The Ontario Securities Commission

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

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Notice of Agreement among Provincial and Territorial Securities Regulatory Authorities Transferring and Assigning Trade-mark to the Alberta Securities Commission

NOTICE OF AGREEMENT AMONG PROVINCIAL AND TERRITORIAL SECURITIES REGULATORY AUTHORITIES TRANSFERRING AND ASSIGNING TRADE-MARK TO THE ALBERTA SECURITIES COMMISSION

January 23, 2014

The provincial and territorial securities regulatory authorities have recently entered an agreement transferring and assigning the SEDAR trade-mark to the Alberta Securities Commission.

The agreement is being published today in the Bulletin in accordance with section 143.10 of the *Securities Act*. This agreement was delivered to the Minister of Finance on January 20, 2014, and is subject to Ministerial approval.

Questions may be referred to:

Minami Ganaha
Senior Legal IT Counsel
General Counsel's Office
(416) 593-8170
mganaha@osc.gov.on.ca

TRADE-MARK TRANSFER AND ASSIGNMENT

WHEREAS the **CANADIAN SECURITIES ADMINISTRATORS** (the "Association"), an association comprised of the Alberta Securities Commission; the British Columbia Securities Commission; the Manitoba Securities Commission; the New Brunswick Securities Commission; the Financial Services Regulation Division, Service NL, Government of Newfoundland and Labrador; the Department of Justice, Office of the Superintendent of Securities, Government of the Northwest Territories; the Nova Scotia Securities Commission; the Office of the Superintendent of Securities for Nunavut, Department of Justice, Government of Nunavut; the Ontario Securities Commission; the Consumer, Labour and Financial Services Division, Department of Environment, Labour and Justice, Government of Prince Edward Island; the Autorité des marchés financiers; the Financial and Consumer Affairs Authority of Saskatchewan; and, the Office of the Yukon Superintendent of Securities, Department of Community Services, Corporate Policy and Consumer Affairs Division, Corporate Affairs Branch, Government of Yukon, (collectively, the "Administrators"), and whose principal office or place of business is c/o Attention: CSA IT Systems Office, Ontario Securities Commission, Suite 1903, 20 Queen Street West, Toronto, Ontario, M5H 3S8, Canada, are desirous of selling, assigning, conveying, transferring and setting over to the **Alberta Securities Commission** (the "Assignee"), the full post office address of whose principal office or place of business is: Suite 600, 250-5th Street SW, Calgary, Alberta, T2P 0R4, all of Association's right, title, interest and benefit in and to the trade-mark SEDAR (the "Trade-mark"), including pursuant to Canadian registration No. TMA 474,211 issued on April 7, 1997, and further including any and all goodwill pertaining thereto, and any and all rights relating thereto that may arise at law, and all rights of action resulting from prior infringement or other unauthorized use thereof, and all of its rights to oppose applications for the registration of similar or confusing trade-marks, and any and all rights of priority exercisable in Canada or elsewhere and resulting from the filing of the Trade-mark, as well as any applications corresponding thereto and any previously filed applications in respect thereof under international conventions (the "Trade-mark Rights");

AND WHEREAS, the Administrators, which in the order presented above, have respective principal offices or places of business at Suite 600, 250-5th Street SW, Calgary, Alberta, T2P 0R4; P.O. Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver, British Columbia, V7Y 1L2; 500 - 400 St. Mary Avenue, Winnipeg, Manitoba, R3C 4K5; 85 Charlotte Street, Suite 300, Saint John, New Brunswick, E2L 2J2; 2nd Floor, West Block Confederation Building, P.O. Box 8700, St. John's, Newfoundland and Labrador, A1B 4J6; 1st Floor Stuart M. Hodgson Building, 5009 - 49th Street, P.O. Box 1320, Yellowknife, Northwest Territories, X1A 2L9; Duke Tower, Suite 400, 5251 Duke St., P.O. Box 458, Halifax, Nova Scotia, B3J 2P8; 1st Floor, Brown Building, P.O. Box 1000 - Station 570, Iqaluit, Nunavut, X0A 0H0; Box 55, Suite 1903 - 20 Queen Street West, Toronto, Ontario, M5H 3S8; 95 Rochford Street, 4th Floor, Shaw Building, Charlottetown, Prince Edward Island, C1A 7N8; Place de la Cité, tour Cominar, 2640, boulevard Laurier, 3e étage, Québec, Québec, G1V 5C1; 601 - 1919 Saskatchewan Drive, Regina, Saskatchewan, S4P 4H2; 307 Black Street, 1st Floor, Whitehorse, Yukon, Y1A 2N1, are likewise each desirous of selling, assigning, conveying, transferring and setting over to the Assignee all of their right, title, interest and benefit, if any, in and to the Trade-mark Rights;

NOW THEREFORE, in consideration of the sum of one dollar ($1.00) and other good and valuable consideration paid to it by the Assignee, the receipt and sufficiency of which is hereby acknowledged, the Association does hereby sell, assign, convey, transfer and set over to the Assignee its entire right, title, interest and benefit in and to the Trade-mark and the Trade-mark Rights, and each of the Administrators does hereby sell, assign, convey, transfer and set over to Assignee its respective entire right, title, interest and benefit, if any, in and to the Trade-mark and the Trade-mark Rights, the said Trade-mark and Trade-mark Rights to be held and enjoyed as fully and exclusively as the same would have been held and enjoyed by the Association and the Administrators (collectively the "Assignors") had this sale, assignment, conveyance, transfer and setting over not been made.

AND ASSIGNORS, other than the Alberta Securities Commission, on behalf of themselves and their successors, assigns, nominees or other legal representatives, do hereby covenant and agree to do all such lawful acts and things and to execute and deliver without further consideration such further lawful assignments, instruments, assurances, applications and other documents as may reasonably be required by the Assignee, or by its successors, assigns, nominees or other legal representatives, to vest or secure the Trade-mark and Trade-mark Rights in the Assignee, and in the Assignee's successors, assigns, nominees or other legal representatives.

AND ASSIGNEE agrees and acknowledges that this sale, assignment, conveyance, transfer and setting over is being effected on an "AS IS" basis, without warranty or condition of any kind, including any implied warranties or conditions of merchantable quality, merchantability, fitness for a particular purpose, validity or non-infringement of third-party rights, whether arising at law, in equity or by a course of dealing or usage of trade.

THIS ASSIGNMENT may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which taken together will be deemed to constitute one and the same instrument, and shall be effective to transfer the Assignors' entire right, title, interest, property, and benefit to the Assignee on the day of the last execution of this Assignment.

IN WITNESS WHEREOF, the Alberta Securities Commission, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Calgary, Alberta, this 28th day of March, 2013.

ALBERTA SECURITIES COMMISSION

Per: "David C. Linder"
Name: David C. Linder
Title: Executive Director

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the British Columbia Securities Commission, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Vancouver, this 2nd day of April, 2013.

BRITISH COLUMBIA SECURITIES COMMISSION

Per: "Paul C. Bourque"
Name: Paul C. Bourque
Title: Executive Director

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Manitoba Securities Commission, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Winnipeg, MB, this 25th day of March, 2013.

MANITOBA SECURITIES COMMISSION

Per: "Don Murray"
Name: Don Murray
Title: Chair

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the New Brunswick Securities Commission, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Saint John, this 28th day of March, 2013.

NEW BRUNSWICK SECURITIES COMMISSION

Per: "R Hancox"
Name: R. Hancox
Title: Executive Director

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Financial Services Regulation Division, Service NL (formerly and most recently known as the Financial Services Regulation Division, Department of Government Services, formerly and previously known as the Financial Services Regulation Division, Department of Government Services and Lands, formerly and previously known as Department of Government Services and Lands, Securities Division, formerly and previously known as the Newfoundland Department of Justice, Securities Division), Government of Newfoundland and Labrador, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at St. John's, this 16th day of December, 2013.

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, AS REPRESENTED BY FINANCIAL SERVICES REGULATION DIVISION, SERVICE NL, GOVERNMENT OF NEWFOUNDLAND AND LABRADOR

Per: "Douglas Connolly"
Name: Douglas Connolly
Title: Director, Financial Services Regulation

Witnessed by:

Name: "Witness"

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF NEWFOUNDLAND AND LABRADOR, AS REPRESENTED BY THE MINISTER OF MUNICIPAL ABD INTERGOVERNEMENTAL AFFAIRS, GOVERNMENT OF NEWFOUNDLAND AND LABRADOR

Per: "Sean Dutton"
Name: Sean Dutton
Title: Deputy Minister

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Department of Justice, Office of the Superintendent of Securities (formerly known as the Northwest Territories Department of Justice, Securities Registry), Government of the Northwest Territories, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Yellowknife, NWT, this 28th day of March, 2013.

DEPARTMENT OF JUSTICE, OFFICE OF THE SUPERINTENDENT OF SECURITIES, GOVERNMENT OF THE NORTHWEST TERRITORIES

Per: "Donn MacDougall"
Name: Donn MacDougall
Title: Deputy Superintendent of Securities, Legal & Enforcement

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Nova Scotia Securities Commission, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Halifax, this 2 day of April, 2013.

NOVA SCOTIA SECURITIES COMMISSION

Per: "Sarah Bradley"
Name: Sarah Bradley
Title: Chair

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Office of the Superintendent of Securities for Nunavut, Department of Justice, Government of Nunavut (a successor in part to the Department of Justice, Office of the Superintendent of Securities (formerly known as the Northwest Territories Department of Justice, Securities Registry), Government of the Northwest Territories), by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Iqaluit, Nunavut, this 24th day of March, 2013.

OFFICE OF THE SUPERINTENDENT OF SECURITIES FOR NUNAVUT, DEPARTMENT OF JUSTICE, GOVERNMENT OF NUNAVUT

Per: "Louis Arki"
Name: Louis Arki
Title: Superintendent of Securities

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Ontario Securities Commission, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Toronto, Ontario, this 28th day of March, 2013.

ONTARIO SECURITIES COMMISSION

Per: "Maureen Jensen"
Name: Maureen Jensen
Title: Executive Director and CAO

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Consumer, Labour and Financial Services Division, Department of Environment, Labour and Justice, (formerly and most recently known as the Consumer, Corporate and Insurance Division, Office of the Attorney General, and formerly and previously known as Department of Provincial Affairs and Attorney General), Government of Prince Edward Island, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at _____, this _____day of _____, 2013.

CONSUMER, LABOUR AND FINANCIAL SERVICES DIVISION, DEPARTMENT OF ENVIRONMENT, LABOUR AND JUSTICE, GOVERNMENT OF PRINCE EDWARD ISLAND

Per: "Janice A. Sherry"
Name: Janice A. Sherry
Title: Minister & Attorney General

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF, the Autorité des marchés financiers (formerly known as the Commission des valeurs mobilières du Québec), by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at _____, this _____day of _____, 2013.

AUTORITÉ DES MARCHÉS FINANCIERS

Per: "Mario Albert"
Name: Mario Albert
Title: PDG

Witnessed by:

Name: _____

IN WITNESS WHEREOF, the Financial and Consumer Affairs Authority of Saskatchewan (successor in interest to the Saskatchewan Financial Services Commission, in turn a successor in interest to the Saskatchewan Securities Commission), by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Regina, SK, this 2nd day of April, 2013.

FINANCIAL AND CONSUMER AFFAIRS AUTHORITY OF SASKATCHEWAN

Per: "Dave Wild"
Name: Dave Wild
Title: Chair & CEO

Witnessed by:

Name: "Witness"

IN WITNESS WHEREOF the Office of the Yukon Superintendent of Securities, Department of Community Services, Corporate Policy and Consumer Affairs Division, Corporate Affairs Branch (formerly and most recently known as the Yukon Securities Office, Corporate Affairs Branch, Consumer and Protective Services, Department of Community Services, and formerly and previously known as Yukon Territory Department of Justice, Registrar of Securities), Government of Yukon, by itself and for and on behalf of the Association, has by its authorized signing officer executed this Trade-mark Transfer and Assignment on the day and year set forth below.

DATED at Whitehorse, this 15 day of May, 2013.

OFFICE OF THE YUKON SUPERINTENDENT OF SECURITIES, DEPARTMENT OF COMMUNITY SERVICES, CORPORATE POLICY AND CONSUMER AFFAIRS DIVISION, CORPORATE AFFAIRS BRANCH, GOVERNMENT OF YUKON

Per: "Frederik Pretorius"
Name: Frederik Pretorius
Title: Superintendent of Securities

Witnessed by:

Name: "Witness"

1.1.2 Notice of Correction – OSC Announces Agenda for Roundtable to Discuss Canada's Proxy Voting Infrastructure

In the news release entitled "OSC Announces Agenda for Roundtable to Discuss Canada's Proxy Voting Infrastructure", published on January 16, 2014 in (2014), 37 OSCB 739, a change should be made in the list of confirmed panellists on page 740:

Curtis Wennberg
(*TMX Group, CDS Clearing and Depository Services Inc.)*

should be replaced with

Fran Daly
(*TMX Group, CDS Clearing and Depository Services Inc.)*

1.2 Notices of Hearing

1.2.1 Sterling Grace & Co. Ltd. and Graziana Casale – s. 8(3)

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

AND

IN THE MATTER OF
STERLING GRACE & CO. LTD. AND GRAZIANA CASALE

NOTICE OF HEARING
(Subsection 8(3))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on February 18, 19 and 20, 2014, each day commencing at 10:00 a.m. or as soon thereafter as the hearing can be held;

TO CONSIDER an application made by Sterling Grace & Co. Ltd. and Graziana Casale on November 20, 2013 for a hearing and review of the Director's Decision dated November 18, 2013.

DATED at Toronto this 15th day of January, 2014

"Josée Turcotte"
Acting Secretary to the Commission

1.3 News Releases

1.3.1 CSA Seek Comment on Derivatives Model Rule for Customer Clearing and Protection of Customer Collateral and Positions

FOR IMMEDIATE RELEASE
January 16, 2014

CSA SEEK COMMENT ON DERIVATIVES MODEL RULE FOR CUSTOMER CLEARING AND PROTECTION OF CUSTOMER COLLATERAL AND POSITIONS

Toronto – The Canadian Securities Administrators (CSA) today published for comment CSA Staff Notice 91-304 *Model Provincial Rule Derivatives: Customer Clearing and Protection of Customer Collateral and Positions*, (Model Rule). The Model Rule is intended to increase the protection of customer collateral and positions, and to increase the resilience of derivatives clearing agencies.

Canadian and international initiatives mandating the clearing of over-the-counter (OTC) derivative transactions will cause certain market participants, who are not clearing members at a derivatives clearing agency, to clear their OTC derivatives transactions indirectly through market participants that are clearing members (or otherwise provide clearing services). The Model Rule published today would ensure that customer clearing provides customers with a high level of protection. The rule requirements relate to segregation and use of customer collateral, as well as record keeping and disclosure about collateral held.

"The Model Rule would implement a robust protection regime for customers in cleared OTC derivative transactions," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission. "It imposes requirements on clearing agencies and their participants that will protect derivatives market participants in times of financial stress and will facilitate the transfer of customer positions and collateral."

Today's proposal follows consultation with market participants and feedback received from stakeholders on CSA Consultation Paper 91-404 *Derivatives: Segregation and Portability in OTC Derivatives Clearing* published in February 2012. The CSA welcome feedback on today's proposal, which will move this important initiative forward. The comment period is open until March 19, 2014.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

For more information:

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Richard Gilhooley
British Columbia Securities Commission
604-899-6713

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Kevan Hannah
Manitoba Securities Commission
204-945-1513

Wendy Connors-Beckett
Financial and Consumer Services Commission
New Brunswick
506-643-7745

Tanya Wiltshire
Nova Scotia Securities Commission
902-424-8586

Janice Callbeck
PEI Securities Office
Office of the Attorney General
902-368-6288

Don Boyles
Financial Services Regulation Div.
Newfoundland and Labrador
709-729-4501

Rhonda Horte
Office of the Yukon
Superintendent of securities
867-667-5466

Louis Arki
Nunavut Securities Office
867-975-6587

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

Daniela Machuca
Financial and Consumer Affairs
Authority of Saskatchewan
306-798-4160

1.3.2 OSC Proposes Rule Amendments Regarding Disclosure of Women on Boards and in Senior Management

FOR IMMEDIATE RELEASE
January 16, 2014

OSC PROPOSES RULE AMENDMENTS REGARDING
DISCLOSURE OF WOMEN ON BOARDS AND IN SENIOR MANAGEMENT

Toronto – The Ontario Securities Commission published today for a 90-day comment period proposed local amendments to Form 58-101F1 of National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

The proposed amendments would require TSX-listed issuers (and other non-venture issuers) that are reporting issuers in Ontario to provide disclosure regarding the following matters on an annual basis:

- director term limits,
- policies regarding the representation of women on the board,
- the board's or nominating committee's consideration of the representation of women in the director identification and selection process,
- the issuer's consideration of the representation of women in executive officer positions when making executive officer appointments,
- targets regarding the representation of women on the board and in executive officer positions, and
- the number of women on the board and in executive officer positions.

"Our proposed amendments are intended to encourage more effective boards and better corporate decision making, which will benefit investors and the capital markets," said Howard I. Wetston, Q.C., Chair and CEO of the OSC. "This is about helping TSX-listed issuers tap into a pool of talented and capable resources currently under-represented on today's boards and senior management."

The comment period will end on April 16, 2014 and comments must be submitted in writing to: comments@osc.gov.on.ca.

Background

Today's proposed amendments are the result of feedback received in response to proposals set out in OSC Staff Consultation Paper 58-401 *Disclosure Requirements Regarding Women on Boards and in Senior Management* in which the OSC indicated that it was considering amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

The consultation paper was published on July 30, 2013 following a request received from the Minister of Finance, Charles Sousa, and the then Minister Responsible for Women's Issues in June 2013.

On December 18, 2013, the OSC delivered OSC Report 58-402 Report to Minister of Finance and Minister Responsible for Women's Issues – *Disclosure Requirements Regarding Women on Boards and in Senior Management*. The proposed amendments reflect the recommendations contained in the report. A copy of the report is being published concurrently with today's notice and request for comment and proposed amendments.

For Media Inquiries:
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For Investor Inquiries:

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

1.3.3 OSC Requests Members for Small and Medium Enterprises Committee

FOR IMMEDIATE RELEASE
January 20, 2014

OSC REQUESTS MEMBERS FOR SMALL AND MEDIUM ENTERPRISES COMMITTEE

TORONTO – The Ontario Securities Commission (OSC) is inviting applications for membership on its Small and Medium Enterprises Committee (SMEC). The SMEC's current term has expired and OSC staff thank all outgoing members for their valuable contribution over the past year.

The purpose of the SMEC is to advise OSC staff on matters related to small and medium enterprises (SMEs), including the challenges they face in operating their businesses and raising capital. OSC staff recognize the contribution of SMEs, including both private companies and venture issuers, to economic growth and job creation in Ontario.

The SMEC members will be asked to provide input on regulatory approaches to the capital raising segment of the exempt market, including the impact on SMEs of possible new prospectus exemptions under consideration by the OSC. The SMEC will also discuss the development, implementation and communication of policies and practices to address issues affecting SMEs, in the pursuit of capital market efficiency, investor protection and economic growth.

The SMEC meets approximately five times a year, with members serving a one-year term. It will consist of 10 to 15 members with a variety of different perspectives. Members will be selected for their knowledge of, and experience related to, the particular challenges facing SMEs in the securities regulatory context. The SMEC is chaired by Jo-Anne Matear, Manager, Corporate Finance Branch.

Interested parties should submit their application, indicating their relevant experience by February 10, 2014.

Applications and questions regarding the SMEC should be forwarded in writing to:

Jo-Anne Matear
Manager, Corporate Finance Branch
Ontario Securities Commission
SMEC@osc.gov.on.ca

For Media Inquiries:
media_inquiries@osc.gov.on.ca

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1.3.4 Canadian Securities Regulators Propose Changes to the Prospectus-Exempt Distribution of Short-Term Debt and Short-Term Securitized Products

FOR IMMEDIATE RELEASE
January 23, 2014

CANADIAN SECURITIES REGULATORS PROPOSE CHANGES
TO THE PROSPECTUS-EXEMPT DISTRIBUTION OF
SHORT-TERM DEBT AND SHORT-TERM SECURITIZED PRODUCTS

Calgary – The Canadian Securities Administrators (CSA) today published for comment proposed amendments relating to the short-term debt prospectus exemption in National Instrument 45-106 *Prospectus and Registration Exemptions.*

The proposals include:

1) a new prospectus exemption designed to address the prospectus-exempt distribution of short-term securitized products, primarily asset-backed commercial paper (ABCP); and

2) amendments to the short-term debt prospectus exemption to address the prospectus-exempt distribution of short-term debt, typically corporate commercial paper (CP).

"These amendments reflect a tailored approach to differing investor protection and systemic risk concerns related to Canadian CP and ABCP while continuing to advance efficiency and fairness in the capital markets," said Bill Rice, Chair of the CSA and Chair and CEO of the Alberta Securities Commission.

The proposed ABCP amendments respond to investor protection and financial stability concerns raised by certain types of ABCP that were distributed prior to the financial crisis of 2007-2008. The ABCP amendments limit use of the short-term debt prospectus exemption and other prospectus exemptions to issue ABCP. They also propose a new prospectus exemption that would be limited to conventional or traditional ABCP and introduce new conditions relating to credit ratings, liquidity, underlying asset pools and initial and ongoing disclosure

The CSA published a comprehensive set of proposals relating to securitized products in April 2011. The proposed ABCP amendments supersede the April 2011 proposals and reflect a regulatory response that is more tailored to the issues that have arisen in the Canadian securitization market.

