reaches a *de minimis* threshold for a period of time. This threshold could be based on market share or market share combined with some other metric. The cap could be set at zero or at a nominal amount until the threshold is met. If a marketplace falls below the *de minimis* threshold for a certain period of time, its market data fees would be subject to the cap until the marketplace moves above the *de minimis* threshold again.

The cap would not apply to marketplaces that are above the *de minimis* threshold. Marketplaces in this situation would be able to set fees, subject to the approval process in place.

Comments Received

We note that six commenters[1] agreed that the option, as presented, would not address the fees currently charged by some of the existing marketplaces.

Five of these six commenters view this option as a potential partial solution. One of these commenters suggested that we should eliminate data fees for marketplaces that are not "materially contributing" to price discovery while two other suggested that establishing a threshold for charging data fees would be a viable option to lower the overall cost of market data incurred by marketplace participants. There was no agreement on the level of this threshold, as one commenter suggested a one per cent market share, whereas the other thought a five per cent market share would be appropriate.

[1] Three investment dealers, one adviser and two industry associations.

Two other commenters[2] agreed that capping fees would be preferable to the existing situation.

Marketplaces also had differing views on this option. Smaller marketplaces did not support the adoption of a *de minimis* threshold, with one generally opposed to caps being set on individual marketplace services. Smaller marketplaces were concerned that this option could create significant barriers to entry for new marketplaces and result in unintended consequences. Additional consequences cited included: a reduction in the quality of real-time data and data processing and distribution, incentives for marketplaces to promote practices that would artificially increase their market share or, in the case of dominant marketplaces, to self-fragment to charge multiple times for their market data.

The two larger marketplaces supported the adoption of a *de minimis* threshold before fees could be charged by a marketplace, but their views differed on the application of the fee. One marketplace suggested the *de minimis* threshold should be met before any fees could be charged, whereas the other limited the application of the *de minimis* threshold to only data fees. These two marketplaces mentioned that this approach may reduce the proliferation of new marketplaces with minimal activity and value. It would also prevent marketplaces from solely surviving on their market data revenue.

In terms of the factors that should be considered and the measurements that should be used in establishing the *de minimis* threshold, commenters suggested considering a broader range of quantitative criteria, beyond market share, and that the threshold should be dynamic to reflect changing market conditions.

Option 3 – Cap all Data Fees for All Marketplaces Starting at a *De Minimis* Threshold and Gradually Increasing the Threshold and the Applicable Caps

This option would limit the level of market data fees individually charged by all marketplaces, on an individual basis. It would prevent any marketplace from charging fees that are not reflective of its market share.[3] Additionally, the tier fee caps and *de minimis* thresholds structure would keep fee increases in check by tying them to a marketplace's market share.

We explained in the Consultation Paper that we have not decided what the *de minimis* threshold metric could be; however, to facilitate an understanding of the option we used market share as the *de minimis* metric. We also explained that the cap for the *de minimis* threshold could be set at zero or at a nominal amount until the de minimis threshold is met. The cap would increase when a marketplace moves beyond the *de minimis* market share threshold and, conversely, the cap would decrease to a lower level if a marketplace regresses back to a lower market share threshold. Similar to option 2, a marketplace must remain above a set threshold for a certain period of time before it can increase its fee up to a level that corresponds to the threshold tier it is in.

Comments Received

This option did not gather much support from commenters. All marketplaces, regardless of their size, regarded this option as having many unintended consequences, such as:

- Creating greater barriers to entry for new marketplaces;
- Limiting the number and range of new services that a new marketplace may offer;
- Creating an overtly utilitarian model that is burdensome, costly and subject to abuse.

Only two market participants felt that this option would be effective in more closely linking a marketplace's fees to its market share. Another market participant stated that this option is complicated and subject to abuse by marketplaces, in that a marketplace may reach the minimum threshold for charging data fees by printing block crosses instead of actual trading activity. This view was also shared by two industry associations that agree this option would add an element of complexity to fee regulation and necessitates constant monitoring of the chosen threshold.

Option 4 – Cap Fees for Data Sold Through the IP

This option would cap the fees that marketplaces charge buyers who purchase their data from the IP. All marketplaces would be subject to a cap, although not necessarily the same one (as in option 3). This model preserves the pass-through fee model but caps the costs that could be passed through. The cap could be set by the regulators and implemented through a rule.

Marketplaces would still be free to set fees for direct subscribers and vendors, subject to the normal fee review and approval process. This option would create a lower-cost consolidated data feed from the IP. As many users do not need to purchase data directly from marketplaces (e.g., users that are not latency sensitive) this option could address their concerns. Users whose business models require them to purchase data directly from the marketplace or from third party vendors would not necessarily

[2] One industry association and a data provider.

[3] Similar to the previous option, the *de minimis* threshold could be based on market share or market share combined with some other metric.

see a direct benefit in terms of lower costs, but the existence of a lower-cost alternative may impose some market discipline on data prices generally.

Comments Received

Many commenters had concerns about this option. Two marketplaces thought this option would create two classes of marketplace participants: those with all the data and those without. Another marketplace thought this option implies that the manner of data delivery and not the content would dictate the fees charged by marketplaces. In addition, a number of commenters expressed a concern that this option would penalize market data vendors who obtain data directly from the marketplaces and consolidate data using proprietary means. To be beneficial to all market participants, the fee cap must apply to data delivered by the IP, by marketplaces and by other data vendors.

Generally, marketplace participants also had concerns about this option. While one participant supported the notion of an affordable consolidated feed of all Canadian marketplaces, others believe fee caps should apply consistently regardless of whom the data was purchased from.

In addition, two commenters noted that this option retains the problematic pass-through model which does not provide an effective cap on market data fees, as the data fees charged by new marketplaces would still drive up the total cost of market data.

Option 5 – Regulate Consolidated Market Data Fees Charged by the IP

This option would directly regulate the fees charged by the IP for consolidated data rather than the fees charged by marketplaces. This model would eliminate the pass-through model but would necessitate creating a different fee and compensation model for the data fees. This option would not regulate fees for data sold directly by marketplaces.

In this option, the IP and not the marketplaces would set the fee for its consolidated data, subject to approval by the regulatory authority. The fee could be determined by a rule of the regulatory authority, the IP independently or co-operatively by the marketplaces, as is done with consolidated data in the U.S. Marketplaces would share in the IP's revenue on a pre-determined basis, either by agreement or rule or as approved by the regulatory authority. Under this option, marketplaces would be free to set fees for direct subscribers and vendors, subject to the fee review and approval process.

This approach is similar to the approach taken in the U.S., where the revenue from the consolidated data distributed by the securities information processors is allocated by a set formula (approved by the Securities and Exchange Commission).

This option requires legislative amendments to the securities regulatory authorities' jurisdiction to specifically regulate the operations of the IP and the fees charged for its products.

Comments Received

Two marketplaces partially supported this model because they believe this option is a step in the right direction in addressing data costs. Nonetheless, they raised questions about the appetite of both industry and regulators for such a direct interventionist approach and questioned why the fees would only be regulated for the IP. Additionally, only regulating the IP would lead to significant administrative and compliance risks and costs for marketplace participants.

One marketplace did not support this option, as it believed the Canadian market cannot afford the cost and resource expenditure of imposing a centralized consolidated tape sharing regime.

Marketplace participants were divided in their support for this model. Two commenters considered this model to have some merit, particularly in the area of revenue distribution. Two other marketplace participants believe this model is deeply flawed because it only regulates the slowest data feeds available therefore subscribers seeking price protection on data will be disadvantaged. This option also introduces an element of complexity through the revenue distribution formula.

One industry association did not support the option as presented. It, however, believes that consolidated market data sold through the IP should be regulated by regulating the price of core data and establishing a formula to allocate it to the marketplaces when it is purchased through the IP.

Option 6 – Cap Consolidated Data Fees Sold by Marketplaces to all Data Vendors, Not Just to the IP

This option is also similar to option 4, however, instead of capping the fees that marketplaces charge buyers who purchase data directly from the IP, the fees that marketplace charge buyers of consolidated data from all data vendors would be capped. Marketplaces would be free to charge whatever fees they determine appropriate for non-consolidated data whether distributed

by vendors or by the marketplaces directly. This will allow all data vendors to distribute the consolidated data at the same lower, capped rate as the IP to marketplace participants.

Comments Received

Only one commenter believed that this approach has merit; however, the commenter suggested the scope of this option should be expanded to include all data providers.

Other commenters were of the view that this model would:

- Perpetuate all of the unintended consequences of the pass-through model;
- Not necessarily lead to the best end result for users as the cap only affects the cost of receiving the consolidated data, and does not consider the cost of producing this data;
- Create perverse incentives for trading venues to design faster direct feeds while not spending similar resources to improve price-capped feeds; and,
- Potentially limit new consolidated market data entrants.

Option 7 – Mandate a Data Utility to Operate on a Cost-Recovery Basis

This option suggested the creation of a "public utility" source of consolidated market data in Canada.

A mandated data utility could be funded by marketplaces and/or data customers and would operate on a cost-recovery basis. Any revenue generated from the selling of the consolidated data would be divided amongst the utility participants based on a revenue sharing model agreed upon by all parties involved. The amount of revenue that each participant receives would be proportionate to their contribution to price discovery and liquidity. This utility would have to be overseen by the regulatory authority as it would be providing a service critically important to the capital markets.

This option is similar to Option 5, except that it would be developed by the industry rather than imposed by the regulatory authority. Legislative amendments and an overhaul of the transparency requirements would be needed if a public data utility was created.

Comments Received

Many commenters agreed that, in theory, this option is the best of all eight presented in the Consultation Paper; however, most had significant concerns with respect to the time and effort needed to create, implement and govern this utility. For instance, five commenters (four investment dealers and the domestic industry association) agreed that the creation of such utility would be quite costly and present certain challenges, such as:

- Ensuring there is a process in place to allocate resources to the development and management of this utility;
- Establishing a governance framework agreeable to all stakeholders;
- Implementing a transparency regime around the cost of producing the data and the revenue sharing model;
- Ensuring there is proper technology in place for data distribution.

Although they agreed that this option best addresses the issues raised by stakeholders, two marketplaces expressed different views on how this utility should function. One believes that this utility should be overseen by regulators and it should only distribute core data. The other is of the view that marketplaces should be given the opportunity to establish the pricing and revenue allocation before intervention from regulators. Pricing and terms and conditions should be subject to initial approval by regulators.

A single marketplace felt this option was not viable because the Canadian market cannot absorb the cost and expand the resources to impose a centralized consolidated tape sharing regime.

Finally, one other commenter observed that a utility would reduce costs in the short term but would not promote competition for data services in the long term.

Option 8 – Publish Amendments to Market Data Fees and Fee Models for Comments

This option would require a marketplace to publish for comment any amendments to its market data fee schedule. We could require marketplaces to also publish the rationale for amending the fees and a pre-implementation impact analysis at the time their proposed fee changes are filed with the regulatory authority for approval. This would impose some discipline as marketplaces would have to publicly justify any changes to fees and/or fee models.

Comments Received

Most market participants indicated that while greater transparency around fee changes would be beneficial, the publication of amendments to market data fees will not address the existing high fees, nor restrain marketplaces from introducing new fees or increase their fees in the future. Only one market participant supported this option, suggesting that, in addition to the publication of data fees, CSA staff should consider the publication of proposed changes to trading fees as well.

Marketplaces thought increased transparency would have a detrimental impact because it would not lead to productive results and it would unfairly penalize first mover advantage while rewarding a competitor that follows.

All three industry associations agreed that the publication of market data fees changes and fee models for comment would be a valuable addition to any of the options proposed in the Consultation Paper. It, however, would not be effective as a stand-alone solution as it does not address the issues related to high real-time market data fees.

1.2 Notices of Hearing

1.2.1 Ground Wealth Inc. et al. – s. 127

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

AND

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

AMENDED NOTICE OF HEARING
(Section 127)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), at the offices of the Commission at 20 Queen Street West, Toronto, Ontario, 17th Floor, on November 5, 2013, at 3:00 p.m., or so soon thereafter as the hearing can be held, to consider whether it is in the public interest for the Commission:

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

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

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

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

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

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

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

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

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

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

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

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

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

BY REASON of the allegations set out in the Amended Statement of Allegations of Staff, dated October 31, 2013, and such additional allegations as counsel may advise and the Commission may permit;

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

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

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

"John Stevenson"
Secretary to the Commission

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

AND

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

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

II. THE RESPONDENTS

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

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

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

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

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

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

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

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

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

III. PARTICULARS

The Armadillo Securities

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

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

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

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

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

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

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

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

Distribution and Trading

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

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

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

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

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

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

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

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

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

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

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

Michelle Dunk

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

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

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

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

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

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

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

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

Adrion Smith

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

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

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

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

Joel Webster

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

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

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

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

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

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

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

Douglas DeBoer

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

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

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

Misleading Staff

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

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

IV. ALLEGATIONS

54. Staff make the following specific allegations:

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

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

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

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

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

V. CONDUCT CONTRARY TO THE PUBLIC INTEREST

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

VI. ORDERS REQUESTED

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

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

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

1.3 News Releases

1.3.1 OSC Announces Roundtable on CSA Consultation Paper regarding Canada's Proxy Voting Infrastructure

FOR IMMEDIATE RELEASE
November 5, 2013

OSC ANNOUNCES ROUNDTABLE ON
CSA CONSULTATION PAPER REGARDING CANADA'S PROXY VOTING INFRASTRUCTURE

Toronto – The Ontario Securities Commission (OSC) announced today that it will hold a roundtable to further explore the issues identified in CSA Consultation Paper and Request for Comment 54-401 *Review of the Proxy Voting Infrastructure*.

The OSC roundtable will take place Wednesday, January 29, 2014 on the 22nd floor of the Commission's offices, located at 20 Queen Street West, Toronto, Ontario.

OSC staff will organize a stakeholder panel featuring perspectives from Ontario issuers, investors and other financial industry stakeholders.

Interested parties wishing to participate in the OSC roundtable are encouraged to first submit written comments on the Discussion Paper by November 13, 2013 and then contact Laura Lam at llam@osc.gov.on.ca to indicate interest in participating.

OSC staff will contact specific parties to act as panellists and to speak to salient points raised in their submissions. Panellists will be selected in such a way as to reflect the diversity of views on the subject and present a balanced debate. The OSC expects to issue a notice by Wednesday, January 8, 2014 with additional details, and the final agenda and list of panellists.

Published on August 15, 2013, the purpose of the CSA Consultation Paper is to obtain feedback on how best to address concerns regarding the integrity and reliability of the proxy voting infrastructure. Voting is a fundamental right and shareholders need to be confident that their votes are being properly counted.

The CSA indicated intentions to engage in targeted consultations with market participants in order to inform the CSA's next steps. Other jurisdictions of the CSA may also hold consultations.

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1.4 Notices from the Office of the Secretary

1.4.1 Jerome John Rak

FOR IMMEDIATE RELEASE
October 30, 2013

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

AND

IN THE MATTER OF
JEROME JOHN RAK

TORONTO – The Commission issued an Order pursuant to Subsections 127(1) and 127(10) of the Act in the above matter which provides that,

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Rak of any reporting issuer with which he is in a special relationship shall cease until December 8, 2021;

(b) pursuant to paragraph 7 of subsection 127(1) of the Act, Rak shall resign any positions that he holds as a director of officer of any reporting issuer; and

(c) pursuant to paragraph 8 of subsection 127(1) of the Act, Rak is prohibited from becoming or acting as a director or officer of any reporting issuer until December 8, 2016.

A copy of the Order dated October 29, 2013 is available at www.osc.gov.on.ca.

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1.4.2 Global RESP Corporation and Global Growth Assets Inc.

FOR IMMEDIATE RELEASE
October 31, 2013

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

AND

IN THE MATTER OF
GLOBAL RESP CORPORATION AND
GLOBAL GROWTH ASSETS INC.

TORONTO – The Commission issued an Order in the above named matter which provides that the scheduled date for the Motion is vacated and the Motion shall proceed on November 20, 2013 at 10:00 a.m.

A copy of the Order dated October 30, 2013 is available at www.osc.gov.on.ca.

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1.4.3 Ajit Singh Basi

FOR IMMEDIATE RELEASE
October 31, 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 Commission issued its Reasons and Decision and an Order in the above noted matter.

A copy of the Reasons and Decision and Order dated October 30, 2013 are available at www.osc.gov.on.ca.

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1.4.4 Systematech Solutions Inc. et al.

FOR IMMEDIATE RELEASE
October 31, 2013

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

AND

IN THE MATTER OF
SYSTEMATECH SOLUTIONS INC.,
APRIL VUONG AND HAO QUACH

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

1. The Respondents' adjournment motion is adjourned *sine die.*

2. The hearing dates of November 4 and 6, 2013 are vacated.

A copy of the Order dated October 30, 2013 is available at www.osc.gov.on.ca.

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1.4.5 Ernst & Young LLP

FOR IMMEDIATE RELEASE
November 1, 2013

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

AND

IN THE MATTER OF
ERNST & YOUNG LLP

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

1. The Respondent's disclosure motion shall be heard on December 19, 2013 at 10:00 a.m.;

2. A further confidential pre-hearing conference shall be held on January 27, 2014 at 11:00 a.m.;

3. Staff shall serve any expert report(s) on the Respondent by April 1, 2014;

4. The Respondent shall serve any expert report(s) on Staff by July 2, 2014; and

5. Staff shall serve any expert report(s) in reply by August 1, 2014.

A copy of the Order dated October 30, 2013 is available at www.osc.gov.on.ca.

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1.4.6 Kevin Warren Zietsoff

FOR IMMEDIATE RELEASE
November 1, 2013

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

AND

IN THE MATTER OF
KEVIN WARREN ZIETSOFF

TORONTO – The Commission issued an Order in the above named matter which provides that this matter is adjourned to January 6, 2014, at 2:00 p.m.

A copy of the Order dated October 30, 2013 is available at www.osc.gov.on.ca.

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

FOR IMMEDIATE RELEASE
November 1, 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. a motion requested by the Respondents will be heard on December 16, 2013 at 11:00 a.m., and in accordance with Rule 3.2 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*"), the Respondents shall serve and file a motion record, including any affidavits to be relied upon, by December 6, 2013 at 4:30 p.m.;

2. any expert report to be relied on by the Respondents shall be served to Staff by March 6, 2014 at 4:30 p.m., in accordance with Rule 4.6 of the *Rules of Procedure*;

3. a further confidential pre-hearing conference shall take place on February 3, 2014 at 10:00 a.m.; and

4. the hearing on the merits shall commence on May 5, 2014 and shall continue until June 12, 2014, save and except for May 6, 19 and 20 and June 3, 2014.

A copy of the Order dated October 30, 2013 is available at www.osc.gov.on.ca.

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1.4.8 Bradon Technologies Ltd. et al.

FOR IMMEDIATE RELEASE
November 1, 2013

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

AND

IN THE MATTER OF
BRADON TECHNOLOGIES LTD., JOSEPH COMPTA,
ENSIGN CORPORATE COMMUNICATIONS INC.
and TIMOTHY GERMAN

TORONTO – The Commission issued an Order in the above named matter which provides that the hearing of this matter is adjourned and shall continue on December 9, 2013 at 10:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated October 29, 2013 is available at www.osc.gov.on.ca.

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1.4.9 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
November 5, 2013

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

AND

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

TORONTO – The Office of the Secretary issued an Amended Notice of Hearing setting the matter down to be heard on November 5, 2013 at 3:00 p.m., or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Amended Notice of Hearing dated October 31, 2013 and Amended Statement of Allegations of Staff of the Ontario Securities Commission dated October 31, 2013 are available at www.osc.gov.on.ca.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 FAM Real Estate Investment Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – issuer holds all of its properties through limited partnership – entity holds units in limited partnership which are exchangeable into and in all material respects the economic equivalent to the issuer's publicly traded units – issuer may include entity's indirect interest in issuer when calculating market capitalization for the purposes of using the 25% market capitalization exemption for certain related party transactions – relief granted subject to conditions.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.5(a), 5.7(1)(a), 9.1.

October 23, 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
FAM REAL ESTATE INVESTMENT TRUST
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction (the "**Principal Regulator**") has received an application (the "**Application**") from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") exempting the Filer, pursuant to section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") from the minority approval and formal valuation requirements under Part 5 of MI 61-101 relating to any related party transaction of the Filer entered into indirectly through FAM Management Limited Partnership ("**FAM LP**") or any other subsidiary entity (as such term is defined in MI 61-101) of FAM LP, if that transaction would qualify for the transaction size exemptions set out in sections 5.5(a) and 5.7(1)(a) of MI 61-101 if the indirect interest in the Filer, which is held in the form of Class B limited partnership units ("**Class B Units**") of FAM LP, were included in the calculation of the Filer's market capitalization (collectively, the "Requested Relief").

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in Québec.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and MI 61-101 have the same meaning if used in this decision, unless otherwise defined in this decision.

Representations

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

1. The Filer is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. The Filer is governed pursuant to a declaration of trust dated August 27, 2012, as amended and restated on December 27, 2012, (the "**Declaration of Trust"**) and as may be further amended and/or restated from time to time.

2. The Filer's head office is located at 2000-5000 Miller Road, Richmond, British Columbia, V7B 1K6.

3. The Filer is a reporting issuer (or the equivalent thereof) in each province and territory of Canada and is currently not in default of any applicable requirements under the securities legislation thereunder.

4. The Filer is authorized to issue an unlimited number of trust units ("**Units**") and an unlimited number of special voting units ("**Special Voting Units**"). As of the date hereof, the Filer has 8,898,775 Units and 2,511,038 Special Voting Units issued and outstanding. The number of issued and outstanding Special Voting Units is equal to the number of issued and outstanding Class B Units. The Filer is also authorized to issue preferred units ("**Preferred Units**") from time to time which may be created and issued in one or more series, subject to the Board of Trustees executing an amendment to the Declaration of Trust. As of the date hereof, the Filer has not issued any Preferred Units.

5. The Units are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the symbol "F.UN".

6. As of the date hereof, the Filer has 1,598,550 warrants ("**Warrants**") issued and outstanding pursuant to a warrant indenture dated December 28, 2012 (the "**Indenture**"), as supplemented January 29, 2013, as may be further amended, restated and/or supplemented from time to time. The Warrants trade on the TSX under the symbol "F.WT" and each Warrant entitles the holder thereof to purchase one Unit at an exercise price of $10.50. The Warrants are exercisable prior to 5:00 p.m. (Toronto time) on December 28, 2015 after which time they expire and become null and void.