The CSA has also published for comment certain consequential amendments to National Instrument 25-101 *Designated Rating Organizations* and changes to Companion Policy 45-106 *Prospectus and Registration Exemptions*.

The proposed CP amendments modify the credit rating requirements in the short-term debt prospectus exemption. These modifications are intended to provide consistent treatment of CP issuers with similar credit risk and to maintain the current credit quality of CP that can be distributed under the exemption, while removing any disincentive to obtain additional credit ratings. If the proposed amendments are adopted, certain issuers that currently require exemptive relief to issue CP without a prospectus will be able to use the short-term debt prospectus exemption.

The CSA notice and the proposed amendments are available on CSA members' websites. The comment period is open until April 23, 2014.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

For more information:

Mark Dickey
Alberta Securities Commission
403-297-4481

Richard Gilhooley
British Columbia Securities Commission
604-899-6713

Kevan Hannah
Manitoba Securities Commission
204-945-1513

Sylvain Théberge
Autorité des marchés financiers
514-940-2176

Carolyn Shaw-Rimmington
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Tanya Wiltshire
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Don Boyles
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306-798-4160

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902-368-6288

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Office of the Yukon Superintendent of
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867-667-5466

Donn MacDougall
Northwest Territories
Securities Office
867-920-8984

1.4 Notices from the Office of the Secretary

1.4.1 Irwin Boock et al.

FOR IMMEDIATE RELEASE
January 16, 2014

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

AND

IN THE MATTER OF
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

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

A copy of the Reasons and Decision on Sanctions and Costs dated January 14, 2014 and the Order dated January 14, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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1.4.2 Sterling Grace & Co. Ltd. and Graziana Casale

FOR IMMEDIATE RELEASE
January 16, 2014

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

AND

IN THE MATTER OF
STERLING GRACE & CO. LTD.
AND GRAZIANA CASALE

TORONTO – The Office of the Secretary issued a Notice of Hearing dated January 15, 2014 setting the matter down to be heard on February 18, 19 and 20, 2014, each day commencing at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated January 15, 2014 and a copy of the Application dated November 20, 2013 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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1.4.3 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
January 16, 2014

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 Commission issued an Order in the above noted matter which provides that the pre-hearing conference is adjourned and shall continue on March 24, 2014 at 10:00 a.m.

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

A copy of the Order dated January 15, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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1.4.4 A25 Gold Producers Corp. et al.

FOR IMMEDIATE RELEASE
January 20, 2014

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

AND

IN THE MATTER OF
A25 GOLD PRODUCERS CORP., DAVID AMAR,
JAMES STUART ADAMS and AVI AMAR

TORONTO – The Commission issued an Order in the above named matter which provides that a confidential pre-hearing conference shall take place on February 28, 2014 at 9:00 a.m.

A copy of the Order dated January 16, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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1.4.5 Frederick Lawrence Marlatt, also known as Frederick Lawrence Mitschele and Michael Wallace Minor

FOR IMMEDIATE RELEASE
January 20, 2014

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

AND

IN THE MATTER OF
FREDERICK LAWRENCE MARLATT,
also known as FREDERICK LAWRENCE MITSCHELE
and MICHAEL WALLACE MINOR

TORONTO – The Commission issued an Order with certain provisions in the above named matter. The hearing is adjourned to February 13, 2014 at 2:00 p.m.

A copy of the Order dated January 17, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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

FOR IMMEDIATE RELEASE
January 21, 2014

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 its Reasons and Decision on a Motion in the above named matter.

A copy of the Reasons and Decision on a Motion dated January 17, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 CI Investments Inc.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – mutual fund manager granted exemption from subsection 5.1(a) of NI 81-105 to allow mutual fund manager to pay a participating dealer direct costs incurred relating to a sales communication, investor conference or investor seminar prepared or presented by the participating dealer which has a primary purpose of providing educational information concerning financial, tax or estate planning matters.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 5.1(a), 9.1.

January 14, 2014

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
CI INVESTMENTS INC.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for relief from subsection 5.1(a) of National Instrument 81-105 – *Mutual Fund Sales Practices* ("**NI 81-105**") to permit the Filer to pay a participating dealer direct costs incurred by the participating dealer relating to a sale communication, investor conference or investor seminar prepared or presented by the participating dealer (each individually referred to as a "**Cooperative Marketing Initiative**" and collectively as "**Cooperative Marketing Initiatives**"), if the primary purpose of the Cooperative Marketing Initiative is to provide educational information concerning financial, tax or estate planning matters (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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Northwest Territories and Nunavut (together with Ontario, the "**Jurisdictions**").

Interpretation

Terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and NI 81-105 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a corporation organized under the laws of the Province of Ontario with its head office based in Toronto, Ontario.

2. The Filer manages a number of retail mutual funds (the "**Funds**") that are qualified for distribution to investors in each of the Jurisdictions. Securities of the Funds are distributed by participating dealers in the Jurisdictions.

3. The Filer is a "member of the organization" (as that term is defined in NI 81-105) of the Funds as it is the manager of the Funds.

4. The Filer complies with NI 81-105, in particular Part 5 of NI 81-105, in respect of its marketing and educational practices. The Filer is not in default of securities legislation in any of the Jurisdictions.

5. Under subsection 5.1(a) of NI 81-105, the Filer is currently permitted to pay a participating dealer direct costs incurred by the participating dealer relating to a Cooperative Marketing Initiative if the primary purpose of the Cooperative Marketing Initiative is to promote, or provide educational information concerning a mutual fund, the mutual fund family of which the mutual fund is a member, or mutual funds generally.

6. Subsection 5.1(a) of NI 81-105 prohibits the Filer from paying to a participating dealer direct costs incurred by the participating dealer relating to a Cooperative Marketing Initiative where the primary purpose is to provide educational information about financial, tax or estate planning matters.

7. The Filer has expertise in financial, tax and estate planning matters or may retain others with such expertise. In addition to the topics currently permitted under subsection 5.1(a) of NI 81-105, the Filer wishes to sponsor Cooperative Marketing Initiatives where the primary purpose of the Cooperative Marketing Initiatives is to provide educational information concerning financial, tax or estate planning matters. The Filer will comply with subsections 5.1(b)-(e) of NI 81-105 in respect of such Cooperative Marketing Initiatives it sponsors.

8. The Filer is of the view that sponsoring Cooperative Marketing Initiatives where the primary purpose is to provide educational information about financial, tax or estate planning matters will benefit investors.

Decision

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

The decision of the principal regulator under the Legislation is that the Requested Relief is granted, provided that in respect of a Cooperative Marketing Initiative, the primary purpose of which is to provide educational information concerning financial, tax or estate planning matters:

(i) the Filer does not require any participating dealer to sell any of the Funds or other financial products to investors;

(ii) other than as permitted by NI 81-105, the Filer does not provide participating dealers and their representatives with any financial or other incentives for recommending any of the Funds to investors;

(iii) the materials presented in a Cooperative Marketing Initiative concerning financial, tax or estate planning matters contain only general educational information about financial, tax or estate planning matters;

(iv) the Filer prepares or approves the content of the general educational information about financial, tax or estate planning matters presented in a Cooperative Marketing Initiative it sponsors and selects or approves an appropriately-qualified speaker for each presentation about financial, tax or estate planning matters delivered in a Cooperative Marketing Initiative;

(v) any general educational information about financial, tax or estate planning matters presented in a Cooperative Marketing Initiative contains an express statement that the content presented is for information purposes only, and is not providing advice to the attendees of the investor conference or investor seminar or the recipients of the sales communication, as applicable; and

(vi) any general educational information about financial, tax or estate planning matters presented in a Cooperative Marketing Initiative contains an indication of the types of professionals who may generally be qualified to provide advice on the subject matter of the information presented.

"Wes M. Scott"
Commissioner
Ontario Securities Commission

Vern Krishna
Commissioner
Ontario Securities Commission

2.1.2 Counsel Portfolio Services Inc. and Brigata Diversified Portfolio

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of custodian.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(c), 5.7(1)(c) and Part 6.

January 15, 2014

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
COUNSEL PORTFOLIO SERVICES INC.
(the Filer)

AND

BRIGATA DIVERSIFIED PORTFOLIO
(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 of the principal regulator (the **Legislation**) for approval of the proposed change of custodian of the Fund from RBC Investor Services Trust (**RBC**) to Canadian Imperial Bank of Commerce (**CIBC**) (the **Change of Custodian**) under Section 5.5(1)(c) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) (the **Approval 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 of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in all of the provinces of Canada.

Interpretation

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

Representations

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

1. The Filer is a corporation governed by the laws of Ontario and is registered as a Portfolio Manager and Investment Fund Manager in Ontario and as an Investment Fund Manager in Newfoundland and Labrador and Québec.

2. The Filer was appointed manager and trustee of the Fund effective on December 3, 2013.

3. The Filer is not in default of any requirements under applicable securities legislation.

4. The Fund is an open-ended mutual fund trust established under a master declaration of trust dated as of January 2, 2008, as amended.

5. The units of the Fund are currently offered for sale in each of the provinces of Canada under a simplified prospectus, annual information form and fund facts, each dated June 21, 2013, as amended.

6. The Fund is a reporting issuer in each of the provinces of Canada and is not in default of any requirements under applicable securities legislation.

7. RBC is currently the custodian of the Fund. The Filer proposes replacing RBC with CIBC as custodian of the Fund effective on or about March 31, 2014.

8. The primary reason for the proposed change is to create administrative efficiencies.

9. CIBC is the custodian of the other 37 mutual funds which are managed by the Filer (the **Counsel Funds**) and that custodial arrangement is in compliance with Part 6 of NI 81-102. The Filer is not an affiliate of CIBC.

10. CIBC will engage sub-custodians in connection with assets of the Fund held outside of Canada as required.

11. The Change of Custodian will be beneficial to the Fund and its unitholders as it will create administrative efficiencies by having custody of all

the mutual funds managed by the Filer with the same custodian.

12. The Filer does not regard the proposed change in the custodian as either a "material change" as defined in Section 1.1 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*, or as a "conflict of interest matter" as defined in Section 1.2 of National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

13. Details of the proposed change in the custodian of the Fund are set out in Amendment No.3 to the Simplified Prospectus and Annual Information Form of the Fund dated December 6, 2013.

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 Approval Sought is granted.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

2.1.3 Catchmark Timber Trust, Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – compliance with new marketing amendments – application for relief from the requirement in section 74 of the Act that the prospectus requirements and from the requirement in subsection 65(2) of the Act with respect to communications during the waiting period in connection with the use of certain road show materials by the issuer during the "waiting period" in a U.S. cross-border offering – NI 41-101 does not apply to NI 71-101.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 74(1)2, 53, 65(2).
National Instrument 71-101 The Multijurisdictional Disclosure System, s. 11.3.

January 14, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NEWFOUNDLAND AND LABRADOR, NEW BRUNSWICK, NOVA SCOTIA AND PRINCE EDWARD ISLAND
(THE "JURISDICTIONS")

AND

IN THE MATTER OF
THE PROCESS FOR EXEMPTIVE RELIEF A PPLICATIONS IN MULTIPLE JURISDICTIONS

AND

IN THE MATTER OF
CATCHMARK TIMBER TRUST, INC.
(THE "FILER")

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") for a decision pursuant to paragraph 74(1)2 of the *Securities Act* (Ontario) (the "**Act**") exempting the Filer from the prospectus requirement in section 53 of the Act and from the requirement in subsection 65(2) of the Act with respect to communications during the waiting period (as defined in subsection 65(1) of the Act) in connection with the use of certain road show materials by the Filer during the waiting period (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 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* and MI 11-102 *Passport System* have the same meaning if used in this decision, unless otherwise defined.

Representations

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

1. The Filer was incorporated under the laws of the State of Maryland under the name Wells Real Estate Investment Trust IV, Inc. On October 31, 2005, the Filer changed its name to Wells Timber Real Estate Investment Trust, Inc., on November 16, 2006, the Filer changed its name to Wells Timberland REIT, Inc., and on September 18, 2013, the Filer changed its name to CatchMark Timber Trust, Inc.

2. The principal office of the Filer is located at 6200 The Corners Parkway, Norcross, Georgia 30092.

3. On September 23, 2013, the Filer filed a registration statement on Form S-11 with the U.S. Securities and Exchange Commission ("**SEC**"), which was amended on October 22, 2013, October 30, 2013, November 22, 2013 and November 26, 2013 under the U.S. Securities Act of 1933, as amended (such registration statement, as amended, the "**Registration Statement**"). The Registration Statement contains a prospectus relating to an offering of shares of the Filer's Class A common stock. The SEC declared the Registration Statement effective on December 11, 2013 and the final prospectus was filed with the SEC on December 12, 2013.

4. On November 18, 2013, the Filer filed a preliminary MJDS prospectus (the "**Canadian Preliminary MJDS Prospectus**") pursuant to National Instrument 71-101 *The Multijurisdictional Disclosure System (*"**NI 71-101**"), which was amended and restated on November 25, 2013 (the "**Canadian First Amended and Restated MJDS Prospectus**") and further amended and restated on November 26, 2013 (the "**Canadian Second Amended and Restated MJDS Prospectus**", and the Canadian Preliminary MJDS Prospectus, the Canadian First Amended and Restated MJDS Prospectus and the Canadian Second Amended and Restated MJDS Prospectus collectively referred to as a "**Canadian Preliminary Prospectus**"), relating to an offering (the "**Offering**") of shares of the Filer's Class A common stock in each of the provinces of Canada except Quebec prepared for an offering under Rule 430A of the U.S. Securities Act of 1933, as amended. The Filer filed a final MJDS prospectus dated December 11, 2013 (the "**Canadian Prospectus**") and a MJDS pricing prospectus dated December 12, 2013 (the "**Canadian 430A Pricing Prospectus**"). Each Canadian Preliminary Prospectus, the Canadian Prospectus, the Canadian 430A Pricing Prospectus, and any amendment or supplement thereto, are collectively referred to as the "**Canadian MJDS Prospectuses**".

5. Section 53 of the Act states that no person or company shall trade in a security unless a preliminary prospectus and a prospectus have been filed and receipts have been issued, and subsection 65(2) of the Act limits the distribution of materials during the waiting period.

6. During the waiting period, the Filer utilized certain road show (as defined in National Instrument 41-101 *General Prospectus Requirements* ("**NI 41-101**")) materials (the "**Road Show Material**s") as part of the marketing of the Offering in Canada and made the Road Show Materials available on www.netroadshow.com. The Road Show Materials posted to the website are controlled by password protection as suggested by National Policy 47-201 *Trading Securities Using the Internet and Other Electronic Means* and contain a statement that information conveyed in the Road Show Materials does not contain all of the information in the prospectus, which should be reviewed for complete information.

7. Part 13 of NI 41-101 sets out the requirements with respect to advertising and marketing activities in Canada, and in particular section 13.12 of such Part, provides an exemption for issuers in certain U.S. cross-border prospectus offerings from the requirements to file marketing materials on SEDAR and the requirement to include, or incorporate by reference, the marketing materials in a final prospectus. However, section 11.3 of NI 71-101 states that NI 41-101 does not apply to MJDS prospectus offerings.

8. If Part 13 of NI 41-101 and in particular section 13.12 of such Part applied to the Offering, the Filer would meet the requirements of such section on the basis that:

(a) The securities offered under the U.S. cross border-offering were sold primarily in the United States. The underwriter who signed the Canadian MJDS Prospectuses has advised that approximately 6% of the Offering was sold in Canada.

(b) The Filer and the underwriter who signed the Canadian MJDS Prospectuses have provided a contractual right of action to investors containing the language set out in subsection 36A.1(5) of Form 41-101F1 Information Required in a Prospectus, or words to the same effect.

(c) A copy of the Road Show Materials relating to the road shows in Canada was delivered to the securities regulators.

(d) All marketing materials provided to investors in Canada were provided in connection with the road show.

9. The underwriter who signed the Canadian MJDS Prospectuses is registered in each of the Jurisdictions.

10. Canadian purchasers were only able to purchase shares of common stock of the Filer through an underwriter that is registered in the Jurisdiction of residence of the purchaser.

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.

"Wesley Scott"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

2.1.4 Man Investments Canada Corp. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to commodity pools from paragraphs 2.5(2)(a), (b) and (c) of National Instrument 81-102 Mutual Funds to permit existing commodity pools to invest, or continue investing, in underlying assets without using a forward agreement in response to adverse tax regulation – Relief granted to commodity pools to gain exposure to a portfolio of assets by way of a second commodity pool, subject to certain conditions – the second commodity pool has filed a non-offering long form prospectus and is a reporting issuer subject to National Instrument 81-106 Investment Fund Continuous Disclosure, and operates in accordance with National Instrument 81-102 Mutual Funds, as modified by National Instrument 81-104 Commodity Pools – Each commodity pool has no non-cash investment other than the second commodity pool - second commodity pool has no investor other than the commodity pool – investment in the third portfolio limited to 10% of the net assets of the commodity pool.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.5(2)(a), 2.5(2)(b), 2.5(2)(c), 19.1.

January 16, 2014

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
MAN INVESTMENTS CANADA CORP.
(the Filer)

AND

IN THE MATTER OF
MAN CANADA AHL ALPHA FUND
(the AHL Alpha Fund)

AND

MAN CANADA AHL DP INVESTMENT FUND
(the AHL DP Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the AHL Alpha Fund and the AHL DP Fund (collectively, the **Funds** and individually each a **Fund**), for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**):

(i) to revoke and replace the Prior Evolution Exemption (as defined below); and

(ii) to grant exemptive relief pursuant to paragraph 19.1 of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), from the requirements contained in subsections 2.5(2)(a), (b) and (c) of NI 81-102 in order to permit the Funds to gain exposure to the AHL Evolution Programme (as defined herein) through securities of AHL Evolution Limited (as defined herein) to be held in the AHL Portfolios (as defined herein),

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

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation incorporated under the *Canada Business Corporations Act*. The Filer's head office is located in Toronto, Ontario.

2. The Filer is the trustee and manager of the Funds.

3. The Filer is registered as an Investment Fund Manager in Ontario, Quebec and Newfoundland and Labrador, as an adviser in the category of Portfolio Manager in Ontario and Alberta and as a dealer in the category of Exempt Market Dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia.

The Funds

4. Each Fund is a mutual fund to which NI 81-102 applies. The securities of each Fund are qualified for distribution in each of the Jurisdictions pursuant to a prospectus that has been prepared and filed in accordance with the securities legislation of the Jurisdictions. Accordingly, each Fund is a reporting issuer in each of the Jurisdictions.

5. Each Fund is a commodity pool, as such term is defined in National Instrument 81-104 *Commodity Pools* (**NI 81-104**), in that each of the Funds has adopted fundamental investment objectives that permit the Funds to invest in financial instruments in a manner that is not permitted under NI 81-102.

6. Each of the Fund's investment objective is to provide investors with the opportunity to realize capital appreciation through investment returns that have a low correlation to traditional forms of stock and bond securities. Accordingly, each Fund provides the opportunity for added diversification and to enhance the risk/reward profile of conventional investment portfolios.

7. The AHL Alpha Fund obtains economic exposure to the returns of a diversified portfolio of financial instruments across a range of global markets including, currencies, bonds, stocks, energies, metals, agriculturals and interest rates (the **AHL Alpha Portfolio**) managed by AHL Partners LLP (the **Investment Manager**), an affiliate of the Filer, using a multi-strategy trading program (the **AHL Alpha Programme**).

8. The AHL DP Fund obtains exposure to the returns of a diversified portfolio of financial instruments across a range of global markets including, without limitation, stocks, bonds, currencies, short-term interest rates, energy, metals and agricultural commodities (the **AHL DP Portfolio** and, together with the AHL Alpha Portfolio, the **AHL Portfolios**) managed by the Investment Manager using a predominantly trend-following trading program (the **AHL Diversified Programme**).

The Bottom Funds

9. Each of the AHL Portfolios is held by an exempted company incorporated with limited liability in the Cayman Islands (collectively, the **Bottom Funds** and individually each a **Bottom Fund**).

10. Each Bottom Fund has filed and obtained a receipt for a non-offering prospectus, pursuant to which it became a reporting issuer under the *Securities Act* (Ontario) and the *Securities Act*

(Québec) and subject to the continuous disclosure requirements of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**). Accordingly, the financial statements and other reports required to be filed by each Bottom Fund are available through SEDAR.

11. The assets of each Bottom Fund are managed by the Investment Manager. The Investment Manager is a limited liability partnership established in England and a member of Man Group plc and is authorised and regulated by the United Kingdom Financial Conduct Authority in the conduct of its regulated activities in the United Kingdom.

12. The assets of each Bottom Fund are invested in accordance with the AHL Alpha Programme or the AHL Diversified Programme, respectively. Each Bottom Fund has adopted and is subject to the investment restrictions and practices contained in NI 81-102 and is managed in accordance with these restrictions and practices, except as otherwise permitted by NI 81-104 and any prior exemptive relief obtained by each of the Funds, respectively.

13. Each Fund initially obtained exposure to the respective Bottom Fund, and thus to the economic returns of the respective AHL Portfolio through one or more forward sale agreements (each a **Forward Agreement**) entered into with one or more Canadian chartered banks and/or their affiliates (each a **Counterparty**).

14. Pursuant to the April 30, 2009 decision *In the Matter of Man Canada AHL Alpha Fund*, the AHL Alpha Fund obtained exemptive relief from the restrictions in subsections 2.5(2)(a) and (c) of NI 81-102 to permit it to obtain exposure to the AHL Alpha Portfolio by entering into a Forward Agreement with exposure to securities of a Bottom Fund.