7. The operating business of the Filer is carried on through FAM LP, and Huntingdon Capital Corp. ("**Huntingdon**") indirectly holds an approximate 26% interest in the Filer through the ownership of 447,694 Units and 2,511,038 Class B Units of FAM LP, which are economically equivalent to, and exchangeable for Units.

8. FAM LP is a limited partnership formed under the laws of the Province of Ontario and is governed by an agreement of limited partnership dated December 28, 2012 (the "**Limited Partnership Agreement**"). The general partner of FAM LP is FAM GPCo Inc. ("**FAM GP**"), a company established under the laws of Ontario. FAM GP is a wholly-owned subsidiary of the Filer.

9. FAM LP is authorized to issue an unlimited number of Class A limited partnership units ("**Class A LP Units**"), an unlimited number of Class B Units and general partnership interests. As of the date hereof, FAM LP has (i) 5,882,662 Class A LP Units issued and outstanding, all of which are held by the Filer, (ii) 2,511,038 Class B Units issued and outstanding, all of which are held by Huntingdon as set out above, and (iii) uncertificated general partnership interests representing a 0.01% interest in FAM LP issued and outstanding, which is held entirely by FAM GP.

10. FAM LP is not a reporting issuer (or the equivalent thereof) in any jurisdiction and none of its securities are listed or posted for trading on any stock exchange or other market.

11. The Class B Units are, in all material respects, economically equivalent to Units on a per unit basis, and holders are entitled to receive distributions from FAM LP equal to those paid to the holders of the Units by the Filer. Each Class B Unit is exchangeable at the option of the holder for one Unit of the Filer (subject to customary anti-dilution adjustments) and is accompanied by a Special Voting Unit that entitles the holder to receive notice of, attend and vote together with the holders of Units at all meetings of voting unitholders of the Filer. The Class B Units are not transferable and the limited partnership agreement of FAM LP requires Huntingdon to not take any action that would result in the Class B Units being held by a non-resident.

12. The Filer completed its initial public offering of 5,880,000 Units and 1,470,000 Warrants on December 28, 2012 (the "**IPO**"). The Filer issued an additional 128,550 Warrants pursuant to the Indenture in connection with the exercise of an over-allotment option granted to the underwriters of the IPO.

13. In connection with the IPO and pursuant to the terms of an acquisition agreement dated December 28, 2012, by and among the Filer, Huntingdon, FAM GP and FAM Property Inc. ("**FAM Property**") (a former general partner of FAM LP which is no longer in existence), the Filer indirectly acquired a portfolio of 27 income producing properties (the "**Initial Properties**") from Huntingdon through the acquisition of: (i) a promissory note originally issued by FAM LP in favour of Huntingdon with a principal amount equal to approximately $31.1 million (the "**FAM LP Note**"), (ii) 2,768,611 Class A LP Units, (iii) 100% of the issued and outstanding shares of FAM GP and, (iv) 49% of the issued and outstanding shares of FAM Property. The Filer then contributed the FAM LP Note to FAM LP in consideration for the issuance of an additional 3,111,389 Class A LP Units. In addition, the then general partners of FAM LP, on behalf of FAM LP, directly or indirectly assumed mortgages on certain of the Initial Properties in the aggregate amount of approximately $93.7 million.

14. As at the date hereof, Huntingdon holds an effective interest in the Filer of approximately 26% on an issued and outstanding basis and assuming all Class B Units held by Huntingdon are exchanged for Units.

15. Pursuant to the terms of a management agreement dated December 28, 2012 between Huntingdon and the Filer, Huntingdon is the external asset manager of the properties directly or indirectly owned by the Filer and provides the Filer with certain advisory and investment management services, including the services of the Chief Executive Officer and Chief Financial Officer, as well as the right to nominate one Trustee for election to the Board of Trustees, subject to certain restrictions.

16. The Filer and Huntingdon are party to a right of first offer agreement (the "**ROFO Agreement**") dated December 28, 2012, which gives the Filer the right of first offer to acquire industrial, office and retail properties owned or subsequently acquired by Huntingdon and/or its affiliates, prior to disposition of any such properties to a third party which will be on terms not materially less favourable to the Filer than those offered by or to such third party. The Filer expects to be offered assets from Huntingdon as these properties become stabilized and more suitable under the Filer's investment criteria, as disclosed in the Filer's IPO prospectus.

17. It is anticipated that the Filer may from time to time enter into transactions with certain related parties, including Huntingdon or any of its subsidiaries and/or pursuant to the exercise of the Filer's right of first offer under the ROFO Agreement described above, indirectly through FAM LP and/or its direct and indirect subsidiaries.

18. Although Huntingdon was granted additional rights at the time of the IPO, including pre-emptive rights, "piggy-back" registration rights, board nomination rights and certain limited approval rights, such rights are based on ownership thresholds calculated based on the number of Units assuming that all Class B Units are exchanged for Units. As a result, Huntingdon does not gain any additional or unique rights or benefits that it would not otherwise have if it were to acquire additional Class B Units (rather than Units) in connection with any transaction with the Filer, such as in connection with the Filer's exercise of its right of first offer under the ROFO Agreement as described above.

19. If Part 5 of MI 61-101 applies to a related party transaction by an issuer and the transaction is not otherwise exempt:

    (a) the issuer must obtain a formal valuation of the transaction in a form satisfying the requirements of MI 61-101 by an independent valuator; and

    (b) the issuer must obtain approval of the transaction by disinterested holders of the affected securities of the issuer (together, requirements (a) and (b) are referred to as the "**Minority Protections**").

20. A related party transaction that is subject to MI 61-101 may be exempt from the Minority Protections if at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, exceeds 25% of the issuer's market capitalization (the "**Transaction Size Exemption**").

21. The Filer may not be entitled to rely on the Transaction Size Exemption available under the Legislation because the definition of "market capitalization" in the Legislation does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.

22. The Class B Units represent part of the equity value of the Filer and provide the holder of the Class B Units with economic rights which are, in all material respects, equivalent to the Units. The effect of the exchange right of the Class B Units is that the holder of such Class B Units will receive Units upon exchange of such Class B Units. Moreover, the economic interests that underlie the Class B Units are identical to those underlying the Units; namely, the assets and operations held directly or indirectly by FAM LP.

23. If the Class B Units are not included in the market capitalization of the Filer, the equity value of the Filer will be understated by the value of Huntingdon's interest in FAM LP represented by the outstanding Class B Units

(approximately 24%). As a result, related party transactions of the Filer that are entered into indirectly through FAM LP and/or its direct and indirect subsidiaries may be subject to the Minority Protections in circumstances where the fair market value of the transactions is effectively less than 25% of the fully-diluted market capitalization of the Filer.

24. Section 1.4 of MI 61-101 treats an operating entity of an "income trust", as such term is defined in National Policy 41-201 *Income Trusts and Other Indirect Offerings* ("**NP 41-201**"), on a consolidated basis with its parent trust entity for the purpose of determining which entities are related parties of the issuer and what transactions apply to MI 61-101. Section 1.2 of NP 41-201 provides that references to an "income trust" refer to a trust or other entity (including corporate and non-corporate entities) that issues securities which provide for participation by the holder in net cash flows generated by an underlying business owned by the trust or other entity. Accordingly, it is consistent with MI 61-101 that securities of the operating entity, such as the Filer's Class B Units, be treated on a consolidated basis for the purposes of the Transaction Size Exemption.

25. The inclusion of the Class B Units when determining the Filer's market capitalization is consistent with the logic of including unlisted equity securities of the issuer which are convertible into listed securities of the issuer in determining an issuer's market capitalization in that both are securities that are considered part of the equity value of the issuer whose value is measured on the basis of the listed securities into which they are convertible or exchangeable.

Decision

The Principal Regulator is satisfied that the test contained in the Legislation that provides the Principal Regulator with the jurisdiction to make the decision has been met.

The decision of the Principal Regulator under the Legislation is that the Requested Relief is granted to the Filer provided that:

(a) the transaction would qualify for the Transaction Size Exemption contained in MI 61-101 if the Class B Units were considered an outstanding class of equity securities of the Filer that were convertible into Units;

(b) there be no material change to the terms of the Class B Units and the Special Voting Units, including the exchange rights associated therewith, as described above and in the limited partnership agreement of FAM LP; and

(c) any annual information form of the Filer that is required to be filed in accordance with applicable Canadian securities law contain the following disclosure, with any immaterial modifications as the context may require:

> "Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (**MI 61-101**) provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. FAM Real Estate Investment Trust (the "**REIT**") has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of the REIT's market capitalization, if the Class B limited partnership units of FAM Management Limited Partnership ("**FAM LP**") held by Huntingdon Capital Corp. ("**Huntingdon**") are included in the calculation of the REIT's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements would apply, is increased to include the approximately [ ]% indirect interest in the REIT in the form of Class B limited partnership units of FAM LP held by Huntingdon.

"Naizam Kanji"
Deputy Director
Ontario Securities Commission

2.1.2 National Bank Securities Inc. et al.

Headnote

Policy Statement 11-203 Respecting Process for Exemptive Relief Application in Multiple Jurisdictions – Relief granted to certain three-tier structures from multi-layering prohibition in paragraph 2.5(2)(b) of Regulation 81-102 to permit Corporate Classes to invest in funds-of-funds, which are more than 10% invested in underlying funds – The three-tier fund structure is analogous to the current multi-layering exception in Regulation 81-102 – Transparent investment portfolio and accountability for portfolio management – Regulation 81-102 respecting Mutual Funds.

Applicable Legislative Provisions

Regulation 81-102 respecting Mutual Funds, ss. 2.5(2)(b), 19.1.

October 25, 2013

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

AND

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

AND

IN THE MATTER OF
NATIONAL BANK SECURITIES INC.
(the Filer)

AND

IN THE MATTER OF
MERITAGE CANADIAN EQUITY CLASS PORTFOLIO,
MERITAGE GLOBAL EQUITY CLASS PORTFOLIO,
MERITAGE GROWTH CLASS PORTFOLIO AND
MERITAGE EQUITY CLASS PORTFOLIO
(collectively, the Meritage Portfolios)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Makers**) has received an application from the Filer on behalf of the Corporate Classes (as defined below) for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption pursuant to section 19.1 of *Regulation 81-102 respecting Mutual Funds* (c. V-1.1, r. 39) (**Regulation 81-102**) from the requirement of paragraph 2.5(2)(b) of Regulation 81-102 to permit each of the Corporate Classes to purchase or hold securities of a Trust Fund (as defined below), which holds more than 10% of its net asset value in securities of Underlying Funds (as defined below) (the **Exemption Sought**).

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

a) the Autorité des marchés financiers is the principal regulator for this application;

b) the Filer has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (c. V-1.1, r. 1) (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Northwest Territories, Yukon Territory and Nunavut; and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* (c. V-1.1, r. 3), Regulation 11-102 and Regulation 81-102 have the same meaning in this decision unless otherwise defined. The following additional terms shall have the following meanings:

Corporate Class means each of the Meritage Portfolios and any other mutual fund that will be a class of a mutual fund corporation for which the Filer will act as investment fund manager, and which seeks a similar return as a Trust Fund.

Trust Fund means each mutual fund established or that will be established pursuant to a declaration of trust for which the Filer acts or will act as investment fund manager and in which a Corporate Class may invest pursuant to the Exemption Sought.

Underlying Fund means each mutual fund subject to Regulation 81-102 in which a Trust Fund invests.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act* (L.R.C. (1985) c. C-44).

2. The Filer is or will be acting as the investment fund manager of each Corporate Class and Trust Fund.

3. The Filer is duly registered as an investment fund manager in Québec, Ontario and Newfoundland and Labrador. The Filer is also registered as a mutual fund dealer in each jurisdiction of Canada.

4. The Filer's head office is located at 1100 University Street, 10th Floor, Montreal, Québec, H3B 2G7.

5. The Filer is not in default of securities legislation in any jurisdiction of Canada.

The Corporate Classes, the Trust Funds and the Underlying Funds

6. The securities of the Corporate Classes, the Trust Funds and the Underlying Funds are or will be qualified for distribution in each jurisdiction of Canada pursuant to a simplified prospectus prepared and filed in accordance with *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure* (c. V-1.1, r. 38).

7. Each Corporate Class, Trust Fund and Underlying Fund is or will be a reporting issuer under applicable securities legislation of each jurisdiction of Canada and is or will be subject to Regulation 81-102.

8. Each Corporate Class is intended to provide investors a version of a Trust Fund but with the flexibility to switch to another mutual fund that is a class of the same mutual fund corporation on a tax-deferred basis.

9. Each Corporate Class seeks a comparable return as a Trust Fund. In order to meet their investment objectives, each Corporate Class invests substantially all of its assets in O Series units of its corresponding Trust Fund. It may also invest directly in securities of the Underlying Funds and/or mutual funds similar to the Underlying Funds, based on similar weighting to that used by the Trust Fund.

10. Each Trust Fund is or will be a fund-of-funds that invests or will invest in one or more Underlying Funds and may also invest directly in cash, cash equivalents, money market funds, fixed income securities, other income-producing securities and/or equity securities.

11. An investment by a Trust Fund in securities of the Underlying Funds is and will be made in accordance with the provisions of section 2.5 of Regulation 81-102, including the prohibition that no Underlying Fund will hold more than 10% of its net asset value in securities of other mutual funds.

12. The change of investment objectives of the Meritage Portfolios were approved by their securityholders at special meetings held on October 22, 2013 in order to obtain a comparable return to their corresponding Trust Fund and to include the name of such Trust Fund. It is anticipated that the change to the investment objectives of the Meritage Portfolios will be effective on or about October 29, 2013.

13. No Corporate Class or Trust Fund is in default of securities legislation in any jurisdiction of Canada.

Reasons for the Exemption Sought

14. The Filer has determined that it would be more efficient and less costly for each Corporate Class if the Corporate Class achieves its investment objectives by investing substantially all of its assets in units of its corresponding Trust Fund instead of investing directly in the same securities and in the same proportions in which the Trust Fund invests.

15. A Corporate Class' investment in units of its corresponding Trust Fund will result in a multi-tier fund structure as a result of the Trust Fund's investment in Underlying Funds, which is contrary to the multi-layering restriction in paragraph 2.5(2)(b) of Regulation 81-102.

16. Except for the requirements in paragraph 2.5(2)(b) of Regulation 81-102, an investment by a Corporate Class in units of its applicable Trust Fund will otherwise be made in accordance with the provisions of section 2.5 of Regulation 81-102. Accordingly, there will be no duplication of fees between each tier of the multi-tier fund structure.

17. The Exemption Sought, which results in a Corporate Class investing directly in a Trust Fund, which invests in one or more Underlying Funds, is akin to, and no more complex than, the three-tier fund structure currently permitted under paragraph 2.5(4)(a) of Regulation 81-102 for clone funds.

18. The simplified prospectus of each Corporate Class will disclose:

    (i) in the investment objectives, the name of the corresponding Trust Fund in which the Corporate Class invests;

    (ii) in the investment strategies section: (A) that there will be no duplication of fees or sales charges between the Corporate Classes, the Trust Funds and the Underlying Funds; (B) the investment strategies of the Trust Fund; and (C) that the portfolio management services occur at the level of the Trust Fund with respect to the selection of Underlying Funds and any other securities.

19. The name of each Corporate Class will include part of the name of each Trust Fund.

20. Each Corporate Class will comply with the requirements under *Regulation 81-106 respecting Investment Fund Continuous Disclosure* (c. V-1.1, r. 42) relating to top 25 positions portfolio holdings disclosure in its management reports of fund performance and the requirements in Form 81-101F3 Contents of Fund Facts Documents relating to top 10 positions portfolio holdings disclosure in its Fund Facts as if the Corporate Class were investing directly in the Underlying Funds.

21. Each investment by a Corporate Class in its applicable Trust Fund and by a Trust Fund in the applicable Underlying Funds represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Corporate Class and the Trust Fund, respectively.

22. For the reasons provided above, the Filer has determined that it would not be prejudicial to the public interest to grant the Exemption Sought.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted provided that the investment objectives of each Corporate Class as stated in the simplified prospectus, discloses the name of the Trust Fund in which the Corporate Class invests.

"Josée Deslauriers"
Senior Director,
Investment Funds and Continuous Disclosure
Autorité des marchés financiers

2.1.3 Harvest Portfolios Group Inc. and Harvest Canadian Income & Growth Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – mutual fund converted from closed-end fund – relief sought to include closed-end fund performance data in sales communications for mutual fund – fund managed in substantially the same manner before and after conversion – any differences that would have material effect on performance to be disclosed in sales communications and in fund facts.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 15.6(d), 19.1.

October 24, 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
HARVEST PORTFOLIOS GROUP INC.
(the Filer)**

AND

**HARVEST CANADIAN INCOME & GROWTH 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 the prohibitions in subsection 15.6(d) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) in order to show performance data of the Fund for the period prior to the Fund offering its securities under a simplified prospectus (the "**Requested Relief"**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces and territories of Canada, (together with the Jurisdiction, the "**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.

Conversion Date means the date upon which the Conversion was effected, being the close of business on or about June 20, 2012.

Representations

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

1. The Filer is a corporation governed by the laws of the Province of Ontario and is registered as a Portfolio Manager and Investment Fund Manager in Ontario. The Filer's head office is located in Oakville, Ontario.

2. The Filer acts as manager and trustee of the Fund.

3. The Fund was established as a closed-end investment fund under the laws of Ontario pursuant to a declaration of trust dated May 31, 2010, as amended (the "**Declaration of Trust**").

4. Neither the Filer nor the Fund is in default of securities legislation in any of the Jurisdictions.

5. Units of the Fund were first distributed pursuant to an initial public offering under a long form prospectus dated May 31, 2010 (the "**Long Form Prospectus**") and were listed and traded on the Toronto Stock Exchange (the "**TSX**").

6. In connection with the Conversion, the Filer filed a simplified prospectus (the ("**Prospectus**"), annual information form and fund facts dated June 20, 2012 under National Instrument 81-101 – *Mutual Fund Prospectus Disclosure* with the securities regulatory authorities of the Jurisdictions. Pursuant to the Prospectus, the Fund offers Series A units, Series F units and Series R units (which are the pre-conversion units of the Fund and designated as Series R units upon Conversion) under continuous distribution. The Prospectus was renewed on June 20, 2013.

7. In connection with the Conversion, and in accordance with the Declaration of Trust and the Long Form Prospectus, the units of the Fund delisted from the TSX on or about June 7, 2012.

8. Since its inception, the Fund has complied with the investment restrictions contained in NI 81-102, except for the use of leverage as described in the Long Form Prospectus.

9. As of the Conversion Date:

   (i) The Fund converted to an open-end mutual fund;

   (ii) The units of the Fund were delisted from the TSX;

   (iii) The Fund no longer uses leverage to pursue its investment objectives;

   (iv) All outstanding units of the Fund were redesignated as front-end load Class R units; and

   (v) The annual management fee for the Class R units increased from 1.65% to 2.25%, by increasing the amount of the quarterly servicing fee payable out of the management fee from 0.40% per annum to 1.00% per annum.

10. Following the Conversion, the investment practices of the Fund have continued to comply in all respects with the requirements of Part 2 of NI 81-102.

11. Post-Conversion, the Fund is managed in substantially the same manner as it was pre-Conversion, save and except for the use of leverage. Any changes between pre- and post-Conversion that could have a material effect on the performance of the Fund will be disclosed in sales communications and fund facts pertaining to the Fund.

12. The Fund's Series R fund facts will include information relating to the past performance of the Fund as set forth in Part I, Item 4 of Form 81-101F3 – *Contents of Fund Facts Document*, which information will include pre-Conversion past performance.

13. Without the Requested Relief, sales communications pertaining to the Fund will only be permitted to include performance data for the period commencing after the Conversion Date, being the date on which the Fund commenced distributing securities as a mutual fund under the Prospectus.

Decision

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

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

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

2.1.4 Sun-Rype Products Ltd.

Headnote

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

Ontario Statutes

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

October 29, 2013

Sun-Rype Products Ltd.
1165 Ethel Street
Kelowna, BC V1Y 2W4

Dear Sirs/Mesdames:

Re: Sun-Rype Products Ltd. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.5 0976408 B.C. Ltd.

Headnote

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

Applicable Legislative Provisions

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

October 30, 2013

0976408 B.C. Ltd.
c/o Heenan Blaikie LLP
Bay Adelaide Centre
333 Bay Street, Suite 2900
Toronto, Ontario M5H 2T4

Attention: Ora Wexler

Dear Sirs/Mesdames:

Re: 0976408 B.C. Ltd. (formerly Windarra Minerals Ltd.) (the Applicant) – application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.6 Oromin Explorations Ltd.

Headnote

Subsection 1(10) of the Securities Act – Application by a reporting issuer for an order that it is not a reporting issuer – The outstanding securities of the Applicant including debt securities are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions in Canada and fewer than 51 securityholders in total worldwide – Applicant is in default of its obligation to file and deliver its interim financial statements and related management's discussion and analysis.

Applicable Legislative Provisions

Securities Act (Ontario), s. 1(10)(a)(ii).

October 30, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, MANITOBA, AND ONTARIO
(The "Jurisdictions")

AND

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

AND

IN THE MATTER OF
OROMIN EXPLORATIONS LTD.
(The "Applicant")

DECISION

Background

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

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

(a) the Ontario 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

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

Representations

1. On August 27, 2013, the Applicant entered into an Arrangement Agreement with Teranga Gold Corporation ("**Teranga**"), under which Teranga has acquired all of the remaining outstanding common shares of the Applicant (the "Oromin Shares") that it did not already own by way of a plan of arrangement (the "**Arrangement**") under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Under the Arrangement, shareholders of Oromin ("**Shareholders**") received the same consideration of 0.60 of a common share of Teranga for each Oromin Share as was offered under Teranga's prior offer that was completed on August 6, 2013.

2. The Arrangement was approved by the Shareholders at a special meeting on October 2, 2013.

3. The Arrangement was approved by the Supreme Court of British Columbia under a court order pursuant to the BCBCA on October 4, 2013.

4. Shortly after receiving the Final Order, the Applicant and Teranga executed a certificate confirming the effective date of the Arrangement as October 4, 2013.

5. As of the date of this Application, all of the outstanding securities of the Applicant, consisting of 137,368,218 Oromin Shares, are held by Teranga, and no person has a right to acquire any Oromin Shares.

6. The Applicant is a corporation incorporated under the laws of British Columbia, and was amalgamated under the laws of British Columbia on October 4, 2013, pursuant to the Arrangement.

7. The Applicant has its head office in Vancouver, British Columbia.

8. Teranga, the sole shareholder of the Applicant, is a corporation incorporated under the laws of Canada, with its head office in Toronto, Ontario.

9. The Oromin Shares were delisted from the Toronto Stock Exchange at the close of business on October 8, 2013.

10. The Oromin Shares were deleted from the OTC Bulletin Board on October 9, 2013.

11. None of the securities of the Applicant, including any debt securities, are traded 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.

12. The Applicant is not in default of any of its obligations under the Legislation other than its obligation to file and deliver on or before October 15, 2013, its interim financial statements and related management's discussion and analysis for the three-month period ended August 31, 2013, as required under National Instrument 51-102 *Continuous Disclosure Obligations,* and the related certification of such financial statements as required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings.*

13. The Applicant is not eligible to use the simplified procedure under CSA Notice 12-307 *Applications for a Decision* that an Issuer is not a Reporting Issuer because it is in default of certain filing obligations under the Legislation as described in paragraph 12.

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

15. The Applicant has filed a notice with the British Columbia Securities Commission pursuant to British Columbia Instrument 11-502 – *Voluntary Surrender of Reporting Issuer Status* and the Applicant has been notified that its non-reporting status in British Columbia is effective as of October 19, 2013.

16. The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of the Exemptive Relief Sought.

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

18. The Applicant is seeking a decision that it is not a reporting issuer from the Decision Maker in each of the Jurisdictions.

Decision

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

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

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Alan J. Lenczner"
Commissioner
Ontario Securities Commission

2.1.7 Strathmore Minerals Corp.

Headnote

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

Applicable Legislative Provisions

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

October 29, 2013

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4

Dear Mr. Syed:

Re: Strathmore Minerals Corp. (the "Applicant") – application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.8 Solium Capital Inc. et al.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – reporting insiders parties to automatic securities disposition plans – relief granted from section 3.3 of National Instrument 55-104 Insider Reporting Requirements and Exemptions, provided that reporting insiders file reports with respect to dispositions under the plans during the year by March 31 of the next calendar year.

Applicable Legislative Provisions

National Instrument 55-104 Insider Reporting Requirements and Exemptions, ss. 3.3, 10.1.

Citation: Solium Capital Inc., Re, 2013 ABASC 482

October 25, 2013

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

AND

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

AND

IN THE MATTER OF
SOLIUM CAPITAL INC. (Solium), MARCOS A. LOPEZ
(Lopez) and BRIAN N. CRAIG (Craig)
(collectively, the Filers)

DECISION

Background

The securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filers for a decision (the **Exemption Sought**) under the securities legislation (the **Legislation**) of the Jurisdictions exempting Lopez and Craig from the requirement in Section 3.3 of National Instrument 55-104 *Insider Reporting Requirements and Exemptions* (**NI 55-104**) to file insider reports within five days following the disposition of securities under their respective automatic securities disposition plans.

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

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

(b) the Filers 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; and

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 or NI 55-104 have the same meaning if used in this decision, unless otherwise defined herein.

Representations

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

Solium

1. Solium is a corporation existing under the laws of the Province of Alberta and is a reporting issuer under the securities legislation of Alberta, British Columbia and Ontario. Solium is not in default of securities legislation in any jurisdiction.

2. The head office of Solium is Suite 1500, 800 - 6th Avenue S.W., Calgary, Alberta T2P 3G3 and the registered office of Solium is Suite 3700, 400 - 3rd Avenue S.W., Calgary, Alberta T2P 4H2.

3. The authorized share capital of Solium consists of an unlimited number of common shares (**Common Shares**) and an unlimited number of preferred shares, issuable in series. As at September 30, 2013, Solium had 43,042,574 Common Shares and no preferred shares issued and outstanding.

4. The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "SUM".

Lopez

5. Lopez is a Managing Director of Solium and is a reporting insider. Lopez is not in default of securities legislation in any jurisdiction.

6. Lopez is currently the beneficial owner of 2,050,063 Common Shares (representing approximately 4.8% of the outstanding Common Shares).

7. Lopez wishes to sell 300,000 Common Shares pursuant to the LASDP (as defined below) to further diversify his portfolio. The 300,000 Common Shares represent approximately 15% of Lopez's total current shareholdings in Solium.

Lopez's Automatic Securities Disposition Plan

8. FirstEnergy Capital Corp. (the **LASDP Administrator**), Solium and Lopez entered into an automatic securities disposition plan (the **LASDP**) dated effective September 3, 2013 to facilitate the automatic sale of up to 300,000 Common Shares beneficially owned by Lopez and which have been deposited into an account managed by the LASDP Administrator, managed in accordance with the trading parameters and other instructions set out in the LASDP.

9. Lopez can only make changes to the trading parameters and other instructions set out in the LASDP if all of the following conditions are met:

   (a) Lopez has obtained the prior written consent of the LASDP Administrator and Solium;

   (b) Lopez has provided notice to the public of the proposed change by describing it in a filing on the System for Electronic Disclosure by Insiders (**SEDI**) or in a news release;

   (c) Lopez has represented to the LASDP Administrator that a blackout period is not currently in effect and that he is not aware of any material non-public information about Solium or the securities of Solium and has no knowledge of a material fact or material change with respect to Solium or any securities of Solium (including the Common Shares) that has not been generally disclosed;

   (d) such amendment or modification is made in good faith and not as part of a plan or scheme to evade the prohibitions of Section 147 of the *Securities Act* (Alberta) (the **Alberta Act**) or Section 76 of the *Securities Act* (Ontario) (the **Ontario Act**).

10. The LASDP Administrator is a securities broker which is at arm's length to Solium and Lopez.

11. The LASDP Administrator has been appointed as an independent broker to effect the sales of the Common Shares pursuant to the terms and conditions of the LASDP. The dispositions under the LASDP will be effected by the LASDP Administrator in accordance with the pre-determined instructions as to the number and dollar value of the Common Shares to be sold, and other relevant information.

12. Subject to the restrictions set forth in the LASDP, the LASDP Administrator shall execute the trades in such a way as to attempt to minimize the negative price impact on the market and to attempt to maximize the price obtained for the Common Shares sold.

13. Except to set trading parameters in the manner described in the representations in this decision, Lopez does not have the authority to make investment decisions or influence or control any disposition effected by the LASDP Administrator pursuant to the LASDP and the LASDP Administrator and Lopez will not consult regarding any disposition.

14. Lopez will not disclose to the LASDP Administrator any information concerning Solium that might influence the execution of any disposition under the LASDP.

15. The LASDP includes a waiting period of 30 days between the date of adoption of the LASDP and the date that the first disposition can be made under the LASDP.

16. The LASDP has been structured to comply with applicable securities legislation and guidance, including Paragraph 147(5)(c) of the Alberta Act, Paragraph 175(2)(b) of the General Regulation under the Ontario Act and Ontario Securities Commission Staff Notice 55-701 *Automatic Securities Disposition Plans and Automatic Securities Purchase Plans*.

17. At the time of execution of, and entering into the LASDP, Lopez represented that he was not in possession of material undisclosed information about Solium and that he was entering into the LASDP in good faith and not as part of a plan or scheme to evade the prohibitions of Section 147 of the Alberta Act, Section 76 of the Ontario Act or any other applicable securities laws.

18. The Common Shares are not subject to any liens, security interests or other impediments to transfer (except for limitations imposed by any applicable laws).

19. The LASDP will automatically terminate on the earliest to occur of:

    (a) September 3, 2015;

    (b) the date on which 300,000 Common Shares have been disposed of pursuant to the LASDP;

    (c) the date on which more than $1,250,000 in gross proceeds has been realised from the sale of Common Shares pursuant to the LASDP;

    (d) the date Solium terminates the LASDP, which shall be the date three business days' after Solium has done both of the following:

        (i) given written notice of termination to the LASDP Administrator of the termination of the LASDP;

        (ii) publicly disclosed the termination by news release;

    (e) the date Lopez terminates the LASDP, which shall be the date three business days after Lopez has done all of the following:

        (i) given written notice to the LASDP Administrator of the termination of the LASDP;

        (ii) represented in writing to the LASDP Administrator that he is not aware of any material fact or material change with respect to Solium or any securities of Solium that has not been generally disclosed;

        (iii) publicly disclosed the termination by doing either of the following:

            A. filing a report on SEDI disclosing the effective date of the termination of the LASDP;

            B. issuing a news release disclosing the termination of the LASDP;

    (f) the date on which the LASDP Administrator receives notice of or otherwise becomes aware of any one of the following:

        (i) Solium having entered into a definitive agreement pursuant to which either of the following applies:

            A. Solium will be subject to a take-over bid, tender or exchange offer with respect to the Common Shares;

            B. Solium will be subject to an arrangement, merger, acquisition, reorganization, recapitalization or comparable transaction affecting the securities of Solium as a result of which the Common Shares are to be exchanged or converted into shares of another company;

        (ii) the death or mental incapacity of Lopez;

(iii) the commencement or impending commencement of any proceedings in respect of or triggered by Lopez's bankruptcy or insolvency;

(g) the date the LASDP Administrator terminates the LASDP after having received notice (an **LASDP Restriction Notice**) of any legal, contractual or regulatory restriction applicable to Lopez, including without limitation, any restriction related to a take-over bid, tender or exchange offer, an arrangement, merger or acquisition, reorganization or a stock offering requiring lock-up, that would prohibit dispositions pursuant to the LASDP.

20. Any LASDP Restriction Notice given by Lopez or Solium will be given in good faith and not as part of a plan or scheme to evade the prohibitions of Section 147 of the Alberta Act or Section 76 of the Ontario Act.

21. Lopez will not terminate the LASDP with knowledge of a material fact or material change that has not been generally disclosed.

Craig

22. Craig is the Executive Chairman and Managing Director of Solium and is a reporting insider. Craig is not in default of securities legislation in any jurisdiction.

23. Craig is currently the beneficial owner of 3,662,772 Common Shares (representing approximately 8.6% of the outstanding Common Shares).

24. Craig wishes to sell 600,000 Common Shares pursuant to the CASDP (as defined below) to diversify his portfolio. The 600,000 Common Shares represent approximately 16% of Craig's total current shareholdings in Solium.

Craig's Automatic Securities Disposition Plan

25. Scotia Capital Inc. (the **CASDP Administrator**), Solium and Craig entered into an automatic securities disposition plan (the **CASDP**) dated effective September 3, 2013 to facilitate the automatic sale of up to 600,000 Common Shares beneficially owned by Craig which have been deposited into an account managed by the CASDP Administrator, managed in accordance with the trading parameters and other instructions set out in the CASDP.

26. Craig can only make changes to the trading parameters and other instructions set out in the CASDP if all of the following conditions are met:

(a) Craig has obtained the prior written consent of the CASDP Administrator and Solium;

(b) Craig has provided notice to the public of the proposed change by describing it in a filing on SEDI or in a news release;

(c) Craig has represented to the CASDP Administrator that a blackout period is not currently in effect and that he is not aware of any material non-public information about Solium or the securities of Solium and has no knowledge of a material fact or material change with respect to Solium or any securities of Solium (including the Common Shares) that has not been generally disclosed;

(d) such amendment or modification is made in good faith and not as part of a plan or scheme to evade the prohibitions of Section 147 of the Alberta Act or Section 76 of the Ontario Act.

27. The CASDP Administrator is a securities broker which is at arm's length to Solium and Craig.

28. The CASDP Administrator has been appointed as an independent broker to effect the sales of the Common Shares pursuant to the terms and conditions of the CASDP. The dispositions under the CASDP will be effected by the CASDP Administrator in accordance with the pre-determined instructions as to the number and dollar value of the Common Shares to be sold, and other relevant information.

29. Subject to the restrictions set forth in the CASDP, the CASDP Administrator shall execute the trades in such a way as to attempt to minimize the negative price impact on the market and to attempt to maximize the prices obtained for the Common Shares sold.

30. Except to set trading parameters in the manner described in the representations in this decision, Craig does not have the authority to make investment decisions or influence or control any disposition effected by the CASDP Administrator pursuant to the CASDP and the CASDP Administrator and Craig will not consult regarding any disposition.

31. Craig will not disclose to the CASDP Administrator any information concerning Solium that might influence the execution of any disposition under the CASDP.

32. The CASDP includes a waiting period of 30 days between the date of adoption of the CASDP and the date that the first disposition can be made under the CASDP.

33. The CASDP has been structured to comply with applicable securities legislation and guidance, including Paragraph 147(5)(c) of the Alberta Act, Paragraph 175(2)(b) of the General Regulation under the Ontario Act and Ontario Securities Commission Staff Notice 55-701 *Automatic Securities Disposition Plans and Automatic Securities Purchase Plans*.

34. At the time of execution of, and entering into the CASDP, Craig represented that he was not in possession of material undisclosed information about Solium and that he was entering into the CASDP in good faith and not as part of a plan or scheme to evade the prohibitions of Section 147 of the Alberta Act, Section 76 of the Ontario Act or any other applicable securities laws.

35. The Common Shares are not subject to any liens, security interests or other impediments to transfer (except for limitations imposed by any applicable laws).

36. The CASDP will automatically terminate on the earliest to occur of:

    (a) September 3, 2015;

    (b) the date on which 600,000 Common Shares have been disposed of pursuant to the CASDP;

    (c) the date Solium terminates the CASDP which shall be the date three business days' after Solium has done both of the following:

        (i) given written notice to the CASDP Administrator of the termination of the LASDP; and

        (ii) publicly disclosed the termination by news release;

    (d) the date Craig terminates the CASDP, which shall be the date three business days after Craig has done all of the following:

        (i) given written notice to the CASDP Administrator of the termination of the CASDP;

        (ii) represented in writing to the CASDP Administrator that he is not aware of any material fact or material change with respect to Solium or any securities of Solium that has not been generally disclosed;

        (iii) publicly disclosed the termination by doing either of the following:

            A. filing a report on SEDI disclosing the effective date of the termination of the CASDP;

            B. issuing a news release disclosing the termination of the CASDP;

    (e) the date on which the CASDP Administrator receives notice of or otherwise becomes aware of any one of the following:

        (i) Solium having entered into a definitive agreement pursuant to which either of the following applies:

            A. Solium will be subject to a take-over bid, tender or exchange offer with respect to the Common Shares;

            B. Solium will be subject to an arrangement, merger, acquisition, reorganization, recapitalization or comparable transaction affecting the securities of Solium as a result of which the Common Shares are to be exchanged or converted into shares of another company;

        (ii) the death or mental incapacity of Craig;

(iii) the commencement or impending commencement of any proceedings in respect of or triggered by Craig's bankruptcy or insolvency;

(f) the date the CASDP Administrator terminates the CASDP after having received notice (a **CASDP Restriction Notice**) of any legal, contractual or regulatory restriction applicable to Craig, including without limitation, any restriction related to a take-over bid, tender or exchange offer, an arrangement, merger or acquisition, reorganization or a stock offering requiring lock-up, that would prohibit dispositions pursuant to the CASDP.

37. Any CASDP Restriction Notice given by Craig or Solium will be given in good faith and not as part of a plan or scheme to evade the prohibitions of Section 147 of the Alberta Act or Section 76 of the Ontario Act.

38. Craig will not terminate the CASDP with knowledge of a material fact or material change that has not been generally disclosed.

Decision

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

The decision of the Decision Makers under the Legislation is that:

(a) the Exemption Sought is granted with respect to Lopez, provided that Lopez shall file a report through SEDI, by March 31 of each calendar year, of all dispositions under the LASDP during the prior calendar year not previously disclosed in a SEDI filing, disclosing either:

(i) each disposition on a transaction-by-transaction basis;

(ii) all dispositions as a single transaction using the average unit price of the securities;

(b) the Exemption Sought is granted with respect to Craig, provided that Craig shall file a report through SEDI by March 31 of each calendar year, of all dispositions under the CASDP during the prior calendar year not previously disclosed in a SEDI filing, disclosing either:

(i) each disposition on a transaction-by-transaction basis;

(ii) all dispositions as a single transaction using the average unit price of the securities.

"Tom Graham, CA"
Director, Corporate Finance

2.1.9 CNH Capital Canada Receivables Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer of "pay-through" asset-backed securities previously granted an exemption from the requirements to file interim financial statements, subject to certain conditions. Issuer granted an exemption from the requirements in National Instrument 52-109 (NI 52-109) to file interim certificates, subject to certain conditions, including the requirement to file an alternative form of interim certificate and, in addition to complying with the annual certification requirement in NI 52-109, to also file an alternative form of annual certificate.

Applicable Legislative Provisions

National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

November 1, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE "JURISDICTION")

AND

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

AND

IN THE MATTER OF
CNH CAPITAL CANADA RECEIVABLES TRUST
(THE "FILER")

DECISION

Background

The principal regulator in the Jurisdiction has received a further application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the Legislation) for an exemption from the provisions of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109) to file interim certificates (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 Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Saskatchewan, Quebec, the Yukon, Northwest Territories and Nunavut.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions*, MI 11-102, the Original Decision (as defined below) and the Previous Decision (as defined below) have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer was established by The Canada Trust Company, pursuant to a declaration of trust made as of September 11, 2000, as supplemented by a supplemental declaration of trust made as of April 29, 2010 pursuant to which Computershare Trust Company of Canada (Computershare) succeeded The Canada Trust Company as the issuer trustee of the Filer (collectively, the Declaration of Trust), under the laws of the Province of Ontario.

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

3. The issuer trustee of the Filer is Computershare, whose registered and principal office is located in Toronto, Ontario. The head office of CNH Capital Canada Ltd. (CNH), the administrative agent of the Filer, is located, c/o CNH Capital America LLC, in Burr Ridge, Illinois.

4. The Filer is a reporting issuer, or the equivalent, in each of the provinces of Canada that provides for a reporting issuer regime.

5. The Filer is a "venture issuer" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102).

6. The Filer filed an alternative form of interim certificate for the six-month period ended June 30, 2013 in the form permitted pursuant to the Previous Decision, rather than an interim certificate in the form prescribed by NI 52-109.

7. The Filer is not in default of any of the requirements of the securities legislation of any jurisdiction, other than the obligation to file interim certificates for the six-month period ended June 30, 2013, in the form prescribed by NI 52-109.

8. The Filer engages solely in the following activities:

   (a) acquiring, holding and managing financial assets acquired from CNH or affiliates of CNH and all related security with respect thereto, all collections with respect thereto, and all proceeds of the foregoing (collectively, the Purchased Assets);

   (b) issuing asset-backed securities, obtaining loans and entering into hedging contracts and credit enhancement arrangements with respect to financial assets the Filer acquires or those securities and loans;

   (c) making payments on the Filer's securities, loans, hedging agreements and credit enhancements; and

   (d) engaging in other activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith.

9. The Filer has no material assets or liabilities other than its rights and obligations arising in connection with the acquisition of the Purchased Assets and the issuance of asset-backed notes.

10. Pursuant to an MRRS decision document dated May 30, 2006 (the Original Decision), the Filer is exempted, on certain terms and conditions, from (i) the requirements of the securities legislation in the Jurisdictions concerning, *inter alia*, the preparation, filing and delivery of interim financial statements (the Interim Financial Statements), and (ii) the requirements in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (which Multilateral Instrument was replaced by NI 52-109) to file interim certificates, which relief as to filing of interim certificates terminated on June 1, 2008.

11. Pursuant to a decision dated July 25, 2008 (the Previous Decision), the Filer is exempted, on certain terms and conditions, from the requirements in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (which Multilateral Instrument was replaced by NI 52-109) to file interim certificates, which relief terminated on June 1, 2013.

12. The representations contained in the Original Decision and the Previous Decision remain true and accurate and are incorporated by reference into this decision document as representations of the Filer with the exception of:

   (i) The Declaration of Trust (as defined in the Original Decision and the Previous Decision) was supplemented by a supplemental declaration of trust made as of April 29, 2010 pursuant to which Computershare succeeded The Canada Trust Company as the issuer trustee of the Filer;

   (ii) The office of the issuer trustee at which it carries out its administrative functions as issuer trustee is 9th Floor, North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1;

   (iii) CNH is an indirect, wholly-owned subsidiary of CNH Industrial N.V., a Netherlands company, which, through its subsidiaries, is a manufacturer and distributor of agricultural and construction equipment;

   (iv) The asset-backed securities that the Filer issues may represent the Filer's indebtedness and be secured by financial assets that the Filer acquires, such as (i) fixed or floating rate retail instalment sales contracts used to finance the purchase of new and used agricultural and construction equipment, and (ii) fixed or floating rate finance lease contracts used to finance the purchase of new and used agricultural and construction equipment

together with the recourse obligation of, and the security interest in, the related financed equipment granted by CNH dealers in favour of CNH under such finance lease contracts. Alternatively, the asset-backed securities that the Filer issues may evidence ownership interests in these financial and other assets;

(v) CNH, as administrative agent (in such capacity, the Administrative Agent), carries out certain administrative and management activities for and on behalf of the Filer, pursuant to a second amended and restated administration agreement dated as of December 17, 2009 (the Administration Agreement), between CNH (formerly Case Credit Ltd.) and Computershare, as issuer trustee of the Filer (being the successor in such capacity to The Canada Trust Company). CNH, as servicer pursuant to the sale and servicing agreements for each series of notes (in such capacity, the Servicer), administers, services and manages the Purchased Assets;

(vi) The auditors of the Filer are Ernst & Young LLP;

(vii) The Filer has issued thirteen series of asset-backed securities, being: (i) Series 2000-1 receivable-backed notes having an aggregate principal amount of $326,000,167 together with an associated Class A Loan in the initial amount of $74,004,021, (ii) Series 2000-2 receivable-backed notes having an aggregate principal amount of $123,977,064, (iii) Series 2001-1 receivable-backed notes having an aggregate principal amount of $191,156,656 together with an associated Class A Loan in the initial amount of $87,759,759, (iv) Series 2002-1 receivable-backed notes having an aggregate principal amount of $156,600,000 together with an associated Class A Loan in the initial amount of $208,400,000, (v) Series 2003-1 receivable-backed notes having an aggregate principal amount of $162,450,000 together with an associated Variable Funding Note in the initial amount of $177,550,000, (vi) Series 2004-1 receivable-backed notes having an aggregate principal amount of $191,960,000 together with an associated Variable Funding Note in the initial amount of $103,040,000, (vii) Series 2005-1 receivable-backed notes having an aggregate principal amount of $250,000,000 together with an associated Variable Funding Note in the initial amount of $50,000,000, (viii) Series 2006-1 receivable-backed notes having an aggregate principal amount of $370,375,000 together with an associated Variable Funding Note in the initial amount of $79,625,000, (ix) Series 2009-1 receivable-backed notes having an aggregate principal amount of $442,874,000, (x) Series 2010-1 receivable-backed notes having an aggregate principal amount of $363,772,000 (the Series 2010-1 Notes), (xi) Series 2011-1 receivable-backed notes having an aggregate principal amount of $450,746,000 (the Series 2010-1 Notes), (xii) Series 2012-1 receivable-backed notes having an aggregate principal amount of $462,211,349 (the Series 2010-1 Notes) and (xiii) Series 2013-1 receivable-backed notes have an aggregate principal amount of $411,975,000 (the Series 2010-1 Notes). It is expected that the Filer will issue additional series of such asset-backed notes in the future to finance the acquisition of additional Purchased Assets or to refinance outstanding asset-backed notes;

(viii) Pursuant to the Trust Indenture, the Filer has executed and delivered thirteen Series Supplements to the Trust Indenture to create and issue the asset-backed securities listed in paragraph 11(vii) above (collectively, the Series Notes); and

(ix) The Filer currently has no securities issued and outstanding other than the Series 2010-1 Notes, the Series 2011-1 Notes, the Series 2012-1 Notes and the Series 2013-1 Notes. None of the foregoing Series Notes are traded on, and there is no current intention to have any of such Series Notes or any other series of asset-backed securities traded on, any marketplace, as that term is defined in National Instrument 21-101 *Marketplace Operation*.