15. Pursuant to the November 9, 2009 decision *In the Matter of Man Canada AHL DP Investment Fund*, the AHL DP Fund obtained exemptive relief from the restrictions in subsections 2.5(2)(a) and (c) of NI 81-102 to permit it to obtain exposure to the AHL DP Portfolio by entering into a Forward Agreement with exposure to securities of a Bottom Fund. On November 22, 2013, the decision *In the Matter of Man Canada AHL DP Investment Fund* revoked and replaced the November 9, 2009 decision and granted exemptive relief from subsections 2.5(2)(a) and (c) of NI 81-102 to permit it to purchase and hold securities of the Bottom Fund directly in order to obtain exposure to the AHL DP Portfolio.

16. Each Bottom Fund does not have any securityholder other than the respective Fund (or a Counterparty with which the Fund has entered into a Forward Agreement) to which the Bottom Fund is referable. Other than cash and cash equivalents, the Funds do not have any investments other than direct or indirect exposure to their respective Bottom Funds. Each of the Funds will have substantially the same investment objectives as their respective Bottom Funds in that they obtain exposure to a trading program that invests in a portfolio of futures, forward contracts, swaps and other financial derivative instruments both on and off exchange that is implemented and managed by the Investment Manager and held by their respective Bottom Fund. The Investment Manager uses cash investments to manage the Fund's leverage.

17. As a complementary investment strategy, the AHL DP Fund currently has exposure of up to 10% of its net asset value in the AHL Evolution Programme (as defined below) through its Bottom Fund. Pursuant to the February 24, 2012 decision *In the Matter of Man Canada AHL DP Investment Fund*, the AHL DP Fund obtained exemptive relief from the restrictions in subsections 2.5(2)(a) and (c) of NI 81-102 (the **Prior Evolution Exemption**) to permit it to indirectly gain exposure to the AHL Evolution Programme through AHL Evolution Limited held in the AHL DP Portfolio, provided that, among other things, the exposure to AHL Evolution Limited in the AHL DP Portfolio did not in the aggregate represent more than 10% of the net asset value of the AHL DP Portfolio.

18. Similar to the AHL DP Fund, the AHL Alpha Fund would like to gain exposure (of not more than 10%) to the AHL Evolution Programme through its Bottom Fund.

Changes to Tax Legislation

19. The character conversion measure announced in the Federal Government's Economic Action Plan 2013 (the **May 2013 Tax Proposals**) effectively prevents investment funds, including the Funds, from increasing the notional amount of existing derivative forward agreements, including the Forward Agreements, after March 20, 2013. Accordingly, in order to issue additional units, each of the Funds will purchase and hold securities of the Bottom Fund and will not obtain additional exposure to the securities of the Bottom Fund through a Forward Agreement or other specified derivative.

20. The Exemption Sought is required to permit the AHL DP Fund to continue, and permit the AHL Alpha Fund to commence, to gain exposure of up to 10% of each Fund's net asset value to the AHL Evolution Programme through AHL Evolution Limited held in the respective AHL Portfolio, as similarly prescribed under the Prior Evolution Exemption prior to the May 2013 Tax Proposals.

The AHL Evolution Programme

21. The AHL Evolution Programme (the **AHL Evolution Programme**) is a trading program that invests in a portfolio of futures, forward contracts, swaps and other financial derivative instruments both on and off exchange. The markets covered include both developed and emerging markets. The AHL Evolution Programme is implemented and managed by the Investment Manager.

22. Trading in the AHL Evolution Programme may focus upon inefficiencies in a whole range of markets including, but not limited to, markets for bonds, commodities, credit, stocks and currencies. Strategies capitalizing on these inefficiencies include price momentum and relative value. In addition, non-directional trading strategies may be added from time to time. The AHL Evolution Programme trades in a number of markets not accessed by the AHL Alpha Programme and the AHL Diversified Programme. These markets may be accessed directly or indirectly and include, without limitation, credit indices, cash bonds, interest rate swaps, electricity and emerging market currencies and stock indices.

23. In order to access the AHL Evolution Programme, a portion of the assets of each AHL Portfolio will be invested in a class or series of redeemable non-voting participating shares (the **AHL Evolution Shares**) issued by AHL Evolution Limited (**AHL Evolution Limited**), which invests its assets in accordance with the AHL Evolution Programme.

24. AHL Evolution Limited is subsisting as an exempted company with limited liability in Bermuda under the provisions of the *Companies Act 1981* of Bermuda and is an open-ended mutual fund authorized as an institutional investment fund by the Bermuda Monetary Authority in Bermuda and regulated under the *Investment Funds Act 2006* of Bermuda.

25. The AHL Evolution Shares provide exposure to the AHL Evolution Programme which invests in, or gains exposure to, the same financial instruments that, in accordance with the fundamental investment objectives and restrictions of each of the Funds and each of the Bottom Funds and with NI 81-102, as modified by NI 81-104, the Bottom Funds could acquire directly. The AHL Evolution Shares are attractive investments for the AHL Portfolios as they provide an efficient and cost effective method of achieving exposure to the AHL Evolution Programme.

26. The Investment Manager also serves as the investment manager of AHL Evolution Limited. There are no management fees or incentive fees paid to the Investment Manager by AHL Evolution Limited in connection with the investment management services provided by the Investment Manager in respect of the assets of AHL Evolution Limited.

27. The Fund's exposure to the AHL Evolution Shares in the portfolio of a Bottom Fund will not in the aggregate represent more than 10% of the net asset value of the Fund. The Investment Manager will manage the investments of each Fund and Bottom Fund to ensure that each Fund's exposure to the AHL Evolution Shares will not be more than 10% of its net asset value.

28. In the absence of the Exemption Sought being granted, the Funds would not be permitted to gain exposure to the AHL Evolution Programme by means of the AHL Evolution Shares in the AHL Portfolios because AHL Evolution Limited is not subject to NI 81-101 and NI 81-102, each Bottom Fund may invest more than 10% of its net asset value in AHL Evolution Shares and the securities of AHL Evolution Limited are not qualified for distribution in the local jurisdiction, contrary to the requirements of subsections 2.5(2)(a), (b) and (c) of NI 81-102.

29. An investment by each of the Bottom Funds in AHL Evolution Shares will be made in accordance with the investment restrictions contained in NI 81-102 and NI 81-104, except for the restrictions in subsections 2.5(2)(a) and (c) of NI 81-102.

30. The Investment Manager will monitor the investment restrictions of each Bottom Fund and AHL Evolution Limited. If the Investment Manager becomes aware of any breach of the investment restrictions, appropriate action and notification to the directors and manager of the Bottom Fund will be taken to bring the Bottom Fund back within the investment restrictions as soon as practicable.

31. None of the Filer, the Funds or the Bottom Funds is in default of any securities legislation in any of the Jurisdictions.

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) each Fund is a commodity pool subject to NI 81-102 and NI 81-104;

(b) each Bottom Fund has adopted and is subject to the investment restrictions and practices contained in NI 81-102 and is managed in accordance with these restrictions and practices, except as otherwise permitted by NI 81-104 and

any exemptive relief obtained by the Funds;

(c) the exposure of a Fund to securities of a Bottom Fund is in accordance with the fundamental investment objectives of the Fund;

(d) the fundamental investment objective of each Fund, as disclosed in the next filed prospectus, discloses the name of the respective Bottom Fund and provides that the Fund will obtain exposure to their respective AHL Portfolio by investing in, or obtaining exposure by virtue of a Forward Agreement, to the securities of their respective Bottom Funds;

(e) the prospectus of each Fund discloses that the Fund will obtain exposure to securities of the Bottom Fund and, to the extent applicable, the risks associated with such an investment;

(f) each Bottom Fund is a reporting issuer subject to NI 81-106;

(g) no securities of a Bottom Fund are distributed in Canada other than to a Fund or to a Counterparty under a Forward Agreement;

(h) other than cash and cash equivalents, the Funds will not have any investments other than direct or indirect exposure to securities of their respective Bottom Funds;

(i) the investment by a Fund in securities of a Bottom Fund is made in compliance with each provision of section 2.5 of NI 81-102, except subsections 2.5(2)(a), (b) and (c) of NI 81-102;

(j) the exposure of the Fund to the AHL Evolution Shares in the portfolio of a Bottom Fund do not in the aggregate represent more than 10% of the net asset value of the Fund;

(k) the AHL Evolution Shares provide exposure to the same financial instruments that, in accordance with the fundamental investment objectives and restrictions of each of the Funds and each of the Bottom Funds and with NI 81-102, as modified by NI 81-104, the Bottom Funds could acquire directly;

(l) each Bottom Fund provides disclosure regarding its investment in the AHL Evolution Shares and exposure to the AHL Evolution Programme, in its annual information form and other applicable continuous disclosure documents that it will file on SEDAR; and

(m) financial statements of AHL Evolution Limited are provided to any security-holder of a Fund that requests them from the Filer.

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

2.1.5 BBS Securities Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application by investment dealer for relief from prospectus requirement in connection with distribution of contracts for difference and OTC foreign exchange contracts (collectively, OTC Contracts) to retail investors, subject to terms and conditions – Filer registered as investment dealer and a member of the Investment Industry Regulatory Organization of Canada (IIROC) – Filer complies with IIROC rules and IIROC acceptable practices applicable to offerings of OTC Contracts – Filer seeking relief to permit Filer to offer OTC Contracts to retail investors on the basis of clear and plain language risk disclosure document rather than a prospectus – risk disclosure document contains disclosure substantially similar to risk disclosure document required for recognized options in OSC Rule 91-502 Trades in Recognized Options, and the regime for OTC derivatives contemplated by former proposed OSC Rule 91-504 OTC Derivatives (which was not adopted) – Relief consistent with relief contemplated by OSC Staff Notice 91-702 Offerings of contracts for difference and foreign exchange contracts to investors in Ontario(OSC SN 91-702) – Relief granted, subject to terms and conditions.

Legislation Cited

Securities Act, R.S.O. 1990, c. S.5, as am., s. 53, 74(1).
OSC Rule 91-502 Trades in Recognized Options.
OSC Rule 91-503 Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situate Outside of Ontario.
Proposed OSC Rule 91-504 OTC Derivatives (not adopted).

January 17, 2014

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
BBS SECURITIES INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) that the Filer and its respective officers, directors and representatives be exempt from the prospectus requirement in respect of the distribution of contracts for difference (**CFDs**), and over-the-counter (**OTC**) foreign exchange (**FX**) spot contracts (collectively, **OTC Contracts**) to retail investors resident in Canada (the **Requested Relief**) subject to the terms and conditions below:

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a privately held corporation incorporated under the laws of the Province of Ontario with its head office in Toronto, Ontario.

2. The Filer is registered as a dealer in the category of investment dealer in each of the provinces and territories of Canada, and is a member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

3. The Filer is not, to the best of its knowledge, in default of applicable securities legislation in any province or territory of Canada or IIROC Rules or IIROC Acceptable Practices (as defined below).

4. The Filer has considered the guidance in OSC Staff Notice 91-702 *Offerings of Contracts for Difference and Foreign Exchange Contracts to Investors in Ontario* (**OSC SN 91-702**) and wishes to offer OTC Contracts to retail investors in the Applicable Jurisdictions on the basis of the exemptive relief contemplated by OSC SN 91-702 and in accordance with the representations, terms and conditions described in this decision. For the Interim Period (as defined below), the Filer is seeking the Requested Relief in connection with the offering of OTC Contracts in Ontario and intends to rely on this decision and the passport system described in MI 11-102 (the **Passport System**) to offer OTC Contracts in the Non-Principal Jurisdictions.

5. In Québec, the Filer intends to apply for a Qualification and Authorization to market a derivative (the **AMF Order**) from the Autorité des Marchés Financiers (the **AMF**) to offer OTC Contracts to retail investors pursuant to the provisions of the *Derivatives Act* (Québec) (the **QDA**). The final AMF Order will, if granted, allow the Filer to offer specified OTC Contracts to investors in Québec on similar terms and conditions as are contained in this decision.

IIROC Rules and Acceptable Practices

6. In order to act as an investment dealer, the Filer is mandated by section 9.1 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to be a "Dealer Member" of IIROC (**Dealer Member**).

7. As a Dealer Member, the Filer is only permitted to enter into OTC Contracts pursuant to the rules and regulations of IIROC (the **IIROC Rules**).

8. In addition, IIROC has communicated to its members certain additional expectations as to acceptable business practices (**IIROC Acceptable Practices**) as articulated in IIROC's paper "Regulatory Analysis of Contracts for Differences (CFDs)" published by IIROC on June 6, 2007 and as amended on September 12, 2007, for any Dealer Member proposing to offer OTC foreign exchange contracts or other types of CFDs to investors. The Filer will offer OTC Contracts in accordance with IIROC Acceptable Practices as may be established from time to time.

9. The Filer is also required by IIROC to maintain a certain level of capital to address the business risks associated with its activities. The capital reporting required by IIROC (as per the calculation in the Joint Regulatory Financial Questionnaire and Report (the **JRFQ**) and the Monthly Financial Reports to IIROC) is based predominantly on the generation of financial statements and calculations so as to ensure capital adequacy. The Filer, as a Dealer Member, is required to have a specified minimum capital, which takes into account any additional capital required in respect of margin requirements and other risks. This risk calculation is summarized as a risk adjusted capital calculation which is submitted in the Filer's JRFQ and required to be kept positive at all times.

Online Trading Platform

10. The Filer will offer online self-directed trading in OTC Contracts via an online trading platform (the **Platform**), which is a fully automated live application-based OTC Contracts trading platform. The Filer may provide clients with a choice of OTC Contracts web-based trading platforms in the future.

11. The Platform is an established third party FX/CFD trading application which is widely used in North American and European markets by many investment dealers.

12. The Platform technology has certain client protection mechanisms and risk management tools which, among other things, provides transparency of price to clients. The Platform is a key component of a comprehensive risk management strategy, which will enable the Filer and its clients to manage the risks associated with leveraged products. This risk management system has evolved over many years with the objective of meeting the mutual interests of all relevant parties including, in particular, clients. The attributes and services of the Platform are described in more detail below:

    (a) Real-time Client reporting. Clients are provided with a real-time view of their margin balances, including how tick-by-tick price movements affect their margin balances. Account balances are updated on an ongoing basis according to the clients' relevant account activities.

    (b) Automated risk management system. Clients are instructed that they must maintain the required margin against their position(s). If a client's funds drops below the required margin, margin calls are regularly issued via email, alerting the client to the fact that the client is required to either deposit additional funds to maintain the position or close/reduce it voluntarily. Where possible, daily telephone margin calls are provided as a supporting communication for clients. If a client fails to deposit additional funds, where required, the client's position is liquidated. This liquidation procedure is intended to act as a mechanism to reduce the risk of losses being greater than the value of the funds deposited by the client. The risk management functionality of the Platform ensures that client positions are closed out when the client no longer maintains sufficient margin in its account to support its position, thereby preventing the client from losing more than its stated risk capital or cumulative loss limit. This functionality also ensures that the Filer will not incur any credit risk vis-à-vis its customers in respect of transactions in OTC Contracts. In addition to the Platform's risk control module, all clients' trades will pass through the Filer's proprietary risk management system, which controls margin availability of accounts in real time. Thus, at any point in time, there will always be two levels of risk management processes being performed through the Platform.

    (c) Wide range of order types. The Platform also provides risk management tools such as stops, limits, and contingent orders, which are available on all OTC Contracts. These tools are designed to reduce the risk of losses being greater than the value of the funds deposited by a client.

13. The Platform is not a "marketplace" as defined in National Instrument 21-101 – *Marketplace Operation* since a marketplace is any facility that brings together multiple buyers and sellers by matching orders in fungible contracts in a nondiscretionary manner. The Platform does not bring together multiple buyers and sellers; rather, it offers clients direct access to real time currency rates and prices quotes for the OTC Contracts.

14. The Filer will be the counterparty to trades by its clients in OTC Contracts (**OTC Transactions**). It will not act as an intermediary, broker or trustee in respect of OTC Transactions. The Filer does not manage any discretionary accounts, nor does it provide any trading advice or recommendations.

15. The Filer will manage the risk in its clients' positions through a hedging strategy, subject to IIROC Rules and IIROC Acceptable Practices. The strategy will involve the Filer simultaneously placing the identical OTC Transaction on a back-to-back basis or its net exposure with acceptable institutions or liquidity providers. The only third party counterparties involved are Canadian chartered banks, which are "acceptable institutions" as defined in JRFQ (Form 1). In some cases, it may be desirable for the Filer to carry the hedging position itself; for example where the position would be too small to hedge efficiently. In those circumstances, the Filer will ensure that it maintains its risk adjusted capital well within acceptable levels and will not impose charges on client accounts (other than ordinary commissions relating to the clients' trades). To this extent, the Filer may from time to time profit on its positions while the corresponding position of the client incurs a profit or loss. While this may represent a conflict of interest it will be executed on a basis which is not disadvantageous to its clients. By virtue of this risk management functionality inherent in the Platform and our proprietary risk management system the Filer eliminates counterparty risk for its clients.

16. The OTC Contracts offered by the Filer are not transferable.

17. The ability to lever an investment is one of the principal features of OTC Contracts. Leverage allows clients to magnify investment returns (or losses) by reducing the initial capital outlay required to achieve the same market exposure that would be obtained by investing directly in the underlying currency or instrument

18. IIROC Rules and IIROC Acceptable Practices set out detailed requirements and expectations relating to leverage and margin for offerings of CFDs and other OTC Contracts. The degree of leverage may be amended in accordance with IIROC Rules and IIROC Acceptable Practices as may be established from time to time.

19. Pursuant to sections 9.3 and 13.12 of NI 31-103, only firms that are registered as investment dealers, including the Filer, may lend money, extend credit or provide margin to a client.

Structure of CFDs

20. A CFD is a derivative product that allows clients to obtain economic exposure to the price movement of an underlying instrument, such as a share, index, currency pair, treasury or commodity, without the need for ownership and physical settlement of the underlying instrument. Unlike certain OTC derivatives, such as forward contracts, CFDs do not require or oblige either the client or principal counterparty nor any agent of the principal counterparty to deliver the underlying instrument.

21. The OTC Contracts, including CFDs, to be offered by the Filer will not confer the right or obligation to acquire or deliver the underlying security or instrument itself, and will not confer any other rights of holders of the underlying security or instrument, such as voting rights. Rather, the OTC Contracts are derivative instruments which are represented by an agreement between a client and a counterparty to exchange the difference between the opening price of a CFD position and the price of the CFD at the closing of the position. The value of the CFD is generally reflective of the movement in prices at which the underlying instrument is traded at the time of opening and closing the position in the CFD.

22. CFDs allow clients to take a long or short position on an underlying instrument but, unlike futures contracts, they have no fixed expiry date or an obligation for physical delivery of the underlying instrument.

23. CFDs allow clients to obtain exposure to markets and instruments that may not be available directly, or may not be available in a cost-effective manner.

OTC Contracts Distributed in the Applicable Jurisdictions

24. Certain types of OTC Contracts may be considered to be "securities" under the securities legislation of the Applicable Jurisdictions.

25. All investors wishing to enter into an OTC Contract with the Filer must first open an account with the Filer.

26. Prior to a client's first OTC Transaction, and as part of the account opening process, the Filer will provide the client with a separate risk disclosure document that clearly explains, in plain language, the transaction and the risks associated with the transaction (the **Risk Disclosure Document**). The Risk Disclosure Document includes the required risk disclosure set forth in Schedule A to the Regulations to the QDA and leverage risk disclosure required under IIROC Rules. The Risk Disclosure Document also contains disclosure that is substantially similar to the risk disclosure statement required for recognized options in OSC Rule 91-502 *Trades in Recognized Options* (which provides for both registration and prospectus exemptions) (**OSC Rule 91-502**) and the regime for OTC derivatives contemplated by OSC SN 91-702 and proposed OSC Rule 91-504 *OTC Derivatives* (which was not adopted) (**Proposed Rule 91-504**). Prior to a client's first OTC Transaction, the Filer will ensure a complete copy of the Risk Disclosure Document will be delivered to the client through the online account application and to the Principal Regulator.

27. As part of the account opening process and prior to the client's first OTC Transaction, the Filer will also obtain a written or electronic acknowledgement from the client confirming that the client has read and understood the Risk Disclosure Document. Such acknowledgment will be separate from and prominent among other acknowledgements provided by the client as part of the account opening process.

28. As is customary in the industry, and due to the fact that some information is subject to factors beyond the control of the Filer (such as changes in the IIROC Rules), information such as the underlying instrument listing and associated margin rates would not be disclosed in the Risk Disclosure Document. Instead, such information will be part of a client's account opening package and will be available on both the Filer's website and the Platform.

Satisfaction of the Registration Requirement

29. The role of the Filer as it relates to the offering of OTC Contracts (other than it being the principal under the OTC Contracts) will be limited to acting as an execution-only dealer. In this role, the Filer will, among other things, be responsible for approving all marketing, for holding of clients funds and for client approval (including the review of know-your-client (**KYC**) due diligence and account opening suitability assessments pursuant to NI 31-103). The Filer will have full and instantaneous access to all client information and trade activity orders, which will be input into the Platform. Client approvals and holding of client funds will be solely under the Filer's control.

30. Although IIROC exempts Dealer Member firms that provide execution-only services from the obligation to determine whether each trade is suitable for the client, IIROC Rules impose additional requirements on Dealer Members proposing to trade in OTC Contracts which requires, among other things, that:

    (a) applicable risk disclosure documents and client suitability waivers provided be in a form acceptable to IIROC;

    (b) the firm's policies and procedures, amongst other things, require the Filer to assess whether trading in OTC Contracts is appropriate for a client before an account is approved to be opened. This account opening suitability process includes an assessment of the client's investment knowledge and trading experience, client identification, screening applicants and customers against lists of prohibited/blocked persons, and detecting and reporting suspicious trading and potential terrorist financing and money laundering activities to applicable enforcement authorities;

    (c) the Filer's registered dealing representatives who will conduct the KYC and initial product suitability analysis, as well as their registered supervisor who oversees the KYC and initial product suitability analysis, will meet proficiency requirements for futures trading, and will maintain appropriate IIROC registration; and

    (d) cumulative loss limits for each client's account be established (this is a measure normally used by IIROC in connection with futures trading accounts).

31. The OTC Contracts will be offered in compliance with applicable IIROC Rules and other IIROC Acceptable Practices.

32. IIROC limits the underlying instruments in respect of which Dealer Members may offer OTC Contracts since only certain securities are eligible for reduced margin rates. For example, underlying equity securities must be listed or quoted on certain "recognized exchanges" (as that term is defined in IIROC Rules) such as the Toronto Stock Exchange or the New York Stock Exchange. The purpose of these limits is to ensure that OTC Contracts offered in Canada will only be available in respect of underlying instruments that are traded in well-regulated markets, in significant enough volumes and with adequate publicly available information, so that clients can form a sufficient understanding of the exposure represented by a given OTC Contract.

33. IIROC Rules prohibit the margining of OTC Contracts where the underlying instrument is a synthetic product (single U.S. sector or "mini-indices"). For example, sector CFDs (i.e., basket of equities for the financial institutions industry) may be offered to non-Canadian clients; however, this is not permissible under IIROC Rules.

34. Dealer Members seeking to trade OTC Contracts are generally precluded, by virtue of the nature of the contracts, from distributing CFDs that confer the right or obligation to acquire or deliver the underlying security or instrument itself (convertible CFDs), or that confer any other rights of shareholders of the underlying security or instrument, such as voting rights.

35. The Requested Relief, if granted, would substantially harmonize the position of the regulators in the Applicable Jurisdictions (collectively, the **Commissions**) on the offering of OTC Contracts to investors in the Applicable Jurisdictions with how those products are offered to investors in Québec under the QDA. The QDA provides a legislative framework to govern derivatives activities within Québec. Among other things, the QDA requires such products to be offered to investors through a Dealer Member and the distribution of a standardized risk disclosure document rather than a prospectus in order to distribute such contracts to investors resident in Québec.

36. The Requested Relief, if granted, would also be consistent with the guidelines articulated in OSC SN 91-702, which provides guidance with regard to the distribution of CFDs, foreign exchange contracts and similar OTC derivative products to investors in Ontario.

37. The Principal Regulator has previously recognized that the prospectus requirement may not be well suited for the distribution of certain derivative products to investors in the Jurisdiction, and that alternative requirements, including requirements based on clear and plain language risk disclosure, may be better suited for certain derivatives.

38. In Ontario, OSC Rule 91-502, OSC Rule 91-503 – *Trades in Commodity Futures Contracts and Commodity Futures Options Entered into on Commodity Futures Exchanges Situated Outside of Ontario* (**OSC Rule 91-503**) and Proposed Rule 91-504 provide for a prospectus exemption for trading derivative products to clients. Granting the Requested Relief would be consistent with the principles and requirements of OSC Rule 91-502, OSC Rule 91-503 and Proposed Rule 91-504.

39. The Filer is of the view that requiring compliance with the prospectus requirement in order to enter into OTC Contracts with retail clients would not be appropriate since the disclosure of a great deal of the information required under a prospectus and under the reporting issuer regime is not material to a client seeking to enter into an OTC Transaction.

In addition, most OTC Contracts are of short duration (positions are generally opened and closed on the same day and are in any event marked to market and cash settled daily). The information to be given to such a client should principally focus on enhancing the client's appreciation of product risk, including counterparty risk, which is accomplished by providing the Risk Disclosure Document as described above.

40. The Filer is regulated by IIROC, which has a robust compliance regime including specific requirements to address market, capital and operational risks.

41. The Filer submits that the regulatory regimes developed by the AMF and IIROC for OTC Contracts adequately address issues relating to the potential risk to the clients of the Filer acting as counterparty. In view of these regulatory regimes, investors would receive little or no additional benefit from requiring the Filer to also comply with the prospectus requirement.

42. The Requested Relief in respect of each Applicable Jurisdiction is conditional on the Filer being registered as an investment dealer with the Commission in such Applicable Jurisdiction and maintaining its membership with IIROC and that all OTC Transactions be conducted pursuant to IIROC Rules and in accordance with IIROC Acceptable Practices.

Decision

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

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

(a) with respect to residents of an Applicable Jurisdiction, the Filer remains registered as a dealer in the category of investment dealer with the Principal Regulator and the Commission in such Applicable Jurisdiction and a member of IIROC;

(b) all transactions in OTC Contracts with clients resident in the Applicable Jurisdictions shall be conducted pursuant to IIROC Rules imposed on Dealer Members seeking to trade in OTC Contracts and in accordance with IIROC Acceptable Practices, as amended from time to time;

(c) all transactions in OTC Contracts with clients resident in the Applicable Jurisdictions be conducted pursuant to the rules and regulations of the QDA and the AMF, as amended from time to time, unless and to the extent there is a conflict between i) the rules and regulations of the QDA and the AMF, and ii) the requirements of the securities laws of the Applicable Jurisdictions, the IIROC Rules and IIROC Acceptable Practices, in which case the latter shall prevail;

(d) prior to a client first entering into a transaction in an OTC Contract, the Filer has provided to the client the Risk Disclosure Document and has delivered, or has previously delivered, a copy of the Risk Disclosure Document to the Principal Regulator;

(e) prior to the client's first transaction in an OTC Contract and as part of the account opening process, the Filer has obtained a written or electronic acknowledgement from the client, as described in paragraph 27, confirming that the client has received, read and understood the Risk Disclosure Document;

(f) the Filer has furnished to the Principal Regulator the name and principal occupation of its officers or directors, together with either the personal information form and authorization of indirect collection, use and disclosure of personal information provided for in National Instrument 41-101 *General Prospectus Requirements* or the registration information form for an individual provided for in Form 33-109F4 of National Instrument 33-109 *Registration Information Requirements* completed by any officer or director;

(g) the Filer shall promptly inform the Principal Regulator in writing of any material change affecting the Filer, being any change in the business, activities, operations or financial results or condition of Filer that may reasonably be perceived by a counterparty to a derivative to be material;

(h) the Filer shall promptly inform the Principal Regulator in writing if a self-regulatory organization or any other regulatory authority or organization initiates proceedings or renders a judgment related to disciplinary matters against the Filer concerning the conduct of activities with respect to OTC Contracts;

(i) within 90 days following the end of its financial year, the Filer shall submit to IIROC, and the Principal Regulator upon request, the audited annual financial statements of the Filer; and

(j) the Requested Relief shall immediately expire upon the earliest of (the **Interim Period**)

1. four years from the date that this decision is issued;

2. the issuance of an order or decision by a court, the Commission in such Applicable Jurisdiction, the AMF (in respect of Québec) or other similar regulatory body that suspends or terminates the ability of the Filer to offer CFDs or other OTC Contracts to clients in such Applicable Jurisdiction or Québec; and

3. with respect to an Applicable Jurisdiction, the coming into force of legislation or a rule by any Commission regarding the distribution of OTC derivatives to investors in such Applicable Jurisdiction.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.1.6 New Dawn Mining Corp. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

January 20, 2014

New Dawn Mining Corp.
116 Simcoe Street, Suite 3012
Toronto, Ontario
M5E 4E2

Dear Sirs/ Mesdames:

Re: New Dawn Mining Corp. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.2 Orders

2.2.1 Global AutoTrading Inc. and Jimmy Talbot – s. 74(1)

Headnote

Investment advice by a U.S. registered investment adviser exempted from the requirements of paragraph 25(3) of the Act, subject to certain conditions, for investment advice provided to persons or entities who are resident in the United States with respect to securities of U.S. issuers – Supervisory memorandum of understanding between the Ontario Securities Commission and the Filer's principal regulator.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).

December 20, 2013

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

AND

IN THE MATTER OF
GLOBAL AUTOTRADING INC.
(the Filer)

AND

JIMMY TALBOT

ORDER
(Subsection 74(1) of the Act)

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for a ruling under subsection 74(1) of the Act for an exemption from the adviser registration requirement in section 25(3) of the Act for:

(a) the Filer; and

(b) Jimmy Talbot, who is engaging in, or holding himself out as engaging in the business of advising others when acting on behalf of the Filer (the **Filer's Adviser**),

in respect of advice to persons or companies that are not resident in Canada (the Exemption Sought).

Representations of the Filer

Filer Information

1. The Filer is incorporated under the laws of Ontario.

2. The Filer's principal office is located in Toronto, Ontario.

3. The Filer is registered as an investment adviser with the United States Securities and Exchange Commission (**SEC**) under the United States *Securities Exchange Act of 1934* and is not in default thereof or the regulations promulgated thereunder.

4. The Filer was initially established to provide its services to clients who are not resident in Canada.

Filer Operations

5. The Filer provides a monthly fee based trading service that leverages technology to automate trades that clients would typically execute themselves through a self-directed account.

6. On account opening, a client signs the Filer's services agreement (the **Agreement**) and fills out a client questionnaire.

7. A client subscribes to newsletters listed on the Filer's website or that are otherwise technologically compatible with the Filer's services. The newsletters provide advice and recommendations with respect to securities of U.S. issuers.

8. A client then accesses the Filer's website portal and provides a list of their subscriptions and instructions that allocate a certain amount of their previously created brokerage account assets to particular recommendations provided in each of the subscribed newsletters. Brokerage accounts are held by third party brokerages that are unaffiliated with the Filer or the Filer's Adviser.

9. When a newsletter publishes a general recommendation to all its subscribers, the Filer will employ software and personnel to match that recommendation with each applicable client of the Filer based on their previously provided parameters.

10. Upon a match, the Filer will create an order that is provided to the applicable client's broker.

11. The Filer provides its services to facilitate the trading of stocks and options but the Filer does not provide its services with respect to trading futures or currencies.

12. The Filer does not independently verify or comment on the recommendations being made by the newsletters that are made available through the Filer's services.

13. The Filer and the Filer's Adviser do not receive any compensation from any entity that publishes the newsletters listed on the Filer's website. Furthermore, the Filer and the Filer's Adviser do not promote one newsletter listed on the Filer's website over other newsletters listed on the Filer's website. The Filer and the Filer's Adviser do not prepare their own newsletters and all newsletters listed on the Filer's website are from third-party entities that are unaffiliated with the Filer or the Filer's Adviser.

14. The Filer informs its clients in the Agreement that it does not review each newsletter's experience, credentials or performance, and does not rate, rank or endorse any newsletters. The Filer's intention is that its services act as a tool to facilitate self-directed trades.

15. The Filer requires a limited power of attorney in order for the Filer to provide orders to brokers on a client's behalf. The Filer requires this power of attorney as the Filer's value is predicated on being able to create and submit orders to a client's broker without a need to contact and confirm the order with a client.

16. The Filer provides its services to residents in the United States of America (**U.S.**).

Filer Representations

17. The Filer does not currently have any clients who are resident in Canada. Furthermore, the Filer and the Filer's Adviser will only provide its services, including acting as an adviser to persons or companies, to clients who are not resident in Canada. The Filer will only accept new clients who are resident in the U.S. If the Filer wishes to accept new clients who are not resident in the U.S.; the Filer must obtain the appropriate registrations or rely on an exemption from registration under Ontario securities law.

18. The Filer and the Filer's Adviser have and will continue to confirm the residency of all clients who open an account with the Filer to ensure that no clients are resident in Canada. The Filer also confirms the residency of each client on an annual basis.

19. The Filer has retained US counsel to advise on its ongoing compliance obligations pursuant to its registration category under U.S. law.

20. The Filer and the Filer's Adviser will comply with all registration and other requirements of applicable U.S. securities laws in respect of providing services to clients who are resident in the U.S.

21. There is a supervisory memorandum of understanding concerning regulatory cooperation related to the supervision of regulated entities between the Commission, Autorité des marchés financiers du Québec, and the SEC which came into effect in Ontario on August 11, 2010.

22. The Filer will become a "market participant" as defined under subsection 1(1) of the Act as a consequence of this decision. As a market participant, amongst other requirements, the Filer is required to comply with the record keeping and provision of information provisions in Part VII of the Act.

23. The Filer's clients will be advised at the time they enter into an Agreement or similar documentation with the Filer, and periodically thereafter, that if they relocate to a Canadian jurisdiction, their accounts will have to be transferred to another firm that is appropriately registered or relying on an exemption from registration in the Canadian jurisdiction.

24. Without the Exemption Sought, the Filer would be required to register as an Adviser and be subject to compliance obligations under Canadian securities laws. Such obligations would likely be duplicative of the local securities law requirements in the U.S. Ensuring compliance with two securities regulatory regimes would place an unnecessary burden on the Filer with little likelihood of increasing the level of investor protection already provided by the U.S. securities laws. Furthermore, the Exemption Sought will not likely jeopardize the confidence investors have in the Canadian capital markets as compliance with the securities law obligations in the U.S. ensures a standard of oversight that residents of the U.S. are accustomed to and expect.

Order

The Commission being satisfied that it would not be prejudicial to the public interest for it to grant the Exemption Sought, the Commission rules that the Exemption Sought is granted provided that:

(a) neither the Filer, nor any individual acting on its behalf, will act as an adviser to persons or companies resident in Ontario unless they are appropriately registered, or relying on an exemption from registration, under Ontario securities law;

(b) in acting as an adviser to clients in the U.S., the Filer acts only through the Filer's Adviser;

(c) the Filer and the Filer's Adviser are currently in compliance and will continue to comply with all registration and other requirements of applicable U.S. securities laws in respect of providing services to clients who are resident in the U.S.;

(d) the Filer and the Filer's Adviser will notify the Commission of any regulatory action initiated with respect to the Filer or the Filer's Adviser by completing and filing a notice of the regulatory action within 10 days of the Filer or the Filer's Adviser receiving notification of the commencement of such action;

(e) the Filer and the Filer's Adviser complies with the requirements under Ontario Securities Commission Rule 31-505 *Conditions of Registration*, as amended from time to time;

(f) On December 31, 2013, the Filer complies with the filing and fee requirements applicable to an unregistered capital market participant under Ontario Securities Commission Rule 13-502 *Fees*; and

(g) the Exemption Sought shall terminate on the date that is one year after the date of this decision.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2.2 Irwin Boock et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
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

ORDER
(Sections 127 and 127.1 of the Act)

WHEREAS on October 6, 2008, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing, pursuant to sections 127 and 127.1 of the *Securities Act,* R.S.O. 1990, c. S.5, as amended (the "**Act**"), in relation to a Statement of Allegations filed by Staff of the Commission on October 6, 2008 in respect of 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 Corporaiton, WGI Holdings, Inc. Entertainment Corporation, WGI Holdings, Inc. and Enerbrite Technologies Groups;

AND WHEREAS the Commission conducted a hearing on the merits with respect to the allegations against Alena Dubinsky and Alexander Khodjaiants (the "**Individual Respondents**") on August 7,8,9,10,13, 2012 and December 5, 2012 (the "**Merits Hearing**");

AND WHEREAS on September 13, 2013, the Commission issued its reasons and decision on the merits in this matter (the "**Merits Decision**");

AND WHEREAS the Commission determined that the Individual Respondents had not complied with Ontario securities law and had acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS on November 12, 2013, the Commission held a hearing with respect to the sanctions and costs to be imposed in this matter (the "**Sanctions and Costs Hearing**");

AND WHEREAS on January 14, 2014, the Commission released its Reasons and Decision on Sanctions and Costs in this matter;

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) Against Leasemart, Inc., Advanced Growing Systems, Inc., The Bighub.Com, Inc., International Energy Ltd., Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd. Universal Seismic Associates Inc., Select American, and Cambridge Resources (collectively, the "**Corporate Respondents**") I order:

i. pursuant to clause 2 of section 127(1) of the Act that all trading in the securities of the Corporate Respondents, whether direct or indirect, cease permanently;

ii. pursuant to clause 2.1 of section 127(1) of the Act that all acquisitions of the securities of the Corporate Respondents, whether direct or indirect, is prohibited permanently, and

iii. pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Corporate Respondents permanently.

(b) against Individual Respondents I order:

i. pursuant to clause 2 of section 127(1) of the Act that trading in any securities by each of Khodjaiants and Dubinsky cease for a period of 15 years;

i. pursuant to clause 2.1 of section 127(1) of the Act that the acquisition of any securities by each of Khodjaiants and Dubinsky is prohibited for a period of 15 years;

ii. pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to each of Khodjaiants and Dubinsky for a period of 15 years;

iii. pursuant to clause 6 of subsection 127(1) of the Act reprimanding each of Khodjaiants and Dubinsky;

iv. pursuant to clause 9 of section 127(1) of the Act requiring Khodjaiants to pay an administrative penalty of $100,000, and Dubinsky to pay an administrative penalty of $75,000, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

v. pursuant to clause 10 of subsection 127(1) of the Act that Khodjaiants and Dubinsky disgorge to the Commission the sum of $46,218.91 CAD in HSBC Cash Account 6Y-D17J-A and the sum of $1,016,518.79 USD in HSBC Cash Account 6Y-D 17J-B, for which they will be jointly and severally liable; which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

vi. pursuant to clause 10 of section 127.1 of the Act that Khodjaiants and Dubinsky disgorge to the Commission the sum of $12,267.66 USD, for which they will be jointly and severally liable, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

vii. pursuant to section 127.1 of the Act requiring each of Khodjaiants and Dubinsky to pay $263,708.53 on account of the costs incurred in this matter, for which they shall be jointly and severally liable; and

viii. In the event that any of the payments set out in paragraphs (e), (f) and (g) are not made in full, the provisions of paragraphs (a), (b) and (c) shall continue in force until such payments are made in full without any limitation as to time period.

DATED at Toronto on this 14 day of January, 2014.

“Vern Krishna”

2.2.3 Ground Wealth Inc. et al.

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)

ORDER

WHEREAS the Ontario Securities Commission (the "Commission") issued a temporary order on July 27, 2011 (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the securities of Armadillo Energy Inc. ("the Armadillo Securities") shall cease;

2. Pursuant to paragraph 2 of subsection 127(1) of the Act, Armadillo Energy Inc. ("Armadillo Texas"), Ground Wealth Inc. ("GWI"), Paul Schuett ("Schuett"), Doug DeBoer ("DeBoer"), James Linde ("Linde"), Susan Lawson ("Lawson"), Michelle Dunk ("Dunk"), Adrion Smith ("Smith"), Bianca Soto ("Soto") and Terry Reichert ("Reichert") (collectively, the "Respondents to the Temporary Order") shall cease trading in all securities; and

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

AND WHEREAS on August 11, 2011, the Commission held a hearing to consider whether it was in the public interest to extend the Temporary Order, and heard submissions from Staff of the Commission ("Staff") and counsel to the Respondents to the Temporary Order;

AND WHEREAS on August 11, 2011, the Commission extended the Temporary Order to February 13, 2012 (the "Amended Temporary Order") on the same terms and conditions as provided for in the Temporary Order; provided that the Temporary Order shall not prevent a Respondent from trading for the Respondent's own account, solely through a registered dealer or a registered dealer in a foreign jurisdiction (which dealer must be given a copy of the Amended Temporary Order), in (a) any "exchange traded security" or "foreign exchange traded security" within the meaning of National Instrument 21-101, provided the Respondent does not own beneficially or exercise control or direction over more than 5 per cent of the voting or equity securities of the issuer of any such securities, or (b) any security issued by a mutual fund that is a reporting issuer; and provided the Respondent provides Staff with the particulars of the accounts in which such trading is to occur before any trading in such accounts occurs;

AND WHEREAS on February 8, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the Amended Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and heard submissions from Staff and from counsel to the Respondents to the Temporary Order;

AND WHEREAS on February 8, 2012, the Commission extended the Amended Temporary Order to August 8, 2012 (the "February 2012 Temporary Order") on the following terms:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act, all trading in the Armadillo Securities shall cease;

2. Pursuant to paragraph 2 of subsection 127(1) of the Act, the Respondents to the Temporary Order shall cease trading in Armadillo Securities and/or in securities of a nature similar to Armadillo Securities, which are securities evidencing an interest in the production of barrels of oil still in the ground; and

3. This Order shall not prevent Staff from applying to the Commission for a variation of this Order if Staff considers that doing so is in the public interest;

AND WHEREAS on August 2, 2012, the Commission held a hearing to consider whether it was in the public interest to extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and heard submissions from Staff and from counsel to the Respondents to the Temporary Order;

AND WHEREAS on August 2, 2012, the Commission extended the February 2012 Temporary Order until February 4, 2013, and ordered that the matter return before the Commission on February 1, 2013;

AND WHEREAS on February 1, 2013, the Commission held a hearing to consider whether it was in the public interest to further extend the February 2012 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS on February 1, 2013, Staff appeared, made submissions and requested that the February 2012 Temporary Order be extended against GWI, Armadillo Texas, DeBoer, Dunk and Smith only;

AND WHEREAS on February 1, 2013 Staff advised that they would be initiating proceedings in this matter under section 127 of the Act shortly and would not be naming Schuett, Linde, Lawson, Soto or Reichert as respondents;

AND WHEREAS on February 1, 2013, counsel to the Respondents to the Temporary Order did not appear, but email correspondence setting out his position and advising that he did not oppose the extension of the February 2012 Temporary Order to March 6, 2013 was filed by Staff;