Decision

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

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

(a) the Filer is not required to prepare, file and deliver Interim Financial Statements under the securities legislation of any jurisdiction in Canada, whether pursuant to exemptive relief or otherwise;

(b) in addition to complying with the annual certificate requirements pursuant to NI 52-109, for each financial year of the Filer, within 120 days of the end of the financial year (or within 90 days of the end of a financial year of the Filer if the Filer is not a venture issuer at the end of such financial year), the Filer or its duly appointed representative or agent will file through SEDAR an annual certificate in the form set out in Schedule “A” of this decision document and personally signed by a person who, at the time of filing of the annual certificate, is a senior officer of the Filer, a Servicer or an administrative agent of the Filer;

(c) for each interim period, within 60 days of the end of the interim period (or within 45 days of the end of an interim period of the Filer if the Filer is not a venture issuer at the end of such interim period), the Filer or its duly appointed representative or agent will file through SEDAR an interim certificate in the form set out in Schedule "B" of this decision document and personally signed by a person who, at the time of filing of the interim certificate, is a senior officer of the Filer, a Servicer or an administrative agent of the Filer; and

(d) the Exemption Sought will cease to be effective in a jurisdiction of Canada on the date on which a specific rule regarding substantive continuous disclosure requirements for asset-backed securities issuers (other than issuers of asset-backed commercial paper) comes into force in that jurisdiction.

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

SCHEDULE "A"

Certification of annual filings for issuers of asset-backed securities

I, <***identify (i) the certifying individual, (ii) his or her position in relation to the issuer and (iii) the name of the issuer***>, certify that:

1. I have reviewed the following documents of <***identify issuer***> (the issuer):

   (a) the servicer reports for each month in the financial year ended <***insert financial year end***>(the servicer reports);

   (b) annual MD&A in respect of the issuer's pool(s) of assets for the financial year ended <***insert the relevant date***> (the annual MD&A);

   (c) AIF for the financial year ended <***insert the relevant date***> (the AIF); [if applicable] and

   (d) each annual statement of compliance regarding fulfillment of the obligations of the servicer(s) under the related servicing agreement(s) for the financial year ended <***insert the relevant date***> (the annual compliance certificate(s)),

   (the servicer reports, the annual MD&A, the AIF [if applicable] and the annual compliance certificate(s) are together the annual filings);

2. Based on my knowledge, having exercised reasonable diligence, the annual filings, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make the statements not misleading in light of the circumstances under which they were made, with respect to the periods covered by the annual filings;

3. Based on my knowledge, having exercised reasonable diligence, all of the distribution, servicing and other information and all of the reports on assessment of compliance with servicing criteria for asset-backed securities and the annual accountant's report respecting compliance by the servicer(s) with servicing criteria for asset-backed securities required to be filed under the decision(s) <***identify the decision(s)***> as of the date of this certificate, other than material change reports and press releases, have been filed with the securities regulatory authorities through SEDAR;

4. **Option #1 <*use this alternative if a servicer is providing the certificate*>**

   I am responsible for reviewing the activities performed by the servicer(s) and based on my knowledge, having exercised reasonable diligence, and the compliance review(s) conducted in preparing the annual compliance certificate(s), and except as disclosed in the annual filings, the servicer(s) [has/have] fulfilled [its/their] obligations under the servicing agreement(s); and

   Option #2 <*use this alternative if the Issuer or the administrative agent is providing the certificate*>

   Based on my knowledge, having exercised reasonable diligence, and the annual compliance certificate(s), and except as disclosed in the annual filings, the servicer(s) [has/have] fulfilled [its/their] obligations under the servicing agreement(s); and

5. The annual filings disclose all material instances of noncompliance with the servicing criteria based on the [servicer's/servicers'] assessment of compliance with such criteria.

[In giving the certifications above, I have reasonably relied on information provided to me by the following unaffiliated parties <***insert name of issuer, servicer, sub-servicer, co-servicer, administrative agent, reporting agent or trustee***>.]

Date: <***insert date of filing***>

____
[Signature]
[Title]
<***indicate the capacity in which the certifying officer is providing the certificate***>

NOTE TO READER

This certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109). In particular, the certifying officer filing this certificate is not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officer is responsible for ensuring that processes are in place to provide him or her with sufficient knowledge to support the representations he or she is making in this certificate. Investors should be aware that inherent limitations on the ability of a certifying officer of the issuer to design and implement on a cost effective basis DC&P and ICFR, as defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

SCHEDULE "B"

Certification of interim filings for issuers of asset-backed securities

I, <***identify (i) the certifying individual, (ii) his or her position in relation to the issuer and (iii) the name of the issuer***>, certify that:

1. I have reviewed the following documents of <***identify issuer***> (the issuer):

    (a) the servicer reports for each month in the interim period ended <***insert relevant date***> (the servicer reports); and

    (b) interim MD&A in respect of the issuer's pool(s) of assets for the interim period ended <***insert the relevant date***> (the interim MD&A),

    (the servicer reports and the interim MD&A are together the interim filings);

2. Based on my knowledge, having exercised reasonable diligence, the interim filings, taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make the statements not misleading in light of the circumstances under which they were made, with respect to the periods covered by the interim filings; and

3. Based on my knowledge, having exercised reasonable diligence, all of the distribution, servicing and other information required to be filed under the decision(s) <***identify the decision(s)***> as of the date of this certificate, other than material change reports and press releases, have been filed with the securities regulatory authorities through SEDAR.

[In giving the certifications above, I have reasonably relied on information provided to me by the following unaffiliated parties <***insert name of issuer, servicer, sub-servicer, co-servicer, administrative agent, reporting agent or trustee*** >.]

Date: <***insert date of filing***>

____
[Signature]
[Title]
<***indicate the capacity in which the certifying officer is providing the certificate***>

NOTE TO READER

This certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109). In particular, the certifying officer filing this certificate is not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officer is responsible for ensuring that processes are in place to provide him or her with sufficient knowledge to support the representations he or she is making in this certificate. Investors should be aware that inherent limitations on the ability of a certifying officer of the issuer to design and implement on a cost effective basis DC&P and ICFR, as defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

2.1.10 Tri-Star Antimony Canada Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

November 1, 2013

McInnes Cooper
Purdy's Wharf Tower II
PO Box 730
1300-1969 Upper Water Street
Halifax, NS B3J 2V1

Dear Sirs/Mesdames:

Re: Tri-Star Antimony Canada Inc. (the Applicant) – Application for a decision under the securities legislation of Ontario and Alberta (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.11 Richardson GMP Limited and Macquarie Private Wealth Inc.

Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) and Derivatives Regulation (Quebec) – relief from certain filing requirements of NI 33-109 and Derivatives Regulation (Quebec) in connection with a bulk transfer of business locations and registered and non-registered individuals under an amalgamation in accordance with section 3.4 of Companion Policy 33-109CP to NI 33-109.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.
National Instrument 33-109 Registration Information and Companion Policy 33-109CP.

October 29, 2013

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND QUÉBEC**

AND

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

AND

**IN THE MATTER OF
RICHARDSON GMP LIMITED
(RGMP)**

AND

**MACQUARIE PRIVATE WEALTH INC.
(MPW, and together with RGMP, the FILERS)**

DECISION

Background

The principal regulator in Ontario (the **Jurisdiction**) has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from sections 2.2, 2.3, 2.5, 3.2, 4.1 and 4.2 of National Instrument 33-109 *Registration Information* (**NI 33-109**) pursuant to section 7.1 of NI 33-109 to allow the bulk transfer (the **Bulk Transfer**) of all the registered representatives and permitted individuals (**Representatives**) and all the locations of MPW to the amalgamated entity resulting from the Proposed Transaction (as defined below) and carrying on business as "Richardson GMP Limited" (**Amalco**), on or about November 1, 2013, in accordance with section 3.4 of the Companion Policy to NI 33-109 (the **Exemption Sought**).

The securities regulatory authority in Québec (the **Derivatives Decision Maker**) has received an application from the Filers for a decision under the derivatives legislation of Quebec for relief from section 11.1 of the *Derivatives Regulation* (Québec) pursuant to section 86 of the *Derivatives Act* (Québec) to allow the Bulk Transfer of any Representatives registered under Québec derivatives legislation and all of the associated locations of MPW to Amalco, on or about November 1, 2013, in accordance with section 3.4 of the Companion Policy to NI 33-109 (the **Derivatives Exemption Sought**).

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filers in all the other provinces and territories of Canada;

(c) the decision with respect to the Exemption Sought is the decision of the principal regulator; and

(d) the decision with respect to the Derivatives Exemption Sought evidences the decision of the Derivatives Decision Maker.

Interpretation

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

Representations

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

RGMP

a) RGMP is a privately-held corporation incorporated pursuant to the laws of Canada and has a head office located in Toronto, Ontario.

b) RGMP provides a broad array of wealth management services to Canadians, including financial planning, wills and estates planning, tax planning, insurance planning, and brokerage services.

c) RGMP was formed as the result of the 2009 combination of GMP Private Client L.P., the wealth management business of GMP Capital Inc., and Richardson Partners Financial Limited, the wealth management business of James Richardson & Sons, Limited.

d) RGMP is an Investment Industry Regulatory Organization of Canada (IIROC) Dealer Member and is registered as an investment dealer in each of the provinces and territories of Canada and also as a derivatives dealer in the province of Québec.

e) As of the date hereof, RGMP has approximately 302 Representatives registered in one or more of the jurisdictions of Canada and 18 business locations throughout the jurisdictions of Canada.

f) For trading, custody, clearing and settlement purposes, RGMP acts as a Type 2 introducing broker to GMP Securities pursuant to a Uniform Type 2 Introducing/Carrying Broker Agreement dated November 12, 2009 (the **RGMP/GMP Securities Platform**).

g) To the best of RGMP's knowledge, RGMP is not in default of any requirements of the securities legislation or derivatives legislation of any jurisdiction of Canada.

MPW

a) MPW is a privately-held corporation incorporated pursuant to the laws of Canada and has a head office located in Toronto, Ontario.

b) MPW is a retail business offering a range of wealth management services to Canadians, including brokerage services and investment products and services.

c) MPW is an IIROC Dealer Member and is registered as an investment dealer in each of the provinces and territories of Canada and also as a derivatives dealer in the province of Québec.

d) MPW is a member of the Toronto Stock Exchange, TSX Venture Exchange and the Bourse de Montréal (collectively, the **Exchanges**).

e) As of the date hereof, MPW has approximately 415 Representatives registered in one or more of the jurisdictions of Canada and 16 business locations throughout the jurisdictions of Canada.

f) MPW is a self-clearing investment dealer (the **MPW Platform**), but also acts as a Type 3 introducing broker to National Bank for a discreet group of investment advisors and their clients pursuant to a Uniform Type 3 Introducing/Carrying Broker Agreement dated January 1, 2003 (the **MPW/National Bank Platform**).

g) To the best of MPW's knowledge, MPW is not in default of any requirements of the securities legislation or derivatives legislation of any jurisdiction of Canada.

Proposed Transaction

a) Pursuant to a share purchase agreement dated September 9, 2013 between Macquarie BFS Holdings Ltd. (**Vendor**) and RGMP, the Vendor has agreed to sell and assign to RGMP, and RGMP has agreed to purchase from the Vendor, all of the issued and outstanding shares of MPW. RGMP and MPW will then amalgamate and continue under the name "Richardson GMP Limited" (the **Proposed Transaction**).

b) Appropriate notifications to, and requests for requisite consents, approvals and exemptions from, the securities regulators and securities regulatory authority, IIROC and the Exchanges have been or will be made in regard to the Proposed Transaction.

c) Each Representative (other than any Representative who will be terminated prior to the closing of the Proposed Transaction) will be transferred to Amalco pursuant to the Proposed Transaction (under the same registration/approval categories in which she/he is registered/approved on the National Registration Database).

d) RGMP and MPW wish to complete the Proposed Transaction, including the Bulk Transfer of business locations and Representatives, forthwith after receiving all applicable regulatory approvals, consents and exemptions required for the Proposed Transaction.

e) The Filers do not anticipate that there will be any disruption in the ability of the Filers to trade or advise on behalf of their respective clients either immediately before or immediately after the Bulk Transfer.

f) On or about November 1, 2013, as a result of the amalgamation, all of the current registrable activities of the Filers will become the responsibility of Amalco. Amalco will assume all of the existing registrations and approvals for all of the Representatives and all of the locations of the Filers.

g) Amalco will carry on the wealth management business of MPW in substantially the same manner as MPW prior to the Bulk Transfer with the exception that, for trading, custody, clearing and settlement purposes, the MPW Platform will be shifted to the RGMP/GMP Securities Platform (subject to certain transitional arrangements). The MPW/National Bank Platform will be preserved until on or about January 5, 2014, at which time it will be shifted to the RGMP/GMP Securities Platform.

h) Clients of MPW whose accounts will be transferred to Amalco (and, ultimately, to GMP Securities L.P. (as the carrying broker)) will be

provided with all requisite notices contemplated by National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, IIROC Rules 35 and 3500 and the Uniform Type 2 Introducing/Carrying Broker Agreement dated November 12, 2009 between RGMP, as introducing broker, and GMP Securities L.P., as carrying broker.

Submissions in support of exemptions

a) Given the significant number of Representatives and affected business locations of MPW, it would be unduly time-consuming to individually transfer all affected business locations and Representatives of MPW to Amalco in accordance with the requirements set out in NI 33-109. Moreover, it is imperative that the Bulk Transfer of the Representatives and locations occur on the same date in order to ensure that there is no break in registration.

b) The Bulk Transfer will not be contrary to the public interest and will have no negative consequence on the ability of the Filers to comply with all applicable regulatory requirements or their ability to satisfy any obligations to their clients.

Decision

Each of the principal regulator and the Derivatives Decision Maker is satisfied that the decision meets the test set out in the Legislation and the *Derivatives Act* (Québec) for the principal regulator and the Derivatives Decision Maker, respectively, to make the decision.

The decision of the principal regulator under the Legislation is the Exemption Sought is granted, provided that the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and make such arrangements in advance of the Bulk Transfer.

The decision of the Derivatives Decision Maker under the Derivatives Act (Québec) is that the Derivatives Exemption Sought is granted, provided that the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and make such arrangements in advance of the Bulk Transfer.

"Debra Foubert"
Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.1.12 DWM Securities Inc. and Scotia Capital Inc.

Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) – Derivatives Regulation (Quebec) – Relief from certain filing requirements of NI 33-109 and Derivatives Regulation (Quebec) in connection with a bulk transfer of business locations and registered and non-registered individuals under an amalgamation in accordance with section 3.4 of Companion Policy 33-109CP to NI 33-109.

Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 33-109 Registration Information, ss. 2.2, 2.3, 2.5, 3.2, 4.2, 7.1.
Companion Policy 33-109CP to National Instrument 33-109 Registration Information, s. 3.4.
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

October 31, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO and QUÉBEC

AND

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

AND

IN THE MATTER OF
DWM SECURITIES INC.
AND
SCOTIA CAPITAL INC.

DECISION

Background

The principal regulator in Ontario (the **Jurisdiction**) has received an application from DWM Securities Inc. (**DWM**) and Scotia Capital Inc. (**SCI**, and together with DWM, the **Filers**) for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the requirements contained in sections 2.2, 2.3, 2.5, 3.2 and 4.2 of National Instrument 33-109 *Registration Information* (**NI 33-109**) pursuant to section 7.1 of NI 33-109 to allow the bulk transfer (the **Bulk Transfer**) from DWM to SCI of (i) the DWM registered individuals and permitted individuals carrying on the full service retail brokerage business and (ii) all DWM business locations on November 1, 2013 (the **Amalgamation Date**) in accordance with section 3.4 of the Companion Policy to NI 33-109, (the **Exemption Sought**).

The securities regulatory authority in Québec (the **Derivatives Decision Maker**) has received an application from the Filers for a decision under the securities legislation of Québec, which includes derivatives legislation, for relief from section 11.1 of the *Derivatives Regulation* (Québec) pursuant to section 86 of the *Derivatives Act* (Québec) to allow the Bulk Transfer of all registered individuals and permitted individuals under Québec derivatives legislation and all of the associated locations of DWM to SCI on the Amalgamation Date in accordance with section 3.4 of the Companion Policy to NI 33-109 (the **Derivatives Exemption Sought**).

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

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

(b) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon by the Filers in each other jurisdiction of Canada outside of Ontario;

(c) the decision with respect to the Exemption Sought is the decision of the principal regulator; and

(d) the decision with respect to the Derivatives Exemption Sought evidences the decision of the Derivatives 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.

Representations

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

1. DWM is registered as a dealer in the category of investment dealer in each jurisdiction of Canada and in the category of derivatives dealer in Québec. DWM is also a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**) and has its head office in Ontario.

2. DWM is an indirect wholly-owned subsidiary of The Bank of Nova Scotia (**BNS**), a Canadian chartered bank validly existing under the laws of Canada.

3. SCI is registered as a dealer in the category of investment dealer in each jurisdiction of Canada, in the category of futures commission merchant in each of Manitoba and Ontario, and in the category of derivatives dealer in Québec. SCI is also a dealer member of IIROC and has its head office in Ontario. SCI is a member of: the TSX Venture Exchange; the Canadian National Stock Exchange; and the Canadian Derivatives Clearing Corporation.

4. SCI is a direct wholly-owned subsidiary of BNS.

5. DWM and SCI are not, to the best of their knowledge, in default of any requirement of securities legislation or derivatives legislation in any jurisdiction of Canada.

6. Effective as of the Amalgamation Date, SCI will carry on business that consists of the combined business and operations of SCI and DWM.

7. All appropriate notifications to, and requests for non-objections/approvals from, the securities regulatory authorities, IIROC, and certain exchanges have been made by letter regarding the DWM and SCI amalgamation. As at the date hereof, all required approvals and non-objections have been obtained.

8. In accordance with the requirements in section 14.11 of NI 31-103 and as at the date hereof, all DWM clients to be transferred from DWM to SCI, effective as of the Amalgamation Date, have been mailed notice of the proposal that their accounts may be transferred from DWM to SCI. In this notice, these clients have also been told of their right to close their account and have their assets returned to them, or to have their account transferred to another appropriately registered firm at no cost.

9. The national registration database (**NRD**) number of each registered business location to be transferred from DWM to SCI effective as of the Amalgamation Date has been provided to the principal regulator.

10. The Filers do not anticipate that the completion of the amalgamation of DWM and SCI will result in any business process interruptions or any disruption in the ability of DWM and/or SCI, as the case may be, to trade on behalf of their respective clients as of the Amalgamation Date.

11. Effective as of the Amalgamation Date, SCI will be registered in the same categories of registration and in the same jurisdictions as SCI and DWM were registered immediately prior to the Amalgamation Date. Accordingly, as a result of the amalgamation of DWM and SCI, SCI will continue to be registered as an investment dealer in each jurisdiction of Canada and will continue to be a dealer member of IIROC and will be subject to, and will comply with, all applicable securities legislation and the rules of IIROC. Effective as of the Amalgamation Date, SCI will also continue to be registered as a derivatives dealer in Québec and a futures commission merchant in Ontario and

Manitoba, and will be subject to, and will comply with, all applicable derivatives legislation.

12. Effective as of the Amalgamation Date, SCI will, by operation of law, assume all of the existing registrations and approvals for all of the registered individuals and permitted individuals of the Filers, and will also assume all of the locations of the Filers.

13. Effective as of the Amalgamation Date, SCI will carry on substantially the same full service retail brokerage business in substantially the same manner and with substantially the same personnel as was carried on by DWM and SCI separately, immediately prior to the Amalgamation Date.

14. Given the significant number of DWM individuals to be transferred to SCI, comprising approximately 630 registered individuals and permitted individuals, and affected business locations of DWM to be transferred to SCI, it would be unduly time-consuming to transfer manually through individual NRD submissions all affected individuals and business locations to SCI in accordance with the requirements set out in NI 33-109. Moreover, it is imperative that the transfer of the affected individuals and business locations occur effective as of the same date (i.e., the Amalgamation Date), in order to ensure that there is no interruption in registration.

15. The Bulk Transfer will not impact the ability of the Filers to comply with all applicable regulatory requirements or their ability to satisfy any obligations to their clients.

Decision

Each of the principal regulator and the Derivatives Decision Maker is satisfied that the decision meets the test set out in the Legislation and the *Derivatives Act* (Québec) for the principal regulator and the Derivatives Decision Maker, respectively, to make the decision.

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted provided that the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and make such arrangements in advance of the Bulk Transfer.

The decision of the Derivatives Decision Maker under the Derivatives Act (Québec) is that the Derivatives Exemption Sought is granted provided that the Filers make acceptable arrangements with CDS Inc. for the payment of the costs associated with the Bulk Transfer, and make such arrangements in advance of the Bulk Transfer.