AND WHEREAS on February 1, 2013, the Commission extended the February 2012 Temporary Order to March 6, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith and ordered that a further hearing be held before the Commission on March 5, 2013 (the "February 2013 Temporary Order");

AND WHEREAS on February 1, 2013, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the Act, in relation to a Statement of Allegations filed by Staff on February 1, 2013 (the "Statement of Allegations") naming as respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, as well as Joel Webster ("Webster"), Armadillo Energy, Inc., a Nevada company ("Armadillo Nevada") and Armadillo Energy LLC, an Oklahoma company ("Armadillo Oklahoma") (collectively, the "Respondents");

AND WHEREAS on March 5, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

AND WHEREAS on March 5, 2013, Staff appeared, made submissions and advised that Smith, GWI, Dunk and Armadillo Nevada had been successfully served with the Notice of Hearing and the Statement of Allegations, but that Staff required additional time to serve the Notice of Hearing and the Statement of Allegations on Webster, DeBoer, Armadillo Texas and Armadillo Oklahoma;

AND WHEREAS on March 5, 2013, counsel to GWI and Dunk appeared, made submissions and did not oppose the extension of the February 2013 Temporary Order; Smith appeared personally but made no submissions; and Webster, DeBoer, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS on March 5, 2013, the Commission continued the February 2013 Temporary Order to April 9, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, and adjourned the proceeding in relation to the February 2013 Temporary Order to April 8, 2013;

AND WHEREAS on April 8, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

AND WHEREAS on April 8, 2013, Staff appeared, made submissions and filed the Affidavit of Stephen Carpenter, sworn March 27, 2013;

AND WHEREAS Staff also filed materials confirming that (a) GWI, Dunk, Smith, Webster, DeBoer, Armadillo Texas and Armadillo Nevada were served with the Notice of Hearing and the Statement of Allegations, and that Armadillo Oklahoma was an inactive company, and (b) disclosure was being prepared and that Staff estimated that eight weeks would be required to complete production of the electronic disclosure briefs;

AND WHEREAS on April 8, 2013, counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice, and also advised that he had been in contact with Smith and that Smith also did not oppose the further extension of the February 2013 Temporary Order;

AND WHEREAS counsel to GWI, Dunk and DeBoer also advised that his clients did not oppose an eight week adjournment of the proceeding in relation to the Notice of Hearing without prejudice, and that Smith also did not oppose the requested adjournment;

AND WHEREAS on April 8, 2013, Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS on April 8, 2013, Schuett, Linde, Lawson, Soto and Reichert were no longer respondents to the February 2013 Temporary Order and were not respondents to the proceeding initiated by the Notice of Hearing;

AND WHEREAS on April 8, 2013, the remaining respondents to the February 2013 Temporary Order, being GWI, Armadillo Texas, DeBoer, Dunk and Smith, were all respondents to the proceeding initiated by the Notice of Hearing;

AND WHEREAS on April 8, 2013, the Commission ordered that:

1. The February 2013 Temporary Order be extended to June 7, 2013, or until further order of the Commission, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

2. A further hearing in relation to the February 2013 Temporary Order be held on June 6, 2013;

3. The hearing in relation to the Notice of Hearing be adjourned to June 6, 2013; and

4. Any further notices or orders in this matter shall proceed under a single style of cause of the proceeding initiated by the February 1, 2013 Notice of Hearing, being "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.";

AND WHEREAS on June 6, 2013, a hearing was held to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act, and a concurrent hearing was held in relation to the Notice of Hearing;

AND WHEREAS Staff appeared, made submissions and filed the Affidavit of Stephen Carpenter, sworn May 22, 2013, and advised that disclosure was prepared and available for delivery to all the Respondents, upon their signing of an undertaking in such terms suitable to protect the personal and private information contained in the disclosure brief;

AND WHEREAS at the hearings, Staff provided counsel to GWI, Dunk and DeBoer with three copies of the electronic disclosure brief;

AND WHEREAS counsel to GWI, Dunk and DeBoer made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS the Commission advised the parties that it expected to set the dates for a hearing on the merits at the next appearance on this matter;

AND WHEREAS on June 6, 2013, the Commission ordered that:

1. The hearing in relation to the Notice of Hearing be adjourned to a pre-hearing conference to be held on August 20, 2013 at 10:00 a.m.;

2. The hearing in relation to the February 2013 Temporary Order be adjourned to August 20, 2013 at 10:30 a.m.; and

3. The February 2013 Temporary Order against the Respondents be extended to August 22, 2013;

AND WHEREAS on August 20, 2013, a confidential pre-hearing conference was held, followed by a public hearing to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS Staff appeared and made submissions and counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear, although properly served with notice of the hearings;

AND WHEREAS after hearing the submissions of Staff and counsel to GWI, Dunk and DeBoer, the Commission deferred setting the dates for a hearing on the merits and advised the parties that it expected to set such dates at the next appearance on this matter;

AND WHEREAS on August 20, 2013 the Commission ordered that:

1. The pre-hearing conference be adjourned and shall continue on October 1, 2013 at 10:00 a.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order be adjourned and shall continue on October 1, 2013, at 10:30 a.m.; and

3. The February 2013 Temporary Order be extended to October 3, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

AND WHEREAS on September 20, 2013, the Registrar of the Commission received a written request on behalf of counsel to GWI, Dunk and DeBoer, requesting an adjournment of the next appearances on this matter (the "Adjournment Request");

AND WHEREAS Staff and counsel to GWI, Dunk and DeBoer agreed that the next pre-hearing conference be rescheduled to October 11, 2013 and the February 2013 Temporary Order be extended to October 16, 2013;

AND WHEREAS Armadillo Texas, Armadillo Nevada and Smith were provided with an opportunity to object to the Adjournment Request and did not do so;

AND WHEREAS Staff submitted that Armadillo Oklahoma and Webster could not be served;

AND WHEREAS on September 30, 2013, the Commission ordered that:

1. The pre-hearing conference scheduled for October 1, 2013 at 10:00 a.m. be adjourned and shall continue on October 11, 2013 at 10:00 a.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order scheduled for October 1, 2013 at 10:30 a.m. be adjourned and shall continue on October 11, 2013 at 10:30 a.m.; and

3. The February 2013 Temporary Order be extended to October 16, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

AND WHEREAS on October 11, 2013, a confidential pre-hearing conference was held, followed by a public hearing to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS Staff appeared and made submissions and counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear, although properly served with notice of the hearings;

AND WHEREAS after hearing the submissions of Staff and counsel to GWI, Dunk and DeBoer, the Commission deferred setting the dates for a hearing on the merits and advised the parties that it expects to set such dates at the next appearance on this matter;

AND WHEREAS on October 11, 2013, the Commission ordered that:

1. The pre-hearing conference be adjourned and shall continue on November 5, 2013, at 2:30 p.m.;

2. The hearing in relation to the extension of the February 2013 Temporary Order be adjourned and shall continue on November 5, 2013, at 3:00 p.m.; and,

3. The February 2013 Temporary Order be extended to November 8, 2013, as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith;

AND WHEREAS on October 31, 2013, the Commission issued an Amended Notice of Hearing and Staff filed an Amended Statement of Allegations, which amended the title of this proceeding by replacing the name "Armadillo Energy LLC" with "Armadillo Energy, LLC (aka Armadillo Energy LLC)" (collectively, "Armadillo Oklahoma", as defined above);

AND WHEREAS on November 5, 2013, a confidential pre-hearing conference was held, followed by a public hearing to consider whether it was in the public interest to further extend the February 2013 Temporary Order pursuant to subsections 127(7) and 127(8) of the Act;

AND WHEREAS Staff appeared and made submissions and counsel to GWI, Dunk and DeBoer appeared, made submissions and did not oppose the further extension of the February 2013 Temporary Order without prejudice;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear, although properly served with notice of the hearings;

AND WHEREAS on November 5, 2013, the Commission ordered that:

1. The pre-hearing conference is adjourned and shall continue on January 15, 2014 at 10:00 a.m.;

2. A motion requested by Staff will be heard at a confidential hearing on February 6, 2014 at 10:00 a.m. ("Staff's Motion");

3. The hearing on the merits shall commence on April 14, 2014 at 10:00 a.m. and shall continue until May 7, 2014, save and except for April 16, 17, 18 and 22 and May 6, 2014 (the "Merits Hearing"); and

4. The February 2013 Temporary Order is extended as against the respondents GWI, Armadillo Texas, DeBoer, Dunk and Smith, to two days following the conclusion of this proceeding, including the issuance of the Commission's decision on sanctions and costs should a sanctions hearing be required following the conclusion of the Merits Hearing in this matter;

AND WHEREAS on January 15, 2014, the Commission held a confidential pre-hearing conference, and Staff and counsel to GWI, Dunk and DeBoer appeared and made submissions;

AND WHEREAS Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear, although properly served with notice of the hearing;

AND WHEREAS Staff undertook to make its best efforts to serve on each party and file its motion materials, in connection with Staff's Motion, by January 22, 2014;

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 pre-hearing conference is adjourned and shall continue on March 24, 2014 at 10:00 a.m.

DATED at Toronto this 15th day of January, 2014.

"Mary Condon"

2.2.4 NWQ Investment Management Company, 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
NWQ INVESTMENT MANAGEMENT COMPANY, LLC

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of NWQ Investment Management Company, 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 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 organized under the laws of the State of Delaware, United States. The Applicant's principal place of business is located in Los Angeles, California.

2. The Applicant is an indirect wholly-owned subsidiary of Nuveen Investments, Inc., the principal office of which is in Chicago, Illinois.

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 with the CFTC as a commodity trading advisor under section 4m(1) of the *Commodity Exchange Act*, section 4m(3) of the *Commodity Exchange Act*, CFTC Rule 4.14(a)(8), and such other exemption or exclusion from registration as a commodity trading advisor, as may be applicable.

4. The Applicant engages in the business of an adviser with respect to securities and with respect to Contracts in Los Angeles, California and its other offices in the United States. As of December 31, 2012, the Applicant managed approximately US $15.2 billion in assets.

5. The Applicant provides its advisory services in a broad array of fixed income, equity and other investment strategies, including government securities of the U.S. and other countries; debt securities, preferred securities, and equity securities of U.S. and non-U.S. companies including depositary receipts of these securities; convertible securities; exchange traded funds and shares of mutual funds; master limited partnerships; shares of business development companies; and money market instruments including certificates of deposit, time deposits, bankers acceptance notes, commercial paper, repurchase agreements, and money market funds. Depending on the particular strategy, the Applicant may invest in a variety of securities and other investments, including in certain cases derivatives, and employ various methods of analysis and investment techniques. In the United States, the Applicant trades fixed income futures, commodity futures, options on equity securities, options on commodity futures, and credit default swaps, all on a limited basis for a variety of strategies.

6. Permitted Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice as to trading in Foreign Contracts.

7. With respect to its investment advisory activities relating to commodity interests for Ontario clients, the Applicant intends to rely on the following exemptions from registration with the CFTC as a commodity trading advisor: section 4m(1) of the *Commodity Exchange Act*, section 4m(3) of the *Commodity Exchange Act*, CFTC Rule 4.14(a)(8), or such other exemption or exclusion from registration as a commodity trading advisor, as may be applicable.

8. The Applicant advises Ontario clients that are Permitted Clients with respect to foreign securities in reliance on the International Adviser Exemption and therefore is not registered under the OSA.

9. The Applicant is not registered in any capacity under the CFA.

10. In addition to providing advice in respect of securities as described in paragraph 5 above, the Applicant proposes to act also as an adviser to Permitted Clients in Ontario in respect of Foreign Contracts in connection principally with respect to fixed income futures, commodity futures, and options on commodity futures. It will provide its advice on a fully discretionary basis.

11. 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.

12. 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*.

January 17, 2014

"Edward B. Kerwin"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
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: _____

_____

_____

_____

Acceptance

The undersigned accepts the appointment as Agent for Service of _____ 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
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior 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:

   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)?	____	____

   If yes, provide the following information for each action:

   Name of Entity

   Type of Action

[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*.

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

This form is to be submitted to the following address:

Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Attention: Senior Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
Email: amcbain@osc.gov.on.ca

2.2.5 A25 Gold Producers Corp. et al.

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

AND

IN THE MATTER OF
A25 GOLD PRODUCERS CORP., DAVID AMAR,
JAMES STUART ADAMS and AVI AMAR

ORDER

WHEREAS on December 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") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on December 18, 2013 with respect to A25 Gold Producers Corp., David Amar, James Stuart Adams, and Avi Amar (collectively, the "Respondents");

AND WHEREAS the Notice of Hearing set a hearing in this matter for January 16, 2014;

AND WHEREAS on January 16, 2014, Staff and counsel for the Respondents appeared before the Commission;

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 confidential pre-hearing conference shall take place on February 28, 2014 at 9:00 a.m.

DATED at Toronto this 16th day of January, 2014.

"James E.A. Turner"

2.2.6 Frederick Lawrence Marlatt, also known as Frederick Lawrence Mitschele and Michael Wallace Minor – 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
FREDERICK LAWRENCE MARLATT,
also known as FREDERICK LAWRENCE MITSCHELE
and MICHAEL WALLACE MINOR

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

WHEREAS on December 11, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127(1) and 127(10) of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Frederick Lawrence Marlatt, also known as Frederick Lawrence Mitschele, ("Mitschele") and Michael Wallace Minor ("Minor") (together, the "Respondents");

AND WHEREAS on December 11, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on January 17, 2014, Staff appeared before the Commission and brought an application to convert this matter to a written hearing;

AND WHEREAS on January 17, 2014, Staff filed an affidavit of service sworn by Lee Crann, a Law Clerk with the Commission, which documented steps taken by Staff to serve the Respondents with the Notice of Hearing, Statement of Allegations and Staff's disclosure materials, and made submissions to the Commission;

AND WHEREAS the Respondents did not appear;

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) Staff shall provide to the Respondents information concerning the Legal Assistance Program, and shall confirm to the Respondents that Staff's application, if granted, will convert this matter to a written hearing;

(b) the Respondents shall advise of any objections they have to Staff's application to proceed by way of written hearing by February 5, 2014; and

(c) the hearing in this matter is adjourned to February 13, 2014 at 2:00 p.m.

DATED at Toronto this 17th day of January, 2014.

"Mary G. Condon"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Irwin Boock et al. – ss. 127, 127.1

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

AND

IN THE MATTER OF
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

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

Hearing:	November 12, 2013		
Decision:	January 14, 2014		
Panel:	Vern Krishna, Q.C.	–	Commissioner and Chair of the Panel
Appearances:	Donna Campbell	–	For Staff of the Commission
		–	No one appeared for the respondents, Alexander Khodjaiants and Alena Dubinsky

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REASONS AND DECISION ON SANCTIONS AND COSTS

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), to consider whether it is in the public interest to make an order with respect to sanctions and costs against Alexander Khodjaiants ("**Khodjaiants**") and Alena Dubinsky ("**Dubinsky**") (collectively, the "**Individual Respondents**").

[2] The hearing on the merits commenced by a Statement of Allegations and Notice of Hearing, dated October 16, 2008. Subsequently, on January 4, 2012, an Amended Statement of Allegations was filed by Enforcement Staff of the Commission ("**Staff**") and on January 5, 2012, an Amended Notice of Hearing was issued by the Commission. The hearing on the merits began on August 7, 2012, continued on August 8, 9, 10, 13, 2012 and on December 5, 2012 for closing submissions (the "**Merits Hearing**").

[3] The reasons and decisions for the proceeding relating to Khodjaiants and Dubinsky were delivered on September 13, 2013 (the "**Merits Decision**") (*Re Irwin Boock et al.* (2013), 36 O.S.C.B. 9361). By order dated on the same day, (the "**September 13, 2013 Order**") the date for the hearing with respect to sanctions and costs was set for November 12, 2013.

[4] On November 12, 2013, a hearing was held to consider submissions from Staff and the Individual Respondents regarding sanctions and costs (the "**Sanctions and Costs Hearing**"). Staff appeared before the Commission and made submissions. The Individual Respondents did not appear in person or by counsel at the Sanctions and Costs Hearing.

[5] These are my reasons and decision as to the appropriate sanctions and costs to be ordered against the Individual Respondents.

II. THE MERITS HEARING AND DECISION

[6] At the Merits Hearing, I considered whether each of Khodjaiants and Dubinsky breached the sections 53, 126(a) and 126(b) of the Act and/or acted contrary to the public interest. In particular, whether the Individual Respondents:

- distributed securities without having filed a prospectus, contrary to subsection 53(1) of the Act and contrary to the public interest;
- engaged in conduct that resulted in or contributed to a misleading appearance of trading activity in, or artificial price for, a security, contrary to subsection 126.1(a) of the Act and contrary to the public interest; and
- engaged or participated in acts, practices or courses of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud on persons or companies contrary to subsection 126.1(b) of the Act and contrary to the public interest.

[7] The evidence presented at the Merits Hearing showed that the Individual Respondents participated in a corporate hijacking scheme involving reincorporated entities with a new corporate names, new Committee on Uniform Security Identification Procedures (CUSIP) numbers, and a new trading symbols, which issued shares through Select American Transfer Co. ("**Select American**"), a transfer agent and an entity controlled by Irwin Boock ("**Boock**") and his associates, including Stanton DeFreitas ("**DeFreitas**"), Jason Wong ("**Wong**") and Roufat Iskenderov ("**Iskenderov**"). The new shares were issued to new shareholders, following a consolidation of shares and an increase in authorized share capital. The reincorporated entities were closely held by Boock and his associates, which resulted in the discretionary issuance of shares to parties related to him for the purpose of trading in those shares. Those parties included Iskenderov, Elena Lazareva, Natalya Lazareva, Vicky Zaltsman, Tale Aliev, Rashad Ahmadov and Maksud Guluzade (the "**Traders**") as well as the Individual Respondents. (Merits Decision, supra, at paras. 27-44)

[8] Each of the Traders, including Dubinsky opened a Royal Bank of Canada ("**RBC**") Direct Investing Account. Dubinsky admitted in her compelled testimony of October 25, 2007 that she opened a RBC Direct Investing Account on June 17, 2006 (the "**RBC Account**") and a HSBC Bank Canada trading account on February 5, 2007 (the "**HSBC Account**") (together, the "**Trading Accounts**"). Dubinsky stated that the Trading Accounts were opened at the request of Khodjaiants so that he could trade in securities and that she knew nothing about the shares deposited into the Trading Accounts. (Merits Decision, *supra*, at para. 45)

[9] From July, 2006 through to December 2006, the Individual Respondents deposited shares of certain issuers, including Leasemart, Inc., Advanced Growing Systems, Inc., The Bighub.Com, Inc., International Energy Ltd., NutriOne Corporation, Pocketop Corporation, Asia Telecom Ltd., Pharm Control Ltd. and Universal Seismic Associates Inc. (collectively, the "**Issuer Respondents**") in the RBC Account. The Traders deposited shares of the same companies into their respective RBC accounts contemporaneously with the Individual Respondents. Subsequently, RBC terminated its relationship with Dubinsky and the Traders in March, 2007, and closed the RBC accounts. (Merits Decision, *supra*, at paras. 45, 60-63, 73)

[10] I found that the evidence proved on a balance of probabilities that the Individual Respondents traded in or acted in furtherance of trades in Asia Telecom or Pharm Control securities, which constitute distributions of those securities, in contravention of subsection 53(1) of the Act. I also found that there was cogent evidence that established on a balance of probabilities that the Individual Respondents engaged in conduct which they knew or ought to have known perpetrated a fraud within the meaning of subsection 126.1(b) of the Act. The conduct of the Individual Respondents, in these respects, was contrary to the public interest. (Merits Decision, *supra*, at paras. 99, 102, 115, and 122)

[11] I did not find, however, that the Individual Respondents engaged in market manipulation or participated in a course of conduct that they knew or reasonably ought to have known resulted in or contributed to a misleading appearance of trading activity in securities of the Issuer Respondents, contrary to subsection 126.1(a) of the Act. I was not satisfied that Staff discharged its burden to prove, on a balance of probabilities, that the Individual Respondents engaged in the conduct alleged in breach of subsection 126.1(a) of the Act. (Merits Decision, *supra*, at para. 106)

III. PRELIMINARY ISSUES

Failure of the Individual Respondents to Attend

1. Respondents' Participation

[12] Staff served and filed written submissions on sanctions and costs by 4:00 p.m. on October 7, 2013 as required by the September 13, 2013 Order. The Individual Respondents filed responding written submissions on sanctions and costs by 4:00 p.m. on October 28, 2013, through their counsel James Camp of Wardle Daley Bernstein Bieber LLP, who was obtained through the OSC Litigation Assistance Program ("**LAP Counsel**").

[13] By email dated November 4, 2013 (the "**November 4, 2013 Email**"), Khodjaiants advised the Commission that he had requested that LAP Counsel rescind submissions made on behalf of the Individual Respondents and that LAP Counsel was no longer required to represent them. Khodjaiants advised that Panel is to ignore the submissions presented by LAP Counsel and that he would personally present oral submissions on November 12, 2013 on behalf of himself and Dubinsky. The November 4, 2013 Email also included new written submissions from Dubinsky. On November 5, 2013, Khodjaiants submitted a notice of intention to act in person (the "**Notice to Act in Person**").

[14] Despite the Notice to Act in Person, Khodjaiants and Dubinsky did not appear at the Sanctions and Costs Hearing.

2. Staff's Submissions

[15] Staff submits that there was, in the November 4, 2013 Email, a stated intention by Khodjaiants, to appear at the Sanctions and Costs Hearing. Staff also submits that the registrar distributed an email to all parties to this matter on November 11, 2013 advising that the start time for Sanctions and Costs Hearing was at ten-thirty in the morning on November 12, 2013.