"Elizabeth King"
Manager
Compliance and Registrant Regulation
Ontario Securities Commission

2.1.13 Jovian Capital Corporation – s. 1(10)

Headnote

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

Ontario Statutes

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

November 5, 2013

Jovian Capital Corporation
26 Wellington Street East, Suite 920
Toronto, Ontario
M5E 1S2

Dear Sirs/Mesdames:

Re: Jovian Capital Corporation (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, and Manitoba (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.2 Orders

2.2.1 Jerome John Rak – 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
JEROME JOHN RAK**

**ORDER
(Subsections 127(1) and 127(10) of the Act)**

WHEREAS on October 9, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on October 9, 2013 with respect to Jerome John Rak ("Rak");

AND WHEREAS Rak entered into a settlement agreement with the British Columbia Securities Commission dated December 8, 2011 (the "Settlement Agreement");

AND WHEREAS in the Settlement Agreement, Rak consented to any securities regulator in Canada relying on the facts admitted in the Settlement Agreement for the purpose of making a similar order;

AND WHEREAS Rak is subject to an order dated December 8, 2011 made by the British Columbia Securities Commission, that imposes sanctions, conditions, restrictions or requirements upon him within the meaning of paragraph 4 of subsection 127(10) of the Act (the "BC Order");

AND WHEREAS Staff: (i) appeared before the Commission on October 29, 2013 and made submissions, and (ii) filed a hearing brief and a consent from Rak consenting to the making of this order, which reciprocates the BC Order;

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

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Rak of any reporting issuer with which he is in a special relationship shall cease until December 8, 2021;

(b) pursuant to paragraph 7 of subsection 127(1) of the Act, Rak shall resign any positions that he holds as a director of officer of any reporting issuer; and

(c) pursuant to paragraph 8 of subsection 127(1) of the Act, Rak is prohibited from becoming or acting as a director or officer of any reporting issuer until December 8, 2016.

DATED at Toronto this 29th day of October, 2013.

"James E. A. Turner"

2.2.2 Canadian National Railway Company – s. 104(2)(c)

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 5,000,000 of its common shares from two of its shareholders – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Securities Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

AND

IN THE MATTER OF
CANADIAN NATIONAL RAILWAY COMPANY

ORDER
(clause 104(2)(c))

UPON the application (the "**Application**") of Canadian National Railway Company (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8 and 97 to 98.7 of the Act (the "**Issuer Bid Requirements**") in respect of the proposed purchases by the Issuer of up to 1,000,000 (collectively, the "**Subject Shares**") of its common shares (the "**Common Shares**") in one or more trades from BMO Nesbitt Burns Inc. (the "**Selling Shareholder**");

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 10, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head office and registered office of the Issuer are at 935 de La Gauchetière Street West, Montréal, Quebec H3B 2M9.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange ("**TSX**") and the New York Stock Exchange under the symbol "CNR" and "CNI", respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized common share capital of the Issuer consists of an unlimited number of Common Shares, of which approximately 417,973,425 were issued and outstanding as of September 30, 2013.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 1,000,000 Common Shares and that the Subject Shares were not acquired in anticipation of resale pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory authority ("**Off-Exchange Block Purchases**").

8. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**").

9. The Issuer announced on October 22, 2013 a normal course issuer bid (its "**Normal Course Issuer Bid**") to purchase up to 15,000,000 Common Shares, not to exceed a maximum of 10% of the public float as of the date specified in the Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**") submitted to, and accepted by, the TSX. The Normal Course Issuer Bid will be conducted through the facilities of the TSX and the New York Stock Exchange or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX or a securities regulatory authority in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX NCIB Rules**"), including private agreements under an issuer bid exemption order issued by a securities regulatory authority.

10. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**") pursuant to which the Issuer will agree to acquire the Subject Shares from the Selling Shareholder by one or more purchases each occurring before the end of March, 2014 (each such purchase, a "**Proposed Purchase**") for a purchase price (the "**Purchase Price**") negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will in each case be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase.

11. The Issuer intends to implement an automatic repurchase plan ("**ARP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its shares during internal blackout periods, including regularly scheduled quarterly blackout periods. Under the ARP, at times it is not subject to blackout restrictions the Issuer may, but is not required to, instruct the designated broker to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases will be determined by the broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the broker and the Issuer. The ARP has been approved by the TSX and may be implemented as early as October 29, 2013, and from time to time thereafter.

12. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

13. The purchase of the Subject Shares by the Issuer pursuant to each Agreement will constitute an "issuer bid" for purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

14. Because the Purchase Price will in each case be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of the relevant Proposed Purchase, each Proposed Purchase cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling

Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

15. But for the fact that the Purchase Price in respect of each Proposed Purchase will be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of such Proposed Purchase, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in section 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

16. The sale of any of the Subject Shares to the Issuer will not be a “distribution” (as defined in the Act).

17. The Notice filed with the TSX by the Issuer contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, including under automatic trading plans and by private agreements pursuant to an issuer bid exemption order issued by a securities regulatory authority.

18. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

19. Management is of the view that the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the bid through the facilities of the TSX and management is of the view that this is an appropriate use of the Issuer's funds.

20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other securityholders of the Issuer to otherwise sell Common Shares in the open market at the prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

21. To the best of the Issuer's knowledge, as of October 25, 2013, the "public float" for the Common Shares represented approximately 87% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

22. The market for the Common Shares is a "liquid market" within the meaning of section 1.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

23. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. A similar order has been applied for by the Issuer in connection with the proposed acquisition by the Issuer of up to 4,000,000 Common Shares from The Toronto-Dominion Bank.

26. The Issuer will not purchase, pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with each Proposed Purchase, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules during the calendar week that it completes each Proposed Purchase and may not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes each Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will not be higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of

Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by other means as may be permitted by the TSX, including under automatic trading plans and, subject to condition (i) below, by private agreements under an issuer bid exemption issued by a securities regulatory authority;

(e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each such purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase; and

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 5,000,000 Common Shares.

DATED at Toronto on this 25th day of October, 2013.

"Edward Kerwin"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

2.2.3 Canadian National Railway Company – s. 104(2)(c)

Headnote

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 5,000,000 of its common shares from two of its shareholders – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Securities Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

AND

IN THE MATTER OF
CANADIAN NATIONAL RAILWAY COMPANY

ORDER
(clause 104(2)(c))

UPON the application (the "**Application**") of Canadian National Railway Company (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order pursuant to clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8 and 97 to 98.7 of the Act (the "**Issuer Bid Requirements**") in respect of the proposed purchases by the Issuer of up to 4,000,000 (collectively, the "**Subject Shares**") of its common shares (the "**Common Shares**") in one or more trades from The Toronto-Dominion Bank (the “**Selling Shareholder**”);

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

AND UPON the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 10, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Canada Business Corporations Act*.

2. The head office and registered office of the Issuer are at 935 de La Gauchetière Street West, Montréal, Quebec H3B 2M9.

3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange ("**TSX**") and the New York Stock Exchange under the symbol "CNR" and "CNI", respectively. The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized common share capital of the Issuer consists of an unlimited number of Common Shares, of which approximately 417,973,425 were issued and outstanding as of September 30, 2013.

5. The corporate headquarters of the Selling Shareholder are located in the Province of Ontario.

6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly own more than 5% of the issued and outstanding Common Shares.

7. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 4,000,000 Common Shares and that the Subject Shares were not acquired in anticipation of resale pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory authority ("**Off-Exchange Block Purchases**").

8. The Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. The Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* ("**NI 45-106**").

9. The Issuer announced on October 22, 2013 a normal course issuer bid (its "**Normal Course Issuer Bid**") to purchase up to 15,000,000 in Common Shares, not to exceed a maximum of 10% of the public float as of the date specified in the Notice of Intention to Make a Normal Course Issuer Bid (the "**Notice**") submitted to, and accepted by, the TSX. The Normal Course Issuer Bid will be conducted through the facilities of the TSX and the New York Stock Exchange or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX or a securities regulatory authority in accordance with sections 628 to 629.3 of Part VI of the TSX

Company Manual (the "**TSX NCIB Rules**"), including private agreements under an issuer bid exemption order issued by a securities regulatory authority.

10. The Issuer and the Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, an "**Agreement**") pursuant to which the Issuer will agree to acquire the Subject Shares from the Selling Shareholder by one or more purchases each occurring before the end of March, 2014 (each such purchase, a "**Proposed Purchase**") for a purchase price (the "**Purchase Price**") negotiated at arm's length between the Issuer and the Selling Shareholder. The Purchase Price will in each case be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of each Proposed Purchase.

11. The Issuer intends to implement an automatic repurchase plan ("**ARP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its shares during internal blackout periods, including regularly scheduled quarterly blackout periods. Under the ARP, at times it is not subject to blackout restrictions the Issuer may, but is not required to, instruct the designated broker to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases will be determined by the broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the agreement between the broker and the Issuer. The ARP has been approved by the TSX and may be implemented as early as October 29, 2013, and from time to time thereafter.

12. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

13. The purchase of the Subject Shares by the Issuer pursuant to each Agreement will constitute an "issuer bid" for purposes of the Act, to which the applicable Issuer Bid Requirements would apply.

14. Because the Purchase Price will in each case be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of the relevant Proposed Purchase, each Proposed Purchase cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

15. But for the fact that the Purchase Price in respect of each Proposed Purchase will be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of such Proposed Purchase, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a "**Block Purchase**") in accordance with the block purchase exception in section 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

16. The sale of any of the Subject Shares to the Issuer will not be a “distribution” (as defined in the Act).

17. The Notice filed with the TSX by the Issuer contemplates that purchases under the bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, including under automatic trading plans and by private agreements pursuant to an issuer bid exemption order issued by a securities regulatory authority.

18. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

19. Management is of the view that the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and management is of the view that this is an appropriate use of the Issuer's funds.

20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other securityholders of the Issuer to otherwise sell Common Shares in the open market at the prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

21. To the best of the Issuer's knowledge, as of October 25, 2013, the "public float" for the Common Shares represented approximately 87% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

22. The market for the Common Shares is a "liquid market" within the meaning of section 1.2 of

Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*.

23. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

25. A similar order has been applied for by the Issuer in connection with the proposed acquisition by the Issuer of up to 1,000,000 Common Shares from BMO Nesbitt Burns Inc.

26. The Issuer will not purchase, pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid.

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

IT IS ORDERED pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with each Proposed Purchase, provided that:

(a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules during the calendar week that it completes each Proposed Purchase and may not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes each Proposed Purchase;

(c) the Purchase Price in respect of each Proposed Purchase will not be higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;

(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid in accordance with the Notice and the TSX NCIB Rules, including by means of open market transactions and by other means as may be permitted by the TSX, including under automatic trading plans and, subject to condition (i) below, by private agreements under an issuer bid exemption issued by a securities regulatory authority;

(e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;

(f) at the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

(g) the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each such purchase;

(h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase; and

(i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares

the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 5,000,000 Common Shares.

DATED at Toronto on this 25th day of October, 2013.

“Edward Kerwin”
Commissioner
Ontario Securities Commission

“Vern Krishna”
Commissioner
Ontario Securities Commission

2.2.4 Sun Capital Advisers LLC – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Foreign adviser exempted from the adviser registration requirement in paragraph 22(1)(b) of the CFA where such adviser acts as an adviser in respect of commodity futures contracts or commodity futures options (commodities) for certain institutional investors in Ontario who meet the definition of "permitted client" in NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Commodities are primarily traded on commodity futures exchanges outside of Canada and primarily cleared outside of Canada.

Terms and conditions on exemption correspond to the relevant terms and conditions on the comparable exemption from the adviser registration requirement available to international advisers in respect of securities set out in section 8.26 of NI 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations – Exemption also subject to a "sunset clause" condition.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 13-502 Fees.
Commodity Futures Act, R.S.O. 1990, c. C.20. as am., ss. 1(1), 22(1)(b), 80.

Instruments Cited

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 1.1, 8.26.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C. 20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
SUN CAPITAL ADVISERS LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Sun Capital Advisers LLC (the **Applicant**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to section 80 of the CFA that the Applicant and any individuals engaging in, or holding themselves out as engaging in, the business of advising others as to trading in Contracts (as defined below) on the Applicant's behalf (the **Representatives**) be exempt, for a period of five years, from the adviser registration requirement in paragraph 22(1)(b) of the CFA, subject to certain terms and conditions;

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

AND WHEREAS for the purposes of this Order:

"CFA Adviser Registration Requirement" means the requirement in the CFA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the CFA;

"CFTC" means the United States Commodity Futures Trading Commission;

"Contract" has the meaning ascribed to that term in subsection 1(1) of the CFA;

"Foreign Contract" means a Contract that is primarily traded on one or more organized exchanges that are located outside of Canada and primarily cleared through one or more clearing corporations that are located outside of Canada;

"International Adviser Exemption" means the exemption set out in section 8.26 of NI 31-103 from the OSA Adviser Registration Requirement;

"NI 31-103" means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"OSA" means the *Securities Act* (Ontario);

"OSA Adviser Registration Requirement" means the requirement in the OSA that prohibits a person or company from acting as an adviser unless the person or company is registered in the appropriate category of registration under the OSA;

"Permitted Client" means a client in Ontario that is a "permitted client", as that term is defined in section 1.1 of NI 31-103, except that for the purposes of the Order such definition shall exclude a person or company registered under the securities or commodities legislation of a jurisdiction of Canada as an adviser or dealer;

"SEC" means the United States Securities and Exchange Commission;

"specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 *Registration Information*; and

"U.S. Advisers Act" means the United States Investment Advisers Act of 1940.

AND UPON the Applicant having represented to the Commission that:

1. The Applicant is a limited liability company formed under the laws of the State of Delaware in the United States. The head office and principal place of business of the Applicant is located in Wellesley Hills, Massachusetts, United States.

2. The Applicant provides asset and portfolio management services to institutional investors across multiple strategies and financial instruments.

3. The Applicant is registered in the United States with the SEC as an investment adviser under the U.S. Advisers Act. The Applicant is exempt from registration as a commodity trading advisor, and not required to register as a commodity pool operator, with the CFTC. The Applicant engages in the business of commodity trading advising in the United States pursuant to such exemption.

4. The Applicant is not registered in any capacity under the CFA or the OSA. The Applicant relies on the International Adviser Exemption to provide Permitted Clients with advice in respect of foreign securities.

5. Permitted Clients seek to engage the Applicant as a discretionary portfolio manager for purposes of implementing certain specialized investment strategies.

6. The Applicant seeks to act as a discretionary portfolio manager on behalf of Permitted Clients. The proposed advisory services would include the use of specialized investment strategies employing Foreign Contracts.

7. There is currently no exemption from the CFA Adviser Registration Requirement that is equivalent to the International Adviser Exemption. Consequently, in order to advise Permitted Clients as to trading in Foreign Contracts, in the absence of this Order, the Applicant would be required to satisfy the CFA Adviser Registration Requirement and would have to apply for, and obtain, registration in Ontario as an adviser under the CFA in the category of commodity trading manager.

8. To the best of the Applicant's knowledge, the Applicant confirms that there are currently no regulatory actions of the type contemplated by the Notice of Regulatory Action attached as Appendix "B", except as otherwise disclosed to the Commission, in respect of the Applicant or any predecessors or specified affiliates of the Applicant.

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

IT IS ORDERED pursuant to section 80 of the CFA that the Applicant and its Representatives are exempt, for a period of five years, from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of providing advice to Permitted Clients as to the trading of Foreign Contracts, provided that:

(a) the Applicant provides advice to Permitted Clients only as to trading in Foreign Contracts and does not advise any Permitted Client as to trading in Contracts that are not Foreign Contracts, unless providing such advice is incidental to its providing advice on Foreign Contracts;

(b) the Applicant's head office or principal place of business remains in the United States;

(c) the Applicant is registered, or operates under an exemption from registration, under the applicable securities or commodity futures legislation in the United States in a category of registration that permits it to carry on the activities in the United States that registration under the CFA as an adviser in the category of commodity trading manager would permit it to carry on in Ontario;

(d) the Applicant continues to engage in the business of an adviser, as defined in the CFA, in the United States;

(e) as at the end of the Applicant's most recently completed financial year, not more than 10% of the aggregate consolidated gross revenue of the Applicant, its affiliates and its affiliated partnerships (excluding the gross revenue of an affiliate or affiliated partnership of the Applicant if the affiliate or affiliated partnership is registered under securities legislation, commodities legislation or derivatives legislation in a jurisdiction of Canada) is derived from the portfolio management activities of the Applicant, its affiliates and its affiliated partnerships in Canada (which, for greater certainty, includes both securities-related and commodity-futures-related activities);

(f) before advising a Permitted Client with respect to Foreign Contracts, the Applicant notifies the Permitted Client of all of the following:

    (i) the Applicant is not registered in the local jurisdiction to provide the advice described under paragraph (a) of this Order;

    (ii) the foreign jurisdiction in which the Applicant's head office or principal place of business is located;

    (iii) all or substantially all of the Applicant's assets may be situated outside of Canada;

    (iv) there may be difficulty enforcing legal rights against the Applicant because of the above; and

    (v) the name and address of the Applicant's agent for service of process in Ontario;

(g) the Applicant has submitted to the Commission a completed submission to jurisdiction and appointment of agent for service in the form attached as Appendix "A";

(h) the Applicant notifies the Commission of any regulatory action initiated after the date of this Order with respect to the Applicant or any predecessors or specified affiliates of the Applicant by completing and filing Appendix "B" within 10 days of the commencement of each such action; and

(i) the Applicant complies with the filing and fee payment requirements applicable to an unregistered exempt international firm under Ontario Securities Commission Rule 13-502 Fees.

Dated this 29th of October, 2013.

“James Turner”
Commissioner
Ontario Securities Commission

“Judith Robertson”
Commissioner
Ontario Securities Commission

APPENDIX "A"

SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE

INTERNATIONAL DEALER OR INTERNATIONAL ADVISER EXEMPTED FROM REGISTRATION UNDER THE COMMODITY FUTURES ACT, ONTARIO

1. Name of person or company ("International Firm"):

2. If the International Firm was previously assigned an NRD number as a registered firm or an unregistered exempt international firm, provide the NRD number of the firm:

3. Jurisdiction of incorporation of the International Firm:

4. Head office address of the International Firm:

5. The name, e-mail address, phone number and fax number of the International Firm's individual(s) responsible for the supervisory procedure of the International Firm, its chief compliance officer, or equivalent.

   Name:

   E-mail address:

   Phone:

   Fax:

6. The International Firm is relying on an exemption order under section 38 or section 80 of the *Commodity Futures Act* (Ontario) that is similar to the following exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (the "Relief Order"):

   [ ] Section 8.18 [international dealer]

   [ ] Section 8.26 [international adviser]

   [ ] Other [specify]:

7. Name of agent for service of process (the "Agent for Service"):

8. Address for service of process on the Agent for Service:

9. The International Firm designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the International Firm's activities in the local jurisdiction and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

10. The International Firm irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of the local jurisdiction in any Proceeding arising out of or related to or concerning the International Firm's activities in the local jurisdiction.

11. Until 6 years after the International Firm ceases to rely on the Relief Order, the International Firm must submit to the regulator:

    a. a new Submission to Jurisdiction and Appointment of Agent for Service in this form no later than the 30th day before the date this Submission to Jurisdiction and Appointment of Agent for Service is terminated; and

    b. an amended Submission to Jurisdiction and Appointment of Agent for Service no later than the 30th day before any change in the name or above address of the Agent for Service.

12. This Submission to Jurisdiction and Appointment of Agent for Service is governed by and construed in accordance with the laws of the local jurisdiction.

Dated: ___________________

By:____________________
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

By:____________________
(Signature of the International Firm or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

Acceptance

The undersigned accepts the appointment as Agent for Service of [Insert name of International Firm] under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service.

Dated: ________________

____
(Signature of the Agent for Service or authorized signatory)

____
(Name of signatory)

____
(Title of signatory)

This form is to be submitted to the following address:

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

APPENDIX B

NOTICE OF REGULATORY ACTION

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

[1] In this Appendix, the term “specified affiliate” has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information.*

If yes, provide the following information for each action:

Name of Entity
Type of Action

Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature

Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8
Attention: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

2.2.5 Global RESP Corporation and Global Growth Assets Inc. – s. 127

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

AND

**IN THE MATTER OF
GLOBAL RESP CORPORATION AND
GLOBAL GROWTH ASSETS INC.**

**ORDER
(Section 127 of the Securities Act)**

WHEREAS on July 26, 2012, the Ontario Securities Commission ("the "Commission") ordered pursuant to subsections 127(1) and (5) of the *Securities Act,* R.S.O. 1990 c. S.5, as amended (the "Act") that the terms and conditions ("Terms and Conditions") set out in schedules "A" and "B" of the Commission order be imposed on Global RESP Corporation ("Global RESP") and Global Growth Assets Inc. ("GGAI") (collectively, the "Respondents") (the "Temporary Order");

AND WHEREAS on August 10, 2012, the Commission extended the Temporary Order against Global RESP and GGAI until such further order of the Commission and adjourned the hearing until November 8, 2012;

AND WHEREAS the Terms and Conditions required Global RESP and GGAI to retain a consultant (the "Consultant") to prepare and assist them in implementing plans to strengthen their compliance systems and require Global RESP to retain a monitor (the "Monitor") to contact all new clients as defined and set out in the Terms and Conditions;

AND WHEREAS Global RESP retained Sutton Boyce Gilkes Regulatory Consulting Group Inc. as its Consultant and Monitor;

AND WHEREAS on November 2, 2013, the Commission heard Global RESP's motion to vary the Terms and Conditions imposed on Global RESP on July 26, 2012;

AND WHEREAS on November 7, 2012, the Commission ordered that: (i) paragraphs 5, 6 and 7 of the Terms and Conditions be deleted and replaced with new terms; (ii) the hearing be adjourned to December 13, 2012 at 10:00 a.m.; and (iii) the appearance date on November 8, 2012 be vacated;

AND WHEREAS on December 13, 2012, Staff filed the Affidavit of Lina Creta sworn December 13, 2012, and counsel for the Respondents filed the Affidavit of Clarke Tedesco sworn December 12, 2012, updating the Commission on the work completed to date by the Monitor and the Consultant and the Commission adjourned the Hearing to January 14, 2013 at 9:00 a.m.;

AND WHEREAS on January 14, 2013, Staff filed the Affidavit of Lina Creta sworn January 11, 2013 updating the Commission on Staff's dealings with the Monitor and the Consultant and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn January 11 and 14, 2013 updating the Commission on the work completed by the Monitor;

AND WHEREAS on February 6, 2013, Staff filed the Affidavit of Lina Creta sworn February 6, 2013 updating the Commission on Staff's dealings with the Monitor and the Consultant, and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn February 4 and 6, 2013, updating the Commission on the work completed by the Monitor and the Consultant and the monitoring costs incurred by Global RESP;

AND WHEREAS counsel for the Respondents requested that the Terms and Conditions be varied to impose the monitoring term recommended by the Consultant in its latest revised Consultant's plan and that a time line be imposed to ensure that the latest revised Consultant's plans dated January 28 and 30, 2013 are approved;

AND WHEREAS Staff opposed these requests on the basis that the latest revised Consultant's plans were still being reviewed and considered by Staff;

AND WHEREAS the hearing was adjourned to February 25, 2013 at 10:00 a.m. for the purpose of allowing the parties to make submissions on: (i) whether it is appropriate for the Commission to approve the plan submitted by the Consultant; and (ii) if it is appropriate, for the Commission to approve any terms of the plan not agreed to by Staff;

AND WHEREAS on September 13, 2013, the Respondents requested a date for a motion to have the terms and conditions currently imposed on their registrations lifted (the "Motion");

AND WHEREAS the Motion was scheduled for October 31, 2013 at 10:00 a.m.;

AND WHEREAS the Motion was adjourned on consent;

IT IS HEREBY ORDERED that the scheduled date for the Motion is vacated and the Motion shall proceed on November 20, 2013 at 10:00 a.m.