The email was copied to Khodjaiants, Dubinsky and Staff. Accordingly, Khodjaiants and Dubinsky were aware of this matter, the date, and the start time of ten-thirty, and elected not appear.

[16] Staff advised that there has been no contact with the Individual Respondents since the November 4, 2013 Email. Staff submits that there has been no telephone call, no e-mail, or faxes sent to the attention of Ms. Campbell at the respective fax machines of Staff and there was nothing delivered to the mail room of the offices of the Commission.

[17] It is Staff's position that the Sanctions and Costs Hearing should proceed, after having waited an hour and ten minutes for the Individual Respondents to appear.

3. The Law

[18] Subsection 6(1) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "**SPPA**") requires that the tribunal provide "reasonable notice of the hearing" to the parties to a proceeding.

[19] Subsection 7(1) of the SPPA, authorizes a tribunal to proceed in the absence of a party when that party has been given notice of the hearing. The provision states:

> **Effect of non-attendance at hearing after due notice**
>
> **7**(1) Where notice of an oral hearing has been given to a party to a proceeding in accordance with this Act and the party does not attend at the hearing, the tribunal may proceed in the absence of the party and the party is not entitled to any further notice in the proceeding.

[20] Further, Rule 7.1 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 ("***Rules of Procedure***") replicates the language of subsection 7(1) of the SPPA.

4. Authority to Proceed in Absence of the Individual Respondents

[21] It is the responsibility of Staff to demonstrate that all reasonable efforts were made to serve the Individual Respondents themselves. Staff has the responsibility to prove that they served the Individual Respondents with documentation to inform them of the hearing dates and that all reasonable steps were taken to do so.

[22] I am satisfied that proper notice of the Sanctions and Costs Hearing has been given to both Khodjaiants and Dubinsky as evidenced by the email communications to the Individual Respondents. I am also satisfied that the Individual Respondents were informed of the hearing date in light of the fact that written submissions were made by the Individual Respondents through, LAP Counsel, and subsequently written submissions were made, by Dubinsky, through the November 4, 2013 Email.

[23] I accepted that, in accordance with subsection 7(1) of the SPPA and the Commission's *Rules of Procedure*, the Individual Respondents are not entitled to any further notice and that the hearing may proceed in their absence. I have, as a matter of considerable courtesy to the Individual Respondents, delayed the commencement of the Sanctions and Costs Hearing for one hour and ten minutes in the expectation that Khodjaiants might have given me some reason for not appearing at, 10:30a.m., the time the Sanctions and Costs Hearing was scheduled to commence. The Individual Respondents have chosen not to get in touch with the Commission and it is entirely appropriate, in the circumstances, to proceed with the Sanctions and Costs Hearing since all parties have been notified and documents and filings have been exchanged.

[24] I also note that the Merits Decision and the September 13, 2013 Order, which set out the date on which the Sanctions and Costs Hearing was scheduled to take place were posted on the Commission's website. The September 13, 2013 Order also indicated that upon failure of any party to attend at the time and place of the Sanctions and Costs Hearing, the hearing may proceed in the absence of that party, and such party is not entitled to any further notice of the proceeding. Accordingly, pursuant to section 7 of the SPPA and Rule 7.1 of the Commission's *Rules of Procedure*, I was authorized to proceed with the Sanctions and Costs Hearing without further notice to Khodjaiants or Dubinsky.

IV. EVIDENCE

[25] It is well established that in imposing sanctions, the Commission considers only the findings in the merits decision, any agreed statement of facts, and evidence and submissions presented at the merits hearing and sanctions hearing. (*Re First Global Ventures, S.A. et al.* (2008), 31 O.S.C.B. 10869 at para. 65)

[26] The sanctions for the Individual Respondents are based on the findings in the Merits Decision and the evidence presented at the Merits Hearing and the Sanctions and Costs Hearing.

Evidence Presented

[27] Staff submitted one document, the Bill of Costs of Staff of the Ontario Securities Commission, marked as exhibit one (the "**Bill of Costs**"). Staff did not call any witnesses.

V. THE U.S. SECURITIES AND EXCHANGE COMMISSION PROCEEDING

Staff's Submissions

[28] At the Sanctions and Costs Hearing, Staff advised that the matter against Boock, Defreitas and Wong in front of the U.S. Securities and Exchange Commission (the "**SEC**") has been completed. Staff submitted that the defendants to the SEC matter are Boock, DeFreitas, Nicolette Loisel ("**Loisel**"), Roger Shoss ("**Shoss**") and Wong (collectively, the "**Defendants**"). Staff submitted that the United States District Court Southern District of New York (the "**NY Court**") examined evidence that was led by the SEC and ordered significant monetary sanctions against Boock, DeFreitas and Wong (the "**SEC Sanctions Order**"). Staff advised that Loisel and Shoss are in Texas. They assisted on certain transactions and faced criminal proceedings. Staff submits that the criminal trial of Loisel and Shoss was completed and that they are facing severe penalties that include incarceration.

[29] The SEC Sanctions Order was reflective and proportionate to the respective roles of each of Boock, DeFreitas and Wong, in the fraudulent scheme in which Khodjaiants participated. Boock, DeFreitas and Wong were jointly and severally liable to disgorge the amount of $6,140,172 and prejudgment interest in the amount of $2,144,462.

[30] Staff also advised that the SEC requested, and the NY Court ordered that Boock pay tier 3 penalties, the highest on its scale, at the statutory maximum of $130,000 for each of the 23 issuers that were hijacked during the Toronto phase of the fraud. [NY Court Decision at pg. 16] There are three tiers of civil penalties. Tier 3 penalties are levied when fraud is involved. The total civil penalty ordered against Boock was $2,990,000. The SEC requested, and the NY Court ordered, tier 3 penalties for each of Wong and Defreitas of $1,560,000 and $130,000 respectively.

VI. SUBMISSIONS OF THE PARTIES ON SANCTIONS AND COSTS

A. Staff's Position

1. Specific Sanctions and Costs Requested

[31] Staff requests the following sanctions for the Individual Respondents and submit that these sanctions are appropriate in view of the gravity of their misconduct:

(a) an order pursuant to clause 2 of section 127(1) of the Act that trading in any securities by or of each of Khodjaiants and Dubinsky cease for a period of 15 years;

(b) an order pursuant to clause 2.1 of section 127(1) of the Act that the acquisition of any securities by each of Khodjaiants and Dubinsky is prohibited for a period of 15 years;

(c) an order pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to each of Khodjaiants and Dubinsky for a period of 15 years;

(d) an order pursuant to clause 6 of subsection 127(1) of the Act reprimanding each of Khodjaiants and Dubinsky;

(e) an order pursuant to clause 9 of section 127(1) of the Act requiring Khodjaiants to pay an administrative penalty of $100,000, and Dubinsky to pay an administrative penalty of $75,000, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

(f) an order pursuant to clause 10 of subsection 127(1) of the Act that Khodjaiants and Dubinsky disgorge to the Commission the sum of $46,218.91 CAD in HSBC Cash Account 6Y-D17J-A and the sum of $1,016,518.79 USD in HSBC Cash Account 6Y-D 17J-B, for which they will be jointly and severally liable; which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

(g) an order pursuant to clause 10 of section 127.1 of the Act that Khodjaiants and Dubinsky disgorge to the Commission the sum of $12,267.66 USD, for which they will be jointly and severally liable, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act; and

(h) an order pursuant to section 127.1 of the Act requiring each of Khodjaiants and Dubinsky to pay $263,708.53 on account of the costs incurred in this matter, for which they shall be jointly and severally liable.

[32] In the event that any of the payments set out in paragraphs (e), (f) and (g) are not made in full, the provisions of paragraphs (a), (b) and (c) shall continue in force until such payments are made in full without any limitation as to time period.

2. Staff's Submissions on Sanctions and Costs

(a) Administrative Penalty

[33] Staff requests an order pursuant to clause 9 of section 127(1) of the Act requiring Khodjaiants to pay an administrative penalty of $100,000, and Dubinsky to pay an administrative penalty of $75,000, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

[34] Staff submits that an administrative penalty of $100,000 is appropriate for Khodjaiants considering the magnitude of the harm committed by the Individual Respondents and the role they each played in the fraudulent scheme, and is consistent with the findings of the Commission in previous decisions relied on by Staff. Staff relies on *Limelight Entertainment Inc., (Re)* (2008), 31 O.S.C.B. 1727; *Re Rowan* (2010) 33 O.S.C.B. 91; *Re Maple Leaf Investment Fund Corp.* (2012) 35 O.S.C.B. 3080; *Re Global Partners* (2010), 33 O.S.C.B. 7783 and *Re Sulja Bros. Building Supplies, Ltd. et al.* (2011) 34 O.S.C.B. 7515.

[35] Staff submits that Khodjaiants has made no admissions. Despite the evidence against him, Khodjaiants continues to take the position he was just an innocent investor and that it could be a coincidence that the brokerage records in evidence shows that share certificates of the Issuer Respondents were deposited by Dubinsky and traded by him in concert with the Traders. (Merits Decision, *supra*, at paras. 53 and 115)

[36] Staff also submits that Dubinsky was a willing if passive participant. While she played a lesser role than that of Khodjaiants, Dubinsky was instrumental in setting up the Trading Accounts through which Khodjaiants sold the shares of the hijacked companies. (Merits Decision, *supra*, at paras. 45-47,52, and 119-120.)

(i) Permanent Cease Trade Orders against Corporate Respondents

[37] On May 18, 2007, the Commission issued an order that trading the securities the Issuer Respondents and Cambridge Resources Corporation ("**Cambridge Resources**") shall cease and that any exemptions contained in Ontario securities law do not apply to them (the "**May 18, 2007 TCTO**").

[38] On May 22, 2007, the Commission issued an order that trading the securities of Select American shall cease and that any exemptions contained in Ontario securities law do not apply to Select American (the "**May 22, 2007 TCTO**" and together with the May 18,2007 TCTO, the "**Temporary Cease Trade Orders**").

[39] The Temporary Cease Trade Orders were modified and extended from time to time by further orders of the Commission. On November 24, 2008, the Commission issued an order extending all Temporary Cease Trade Orders until the conclusion of the proceeding or until further order of the Commission. Staff now requests that I order a permanent cease trade against Cambridge Resources, Select American and the Issuer Respondents, except NutriOne (Cambridge Resources, Select American and the Issuer Respondents, except NutriOne Corporation, collectively, the "**Corporate Respondents**").

[40] NutriOne Corporation entered into a settlement agreement with the Staff of the Commission on October 14, 2009 (the "**NutriOne Settlement Agreement**") whereby NutriOne and Staff agreed that all trading in, and all acquisitions of, the securities of NutriOne, whether direct or indirect, would cease permanently, and any exemptions contained in the Act would not apply to NutriOne permanently. By order dated October 21, 2009, the Commission approved the NutriOne Settlement Agreement. (*Re Irwin Boock et al.* (2009), 32 O.S.C.B. 9028)

[41] There are no allegations with respect to the Corporate Respondents. At the Merits Hearing, Staff does not seek findings against the Corporate Respondents and I did not make further analysis or findings with respect to the Corporate Respondents in the Merits Decision. However, there is the matter of the outstanding Temporary Cease Trade Orders, issued against the Corporate Respondents which I must address. (Merits Decision, *supra*, at para. 4)

(b) Disgorgement

[42] Staff is requesting an order pursuant to clause 10 of section 127(1) of the Act that Khodjaiants and Dubinsky disgorge to the Commission:

(a) the sum of $46,218.91 CAD in HSBC Cash Account 6Y-D17J-A and the sum of $1,016,518.79 USD in HSBC Cash Account 6Y-D 17J-B, for which they will be jointly and severally liable; and

(b) the sum of $12,267.66 USD, for which they will be jointly and severally liable, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act.

[43] Staff submits that the disgorgement sanctions proposed are proportionate to the Individual Respondents' misconduct. Further, the sanctions should deter the Individual Respondents and others from engaging in the same or similar conduct in the future by attaching meaningful consequences to the Individual Respondents' actions. It is the position of Staff that the imposition of these sanctions is justified by the gravity of the actions of the Individual Respondents and the findings made by this Commission.

(c) Costs

[44] It is Staff's position that Khodjaiants' conduct in the months leading up to the Merits Hearing unduly lengthened the time it took for this proceeding to be heard, and that the steps Khodjaiants took were vexatious and unreasonable. Staff also submits that the Individual Respondents did not respect the process of the Commission, meriting a significant costs award.

[45] Staff submits that this matter was a lengthy and complicated investigation involving many members of Staff. As such, the total cost of the investigation and hearing of this matter is $1,405,268.59. Staff, however, are requesting an order that the Individual Respondents pay the costs (the "**Costs Sought**") relating to the time spent by certain Staff in the litigation phase of this matter which is the period from November 2011 to August 2012 (the "**Merits Hearing Phase**"). The individuals whose time are included in the Costs Sought are, (i) Donna Campbell, Staff counsel, (ii) Craig Gallacher, Senior Investigator, and (iii) Anne Paiement, Investigator.

[46] Staff submitted the Bill of Costs reflecting the Costs Sought for the Merits Hearing Phase of $263,708.53. The Costs Sought reflects the total fees & disbursements of $338,708.53 less settlement costs of $75,000 allotted to Boock. Staff provided copies of the timesheets and hourly figures to support their claim. The timesheets provide dates, numbers of hours worked and tasks performed by each of the individuals listed. The Costs Sought do not include:

- any of the costs associated with the lengthy investigation conducted into this matter;
- any litigation costs in connection with the many Commission attendances prior to the Merits Hearing Phase;
- any responses to motions in respect of an application for judicial review brought by Khodjaiants and filed with the Divisional Court;
- the preparation costs related to preparing for the hearing originally scheduled for 2009;
- time spent on settlement negotiations, conferences and hearings, and the drafting of materials related to settlements with Boock, DeFreitas and Wong; and
- time spent preparing for and attending the hearing regarding sanctions.

[47] Staff submits that the Bill of Costs employs the hourly rates approved by the Commission and excludes any time spent by legal assistants or investigative staff other than that of Mr. Gallacher and Ms. Paiement. Staff submit that the Costs Sought is proportionate and reasonable in all of the circumstances, and in light of the conduct of the Individual Respondents throughout the Merits Hearing Phase.

B. The Respondents' Position

1. Alexander Khodjaiants

[48] Khodjaiants did not provide any submissions.

2. Alena Dubinsky

[49] Dubinsky submits, through the November 4, 2013 Email, that her role in these matters were to open brokerage accounts and to deposit stocks in order to facilitate the sale of shares that were obtained in a real estate transaction. Dubinsky did not raise any responses with respect to the submissions made by Staff.

VII. SANCTIONS

[50] The Commission has a public interest jurisdiction to order sanctions restricting or banning respondents from participating in the Ontario capital markets (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario*

(Securities Commission), [2001] 2 S.C.R. 132 at para. 43). The Commission's role in ordering sanctions is outlined in *Re Mithras Management Ltd.*:

> … the role of this Commission is to protect the public interest by removing from the capital markets – wholly or partially, permanently or temporarily, as the circumstances may warrant – those whose conduct in the past leads us to conclude that their conduct in the future may well be detrimental to the integrity of those capital markets. We are not here to punish past conduct; that is the role of the courts, particularly under section 118 [now 122] of the Act. We are here to restrain, as best we can, future conduct that is likely to be prejudicial to the public interest in having capital markets that are both fair and efficient. In so doing we must, of necessity, look to past conduct as a guide to what we believe a person's future conduct might reasonably be expected to be; we are not prescient, after all.
>
> (*Re Mithras Management Ltd.* (1990), 13 O.S.C.B. 1600 at paras. 1610-1611)

[51] In determining the appropriate sanctions, I am guided by the factors set out in *Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 ("***M.C.J.C. Holdings***") at 1135 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746. Any sanctions imposed must be proportionate to the circumstances and conduct of each respondent (*M.C.J.C. Holdings*, *supra*, at 1134). In determining the nature and duration of sanctions, the Commission has considered the following factors:

(a) the seriousness of the allegations;

(b) the respondent's experience in the marketplace;

(c) the level of a respondent's activity in the marketplace;

(d) whether or not there has been a recognition of the seriousness of the improprieties;

(e) whether or not the sanctions imposed may serve to deter not only those involved in the case being considered, but any like-minded people from engaging in similar abuses of the capital markets;

(f) any mitigating factors;

(g) the size of any profit made or loss avoided from the illegal conduct;

(h) the size of any financial sanctions or voluntary payment when considering other factors;

(i) the effect any sanction might have on the livelihood of a respondent;

(j) the restraint any sanctions may have on the ability of a respondent to participate without check in the capital markets;

(k) the reputation and prestige of the respondent;

(l) the shame or financial pain that any sanction would reasonably cause to the respondent; and

(m) the remorse of the respondent.

(*Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 at para. 26 and *Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at paras. 25-26.)

[52] I may consider general deterrence when determining the appropriate sanctions. As the Supreme Court of Canada has held, "… it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventative" (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60). I may also consider "the importance of deterring not only those involved in this matter, but also like-minded people from engaging in similar conduct." (*Momentas Corp. (Re)* (2007), 30 O.S.C.B. 6475 at paras. 51-52). The Commission has concluded that:

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

[53] Participation in the capital markets is a privilege, not a right (*Erikson v. Ontario (Securities Commission)* (2003), 26 O.S.C.B. 1622 (Div. Ct.) at para. 47). One of the Commission's objectives in imposing sanctions is to restrain future conduct that may be harmful to investors or the capital markets. I may order sanctions restricting or banning respondents from participating in the Ontario capital markets if it is in the public interest to do so. The Supreme Court of Canada has stated that:

> … the purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the OSC under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets.
>
> (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 43)

A. Factors Applicable to the Individual Respondents

1. Seriousness of the Misconduct and Breaches of the Act

[54] The securities law violations committed by each of the Individual Respondents were serious and their behaviour was egregious. In the Merits Decision, I found that the Individual Respondents traded in or acted in furtherance of trades in Asia Telecom or Pharm Control securities, which constitute distributions of those securities, contrary to subsection 53(1) of the Act. I also found that the Individual Respondents engaged in acts that were deceitful, falsehoods or constitute other fraudulent means. I accepted Staff's submissions in the Merits Hearing that this included:

- opening trading accounts for the express purpose of selling significant quantities of Issuer Respondent shares;
- making statements on the Trading Account applications which were untrue or inaccurate, specifically with respect to Dubinsky's income, to enhance the likelihood that the application would be granted;
- depositing and selling the Issuer Respondent shares in concert with the Eight Traders to optimize the proceeds realized from sales; and
- selling shares in increasingly significant quantities to effectively liquidate the shares of certain hijacked companies, specifically Pharm Control and Asia Telecom securities.

(Merits Hearing, *supra*, at para. 116)

[55] The Individual Respondents had the subjective awareness that they engaged in conduct which they knew or ought to have known would perpetrate a fraud on investors.

[56] I also found that Ms. Dubinsky, on the direction of Khodjaiants, opened the Trading Accounts in her own name and made untrue and inaccurate statements on the RBC and HSBC application forms for the Trading Accounts. Ms. Dubinsky also repeatedly endorsed and deposited share certificates with her name on them even though she had not purchased the shares and had no knowledge of them until Khodjaiants presented them to her, and deposited over one hundred million shares of Asia Telecom and Pharm Control into the HSBC Account. I recognize Ms. Dubinsky's lesser involvement in this scheme, however, Ms. Dubinsky's involvement does not minimize the seriousness of her actions as described in the Merits Decision. (Merits Decision, *supra*, at para. 119)

2. The Individual Respondents did not Express Remorse

[57] The Individual Respondents provided no submissions that allow me to conclude that they acknowledge the seriousness of their conduct or that they are remorseful. Khodjaiants chose not to attend the Sanctions and Costs Hearing or provide any submissions. Dubinsky was wilfully blind as to Khodjaiants trading activity in the Trading Accounts opened in her name, and chose not to attend neither the Merits Hearing nor the Sanctions and Costs Hearing.

3. Size of Profit Gained or Loss Avoided from Illegal Conduct

[58] The conduct of the Individual Respondents deprived investors of $1,028,786.45 USD and $46,218.91 CAD. (Merits Decision, *supra* at paras 60, 67, 119, 120.)

4. Prohibitions on Participation in the Capital markets and the Deterrence of Like Minded People

[59] The Individual Respondents contributed to a scheme to defraud investors and have failed to demonstrate, either by oral or written submissions at the Sanctions and Costs Hearing, that they recognized the severity of their fraudulent conduct.

[60] Fraud is "one of the most egregious securities regulatory violations." (*Re Al Tar Energy Corp.* (2010), 33 O.S.C.B. 5535 at para. 214) The Individual Respondents committed a series of acts that included the illegal distribution and unregistered trading of securities and an ongoing course of deceitful and fraudulent conduct. The actions of the Individual Respondents' put investors' financial interests at risk and caused significant harm to the integrity of the capital markets.

[61] The Individual Respondents have no prior history with the Commission and did not conceive of the corporate hijacking scheme. They did, however, participate the in the scheme for a period of nine months in concert with others and continued to engage in the fraudulent liquidation of Issuer Respondent shares. The Individual Respondents possessed the subjective awareness that their actions were deceitful and ought to have known that their facilitation and acquiescence of the fraudulent scheme could have as a consequence the placed investors' financial interests at risk.

[62] The evidence presented at the Merits Hearing showed that Khodjaiants directed Dubinsky to open the Trading Accounts so that he could trade in securities. He also encouraged Dubinsky to make untrue and inaccurate statements on the RBC and HSBC application forms and controlled trading of Issuer Respondent shares in the Trading Accounts. Khodjaiants also acknowledged, under cross-examination at the Merits Hearing, that the HSBC Account was opened when RBC stopped accepting the share certificates.

[63] Dubinsky was reckless, wilfully blind and acted upon the instructions of Khodjaiants. Dubinsky knowingly opened the Trading Accounts in her name for the purpose of relinquishing control of the Trading Accounts to Khodjaiants. Dubinsky also repeatedly endorsed and deposited into the Trading Accounts, share certificates that she received from Khodjaiants.

[64] Taking into consideration the various factors considered in previous decisions of the Commission, staff's submissions, and having regard to all of the circumstances, including the conduct of the Individual Respondents and their different levels of participation and culpability in this matter, I am of the view that the Individual Respondents cannot be trusted to participate in the capital markets.

[65] The conduct of the Individual Respondents was egregious, which leads me to conclude that they should be prevented from participating in the capital markets for a lengthy period of time. Given the gravity of their misconduct and the risk to the public, it is appropriate to find that the Individual Respondents be banned from trading in or acquiring securities or relying on exemptions for 15 years as requested by Staff.

5. Mitigating Factors

[66] There are no mitigating factors applicable to the Individual Respondents in this matter. The Commission has held that sanctions imposed upon respondents should be proportionate and take into consideration the sanctions imposed on the settling respondents. Sanctions agreed to in settlement reflect, among other things, acknowledgement of wrongdoing and cooperation with Staff.

[67] Each of Boock, DeFreitas and Wong admitted to breaching subsections 126.1 (a) and (b) of the *Securities Act*, engaging in conduct contrary to the public interest and agreed to the settlement sanctions issued by the Commission (the "**Settlement Sanctions**"). (*Re Irwin Boock et al.* (2012) 35 O.S.C.B. 1718; (2012) 35 O.S.C.B. 888; and (2012) 35 O.S.C.B. 1128, respectively). DeFreitas cooperated with Staff, provided Staff of the Commission and the SEC with evidence which assisted the investigations of both regulators, and appeared as a witness at the Merits Hearing. These mitigating factors are reflected in the Settlement Sanctions. When considering the proportionality of the sanctions sought against Khodjaiants, no such mitigating factors are applicable to Khodjaiants.

B. Disgorgement

[68] I am permitted, pursuant to clause 10 of section 127(1) of the Act, to order a person or company to disgorge to the Commission any amounts obtained as a result of the non-compliance with Ontario securities law. This includes all the money illegally obtained from investors.

[69] The factors to consider for disgorgement are set out in Re Limelight as follows:

(a) whether an amount was obtained by a respondent as a result of non-compliance with the Act;

(b) the seriousness of the misconduct and the breaches of the Act and whether investors were seriously harmed;

(c) whether the amount that a respondent obtained as a result of non-compliance with the Act is reasonably ascertainable;

(d) whether the individuals who suffered losses are likely to be able to obtain redress; and

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

(*Re Limelight*, *supra*, at para. 52)

[70] Staff submits that the entire amount obtained by the Individual Respondents from investors should be ordered disgorged, based on consideration of the following *Re Limelight* factors:

i. the entire amount was obtained as a result of the Individual Respondents' illegal distribution of securities and facilitated by their fraudulent conduct;

ii. the Individual Respondents' misconduct was extremely serious and investors were seriously harmed by the fraud perpetrated by the Individual Respondents;

iii. the amount obtained by the Individual Respondents has been precisely ascertained; and

iv. a disgorgement order for the entire amount raised by the Individual Respondents would have a significant specific and general deterrent effect.

[71] Having considered the relevant factors set out in *Re Limelight*, I find that imposing a disgorgement order in the amount of $1,028,786.45 USD and $46,218.91 CAD is appropriate in these circumstances which constitutes the amounts obtained by the Individual Respondents as a result of their fraudulent misconduct and non-compliance with the Act. The Individual Respondents should not benefit from their breaches of the Act and other like-minded individuals may be deterred from engaging in similar misconduct.

C. Administrative Penalties

[72] As I have previously stated, the actions of the Individual Respondents are egregious, fraudulent and constitute significant contraventions of the Act.

[73] I find that it is in the public interest to impose administrative penalties in this case to deter others from similar misconduct. In *Re Al-Tar Energy Corp.*, the Commission found that:

> … to be a deterrent, the amount of an administrative penalty must bear some reference to the amount raised from investors through the investment scheme. In addition, in cases where fraud and repetitive conduct over an extended period is involved, higher administrative penalties are necessary. In order to deter, an administrative penalty must be more than a fee for or a cost of carrying out a fraudulent scheme. (*Re Al-Tar Energy Corp.*, *supra*, at para. 49)

[74] Clause 9 of section 127(1) of the Act provides that the maximum administrative penalty for each contravention of the Act is $1 million. In determining the appropriate administrative penalties in this matter, I have considered the cases identified by Staff including *Re Al-Tar Energy Corp.*, *Re Sulja Bros* and *Re Rowan*. In *Re Sulja Bros.* the Commission recognized the lesser culpability of two respondents and found that the quantum requested by Staff was proportional to the culpability of their conduct. In *Re Rowan*, the Commission stated that the penalty "may not act as a sufficient deterrent if its magnitude is inadequate compared with the benefit obtained by noncompliance." (*Re Rowan*, *supra* at para. 74)

[75] When considering the purpose for an administrative penalty, which is both specific to the amount raised from investors through the scheme and general deterrence, I am satisfied that it is in the public interest to impose administrative penalties in this case to deter others from similar misconduct.

[76] I find that the amount requested by staff, of $100,000 against Khodjaiants is appropriate. I am also of the view that the quantum of $75,000, requested by staff, for Ms. Dubinsky is proportionate to the culpability of Ms. Dubinsky's conduct and an appropriate administrative penalty.

[77] I accept Staff's submissions that Khodjaiants, in the broader scheme, was not a directing mind and he was not at the centre of the scheme as a whole. Khodjaiants, however, in carrying out the task of depositing and liquidating the shares, actively solicited Dubinsky to assist him and controlled all of the trading in the Trading Accounts. (Merits Decision, *supra*, at paras. 115-120)

[78] I also accept Staff's position that Dubinsky was a willing, although passive, participant. Despite the fact she played a lesser role than Khodjaiants, Dubinsky was instrumental in establishing the Trading Accounts to facilitate the sale of shares, by Khodjaiants, of the hijacked companies. (Merits Decision, *supra*, at para. 45)

VIII. COSTS

[79] I accept the Costs Sought by Staff in the amount of $263,708.53, against the Individual Respondents for which they will be jointly and severally liable. The Costs Sought is supported by the Bill of Costs and represents a small portion of the total costs of the investigation, prosecution and the time spent by Staff during the Merits Hearing Phase.

IX. CONCLUSION

[80] For the reasons above, I find that it is in the public interest to make the following orders for which I will issue a separate order giving effect to the decision on sanctions and costs.

[81] For the Individual Respondents I order:

(a) pursuant to clause 2 of section 127(1) of the Act that trading in any securities by each of Khodjaiants and Dubinsky cease for a period of 15 years;

(b) pursuant to clause 2.1 of section 127(1) of the Act that the acquisition of any securities by each of Khodjaiants and Dubinsky is prohibited for a period of 15 years;

(c) pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to each of Khodjaiants and Dubinsky for a period of 15 years;

(d) pursuant to clause 6 of subsection 127(1) of the Act reprimanding each of Khodjaiants and Dubinsky;

(e) pursuant to clause 9 of section 127(1) of the Act requiring Khodjaiants to pay an administrative penalty of $100,000, and Dubinsky to pay an administrative penalty of $75,000, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

(f) pursuant to clause 10 of subsection 127(1) of the Act that Khodjaiants and Dubinsky disgorge to the Commission the sum of $46,218.91 CAD in HSBC Cash Account 6Y-D17J-A and the sum of $1,016,518.79 USD in HSBC Cash Account 6Y-D 17J-B, for which they will be jointly and severally liable; which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

(g) pursuant to clause 10 of section 127.1 of the Act that Khodjaiants and Dubinsky disgorge to the Commission the sum of $12,267.66 USD, for which they will be jointly and severally liable, which shall be designated for the allocation or use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act;

(h) pursuant to section 127.1 of the Act requiring each of Khodjaiants and Dubinsky to pay $263,708.53 on account of the costs incurred in this matter, for which they shall be jointly and severally liable; and

(i) In the event that any of the payments set out in paragraphs (e), (f) and (g) are not made in full, the provisions of paragraphs (a), (b) and (c) shall continue in force until such payments are made in full without any limitation as to time period.

[82] For the Corporate Respondents, I order:

(a) pursuant to clause 2 of section 127(1) of the Act that all trading in the securities of the Corporate Respondents, whether direct or indirect, cease permanently;

(b) pursuant to clause 2.1 of section 127(1) of the Act that all acquisitions of the securities of the Corporate Respondents, whether direct or indirect, is prohibited permanently, and

(c) pursuant to clause 3 of section 127(1) of the Act that any exemptions contained in Ontario securities law do not apply to the Corporate Respondents permanently.

Dated at Toronto on this 14th day of January, 2014.

"Vern Krishna"

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

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

REASONS AND DECISION ON A MOTION

Hearing:	December 16, 2013		
Decision:	January 17, 2014		
Panel:	Mary G. Condon	–	Vice-Chair and Chair of the Panel
Appearances:	Anna Huculak Tamara B. Center	–	For Staff of the Commission
	Fawad Ul Haq Khan	–	On his own behalf and on behalf of Khan Trading Associates Inc. carrying on business as Money Plus

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REASONS AND DECISION ON A MOTION

I. BACKGROUND

[1] Fawad Ul Haq Khan ("**Khan**") and Khan Trading Associates Inc., carrying on business as Money Plus ("**KTA**") (collectively, the "**Applicants**"), have brought a motion to request the dismissal of the proceeding against them and an alternative request that the proceeding be heard by another panel member, based on a claim of bias (the "**Dismissal and Bias Motion**"). A hearing was held at the Ontario Securities Commission (the "**Commission**") on December 16, 2013 to hear the Dismissal and Bias Motion (the "**Motion Hearing**"). Staff of the Commission ("**Staff**") and Khan, on his own behalf and on behalf of KTA, appeared and made submissions.

[2] The Applicants are respondents in a proceeding that was initiated by a Notice of Hearing that was issued by the Commission on December 20, 2012, pursuant to sections 60 and 60.1 of the *Commodity Futures Act*, R.S.O. 1990, c. C.20, as amended (the "**CFA**"), in relation to a Statement of Allegations filed by Staff on December 19, 2012.

[3] On April 26, 2013, the Commission issued a Notice of Hearing advising that a motion brought by the Applicants would be heard on August 14, 2013. The motion requested that approximately 700 witnesses be summoned by the Commission to testify at the hearing on the merits in this matter (the "**Witness Motion**"). I presided over the Witness Motion and, on October 23, 2013, I issued the Reasons for Decision on that motion (*Re Khan* (2013), 36 O.S.C.B. 10485 (the "**Witness Motion Decision**")).

[4] On November 22, 2013, Khan sent an email to the Registrar of the Office of the Secretary (the "**Registrar**"), copied to Staff, attaching a Review Petition to request that the Commission grant a review of the Witness Motion Decision (the "**Review Petition**"). In a letter dated November 29, 2013, on my instructions, the Secretary to the Commission informed Khan, amongst other things, that I found no reason to depart from the Witness Motion Decision (the "**November 2013 Letter**").

[5] On October 30, 2013, Staff and the Applicants attended a pre-hearing conference, at which the hearing on the merits was scheduled for 25 days, commencing on May 5, 2014 and continuing until June 12, 2014, save and except for certain dates (the "**Merits Hearing**").

II. THE DISMISSAL AND BIAS MOTION

[6] The Applicants filed a Notice of Motion, dated December 6, 2013 (the "**Notice of Motion**"). In the Notice of Motion, the Applicants listed the grounds on which they have brought the Dismissal and Bias Motion:

1. Staff's allegation against the Applicants made under subsection 22(1)(a) of the CFA has no bearing on the Applicants ("**Ground 1**");

2. Staff's allegation against the Applicants made under subsection 22(1)(b) of the CFA is false ("**Ground 2**");

3. Staff's allegation that the Applicants misled the Commission, regarding the referral fees that they received, is wrong ("**Ground 3**");

4. the witness list considered in the Witness Motion is essential for the Applicants to make their case ("**Ground 4**"); and

5. my orders and decisions are biased ("**Ground 5**").

[7] Staff served and filed a responding motion record on December 10, 2013. On December 12, 2013, Staff served and filed a factum and a book of authorities.

[8] On December 13, 2013, Staff received an email from Khan indicating that he would not appear before me at the Motion Hearing for a number of reasons, including his submissions that my orders and decisions indicate that I am biased, and stated that he would attend the hearing before another panel member. On the same day, subsequent to receiving Khan's email, Staff filed a supplementary book of authorities and the Registrar sent a reply email to Khan. In its email, which was copied to Staff, the Registrar informed Khan, on my instructions, that if he chose not to appear at the Motion Hearing, the Commission would consider him to have withdrawn the Dismissal and Bias Motion at that time. The Registrar also stated that the next appearance in this matter is scheduled for February 3, 2014, which would be heard before another Commissioner and that Khan would be able to raise issues in preparation for the Merits Hearing at that appearance. On December 16, 2013, Khan attended the Motion Hearing on behalf of the Applicants.

[9] After carefully considering and reviewing the parties' oral and written submissions, I find that it is appropriate to dismiss the Dismissal and Bias Motion in its entirety for the reasons set out below.

III. ANALYSIS

A. Preliminary Matter

[10] At the Motion Hearing, Khan submitted that the authorities submitted by Staff were baseless and misleading (Transcript, December 16, 2013 at p. 45, ll. 11-24). Given that I have considered these authorities in reaching my findings in this decision, I will first address these submissions before proceeding with my analysis of the issues raised in this motion.

[11] First, with respect to the statutory interpretation of subsection 78(1) of the CFA (revocation or variation of a decision), Khan submitted at the Motion Hearing that it was wrong and misleading of Staff to use authorities that interpret the similarly worded section 144 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**OSA**") (Transcript, December 16, 2013 at pp. 48-50). Second, he submitted that the authorities provided by Staff in support of its submissions on bias are a "waste of time" (Transcript, December 16, 2013 at p. 45, ll. 11-24). Khan further submitted that *Taucar v. University of Western Ontario*, [2013] O.H.R.T.D. No. 976 (Ont. Human Rights Trib.) ("***Taucar***"), relied on by Staff as an authority on bias, is useless since it was a matter brought before the Ontario Human Rights Tribunal (Transcript, December 16, 2013 at p. 45, l. 25; p. 46, ll. 1-3).

[12] I do not agree with Khan's submissions. The case law submitted by Staff addresses similar issues to those raised in this motion, including general principles of administrative law by which tribunals are governed, and are therefore relevant. As such, in reaching my findings below, I have relied upon decisions of the Commission under the OSA, as well as judicial decisions and those of other administrative tribunals, such as the Ontario Human Rights Tribunal.

B. The Appropriate Panel to Hear the Motion

[13] As stated by the Ontario Superior Court of Justice, the "judge being asked to disqualify himself on the basis of reasonable apprehension of bias and prejudgment is the judge who hears the disqualification motion" (*Authorson (Litigation Guardian of) v. Canada (Attorney General)*, [2002] O.J. No. 2050 (Div. Ct.) at para. 1). Accordingly, I found that it was appropriate for me to preside over the Motion Hearing, especially given that Grounds 4 and 5 specifically relate to the orders and decisions that I issued in this matter.

C. Dismissal of the Proceeding

[14] The Applicants submit that Staff's allegations are unwarranted, and therefore request that the proceeding against the Applicants be dismissed. Staff submits that the Applicants' request to dismiss the proceeding is an inappropriate attempt by the Applicants to have the Merits Hearing decided prematurely. Staff further submits that if the Commission would like additional evidence for support, Staff would request an adjournment of this motion to put forward such evidence.

[15] Staff also submits that the Commission has previously dismissed motions brought by respondents that deal with the substance of Staff's allegations in a case and has decided that these types of submissions are best addressed by the Panel conducting the hearing on the merits in the matter (*Re ATI Technologies Inc.* (2004), 27 O.S.C.B. 6859; *Re Global Energy Group, Ltd. et al.* (2010), 33 O.S.C.B. 8227; *Re Global Energy Group, Ltd. et al.* (2011), 34 O.S.C.B. 10205; *Re Uranium308 Resources Inc. et al.* (2010), 33 O.S.C.B. 12028).

[16] I accept Staff's submissions with respect to the Commission's past practice in this regard. I do not find it appropriate to grant the Applicants' request to dismiss the proceeding, based on Grounds 1, 2 and 3. This request raises issues that go to the merits of the allegations made by Staff. The issue of whether Staff has proven its case, on a balance of probabilities, is a matter to be decided by the Panel presiding over the Merits Hearing, after considering and reviewing the evidence and submissions put forward by the parties.

D. Revoking or Varying the Witness Motion Decision

[17] The Witness Motion was heard on August 14, 2013. I reserved my decision on that motion and, on October 23, 2013, the Witness Motion Decision was issued. Based on the evidence and submissions before me, I was not persuaded that the evidence of all 679 account holders sought to be led by the Applicants would be relevant to the allegations made by Staff or would avoid undue repetition. Nevertheless, I permitted the Applicants to call a maximum of 18 account holders as witnesses at the Merits Hearing (Witness Motion Decision, *supra* at paras. 42 and 61). The Applicants now suggest that the decision be varied to allow them to bring a minimum of 50 account holders as witnesses, along with the CEOs and the principal traders of certain brokerage houses (Transcript, December 16, 2013 at p. 12, ll. 7-14; p. 41, ll. 21-25; p. 42, ll. 1-6).

[18] I do not find that such a request is appropriate. Subsection 78(1) of the CFA allows the Commission to make an order revoking or varying a decision of the Commission if certain conditions are met, including a condition that the order would not be prejudicial to the public interest. The wording of subsection 78(1) of the CFA is substantially similar to that of subsection 144(1) of the OSA. I agree with Staff's submission that the jurisprudence that interprets subsection 144(1) of the OSA may also be used to interpret subsection 78(1) of the CFA.

[19] In *Re X Inc.* (2010), 33 O.S.C.B. 11380 ("***Re X Inc.***"), the Commission considered the circumstances when it is obvious that a decision cannot stand, including:

1. a change in the law not brought to the attention of the Panel;

2. a conclusive and binding decision not brought to the attention of the Panel;

3. a misstatement of a material fact affecting the outcome; and

4. where "fresh evidence" has been discovered that would have a bearing on the outcome and which was not discoverable at the time of the hearing.

(*Re X Inc.*, *supra* at para. 32)

[20] The Commission has dealt with the Applicants' arguments in relation to their witness list on two separate occasions: (i) the Witness Motion and (ii) the November 2013 Letter. In the November 2013 Letter, the Applicants were informed that I found no reason to depart from the Witness Motion Decision for the reasons articulated in the Review Petition, and that such reasons did not raise novel issues that would warrant a reconsideration of the matter. I am presented with the same circumstances in this motion.

[21] The Commission has held that an application made pursuant to section 144 of the OSA should only be considered in the rarest of circumstances, and that if such an application is, in effect, simply an appeal, "it should be rejected as contrary to the intention of the [OSA] and contrary to the public interest" (*Re X Inc.*, *supra* at para. 35). Given that there are no novel issues or evidence presented before me that would meet the criteria established in *Re X Inc.*, I am not satisfied that it is in the public interest to revoke or vary the Witness Motion Decision, pursuant to subsection 78(1) of the CFA.

[22] In both the Witness Motion and in this Motion Hearing, Khan made submissions on general categories of witnesses. At the Motion Hearing, he also made submissions regarding the number of witnesses the Applicants are permitted to call for each group of account holders, as set out in paragraphs 42 and 61 of the Witness Motion Decision. He calculated the percentage of permitted witnesses for each group, and submitted that the resulting figures were random and were determined without any reasons (Transcript, December 16, 2013 at p. 6, ll. 2-12).

[23] I do not accept these submissions. In my reasons on the Witness Motion Decision, I allowed the Applicants to choose a "representative sample" of witnesses for each group of account holders (Witness Motion Decision, *supra* at paras. 42 and 61). Given the lack of evidence to show that the evidence of all 679 account holders would be relevant and would not be unduly repetitious (Witness Motion Decision, *supra* at paras. 40 and 61), calling up to 18 account holders is more than adequate for the Applicants to raise a defence and provides them with flexibility to determine which witnesses to call at the Merits Hearing for this purpose. As I stated in the Witness Motion Decision, I defer to the judgement of the Panel presiding over the Merits Hearing to determine the appropriateness of summoning discrete witnesses if the Applicants wish to pursue these issues further (Witness Motion Decision, supra at para. 62).

[24] The Witness Motion Decision is an interlocutory decision, not a final one, and therefore cannot be appealed at this time or in this forum. If the Applicants wish to appeal a final decision of the Commission, they may appeal to the Ontario Superior Court of Justice (Divisional Court) within 30 days after the later of the making of the final decision or the issuing of the reasons for the decision, pursuant to subsection 5(1) of the CFA.