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

"James E. A. Turner"

2.2.6 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

ORDER
(Subsections 127(1) and 127(10) of the Act)

WHEREAS on June 25, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Ajit Singh Basi (the "Respondent" or "Basi");

AND WHEREAS on June 24, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on July 7, 2013, the Commission heard an application by Staff to convert the matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act,* R.S.O. 1990, c. S.22, as amended;

AND WHEREAS the Commission granted Staff's application to proceed by written hearing and set down a schedule for the submission of materials by the parties;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS the Respondent did not appear and did not file any materials;

AND WHEREAS the Respondent is subject to an order dated December 22, 2011 made by the British Columbia Securities Commission that imposes sanctions, conditions, restrictions or requirements upon him within the meaning of paragraph 4 of subsection 127(10) of the Act;

AND WHEREAS I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

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

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

"James E. A. Turner"

2.2.7 Galahad Metals Inc. – s. 144

Headnote

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

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
GALAHAD METALS INC.

ORDER
(Section 144)

WHEREAS the securities of Galahad Metals Inc. (the "Applicant") are subject to a temporary cease trade order dated May 3, 2013 issued by the Director of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order dated May 15, 2013 made by the Director, pursuant to paragraph 2 of subsection 127(1) of the Act (collectively, the "Ontario Cease Trade Order"), ordering that all trading in the securities of the Applicant, whether direct or indirect, cease until the Ontario Cease Trade Order is revoked by the Director;

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

AND WHEREAS the Applicant is also subject to a temporary cease trade order dated May 6, 2013 made by the Autorité des marchés financiers pursuant to section 318 of the *Securities Act* (Québec), as extended by a further cease trade order dated May 21, 2013 made by the Autorité des marchés financiers pursuant to section 265 of the *Securities Act* (Québec) (collectively, the "Québec Cease Trade Order"), ordering that the trading in the securities of the Applicant cease until the Québec Cease Trade Order is revoked by the Autorité des marchés financiers;

AND WHEREAS the Applicant is also subject to a cease trade order dated May 8, 2013 made by the Executive Director pursuant to section 164(1) of the *Securities Act* (British Columbia) (the "B.C. Cease Trade Order") ordering that all trading in the securities of the Applicant cease until it files the required records and the B.C. Cease Trade Order is revoked by the Executive Director;

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

AND WHEREAS the Applicant has concurrently applied to the Autorité des marchés financiers for an order for revocation of the Québec Cease Trade Order and the British Columbia Securities Commission for an order for revocation of the B.C. Cease Trade Order;

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

The Applicant was incorporated on September 1, 2000 under the name Phoenix Matatchewan Mines Inc. On January 1, 2009, the Applicant changed its name to Galahad Metals Inc. The Applicant is currently governed by the Business Corporations Act (Ontario). The Applicant's head office is located at Suite PO Box 915 Kemptville, ON K0G 1J0 and its registered office are located at Suite 205, 2742 St. Joseph Blvd., Orleans, ON K1C 1G5;

1. The Applicant is a reporting issuer in Ontario, British Columbia, Québec, Alberta, Saskatchewan, Manitoba, Nova Scotia and New Brunswick;

2. The Applicant's common shares are listed on the TSX Venture Exchange Inc. and have been suspended from trading since May 3, 2013;

3. The Ontario Cease Trade Order was issued as a result of the Applicant's failure to file with the Commission its audited annual financial statements for the year ended December 31, 2012, the management's discussion and analysis relating to the audited annual financial statements for the year ended December 31, 2012 as well as the certification of the foregoing filings as required by National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings for the corresponding period (collectively, the "2012 Annual Filings");

4. The Applicant has concurrently applied to the Autorité des marchés financiers and the British Columbia Securities Commission for orders for revocation of the Québec Cease Trade Order and the B.C. Cease Trade Order, respectively;

5. On August 2, 2013, the Applicant filed on SEDAR the 2012 Annual Filings and its

interim financial statements for the 3 month period ending March 31, 2013, Management Discussion and Analysis and the required certificates for the period ending March 31, 2013, copies of which are available under the Applicant's profile at www.sedar.com ("SEDAR");

6. The Applicant has undertaken and agreed to hold an annual meeting of shareholders within three months of the date hereof;

7. The Applicant has paid all outstanding participation fees, filing fees and late fees owing to the Commission, the Autorité des marchés financiers, the British Columbia Securities Commission and all other jurisdictions where it is a reporting issuer under Canadian securities legislation;

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

9. Other than the Ontario Cease Trade Order, the Québec Cease Trade Order and the B.C. Cease Trade Order, the Applicant is not in default of its continuous disclosure obligations under Ontario / Québec / British Columbia securities laws;

10. Upon the issuance of this revocation order, the Applicant will issue a news release and file a material change report on SEDAR to announce the revocation of the Ontario Cease Trade Order and to outline the Applicant's future plans;

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

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

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

DATED this 31st day of October, 2013.

"Kathryn Daniels"
Deputy Director, Corporate Finance Branch

2.2.8 Systematech Solutions Inc. – s. 127(1)

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

AND

IN THE MATTER OF
SYSTEMATECH SOLUTIONS INC.,
APRIL VUONG AND HAO QUACH

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

WHEREAS on October 31, 2012, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") (the "Notice of Hearing") in connection with a Statement of Allegations dated October 31, 2012, filed by Staff of the Commission ("Staff"), to consider whether it is in the public interest to make certain orders against Systematech Solutions Inc., ("Systematech"), April Vuong ("Vuong") and Hao Quach ("Quach") (collectively the "Respondents");

AND WHEREAS on December 11, 2012, Staff and counsel for the Respondents appeared before the Commission and made submissions;

AND WHEREAS on December 11, 2012, counsel for the Respondents advised that he accepted service of the Notice of Hearing and the Statement of Allegations dated October 31, 2012 on behalf of the Respondents;

AND WHEREAS on December 11, 2012, Staff advised that it provided electronic disclosure to counsel for the Respondents on November 21, 2012;

AND WHEREAS on December 11, 2012, the Commission extended a temporary cease trade order with respect to the Respondents until the conclusion of the proceeding, including the sanctions hearing, if any, and ordered that a confidential pre-hearing conference take place on February 20, 2013;

AND WHEREAS on December 13, 2012, the Commission issued an Amended Notice of Hearing pursuant to subsection 127(1) and section 127.1 of the Act in connection with the Statement of Allegations dated October 31, 2012 and counsel for the Respondents has advised that he accepted service of the Amended Notice of Hearing;

AND WHEREAS on February 20, 2013, a confidential pre-hearing conference was held and Staff and counsel for the Respondents appeared before the Commission and made submissions;

AND WHEREAS on February 20, 2013, the Commission ordered that: (i) the hearing on the merits will start on November 4, 2013 at 10:00 a.m. and continue on November 6, 7, 8, 11, 12, 13, 14, 15 and 18, 2013; and (ii)

another confidential pre-hearing conference will take place on September 4, 2013 at 10:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties;

AND WHEREAS on August 21, 2013, the Commission ordered on the consent of the parties that: (i) the confidential pre-hearing conference be adjourned from September 4, 2013 at 10:00 a.m. to September 12, 2013 at 2:00 p.m.;

AND WHEREAS on September 12, 2013, a confidential pre-hearing conference was held and Staff and counsel for the Respondents appeared before the Commission and made submissions and the Commission ordered that another confidential pre-hearing conference take place on October 15, 2013 at 2:00 p.m.;

AND WHEREAS on October 15, 21 and 28, 2013, confidential pre-hearing conferences were held and Staff and counsel for the Respondents appeared before the Commission and made submissions and the Commission scheduled further dates for confidential pre-hearing conferences;

AND WHEREAS on October 28, 2013, the confidential pre-hearing conference continued and Staff and counsel for the Respondents appeared before the Commission and requested that an adjournment motion be scheduled for October 30, 2013 at 2:00 p.m.;

AND WHEREAS on October 30, 2013, the parties attended before the Commission and requested that the adjournment motion be adjourned and that the November 4 and 6, 2013 hearing dates be vacated;

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. The Respondents' adjournment motion is adjourned *sine die.*

2. The hearing dates of November 4 and 6, 2013 are vacated.

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

"James D. Carnwath"

2.2.9 Ernst & Young LLP

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

AND

IN THE MATTER OF
ERNST & YOUNG LLP

ORDER

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

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

AND WHEREAS the Commission convened a hearing on January 7, 2013 and the matter was adjourned to a confidential pre-hearing conference to be held on March 4, 2013;

AND WHEREAS a confidential pre-hearing conference was held on March 4, 2013 and the matter was adjourned to a further confidential pre-hearing conference to be held on June 24, 2013;

AND WHEREAS a confidential pre-hearing conference was held on June 24, 2013 and the matter was adjourned to a further confidential pre-hearing conference to be held on September 6, 2013;

AND WHEREAS on September 6, 2013, the Commission ordered that the Merits Hearing shall commence on November 11, 2014 and that Staff's case shall be presented on November 11-14, 17, 19-21, 25-28, December 1, 3-5, 9-12, 15 and 17-19, or on such other dates as may be ordered by the Commission and that the Respondent's case shall be presented on January 14-16, 20-23, 26, 28-30, February 3-6, 9, 11-13, 17-20, 23, 25-27, and March 3-6, or on such other dates as may be ordered by the Commission, and that a further confidential pre-hearing be held on October 30, 2013 at 10:00 am.;

AND WHEREAS a confidential pre-hearing conference was held on October 30, 2013 and both parties made submissions and requested that a further confidential pre-hearing conference be scheduled;

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. The Respondent's disclosure motion shall be heard on December 19, 2013 at 10:00 a.m.;

2. A further confidential pre-hearing conference shall be held on January 27, 2014 at 11:00 a.m.;

3. Staff shall serve any expert report(s) on the Respondent by April 1, 2014;

4. The Respondent shall serve any expert report(s) on Staff by July 2, 2014; and

5. Staff shall serve any expert report(s) in reply by August 1, 2014.

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

"Mary G. Condon"

2.2.10 Kevin Warren Zietsoff – s. 127

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

AND

IN THE MATTER OF
KEVIN WARREN ZIETSOFF

ORDER
(Section 127)

WHEREAS on August 19, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") (the "Notice of Hearing") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on August 19, 2013, to consider whether it is in the public interest to make certain orders against Kevin Warren Zietsoff ("Zietsoff");

AND WHEREAS on September 5, 2013, a first appearance hearing was held before the Commission and the matter was adjourned to a confidential pre-hearing conference to be held on September 27, 2013;

AND WHEREAS on September 27, 2013, a confidential pre-hearing conference was held before the Commission and the matter was adjourned to a further confidential pre-hearing conference to be held on October 30, 2013;

AND WHEREAS on October 30, 2013, counsel for Staff and counsel for Zietsoff appeared by telephone and made submissions;

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

IT IS ORDERED that this matter is adjourned to January 6, 2014, at 2:00 p.m.

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

"Alan J. Lenczner"

2.2.11 Purpose High Interest Savings ETF et al. – s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

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

Rules Cited

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

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

AND

IN THE MATTER OF
PURPOSE HIGH INTEREST SAVINGS ETF
PURPOSE SHORT DURATION EMERGING MARKETS BOND ETF
PURPOSE SHORT DURATION GLOBAL BOND ETF
(the Funds)

DESIGNATION ORDER
Section 1.1

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

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

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

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

Dated October 10, 2013

"Susan Greenglass"
Director, Market Regulation

2.2.12 Fawad Ul Haq Khan and Khan Trading Associates Inc. carrying on business as Money Plus – Rule 6.7 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
(Rule 6.7 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;

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 to hear a motion application by the Respondents and the Commission would hold a further hearing on August 14, 2013 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 on June 24, 2013, the Commission 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;

AND WHEREAS on August 14, 2013, Staff and the Respondents attended a hearing before the Commission, the parties made submissions regarding the Respondents' motion with respect to witnesses (the "Witness Motion") and the Panel reserved its decision on the Witness Motion;

AND WHEREAS on August 27, 2013, Staff and the Respondents confirmed their availability to attend a confidential pre-hearing conference on October 1, 2013 at 11:30 a.m.;

AND WHEREAS on August 29, 2013, the Commission ordered that a confidential pre-hearing conference shall take place on October 1, 2013 at 11:30 a.m.;

AND WHEREAS on September 25, 2013, at the request of the Commission, Staff and the Respondents confirmed their availability to attend a confidential pre-hearing conference on October 30, 2013 at 11:30 a.m.;

AND WHEREAS on September 27, 2013, the Commission ordered that the confidential pre-hearing conference scheduled to take place on October 1, 2013 be adjourned to October 30, 2013 at 11:30 a.m.;

AND WHEREAS on October 23, 2013, the Panel delivered its Reasons for Decision on the Witness Motion;

AND WHEREAS on October 30, 2013, Staff and the Respondents attended before the Commission 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:

1. a motion requested by the Respondents will be heard on December 16, 2013 at 11:00 a.m., and in accordance with Rule 3.2 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*"), the Respondents shall serve and file a motion record, including any affidavits to be relied upon, by December 6, 2013 at 4:30 p.m.;

2. any expert report to be relied on by the Respondents shall be served to Staff by March 6, 2014 at 4:30 p.m., in accordance with Rule 4.6 of the *Rules of Procedure*;

3. a further confidential pre-hearing conference shall take place on February 3, 2014 at 10:00 a.m.; and

4. the hearing on the merits shall commence on May 5, 2014 and shall continue until June 12, 2014, save and

except for May 6, 19 and 20 and June 3, 2014.

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

“Mary Condon”

2.2.13 Bradon Technologies Ltd. et al. – s. 127

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

AND

IN THE MATTER OF
BRADON TECHNOLOGIES LTD., JOSEPH COMPTA,
ENSIGN CORPORATE COMMUNICATIONS INC.
and TIMOTHY GERMAN

ORDER
(Section 127)

WHEREAS on October 3, 2013, 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, accompanied by a Statement of Allegations dated October 3, 2013, issued by Staff of the Commission (“Staff”) with respect to Bradon Technologies Ltd. (“Bradon”), Joseph Compta (“Compta”), Ensign Corporate Communications Inc. (“Ensign”) and Timothy German (“German”) (collectively, the “Respondents”);

AND WHEREAS on October 29, 2013, Staff appeared and made submissions, Compta appeared on behalf of himself and Bradon and made submissions and German appeared on behalf of himself and Ensign;

AND WHEREAS the Commission determined that the parties should return on December 9, 2013, after disclosure has been provided to the Respondents, to set a date for a confidential pre-hearing conference;

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

IT IS HEREBY ORDERED that the hearing of this matter is adjourned and shall continue on December 9, 2013 at 10:00 a.m. or on such other date or time set by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 29th day of October, 2013.

“James E. A. Turner”

2.2.14 SwapEx, LLC – s. 147

Headnote

Application for an order that a swap execution facility registered with the United States Commodity Futures Trading Commission is exempt from the requirement to register as an exchange in Ontario – requested order granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., 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
SWAPEX, LLC
(SwapEx)

ORDER
(Section 147 of the Act)

WHEREAS SwapEx has filed an application dated October 8, 2013 (**Application**) with the Ontario Securities Commission (**Commission**) requesting an interim order pursuant to section 147 of the Act exempting SwapEx from the requirement to be recognized as an exchange under subsection 21(1) of the Act (**Exchange Relief**);

AND WHEREAS SwapEx has represented to the Commission that:

1.1 SwapEx is a Delaware limited liability company formed on March 27, 2012 and is a wholly-owned direct subsidiary of SwapEx Limited ("**SwapEx Ltd**"), a private company limited by shares organized under the laws of England and Wales. SwapEx Ltd. is a wholly-owned direct subsidiary of State Street Corporation ("**SSC**"), which is a Massachusetts corporation and public company. SSC is also the parent company of State Street Bank and Trust Company. SwapEx is a Delaware limited liability company that is an indirect affiliate of State Street Bank and Trust. SwapEx is located at 1230 Avenue of the Americas, New York, NY 10020.

1.2 SwapEx currently lists for trading foreign exchange non-deliverable forwards ("**NDFs**") that are not presently listed for clearing by a clearing agency (and thus are settled bilaterally) as well as interest rate swaps ("**IRS**") for which the Chicago Mercantile Exchange will act as a CFTC-regulated Derivatives Clearing Organization ("**DCO**"). SwapEx may support the trading of IRS or NDFs that are cleared at other clearinghouses in the future.

1.3 The CFTC has mandated that every swap execution facility ("**SEF**") must, at a minimum, make available an order book for trading of every instrument listed on the SEF. The CFTC has also permitted SEFs to make request for quote ("RFQ") trading available to its participants and, for swaps that have not been designated as required to be cleared or made available for trading by the CFTC, any other means of execution. SwapEx offers both order book and RFQ trading for all instruments listed for trading on its platform.

1.4 In the United States, SwapEx operates under the jurisdiction of the Commodity Futures Trading Commission ("**CFTC**") and has obtained temporary registration with the CFTC to operate a SEF; SwapEx has a Chief Compliance Officer who monitors its compliance with all regulatory, legal, and internal rules, policies and procedures and is also responsible for supervising SwapEx's self-regulatory obligations. In addition, SwapEx has entered into a Regulatory Services Agreement with the National Futures Association ("NFA"), pursuant to which NFA will provide certain regulatory compliance services to SwapEx, including responsibility for the Company's on-going market surveillance functions on a trade date plus one basis. SwapEx, through its Market Regulation Department headed by the Chief Compliance Officer, will conduct real-time market surveillance activities.

1.5 SwapEx is obliged under CFTC rules to have requirements governing the conduct of participants, to monitor compliance with those requirements and to discipline participants, including by means other than exclusion from the marketplace;

1.6 Because SwapEx regulates the conduct of its participants, it is considered by the Commission to be an exchange;

1.7 Because SwapEx intends to have participants located in Ontario, it would be considered by the Commission to be carrying on business as an exchange in Ontario and would be required to be recognized as such or exempted from recognition pursuant to section 21 of the Act;

1.8 SwapEx has no physical presence in Ontario and does not otherwise carry on business in Ontario except as described above; and

1.9 SwapEx intends to file a full application to the Commission for a subsequent order exempting it from the requirement to be recognized as an exchange pursuant to section 147 of the Act (**Subsequent Order**);

AND WHEREAS the products traded on SwapEx are not commodity futures contracts as defined in the *Commodity Futures Act* (Ontario) and SwapEx is not considered to be carrying on business as a commodity futures exchange in Ontario;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and SwapEx's activities on an ongoing basis to determine whether it is appropriate for the Exchange Relief to continue to be granted subject to the terms and conditions set out in Schedule "A" to this order;

AND WHEREAS SwapEx has acknowledged to the Commission that the scope of the Exchange Relief and the terms and conditions imposed by the Commission set out in Schedule "A" to this order may change as a result of the Commission's monitoring of developments in international and domestic capital markets or SwapEx's activities, or as a result of any changes to the laws in Ontario affecting trading in derivatives or securities;

AND WHEREAS based on the Application, together with the representations made by and acknowledgements of SwapEx to the Commission, the Commission has determined that the granting of the Exchange Relief would not be prejudicial to the public interest;

IT IS HEREBY ORDERED by the Commission that, pursuant to section 147 of the Act, SwapEx is exempt on an interim basis from recognition as an exchange under subsection 21(1) of the Act,

PROVIDED THAT:

1. This Order terminates on the earlier of (i) October 29, 2014 and (ii) the effective date of the Subsequent Order;

2. SwapEx complies with the terms and conditions contained in Schedule "A."; and

3. SwapEx shall file a full application to the Commission for the Subsequent Order by January 31, 2014.

DATED October 29, 2013.

"Judith Robertson"

"James Turner"

SCHEDULE "A"

TERMS AND CONDITIONS

Regulation and Oversight of SwapEx

1. SwapEx will maintain its registration as a swap execution facility (**SEF**) with the Commodity Futures Trading Commission (**CFTC**) and will continue to be subject to the regulatory oversight of the CFTC.

2. SwapEx will continue to comply with the ongoing requirements applicable to it as a SEF registered with the CFTC.

3. SwapEx will notify the Commission if its registration as a SEF has been revoked, suspended, or amended by the CFTC, or the basis on which its registration as a SEF has been granted has significantly changed.

4. SwapEx must do everything within its control, which includes cooperating with the Commission as needed, to cause SwapEx to carry out its activities as an exchange exempted from recognition under subsection 21(1) of the Act in compliance with Ontario securities law.

Access

5. SwapEx will not provide direct access to a participant in Ontario **(Ontario User)** unless the Ontario User is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements, and qualifies as an "eligible contract participant" under the United States Commodity Exchange Act, as amended **(CEA)**.

6. SwapEx may reasonably rely on a written representation from the Ontario User that specifies either that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

7. For each Ontario User provided direct access to its SEF, SwapEx will require, as part of its application documentation or continued access to the SEF, the Ontario User to represent that it is appropriately registered as applicable under Ontario securities laws or is exempt from or not subject to those requirements.

8. SwapEx will require Ontario Users to notify SwapEx if their registration as applicable under Ontario securities laws has been revoked, suspended, or amended by the Commission or if they are no longer exempt from or become subject to those requirements and, following notice from the Ontario User and subject to applicable laws, SwapEx will promptly restrict the Ontario User's access to SwapEx if the Ontario User is no longer appropriately registered or exempt from those requirements.

9. SwapEx must make available to Ontario Users appropriate training for each person who has access to trade on SwapEx's facilities.

Trading by Ontario Users

10. SwapEx will not provide access to an Ontario User to trade in products other than swaps and security-based swaps, as defined in section 1a of the CEA, without prior Commission approval.

Submission to Jurisdiction and Agent for Service

11. 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 the activities of SwapEx in Ontario, SwapEx will submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.

12. SwapEx will 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 SwapEx's activities in Ontario.

Disclosure

13 SwapEx will provide to its Ontario Users disclosure that states that:

(a) rights and remedies against SwapEx may only be governed by the laws of the U.S., rather than the laws of Ontario and may be required to be pursued in the U.S. rather than in Ontario;

(b) the rules applicable to trading on SwapEx may be governed by the laws of the U.S., rather than the laws of Ontario; and

(c) SwapEx is regulated by the CFTC, rather than the Commission.

Filings with the CFTC

14. SwapEx will promptly provide staff of the Commission copies of all rules of SwapEx, and amendments to those rules, that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

15. SwapEx will promptly provide staff of the Commission copies of all amendments to SwapEx's Form SEF (including Exhibits to Form SEF) that it files with the CFTC.

16. SwapEx will promptly provide to the Commission copies of all product specifications and amended product specification specifications that it files with the CFTC under the regulations pertaining to self-certification and/or approval.

17. SwapEx will promptly provide staff of the Commission the following information to the extent it is required to provide to or file such information with the CFTC:

(a) the annual Board of Directors' report regarding the activities of the board and its committees;

(b) the annual unaudited financial statements of SwapEx;

(c) details of any material legal proceeding instituted against SwapEx;

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

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

Prompt Notice or Filing

18. SwapEx will promptly notify staff of the Commission of any of the following:

(a) any material change to its business or operations or the information provided in the Application, including, but not limited to:

(i) changes to the regulatory oversight by the CFTC;

(ii) the corporate governance structure of SwapEx;

(iii) the access model, including eligibility criteria, for Ontario Participants;

(iv) systems and technology; and

(v) the clearing and settlement arrangements for SwapEx;

(b) any change in SwapEx regulations or the laws, rules and regulations in the U.S. relevant to futures and options where such change may materially affect its ability to meet the criteria set out in Appendix 1 to this schedule:

(c) any condition or change in circumstances whereby SwapEx is unable or anticipates it will not be able to continue to meet the SEF Core Principles established by the CFTC or any other applicable requirements of the Commodity Exchange Act or CFTC regulations;

(d) any known investigations of, or disciplinary action against, SwapEx by the CFTC or any other regulatory authority to which it is subject;

(e) any matter known to SwapEx that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption; and

(f) any default, insolvency, or bankruptcy of SwapEx participant known to SwapEx or its representatives that may have a material, adverse impact upon SwapEx, a clearing agency or any Ontario Participant.

19. SwapEx will promptly file with staff of the Commission copies of any Rule Enforcement Review report regarding SwapEx once issued as final by the CFTC.

Quarterly Reporting

20. SwapEx will maintain the following updated information and submit such information in a manner and form acceptable to the Commission on a quarterly basis (within 30 days of the end of each calendar quarter), and at any time promptly upon the request of staff of the Commission:

(a) a current list of all Ontario Users;

(b) a list of all Ontario Users against whom disciplinary action has been taken in the last quarter by SwapEx, or, to the best of SwapEx's knowledge, by the CFTC or SEC with respect to such Ontario Users' activities on SwapEx;

(c) a list of all investigations by SwapEx relating to Ontario Users;

(d) a list of all Ontario applicants for status as a participant who were denied such status or access to SwapEx during the quarter, together with the reasons for each such denial;

(e) a list of all products available for trading during the quarter, identifying any additions, deletions, or changes since the prior quarter;

(f) for each product,

(i) the total trading volume and value originating from Ontario Users, presented on a per Ontario User basis, and

(ii) the proportion of worldwide trading volume and value on SwapEx conducted by Ontario Users, presented in the aggregate for such Ontario Users; and

(g) a list outlining each incident of a material systems failure, malfunction or delay that occurred at any time during the quarter for any system relating to trading activity, including trading, routing or data, specifically identifying the date, duration and reason for the failure, malfunction or delay, and noting any corrective action taken.

Annual Reporting

21. SwapEx will arrange to have the annual report, annual unaudited financial statements of SwapEx, and, if otherwise prepared, audited financial statements of SwapEx filed with the Commission promptly after their issuance.

22. SwapEx will arrange to have any annual "Service Organization Controls 1" report prepared for SwapEx filed with the Commission promptly after the report is issued as final by its independent auditor.

Information Sharing

23. SwapEx 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.

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Ajit Singh Basi – ss. 127(1) and 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**

**REASONS AND DECISION
(Subsections 127(1) and 127(10) of the Act)**

Decision: October 30, 2013

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

Counsel: Harald Marcovici - For Staff of the Commission

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D. THE APPROPRIATE RESTRICTIONS
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Schedule “A” – Form of Order

REASONS FOR DECISION

I. OVERVIEW

[1] This was a hearing (the **“Hearing**”) conducted in writing before the Ontario Securities Commission (the **“Commission”**) pursuant to subsections 127(1) and 127(10) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the **“Act”**) to consider whether it is in the public interest to make an order imposing market conduct restrictions against Ajit Singh Basi (the **“Respondent”** or **“Basi”**).

[2] A Notice of Hearing in this matter was issued by the Commission on June 25, 2013 and a Statement of Allegations was filed by Staff of the Commission (**“Staff”**) on June 24, 2013. Both the Notice of Hearing and the Statement of Allegations were duly served on the Respondent.

[3] On July 7, 2013, the Commission heard an application by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission’s *Rules of Procedure* (2012), 35 OSCB 10071, and section 5.1(2) of the *Statutory Powers Procedure Act,* R.S.O. 1990, c. S. 22, as amended. The Respondent was duly served with that application and did not appear at the application hearing or make any submissions.

[4] The Commission granted Staff’s application to proceed by way of written hearing and set a schedule for submission of materials by the parties.

[5] Staff provided written submissions, a hearing brief and a brief of authorities. The Respondent did not appear and did not file any responding materials.

Facts

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

[7] 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, contrary to subsection 57(b) of the British Columbia *Securities Act,* R.S.B.C. 1996, c. 418 (the **"BC Act"**).

[8] Staff are seeking an order against the Respondent pursuant to paragraph 4 of subsection 127(10) of the Act, based on the BCSC Order.

[9] The conduct for which the Respondent was sanctioned occurred between 2009 and December 2010 (the "Material Time").

[10] During the Material Time, Basi was a resident of British Columbia.

[11] Staff relies on subsection 127(10)4 of the Act, which permits the Commission to make an order under subsections 127(1) or 127(5) of the Act in respect of a person or company who is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company (see paragraph 15 of these reasons).

[12] These are my reasons for the order that I impose on the Respondent pursuant to subsections 127(1) of the Act in reliance on subsection 127(10) of the Act.

II. FINDINGS OF THE BRITISH COLUMBIA SECURITIES COMMISSION

[13] In its reasons, the BCSC Panel found that Basi perpetrated a fraud, contrary to subsection 57(b) of the BC Act.

The BCSC Order

[14] The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Basi:

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

(f) pursuant to subsection 161(l)(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. ANALYSIS

A. SUBSECTION 127(10) OF THE ACT

[15] Subsection 127(10) of the Act provides in part as follows:

> **127 (10) Inter-jurisdictional enforcement –** Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:

…

4. The person or company is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company.

…

[16] The BCSC Order makes the Respondent subject to an order of the BCSC that imposes sanctions, conditions, restrictions or requirements on him, within the meaning of paragraph 4 of subsection 127(10) of the Act.

[17] Based on the BCSC Order, the Commission may make one or more orders under subsections 127(1) of the Act, if in its opinion it is in the public interest to do so.

[18] In *Re Euston Capital Corp.* (2009), 32 OSCB 6313 (***"Euston Capital"***), the Commission concluded that subsection 127(10) of the Act can be the grounds for an order in the public interest under subsection 127(1) of the Act, based on a decision and order made in another jurisdiction:

> … we conclude that we can make an order against the Respondents pursuant to our public interest jurisdiction under section 127 of the Act on the basis of decisions and orders made in other jurisdictions, if we find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.
>
> (*Euston Capital, supra,* at para. 26)

[19] I therefore find that I have the authority to make a public interest order against the Respondent under subsection 127(1) of the Act in reliance on subsection 127(10) of the Act, based on the findings of the BCSC and the BCSC Order.

> [20] The Commission must determine whether, based on the BCSC Order, the market conduct restrictions proposed by Staff would be in the public interest in Ontario. An important consideration is, if the events had occurred in Ontario, whether the respondent's conduct would have constituted a breach of the Act and/or would have been considered to be contrary to the public interest (*JV Raleigh Superior Holdings Inc., Re* (2013), 36 OSCB 4639 at para. 16 (***"JV Raleigh"***)).

B. SUBMISSIONS OF THE PARTIES

[21] In order to protect Ontario investors and capital markets, Staff submits that it is in the public interest for the Commission to impose market conduct restrictions on the Respondent consistent with the sanctions imposed by the BCSC pursuant to the BCSC Order.

[22] Staff requests the following sanctions against the Respondent:

(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.

[23] Staff submits that I am entitled to issue an order imposing such market conduct restrictions based solely on the evidence before me, which consists of the Findings and the BCSC Order.

C. SHOULD AN ORDER BE IMPOSED?

[24] When exercising the public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. Those purposes, set out in subsection 1.1 of the Act, are:

(a) to protect investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[25] In pursuing these purposes, I must have regard for the fundamental principles described in subsection 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act is restrictions on fraudulent and unfair market practices and procedures.

[26] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that when considering imposing an order, it should be remembered that "participation in the capital markets is a privilege and not a right" (*Erikson v. Ontario (Securities Commission),* [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[27] An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 1610-1611:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now section 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In doing so we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.

[28] While the Commission must make its own determination of what is in the public interest, it is important that the Commission recognize the increasingly complex and cross-jurisdictional nature of securities markets (*JV Raleigh, supra,* at paras. 21-26 and *New Futures Trading International Corp.* (2013), 36 OSCB 5713 at paras. 22-27).

[29] In imposing the market conduct restrictions in this matter, I am relying on the BCSC Order. In my view, it is not appropriate in doing so to revisit or second-guess the BCSC's Findings.

[30] I find that it is necessary to protect Ontario investors and the integrity of Ontario's capital markets to impose market conduct restrictions against the Respondent in the public interest.

D. THE APPROPRIATE RESTRICTIONS

[31] In determining the nature and duration of the appropriate market conduct restrictions, I must consider the relevant facts and circumstances, including:

(a) the seriousness of the Respondent's conduct and breaches of the BC Act;

(b) the harm to investors;

(c) whether or not the restrictions imposed may serve to deter the Respondent from engaging in similar abuses of the Ontario capital markets; and

(d) the effect any Ontario restrictions may have on the ability of the Respondent to participate without check in Ontario capital markets.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 (***"Belteco"***) at paras. 25 and 26.)

[32] The following facts and circumstances are particularly relevant in determining the market conduct restrictions that should be ordered against the Respondents:

(a) the Respondent was found by a panel of the BCSC to have perpetrated a fraud and to have breached British Columbia securities law; and

(b) the conduct for which the Respondent was sanctioned in the BCSC Order would constitute a contravention of Ontario securities law if it had occurred in Ontario, specifically a contravention of subsection 126.1(b) of the Act.

[33] In my view, there are no mitigating factors or circumstances.

[34] I have reviewed the Commission and other decisions referred to me by Staff in assessing the market conduct restrictions appropriate in this case. In reviewing those decisions, I note that each case depends upon its particular facts and circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at paras. 9 and 10 and *Belteco, supra,* at para. 26).

[35] In *British Columbia (Securities Commission) v. McLean* (2011) BCCA 455 (***"McLean"***), the British Columbia Court of Appeal held that when issuing an order reciprocating an order originally made in Ontario, the BCSC has a duty to provide reasons, however brief, for the order it is imposing and why they are in the public interest (*McLean, supra*, at paras. 28-29).

[36] In *Lines v. British Columbia (Securities Commission),* (2012) BCCA 316 (***"Lines"***), the British Columbia Court of Appeal interpreted *McLean, supra,* as holding that the Commission "must make its own determination of the public interest under s. 161 [section 127 of the Act], rather than make an order automatically based on the order of the foreign jurisdiction" (*Lines, supra,* at para. 31).

[37] The Commission held in *Elliott, Re* that "subsection 127(10) ... allows the Commissionto consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest."

(*Elliott, Re* (2009), 23 OSCB 6931 at para. 24 (***"Elliott"***))

[38] While the Commission may rely on the findings of another jurisdiction, it must satisfy itself that an order is necessary to protect the public interest in Ontario:

> The applicability of subsection 127(10) to the BCSC Order and the Settlement Agreement does not automatically lead to the conclusion that this Panel must make an order similar to that made by the BCSC against Elliott. Rather, we must first consider whether or not sanctions are necessary to protect the public interest, before exercising any powers granted to us under subsections 127(1) and (5), and second, if necessary, consider what the appropriate sanctions should be.
>
> (*Elliott, supra,* at para. 27)

[39] In matters such as this, the Commission has relied on the findings made in other jurisdictions and has not required a direct connection to Ontario or Ontario capital markets (*Weeres, Re* (2013), 36 OSCB 3608 and *Shantz (Re)* (2013), 36 OSCB 5993).

[40] Staff submits that the market conduct restrictions imposed in the BCSC Order are appropriate to the misconduct by the Respondent and serve as both specific and general deterrence. Staff further submits that a protective order imposing market conduct restrictions on the Respondent, substantially similar to those imposed by the BCSC Order, are appropriate to protect Ontario investors and Ontario capital markets from similar misconduct by the Respondent.

[41] The BCSC Panel found that the Respondent perpetrated a fraud, noting that "Basi stole the investor's money. Fraud is the most serious misconduct under the [BC] Act" (*BCSC Decision, supra,* at paras. 12 and 14).

[42] The BCSC Panel concluded that Basi was enriched by his misconduct, noting: "Basi benefited from his illegal activity - he took $11,050 of the investor's money and used it for personal purposes and was enriched by the $11,055 that she lost." The Panel further stated: "[t]hat the investor was harmed is obvious. There is no evidence to suggest that she will recover any part of the $11,055 she lost" (*BCSC Decision, supra* at paras. 15 and 16).

[43] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing the following market conduct restrictions on the Respondent:

(a) trading in any securities by Basi shall cease permanently;

(b) any exemptions contained in Ontario securities law do not apply to Basi permanently;

(c) Basi shall resign any positions that he holds as director or officer of an issuer;

(d) Basi shall be prohibited permanently from becoming or acting as an officer or director of an issuer;

(e) Basi shall resign any positions that he holds as director or officer of a registrant;

(f) Basi shall be prohibited permanently from becoming or acting as an officer or director of a registrant;

(g) Basi shall resign any positions that he holds as director or officer of an investment fund manager;

(h) Basi shall be prohibited permanently from becoming or acting as an officer or director of an investment fund manager; and

(i) Basi shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter.

IV. CONCLUSION

[44] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule “A” to these reasons.

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

“James E. A. Turner”

Schedule "A"

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

AND

**IN THE MATTER OF
AJIT SINGH BASI**

**ORDER
(Subsections 127(1) and 127(10) of the Act)**

WHEREAS on June 25, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Ajit Singh Basi (the "Respondent" or "Basi");

AND WHEREAS on June 24, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on July 7, 2013, the Commission heard an application by Staff to convert the matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act,* R.S.O. 1990, c. S.22, as amended;

AND WHEREAS the Commission granted Staff's application to proceed by written hearing and set down a schedule for the submission of materials by the parties;

AND WHEREAS Staff filed written submissions, a hearing brief and a brief of authorities;

AND WHEREAS the Respondent did not appear and did not file any materials;

AND WHEREAS the Respondent is subject to an order dated December 22, 2011 made by the British Columbia Securities Commission that imposes sanctions, conditions, restrictions or requirements upon him within the meaning of paragraph 4 of subsection 127(10) of the Act;

AND WHEREAS I find that it is in the public interest to issue this order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

IT IS HEREBY ORDERED THAT:

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

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

"James E. A. Turner"

Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Galahad Metals Inc.	03 May 13	17 May 13	17 May 13	31 Oct 13
Metron Capital Corp.	18 Oct 13	30 Oct 13	30 Oct 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
Strike Minerals Inc.	19 Sept 13	01 Oct 13	01 Oct 13		

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Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
08/20/2013	3	ACI Worldwide, Inc. Formerly ACI Payment Systems - Notes	9,338,400.00	9,000.00
10/07/2013	55	Agility Health Holdings, Inc. - Common Shares	199,969.13	3,383.00
10/16/2013	7	Antero Resources Corporation - Common Shares	15,020,940.00	330,000.00
10/16/2013	5	Applied Optoelectronics, Inc. - Common Shares	1,704,945.00	3,600,000.00
10/09/2013	1	Barclays bank PLC - Notes	155,332.50	1,500.00
10/08/2013 to 10/09/2013	2	Barclays bank PLC - Notes	155,140.92	N/A
10/09/2013	1	Barclays Bank PLC - Notes	154,477.50	1,500.00
10/08/2013	4	Barclays Bank PLC - Notes	308,955.00	3,000.00
10/09/2013	1	Barclays Bank PLC - Notes	50,993.02	500.00
10/09/2013	1	Barclays Bank PLC - Notes	51,275.26	500.00
10/16/2013	37	Bayfield Alberni Limited Partnership - Units	9,100,000.00	9,100.00
10/11/2013	1	BNP PARIBAS ARBITRAGE SNC - Certificates	570,838.50	500,000.00
09/20/2013	2	Breakthru Minerals Corporation - Common Shares	19,995.00	199,950.00
10/10/2013	6	Bukit Energy Inc. - Preferred Shares	11,131,880.00	8,905,504.00
10/15/2013	3	Carnival Corporation - Notes	12,963,750.00	3.00
10/11/2013	1	CDH Fund V, L.P. - Limited Partnership Interest	207,700,000.00	N/A
10/03/2013	1	Cequence Energy Ltd. - Notes	60,000,010.00	1.00
09/18/2013	11	CHC Realty Capital Corp. - Common Shares	499,999.50	9,999,990.00
09/24/2013	1	Chieftain Metals Inc. - Flow-Through Shares	25,000.00	31,250.00
10/16/2013	30	Committed Capital Acquisition Corp. - Common Shares	6,204,041.00	1,200,008.00
10/16/2013	2	COREFOUR INC. - Preferred Shares	1,100,000.00	0.00
10/15/2013	5	CP RECORDS INC. - Notes	575,000.00	0.00
10/17/2013	2	Ctrip.com International, Ltd. - Notes	17,484,500.00	17,000.00
10/15/2013 to 10/18/2013	3	Dealnet Capital Corp. - Debentures	156,000.00	156.00
09/30/2013	13	Diadem Resources Ltd. - Common Shares	200,000.00	20,000,000.00

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/11/2013	10	DYNACERT INC. - Units	490,500.15	2,802,858.00
09/27/2013	2	East Coast Energy Inc. - Units	35,007.70	50,011.00
10/01/2013 to 10/10/2013	22	Foremost Mortgage Trust (Amendment) - Debt	6,713,094.00	6,713,094.00
09/23/2013	21	GC- Global Capital Corp. - Special Shares	910,000.00	7,000,000.00
10/08/2013	23	Genesis Technical Systems Corp. - Common Shares	594,782.61	2,478,261.00
10/10/2013	12	Georgian Partners Growth Fund II, LP - Limited Partnership Units	14,150,000.00	14,150,000.00
09/12/2013	10	Ginguro Exploration Inc.(Amended) - Units	274,999.90	19,666,666.00
09/30/2013	92	Ginkgo Mortgage Investment Corporation - Preferred Shares	813,991.93	81,399.19
10/21/2013	9	Gold Bullion Development Corp. - Units	970,004.00	13,857,200.00
10/11/2012	158	Greybrook Yorkville Limited Partnership - Units	41,356,500.00	414,000.00
10/11/2013	24	GVest Tsawwassen Power Centre Limited Partnership - Limited Partnership Units	2,200,000.00	2,095.24
10/11/2013	2	Harte Gold Corp. - Flow-Through Units	130,000.00	900,000.00
09/16/2013	68	Headwind Capital Inc. - Debentures	968,000.00	N/A
10/15/2013	7	HORTICAN INC. - Common Shares	237,000.00	474,000.00
10/09/2013	4	H&R Real Estate Investment Trust - Debentures	235,000,000.00	2,350,000.00
10/23/2013	3	H&R Real Estate Investments Trust - Exchangeable Shares	60,000,000.00	60,000.00
09/30/2013	23	Invico Balanced Real Estate Fund - Trust Units	452,565.00	40,228.00
10/02/2013	2	JP Morgan Structured Products B.V. - Notes	107,869.74	950.00
09/17/2013	8	J.P. Morgan Chase & Co. - Notes	1,425,000.00	8.00
03/20/2013	1	J.P. Morgan Structured Products B.V. - Certificates	513,375.00	500.00
10/16/2013	18	L Brands, Inc. - Notes	4,102,097.50	21,655.00
10/03/2013	6	LiveWorkPlay Winnipeg Developments Ltd. - Bonds	354,000.00	354.00
09/26/2013	53	Lyfe Kitchen Retail (Canada) Trust - Trust Units	692,308.28	44,068.00
07/24/2013	1	Mabh Ontario Inc. - Common Shares	500,000.00	10,466.00
10/11/2013	38	Magor Corporation - Common Shares	1,452,325.00	5,809,300.00
10/21/2013	8	Mariposa Borrower, Inc./Mariposa Merger Sub LLC - Notes	32,910,000.00	31,500.00
01/01/2006 to 12/31/2006	11	MB Balanced Growth Pension Fund - Units	29,131,700.98	2,132,122.28

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
01/01/2007 to 12/31/2007	5	MB Balanced Growth Pension Fund - Units	24,331,252.00	1,732,534.13
01/01/2008 to 12/31/2008	6	MB Balanced Growth Pension Fund - Units	21,914,827.19	1,872,969.10
01/01/2009 to 12/31/2009	8	MB Balanced Growth Pension Fund - Units	38,727,720.75	3,600,626.68
01/01/2010 to 12/31/2010	6	MB Balanced Growth Pension Fund - Units	15,222,862.21	1,292,099.63
01/01/2011 to 12/31/2011	6	MB Balanced Growth Pension Fund - Units	16,537,844.83	1,386,219.97
01/01/2009 to 12/31/2009	200	MB Global Equity Fund - Units	321,758,721.12	29,685,436.43
01/01/2008 to 12/31/2008	281	MB Global Equity Fund - Units	540,154,233.03	42,284,987.24
01/01/2007 to 12/31/2007	203	MB Global Equity Fund - Units	470,516,665.46	30,844,636.51
01/01/2006 to 12/31/2006	215	MB Global Equity Fund - Units	318,708,571.16	21,741,671.56
01/01/2010 to 12/31/2010	142	MB Global Equity Fund - Units	266,986,173.95	23,279,663.27
01/01/2011 to 12/31/2011	184	MB Global Equity Fund - Units	261,068,190.75	22,628,525.02
10/16/2013	9	Melkior Resources Inc. - Units	170,000.00	3,400,000.00
10/09/2013	1	MILLROCK RESOURCES INC. - Units	452,250.00	6,700,000.00
03/14/2013	1	Morgan Stanley - Notes	77,006.25	750.00
10/11/2013	1	Navistar International Corporation - Notes	4,133,230.00	4,000.00
08/23/2013	1	New Mountain Partners IV L.P. - Limited Partnership Interest	315,450,000.00	N/A
10/10/2013	23	New Zealand Energy Corp. - Receipts	1,045,780.00	3,169,030.00
10/17/2013	1	Open Access Limited - Notes	150,000.00	1.00
10/22/2013	16	Otis Gold Corp. - Units	315,000.00	6,300,000.00
09/16/2013	54	Pavilion Flow-Through L.P. (2013) 1 - Limited Partnership Units	991,500.00	N/A
10/17/2013	13	Pelangio Exploration Inc. - Common Shares	520,000.00	8,000,000.00
09/30/2013	2	Prosperity Goldfields Corp. - Common Shares	3,412.52	85,313.00
10/16/2013	28	Range Royalty Limited Partnership - Limited Partnership Units	48,375,000.00	2,250,000.00
10/16/2013	203	Range Royalty Trust - Trust Units	37,911,595.00	1,763,330.00
09/30/2013	8	Redstone Investment Corporation - Notes	390,000.00	N/A

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price ($)	No of Securities Distributed
10/10/2013	19	Redstone Investment Corporation - Notes	1,170,000.00	N/A
09/17/2013	2	Reynolds American Inc. - Notes	6,169,783.81	2.00
10/15/2013	3	Royal Mail plc - Common Shares	14,333,000.00	2,725,000.00
10/04/2013	20	SENSIO Technologies Inc. - Units	2,040,000.00	20,400,000.00
10/16/2013	12	Sirios Resources inc. - Flow-Through Shares	192,000.00	2,262,500.00
10/21/2013	1	SolarCity Corporation - Common Shares	1,438,200.00	30,000.00
10/21/2013	3	Springleaf Holdings, Inc. - Common Shares	2,451,400.00	140,000.00
10/04/2013	4	Tesoro Minerals Corp. - Common Shares	224,959.00	749,863.00
10/11/2013	1	The Greybrook Yorkville Sub-Trust - Units	26,259,700.00	262,597.00
10/11/2013	248	The Greybrook Yorkville Trust - Units	26,259,700.00	268,597.00
10/15/2013	6	THE WEEKEND TOURING INC. - Notes	560,000.00	6.00
10/16/2013	3	TMS International Corp. - Notes	1,458,645.00	3.00
10/07/2013 to 10/11/2013	11	UBS AG, Jersey Branch - Certificates	3,550,234.59	11.00
10/15/2013 to 10/18/2013	25	UBS AG, JERSEY BRANCH - Certificates	9,320,576.30	0.00
10/04/2013	1	UBS AG, London Branch - Notes	517,775.00	500.00
10/11/2013	3	UBS AG, London Branch - Notes	550,000.00	0.00
10/08/2013 to 10/09/2013	11	UMC Financial Management Inc. - Mortgage	15,000,000.00	N/A
09/26/2013	5	Union Bank, N.A. - Notes	25,755,312.39	6.00
10/21/2013	6	Veeva Systems Inc. - Common Shares	689,899.00	33,500.00
10/22/2013	7	VENTRIPOINT DIAGNOSTIES LTD. - Debentures	500,000.00	0.00
09/30/2013	1	WestBond Enterprises Corporation - Common Shares	310,000.00	3,875,000.00
05/13/2013	17	Wild Rose Brewery Ltd. - Common Shares	456,945.75	609,261.00
10/21/2013	1	Wm. Wrigley Jr. company - Notes	2,057,114.07	2,000.00
10/16/2013	3	Wynn Macau, Limited - Notes	12,414,000.00	12,000.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Barrick Gold Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 31, 2013
NP 11-202 Receipt dated November 1, 2013
Offering Price and Description:
US$ * - * Common Share
Price US$ * per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BARCLAYS CAPITAL CANADA INC.
GMP SECURITIES L.P.
SCOTIA CAPITAL INC.
MORGAN STANLEY CANADA LIMITED
CITIGROUP GLOBAL MARKETS CANADA INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
MERRILL LYNCH CANADA INC.
UBS SECURITIES CANADA INC.
BNP PARIBAS (CANADA) SECURITIES INC.
CREDIT SUISSE SECURITIES (CANADA) INC.
GOLDMAN SACHS CANADA INC.
Promoter(s):
-
Project #2126419

Issuer Name:
Barrick Gold Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated November 1, 2013
NP 11-202 Receipt dated November 1, 2013
Offering Price and Description:
US $3,000,225,000.00 - 163,500,000 COMMON SHARES
Price: US$18.35 per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BARCLAYS CAPITAL CANADA INC.
GMP SECURITIES L.P.
SCOTIA CAPITAL INC.
MORGAN STANLEY CANADA LIMITED
CITIGROUP GLOBAL MARKETS CANADA INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
HSBC SECURITIES (CANADA) INC.
MERRILL LYNCH CANADA INC.
UBS SECURITIES CANADA INC.
BNP PARIBAS (CANADA) SECURITIES INC.
CREDIT SUISSE SECURITIES (CANADA) INC.
GOLDMAN SACHS CANADA INC.
Promoter(s):
-
Project #2126419

Issuer Name:
Baylin Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated October 29, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
C$ * - * Common Shares
Price: C$ * per Common Share
Underwriter(s) or Distributor(s):
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
CORMARK SECURITIES INC.
CLARUS SECURITIES INC.
M PARTNERS INC.
Promoter(s):
-
Project #2120756

Issuer Name:
Canada Lithium Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 28, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
$10,000,000.00 - 25,000,000 Units
Price: $0.40 per Unit
and
$2,500,800.00 - 5,210,000 Flow-Through Shares
Price: $0.48 per Flow-Through Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Promoter(s):
-
Project #2124378

Issuer Name:
DHX Media Ltd.
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated November 4, 2013
NP 11-202 Receipt dated November 4, 2013
Offering Price and Description:
$35,010,000.00 - 9,725,000 Common Shares
Price: $3.60 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
GMP SECURITIES L.P.
BYRON CAPITAL MARKETS LTD.
EURO PACIFIC CANADA INC.
JACOB SECURITIES INC.
GLOBAL MAXFIN CAPITAL INC.
Promoter(s):
-
Project #2127198

Issuer Name:
DirectCash Payments Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 1, 2013
NP 11-202 Receipt dated November 1, 2013
Offering Price and Description:
$15,200,000.00 - 950,000 Common Shares
Price: $16.00 per Common Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #2124541

Issuer Name:
Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 30, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
Maximum: $ * - * Preferred Shares and * Class A Shares
Prices: $ * per Preferred Share and $ * per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Promoter(s):
-
Project #2125389

Issuer Name:
Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated October 30, 2013
NP 11-202 Receipt dated October 31, 2013
Offering Price and Description:
Maximum: $25,012,000.00 - Up to 1,352,000 Preferred Shares and 1,352,000 Class A Shares
Prices: $10.00 per Preferred Share and $8.50 per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Promoter(s):
-
Project #2125389

Issuer Name:
Globevest Capital Secured Put Writing Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated October 25, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
Classes A, A3, A5, F, I and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Globevest Capital Ltd.
Project #2123636

Issuer Name:
Grande West Transportation Group Inc.
Principal Regulator - British Columbia
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated October 31, 2013
NP 11-202 Receipt dated November 4, 2013
Offering Price and Description:
MINIMUM OF $4,000,000.00 TO A MAXIMUM OF $5,000,000.00
MINIMUM OF 8,000,000 SHARES TO A MAXIMUM OF 10,000,000 SHARES
PRICE: $0.50 PER COMMON SHARE
Underwriter(s) or Distributor(s):
Macquarie Private Wealth
Euro Pacific Canada, Inc.
Promoter(s):
William Trainer
Project #2114225

Issuer Name:
Hakim Wealth Management Inc.
Type and Date:
Preliminary Long Form Prospectus dated October 31, 2013
Receipted on November 4, 2013
Offering Price and Description:
Maximum Offering: $60,000,000.00 - 6,000,000 Preferred Shares
Price: $10.00 per Preferred Share
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hamed Ali
Project #2119324

Issuer Name:
IA Clarington Canadian Mid Cap Dividend Class
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated October 24, 2013
NP 11-202 Receipt dated November 4, 2013
Offering Price and Description:
Offering Series A, Series F, Series I, Series O and Series T6 securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
IA Clarington Investments Inc.
Project #2124778

Issuer Name:
NDX Growth & Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 31, 2013
NP 11-202 Receipt dated October 31, 2013
Offering Price and Description:
Maximum: $ * - * Class A units and US$ * - * Class U Units
Price: $10.00 per Class A Unit and US$10.00 per Class U Unit
Minimum Purchase: 100 Class A Units and 100 U Units
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corp.
Promoter(s):
Strathbridge Asset Management Inc.
Project #2126263

Issuer Name:
New Zealand Energy Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 30, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
$16,138,436.82 - 48,904,354 Units
Issuable upon Conversion of 48,904,354 Outstanding Subscription Receipts
Price: $0.33 per Subscription Receipt
Underwriter(s) or Distributor(s):
-
Promoter(s):
John G. Proust
Project #2125856

Issuer Name:
OCP Tactical Senior Income Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 28, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
Maximum: $* - * Units
Price: $10.00 per Trust Unit
Minimum Purchase: 200 units
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
ROTHENBERG CAPITAL MANAGEMENT INC.
Promoter(s):
ONEX CREDIT PARTNERS, LLC
Project #2124596

Issuer Name:
Park Lawn Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated October 30, 2013
NP 11-202 Receipt dated November 4, 2013
Offering Price and Description:
Minimum Offering $6,000,000.00 - * Common Shares
Maximum Offering $9,000,000.00 - * Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
Mackie Research Capital Corporation
Macquarie Private Wealth Inc.
Promoter(s):
-
Project #2126767

Issuer Name:
Raging River Exploration Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 29, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
$78,400,000.00 - 14,000,000 Common Shares
Price: $5.60 per Common Share
Underwriter(s) or Distributor(s):
FIRSTENERGY CAPITAL CORP.
PETERS & CO. LIMITED
DUNDEE SECURITIES LTD.
DESJARDINS SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
PARADIGM CAPITAL INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2125096

Issuer Name:
RMP Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 30, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
$50,001,700.00 - 8,197,000 Common Shares
Price: $6.10 per Common Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
PETERS & CO. LIMITED
MACQUARIE CAPITAL MARKETS CANADA LTD.
NATIONAL BANK FINANCIAL INC.
CORMARK SECURITIES INC.
FIRSTENERGY CAPITAL CORP.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project #2123308

Issuer Name:
Rockefeller Hughes Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated October 31, 2013
NP 11-202 Receipt dated November 1, 2013
Offering Price and Description:
Up to $5,000,000.00 - * Units
Price: $0.18 per Unit
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
PI Financial Corp.
Promoter(s):
Zoran Arandjelovic
Project #2126408

Issuer Name:
Storm Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 1, 2013
NP 11-202 Receipt dated November 1, 2013
Offering Price and Description:
$30,150,000.00 - 9,000,000 Common Shares
$3.35 per Common Share
Underwriter(s) or Distributor(s):
FIRSTENERGY CAPITAL CORP.
PETERS & CO. LIMITED
NATIONAL BANK FINANCIAL INC.
CLARUS SECURITIES INC.
RBC DOMINION SECURITIES INC.
CORMARK SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #2124641

Issuer Name:
TAG Oil Ltd
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated October 29, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
$25,080,000.00 -5,700,000 Common Shares
Price: $4.40 Per Share

Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
CASIMIR CAPITAL LTD.
CREDIT SUISSE SECURITIES (CANADA) INC.
CORMARK SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
M PARTNERS INC.
Promoter(s):
-
Project #2125206

Issuer Name:
Whitecap Resources Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated October 30, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
$65,004,000.00 - 5,417,000 Common Shares
Price $12.00 per Common Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
GMP Securities L.P.
TD Securities Inc.
Dundee Securities Ltd.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
Scotia Capital Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Peters & Co. Limited
Raymond James Ltd.
Promoter(s):
-
Project #2124476

Issuer Name:
Cineplex Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 29, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
$100,000,000.00
4.50% Extendible Convertible Unsecured Subordinated Debentures
Price: $1,000 per Debenture
Underwriter(s) or Distributor(s):
SCOTIA CAPITAL INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #2121352

Issuer Name:
Counsel All Equity Portfolio
Counsel All Equity Portfolio Class
Counsel Balanced Portfolio
Counsel Balanced Portfolio Class
Counsel Canadian Dividend
Counsel Canadian Dividend Class
Counsel Canadian Growth
Counsel Canadian Growth Class
Counsel Canadian Value
Counsel Canadian Value Class
Counsel Conservative Portfolio
Counsel Conservative Portfolio Class
Counsel Fixed Income
Counsel Global Dividend
Counsel Global Real Estate
Counsel Global Small Cap
Counsel Global Small Cap Class
Counsel Growth Portfolio
Counsel Growth Portfolio Class
Counsel High Yield Fixed Income
Counsel Income Managed Portfolio
Counsel International Growth
Counsel International Growth Class
Counsel International Value
Counsel International Value Class
Counsel Managed High Yield Portfolio
Counsel Managed Portfolio
Counsel Managed Yield Portfolio
Counsel Money Market
Counsel Regular Pay Portfolio
Counsel Short Term Bond
Counsel Short Term Fixed Income Class
Counsel U.S. Growth
Counsel U.S. Growth Class
Counsel U.S. Value
Counsel U.S. Value Class
Counsel World Managed Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated November 1, 2013
NP 11-202 Receipt dated November 4, 2013
Offering Price and Description:
Series A, C, D, E, B, F, I, P, T, DT, EB, ET and IT Securities @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
Counsel Portfolio Services Inc.
Project #2114238

Issuer Name:
easyhome Ltd.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated November 1, 2013
NP 11-202 Receipt dated November 1, 2013
Offering Price and Description:
$20,001,465.00
1,346,900 Common Shares at $14.85 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
RAYMOND JAMES LTD.
BEACON SECURITIES LIMITED
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2122906

Issuer Name:
Franco-Nevada Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated October 29, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
C$1,000,000,000.00
Common Shares
Preferred Shares
Debt Securities
Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2122161

Issuer Name:
iShares Gold Bullion ETF
iShares Silver Bullion ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated October 28, 2013
NP 11-202 Receipt dated October 29, 2013
Offering Price and Description:
Hedged common units and non-hedged common units @ net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2113952

Issuer Name:
TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Income Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Income Portfolio
TD Managed Index Aggressive Growth Portfolio
TD Managed Index Balanced Growth Portfolio
TD Managed Index Income & Moderate Growth Portfolio
TD Managed Index Income Portfolio
TD Managed Index Maximum Equity Growth Portfolio
TD Managed Maximum Equity Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 24, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
Investor Series units, e-Series units, Premium Series units, H Series units and K Series units @ net asset value
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series and Premium Series units only)
TD Investment Services Inc. (for Investor Series and Premium Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)
Promoter(s):
TD Asset Management Inc.
Project #2112013

Issuer Name:
TD FundSmart Managed Aggressive Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Income Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
TD Managed Aggressive Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Income & Moderate Growth Portfolio
TD Managed Income Portfolio
TD Managed Maximum Equity Growth Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated October 24, 2013
NP 11-202 Receipt dated October 30, 2013
Offering Price and Description:
Advisor Series units and T-Series units @ net asset value
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series and Premium Series units only)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #2112019

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Logan Circle Partners I LLC	From: Portfolio Manager To: Exempt Market Dealer and Portfolio Manager	October 30, 2013
New Registration	Sun Life Investment Management Inc.	Investment Fund Manager, Exempt Market Dealer and Portfolio Manager	October 30, 2013
Name Change	From: MFS McLean Budden Limited To: MFS Investment Management Canada Limited / MFS Gestion de Placements Canada Limitee	Investment Fund Manager, Exempt Market Dealer, Portfolio Manager and Mutual Fund Dealer	November 1, 2013
Amalgamation	RBC Global Asset Management Inc. and Bonavista Asset Management Ltd. To Form: RBC Global Asset Management Inc.	Exempt market Dealer, Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	November 1, 2013
Name Change	From: Dundee Private Investors Inc./ Services Financiers Dundee Inc. To: HollisWealth Advisory Services Inc. / Services Financiers Patrimoine Hollis Inc.	Mutual Fund Dealer and Exempt Market Dealer	November 1, 2013
Voluntary Surrender	GCIC Ltd.	Portfolio Manager, Investment Fund Manager and Commodity Trading Manager	November 1, 2013

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.2 Marketplaces

13.2.1 SwapEx, LLC – Notice of Commission Order – Application for Exemptive Relief

APPLICATION FOR EXEMPTIVE RELIEF

NOTICE OF INTERIM COMMISSION ORDER

On October 29, 2013, the Commission issued an interim order under section 147 of the *Securities Act* (Ontario) (Act) exempting SwapEx, LLC from the requirement in subsection 21(1) of the Act to be recognized as an exchange (Interim Order), subject to terms and conditions as set out in the Interim Order.

A copy of the Interim Order is published in Chapter 2 of this Bulletin.

13.3 Clearing Agencies

13.3.1 CDS – Notice of Effective Date – Technical Amendments to CDS Procedures – ACT Service Reporting Changes

NOTICE OF EFFECTIVE DATE – TECHNICAL AMENDMENTS TO CDS PROCEDURES

ACT SERVICE REPORTING CHANGES

A. DESCRIPTION OF THE PROPOSED CDS PROCEDURE AMENDMENTS

CDS's Automated Confirmation Transaction (ACT) service provides subscribers with access to the Financial Industry Regulatory Authority (FINRA) / National Association of Securities Dealers Automated Quotations (NASDAQ) trade reporting facility without having to become members of FINRA or NASDAQ (the trade reporting facility is owned by FINRA and operated by NASDAQ).

The FINRA/NASDAQ trade reporting facility is an automated, real-time, trade reporting and reconciliation service that electronically facilitates the post-execution steps of price and volume reporting, comparison, and clearing of trades for NASDAQ-listed securities as well as transactions in NYSE-listed and other U.S. regional exchange-listed securities that occur off the floor.

NASDAQ provides CDS with a file daily that contains information related to the previous day's trading activity conducted by CDS's Participants via the FINRA/NASDAQ trade reporting facility. Information in the file is extracted and compared to compliance rules that have been provided to CDS by NASDAQ. Trading activity that does not comply with these rules is identified and reported to participants.

The "30 Second (trade reporting)" Rule will become a "10 Second" Rule as of Monday, November 4, 2013 (per FINRA Regulatory Notice 13-19 dated May 2013). As such, the related compliance rule will be modified accordingly and information displayed within the NASDAQ/FINRA – ACT COMPLIANCE REPORT (RMS ID #359) will identify such trading activity as non-compliant with the "10 Second" Rule rather than the "30 Second" Rule. References to the "30 Second" Rule will be updated accordingly within Chapter 7 (Registering and withdrawing from CDS services) of the Participating in CDS Services procedure, as well as, Chapter 16 (International Reports) of the CDS Reporting Procedures.

CDS procedure amendments are reviewed and approved by CDS's strategic development review committee (SDRC). The SDRC reviews, prioritizes and oversees CDS-related systems development and other changes proposed by participants and CDS. The SDRC's membership includes representatives from the CDS Participant community and meets on a monthly basis.

These amendments were reviewed and approved by the SDRC on September 26, 2013.

The proposed procedure amendments are available for review and download on the User Documentation page on the CDS website at www.cds.ca/cdsclearinghome.nsf/Pages/-EN-UserDocumentation?Open.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed in this Notice are considered technical in nature, and are required to ensure consistency or compliance with an existing rule, securities legislation or other regulatory requirement, as described in Section 3 (a) (ii) of the Rule Protocol regarding review and approval of CDS Clearing Depository Services Inc. Rules issued by the Ontario Securities Commission, and in Section 3 (a) (iii) of the Rule Protocol issued by the Autorité des marchés financiers.

C. EFFECTIVE DATE OF THE CDS PROCEDURE AMENDMENTS

CDS is recognized as a clearing agency by the Ontario Securities Commission pursuant to section 21.2 of the Ontario *Securities Act*, and by the British Columbia Securities Commission pursuant to section 24(d) of the British Columbia *Securities Act*, and by the *Autorité des marchés financiers* pursuant to Section 169 of the Quebec *Securities Act*. The *Autorité des marchés financiers* has authorized CDS to carry on clearing activities in Québec pursuant to section 169 of the Quebec *Securities Act*. In addition CDS is deemed to be the clearing house for CDSX®, a clearing and settlement system designated by the Bank of Canada pursuant to section 4 of the *Payment Clearing and Settlement Act*. The *Autorité des marchés financiers*, the Bank of Canada, the British Columbia Securities Commission and the Ontario Securities Commission are collectively referred to as the "Recognizing Regulators".

CDS has determined that these amendments will become effective on the date that the NASDAQ/FINRA "30 Second (trade reporting) Rule" becomes a "10 Second Rule" (currently expected to become effective on November 4, 2013).

D. QUESTIONS

Questions regarding this notice may be directed to:

Rob Argue
Senior Product Manager

CDS Clearing and Depository Services Inc.
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: (416) 365-3887
Email: rargue@cds.ca

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