E. Reasonable Apprehension of Bias

[25] It is of "fundamental importance that justice should not only be done, but should manifestly and undoubtedly be seen to be done" (*Re Norshield Asset Management (Canada) Ltd.* (2009), 32 O.S.C.B. 1249 ("***Re Norshield***") at para. 54, citing *R. v. Sussex Justices, Ex parte McCarthy* (1923), [1924] 1 K.B. 256 at 259). Moreover, given the difficulty of determining actual bias, the Commission has held that the applicable test that should be applied is the reasonable apprehension of bias test (*Re Norshield*, *supra* at para. 53), which has been set out as follows:

> ... the apprehension of bias must be a reasonable one, held by reasonable and right minded persons, applying themselves to the question and obtaining thereon the required information ... [The] test is "what would an informed person, viewing the matter realistically and practically – and having thought the matter through – conclude. Would he think that it is more likely than not that [the decision-maker], whether consciously or unconsciously, would not decide fairly".
>
> (*Re Norshield*, *supra* at para. 55, citing *Committee for Justice and Liberty v. Canada (National Energy Board)*, [1978] 1 S.C.R. 369 at 394)

[26] The Supreme Court of Canada provided further guidance on the application of this test:

> It contains a two-fold objective element: the person considering the alleged bias must be reasonable, and the apprehension of bias itself must also be reasonable in the circumstances of the case.
>
> (*Re Norshield*, *supra* at para. 60, citing *R. v. R.D.S.*, [1997] 3 S.C.R. 484 at para. 111).

[27] The Commission has held that when assessing whether a reasonable apprehension of bias exists, the "test is that of a reasonable person informed of all the relevant circumstances; that is, a person who is fully informed of any safeguards in place at the Commission" (*Re Norshield*, *supra* at para. 68). The threshold for finding real or perceived bias is high – pure conjecture, insinuations or mere impressions are not sufficient – because a finding of a reasonable apprehension of bias calls into question an element of judicial integrity (*Re Norshield*, *supra* at para. 62; *Arthur v. Canada (Attorney General)*, 2001 FCA 223 at para. 8).

[28] Commissioners are presumed to act "fairly and impartially in discharging their adjudicative responsibilities" (*Re Norshield*, *supra* at para. 64). This presumption will stand, unless there is any evidence to the contrary (*Re Norshield*, *supra* at para. 64, aff'd *Re Norshield Asset Management (Canada) Ltd.*, 2011 O.N.S.C. 4685 (Div. Ct.), citing *E.A. Manning Ltd. v. Ontario Securities Commission* (1995), 23 O.R. (3d) 257 (C.A.) at 267).

[29] The Applicants have the onus of proving that a reasonable apprehension of bias exists (*Re Norshield*, *supra* at para. 61). The Applicants, in their oral submissions at the Motion Hearing, drew my attention to the quote from *Re Norshield*, *supra* at para. 54, which is referred to at the beginning of paragraph 25, above.

[30] In my view, the Applicants have not provided evidence to establish a reasonable basis for a finding of apprehension of bias (*Re Norshield*, *supra* at para. 55). Rather, the Applicants' oral and written submissions appear to focus on their disagreement with my conclusions in the Witness Motion Decision. I find that this is insufficient to establish the existence of a reasonable apprehension of bias (*Taucar*, *supra* at paras. 29 and 31).

[31] On the contrary, I find that the Applicants have been treated fairly and impartially throughout this proceeding. In relation to the Witness Motion, after hearing the submissions of Staff and the Applicants, I provided Khan with several opportunities to provide further clarification on how each account holder would present unique and relevant evidence to support the Applicants' case (Transcript, August 14, 2013 at p. 31, ll. 13-25; p. 32, ll. 1-10; p. 35, ll. 7-15; p. 39, ll. 20-25). The Witness Motion Decision includes a full discussion on the issues raised in that motion, summaries of the submissions of the parties and the reasons for my decision. Moreover, on October 30, 2013, while Staff requested two weeks for the Merits Hearing during February or March of 2014, I ordered that a total of 25 days be scheduled for the Merits Hearing, beginning on May 5, 2014, after considering the availability of the Applicants and their witness list.

IV. CONCLUSION

[32] For the reasons set out above, I find that it is not appropriate in the circumstances to grant a dismissal of this proceeding or to find that a reasonable apprehension of bias existed. I am also not satisfied that it is in the public interest to revoke or vary the Witness Motion Decision.

[33] Accordingly, I dismiss the Applicants' request for a dismissal of this proceeding and their alternative request that the proceeding be heard by another panel member because of a reasonable apprehension of bias.

[34] The next scheduled appearance in this matter will be a confidential pre-hearing conference to be held on February 3, 2014 at 10:00 a.m., at which time the Applicants may raise any issues in preparation for the Merits Hearing. At the Merits Hearing, the Applicants will have the opportunity to challenge and respond to all of Staff's allegations, to cross-examine Staff's witnesses and to bring evidence forward to support their case.

DATED at Toronto this 17th day of January, 2014.

"Mary Condon"

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

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

THERE ARE NO NEW ITEMS FOR THIS WEEK.

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO NEW 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		
Strike Minerals Inc.[1]	18 Nov 13	29 Nov 13	29 Nov 13		
Stans Energy Corp.	09 Dec 13	20 Dec 13	20 Dec 13		

Note:
[1] New respondent was added to the MCTO against Strike Minerals Inc.

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Chapter 6

Request for Comments

6.1.1 Proposed Amendments to NI 45-106 Prospectus and Registration Exemptions Relating to the Short-term Debt Prospectus Exemption and Proposed Securitized Products Amendments

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

Notice of Publication and Request for Comment

Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* Relating to the Short-term Debt Prospectus Exemption and Proposed Securitized Products Amendments

January 23, 2014

Introduction

The Canadian Securities Administrators (**CSA** or **we**) are publishing for a 90-day comment period proposed amendments **(**the **Proposed Amendments**) to National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).

If adopted, the Proposed Amendments would, among other things:

- change the requirements that short-term debt securities must satisfy in order to be distributed under the short-term debt prospectus exemption in section 2.35 of NI 45-106 (the **Short-Term Debt Prospectus Exemption**);
- make the Short-Term Debt Prospectus Exemption unavailable for securitized products such as asset-backed commercial paper (**ABCP**); and
- introduce a new prospectus exemption in NI 45-106 for short-term securitized products in section 2.35.1, as qualified by sections 2.35.2 to 2.35.4 (the **Short-Term Securitized Products Prospectus Exemption**), that would only be available for ABCP backed by traditional or conventional assets.

The text of the Proposed Amendments is in Annex A of this notice and will also be available on websites of CSA jurisdictions, including:

www.lautorite.qc.ca
www.albertasecurities.com
www.bcsc.bc.ca
www.gov.ns.ca/nssc
www.nbsc-cvmnb.ca
www.osc.gov.on.ca
www.fcaa.sk.ca
www.msc.gov.mb.ca

Substance and purpose

The Proposed Amendments consist of the following:

Proposed amendments relating to short-term debt

We are publishing for a first comment period proposed amendments (the **Proposed Short-Term Debt Amendments**) that would modify the credit ratings required to distribute short-term debt, which is primarily commercial paper (**CP**), under the Short-Term Debt Prospectus Exemption. The Proposed Short-Term Debt Amendments are intended to:

- remove the regulatory disincentive for some CP issuers to obtain an additional credit rating;
- provide consistent treatment of CP issuers with similar credit risk; and
- maintain the current credit quality of CP distributed under the Short-Term Debt Prospectus Exemption.

See Part B of this notice for the background to and summary of the Proposed Short-Term Debt Amendments.

Proposed amendments relating to short-term securitized products

We published on April 1, 2011 a comprehensive set of proposed new rules and amendments (the **2011 Proposals**) that would have:

- introduced additional disclosure requirements for prospectus offerings of securitized products;
- introduced additional continuous disclosure and certification requirements for reporting issuers that had distributed securitized products;
- restricted the prospectus-exempt distribution of securitized products[1] to a class of highly-sophisticated investors through a new prospectus exemption (the **Eligible Securitized Products Investor Exemption**), as well as mandated offering and continuous disclosure even if the issuer of the securitized product was not a reporting issuer.

We do not intend to proceed with the aspects of the 2011 Proposals relating to prospectus and continuous disclosure requirements. We also do not intend to proceed with those aspects of the 2011 Proposals regarding the Eligible Securitized Products Investor Exemption and the prospectus-exempt distribution of term securitized products, i.e. securitized products with a maturity of one year or more.

We are, however, publishing for a second comment period a more targeted set of proposed amendments (the **Proposed Securitized Products Amendments**) that incorporate and modify certain aspects of the 2011 Proposals relating to the prospectus-exempt distribution of short-term securitized products, primarily ABCP. The Proposed Securitized Products Amendments are intended to address certain investor protection and systemic risk concerns raised by certain types of complex ABCP. They will also allow us to collect information on distributions of securitized products made under prospectus exemptions such as the accredited investor prospectus exemption (section 2.3 of NI 45-106) and the minimum amount investment prospectus exemption (section 2.10 of NI 45-106).

We propose to amend NI 45-106 as follows:

- The following prospectus exemptions would be unavailable for the distribution of short-term securitized products:
    - the Short-Term Debt Prospectus Exemption;
    - the private issuer prospectus exemption in section 2.4 (the **Private Issuer Prospectus Exemption**);
    - the family, close friends and close business associates exemptions in sections 2.5 and 2.6 (the **Friends and Family Prospectus Exemption**);
    - the founder, control person and family exemption in section 2.7 (the **Founder Prospectus Exemption**); and
    - the offering memorandum exemption in section 2.9 (the **OM Prospectus Exemption**).
- A new Short-Term Securitized Products Prospectus Exemption would be introduced in section 2.35.1, as qualified by sections 2.35.2 to 2.35.4.
- Issuers who distribute securities under the Short-Term Securitized Products Exemption would be subject to initial offering and ongoing disclosure prescribed in the following new forms:

[1] The restriction would not have applied to securitized products that were issued or guaranteed by the government of Canada.

- Form 45-106F7 *Information Memorandum for Short-Term Securitized Products* (**Form 45-106F7**); and
- Form 45-106F8 *Monthly Disclosure Report for Short-Term Securitized Products Distributed under Section 2.35.1* (**Form 45-106F8**).

- Form 45-106F1 *Report of Exempt Distribution* and Form 45-106F6 *British Columbia Report of Exempt Distribution* (each an **Exempt Distribution Report**) would be amended to add securitized products as an industry classification.[2]

We also propose to make certain consequential amendments to National Instrument 25-101 *Designated Rating Organizations* (**NI 25-101** or the **DRO Rule**), and are publishing these proposed amendments for the first time. The proposed changes are in Annex B of this notice.

Finally, we are publishing for comment proposed changes to Companion Policy 45-106 *Prospectus and Registration Exemptions* (**45-106CP**). The proposed changes are in Annex C of this notice.

See Part C of this notice for the background to and summary of the Proposed Securitized Products Amendments.

A. Overview of CP and ABCP

The Proposed Short-Term Debt Amendments and the Proposed Securitized Products Amendments would primarily impact two types of short-term securities, CP and ABCP. CP and ABCP share some common characteristics. CP and ABCP:

- are distributed and trade in the short-term debt markets;
- typically have credit ratings;[3]
- are primarily bought by institutional investors such as money market funds, pension funds; corporations, governments (provincial/territorial and municipal) and financial institution seeking to invest funds in short-term and highly liquid investments[4]; and
- are generally sold through banks or investment dealers.

ABCP, however, is a much more complex security than CP, as can be seen from the discussion below.

1. CP

CP is a form of short-term debt issued as an obligation of the issuing entity in the form of notes. CP issuers are usually large, creditworthy corporations. CP is usually issued at a discount and pays face value at maturity.

In Canada, CP is typically issued in one, two and three month terms, but may be issued for any term from one day to one year.

CP is generally issued to provide short-term funds for seasonal and working capital needs of businesses. It is also used to provide “bridge financing” for new capital investment or corporate takeovers until longer-term securities are issued.

CP is generally viewed as a lower-cost financing alternative to bank debt for issuers.

2. ABCP

(a) Overview

ABCP is also typically issued in the form of notes, with a maximum maturity of a year and a typical maturity of 30 days.

ABCP differs significantly from CP, however, because it is created through the use of securitization techniques and therefore is a more complex form of short-term debt. An ABCP transaction typically involves the use of a special purpose vehicle (**SPV**) known as a **conduit** that will hold cash-flow generating assets and issue notes to investors.

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2 The Exempt Distribution Report is required to be filed under section 6.1 of NI 45-106 to report distributions made under certain prospectus exemptions.

3 In Canada, the main credit ratings organizations are DBRS Limited (**DBRS**), Moody’s Canada Inc. (**Moody’s**), Standard & Poor’s Ratings Services (Canada) (**S&P**) and Fitch, Inc. (**Fitch**). DBRS rates virtually all Canadian CP and ABCP programs. Moody’s also rates most Canadian ABCP programs.

4 Due to ABCP’s greater complexity, ABCP investors are generally a subset of investors in CP, and tend to be larger institutional investors investing sufficient amounts to justify expending the additional resources necessary to make investment decisions.

ABCP also differs significantly from term securitized products. [5] One obvious difference is that ABCP has a shorter maturity (one year or less) than term securitized products. A second important difference is that there is typically a mismatch between the maturity of ABCP on the one hand, and the timing of payments from and maturity of the underlying pool assets on the other. The conduit will usually pay off maturing ABCP by "rolling" the ABCP, i.e. using proceeds from distributing additional ABCP to existing or new investors to pay off maturing ABCP.

However, in certain cases, there may be reasons unrelated to a default of the underlying assets that make it difficult to roll the ABCP. ABCP conduits therefore have liquidity facilities in place to ensure the timely payment of maturing paper for reasons other than defaults. Consequently, the terms of the liquidity support and the creditworthiness of the liquidity provider are of particular importance in ABCP securitizations.

(b) Types of ABCP

(i) Conventional ABCP

Traditionally, banks have set up ABCP programs to facilitate funding in the short-term debt markets for their clients' or their own business activities. For example, an ABCP conduit would issue ABCP and use the proceeds to acquire cash-flow generating assets such as mortgages that were originated by the bank or its clients. Currently, the Canadian ABCP market largely consists of these types of bank-sponsored ABCP programs that hold asset classes such as government-insured or conventional mortgages, home equity lines of credit and automobile loans.

(ii) Non-bank or credit arbitrage ABCP

In the period leading up to the global financial crisis of 2007-2008, there was a significant growth in credit arbitrage ABCP transactions sponsored by non-bank entities (**non-bank ABCP**). [6] Non-bank ABCP conduits used investor funds to acquire financial assets such as corporate bonds or asset-backed securities (**ABS**) (including ABS backed by US sub-prime mortgages), and would earn a spread based on the difference between the possible return of the underlying financial assets and the cost of funding those assets. In some cases, non-bank ABCP conduits would acquire synthetic assets involving the use of highly leveraged credit default swaps.[7]

During the global financial crisis of 2007-2008, the market for non-bank ABCP experienced a major market disruption when a significant amount of non-bank ABCP failed to roll (the **ABCP Market Disruption)**.[8] Market participants agreed to a standstill to freeze the non-bank ABCP market. Ultimately, non-bank ABCP was restructured through a *Companies' Creditors Arrangement Act* proceeding.

Non-bank ABCP is no longer being issued in Canada.

3. Systemic risk and the short-term debt markets

The International Monetary Fund, the Bank for International Settlements and the Financial Stability Board (FSB) have defined systemic risk as:

> a risk of disruption to financial services that is (i) caused by an impairment of all or parts of the financial system and (ii) has the potential to have serious negative consequences for the real economy. Fundamental to the definition is the notion of negative externalities from a disruption or failure in a financial institution, market or instrument. All types of financial intermediaries, markets and infrastructure can potentially be systemically important to some degree.[9]

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5 In a typical term securitization transaction:

- cash-flow generating financial assets such as mortgages, automobile loans and credit card receivables are sold to a bankruptcy-remote SPV (usually a trust) that issues debt (often called notes).
- payment of principal or interest on the notes is intended to come primarily from the cash generated by the assets held by the SPV, and
- the notes are structured into different classes or tranches with different payment priorities, with the most senior tranche obtaining the highest credit ratings through the use of credit enhancement mechanisms.

6 Non-bank ABCP is also referred to as "third-party ABCP".

7 Securitization activity generally falls within the broad category of "structured finance". However, because the notes issued by these types of non-bank ABCP conduits are hybrid instruments created by using securitization techniques to structure cash flows generated by derivative instruments, it may be more precise to describe them as structured finance products or structured products. Structured products typically have an embedded derivative that provides economic exposure to reference assets, indices or other economic values. See also the discussion regarding misaligned incentives and credit risk retention in **C. The Proposed Securitized Products Amendments.**

8 Specifically, non-bank ABCP conduits were unable to fund maturing ABCP through issuing new notes as investors grew concerned that these conduits were exposed to deteriorating US sub-prime mortgages. These conduits had "market disruption"-style liquidity guarantees in place. The liquidity providers refused to provide support on the basis that, because bank ABCP continued to roll, there was no market disruption. Non-bank sponsors, in contrast to bank sponsors, did not have the balance sheet strength to support their conduits.

9 *Guidance to Assess the Systemic Importance of Financial Institutions, Markets and Instruments: Initial Considerations*. November 2009.

"Shadow banking" institutions and activities, i.e. those parts of the financial system that extend credit but are at least partly outside the traditional banking system, have been specifically identified as a potential source of significant systemic risk.[10] The Canadian shadow banking sector was estimated to be roughly 40 percent of nominal Canadian GDP at the end of 2012.

The following factors can contribute to the systemic risk posed by shadow banking:

- maturity transformation, where short-term liabilities are used to finance longer-term assets;
- liquidity transformation, where the assets being financed are illiquid and cannot be easily converted into cash;
- leverage, which can occur both within individual entities or build up at various stages of the intermediation chain; and
- imperfect credit-risk transfer, where some credit exposures are held off-balance-sheet or implicit support is provided by an entity that could expose this entity to losses.

The Canadian short-term debt markets, including the CP and ABCP markets, are part of the shadow banking sector as they involve, or potentially involve, the provision of credit by and to entities outside the regular banking system. However, as further described below, the four factors that contribute to systemic risk are not present to the same degree in the CP and ABCP markets.

4. How CP and ABCP are currently distributed under securities law

Currently, CP and ABCP are generally distributed in reliance on the Short-Term Debt Prospectus Exemption. They are therefore issued and traded in what is commonly referred to as the "exempt market". The Short-Term Debt Prospectus Exemption came into effect on September 14, 2005.

In order to qualify for the Short-Term Debt Prospectus Exemption, CP and ABCP:

- must be short-term, i.e. have a maturity of one year or less from the date of issue;
- must not be convertible or exchangeable into, or accompanied by a right to purchase another security other than a security of the same type; and
- must have a designated rating from a designated rating organization (DRO) or its DRO affiliate.

The relevant definitions for designated rating and DRO are in National Instrument 81-102 Mutual Funds (NI 81-102). The designated rating provision requires the security in question to have a specified minimum credit rating. Furthermore, although it does not require additional credit ratings, if one is obtained, it too must be at or above the specified minimum. The net effect is that CP and ABCP must satisfy two conditions:

Type of condition	Terms
Rating Threshold Condition	The CP or ABCP must have at least one credit rating at or above: • DBRS – R-1(low); • S&P – A-1(low); • Moody's – P-1; or • Fitch – F1.
Split Rating Condition	The CP or ABCP cannot have a rating below the ratings in the Rating Threshold Condition.

CP and ABCP distributed under the Short-Term Debt Prospectus Exemption can be issued to any investor and are not subject to any resale restrictions. Issuers who distribute securities under the Short-Term Debt Prospectus Exemption are not required to file Exempt Distribution Reports.

[10] The discussion of shadow banking is taken from Gravelle, Grieder and Lavoie. "Monitoring and Assessing Risks in Canada's Shadow Banking Sector." Bank of Canada *Financial System Review* at 55-63. June 2013 (the **Shadow Banking Report**).

B. The Proposed Short-Term Debt Amendments

1. Background – unintended consequences of the Split Rating Condition

Soon after the Short-Term Debt Prospectus Exemption became effective, some CP issuers with multiple credit ratings contacted CSA staff with concerns that they were unable to comply with the Split Rating Condition and hence did not have a designated rating. As a result, these issuers could no longer issue CP on a prospectus-exempt basis.

The Split Rating Condition was intended to establish minimum credit quality standards for CP being distributed under the Short-Term Debt Prospectus Exemption. However, based on information and submissions from market participants involved in the distribution of CP, as well as our own analysis, it appears that the Split Rating Condition does not adequately reflect how certain short-term credit ratings correlate across the DROs. In particular, the DBRS R-1(low) short-term credit rating can be equivalent to a short-term credit rating of S&P A-2, Moody's P-2 and Fitch F2.

As a result, the Split Rating Condition has two unintended consequences that can have negative effects on market fairness and efficiency.

(a) Regulatory disincentive for certain CP issuers to obtain additional credit ratings

CP issuers that have a single rating that satisfies the Rating Threshold Condition, but that expect that an additional rating from another DRO would be below the Rating Threshold Condition, may not seek additional ratings because of the Split Rating Condition. This is because obtaining the additional rating could make the Short-Term Debt Prospectus Exemption unavailable. Additional ratings may provide investors with more information regarding CP credit quality and issuers should not be discouraged from doing so.

(b) Differential treatment of certain CP issuers with similar credit risk

Despite the above regulatory disincentive, some CP issuers that have one credit rating that satisfies the Rating Threshold Condition nevertheless choose to obtain one or more additional credit ratings. Typically, these issuers have a DBRS rating that satisfies the Rating Threshold Condition, but also have or anticipate having one or more of the following additional credit ratings: S&P A-2, Moody's P-2 or Fitch F2. The result is that these issuers must apply for exemptive relief in order to distribute CP without a prospectus; while other issuers with similar credit risk – but only one credit rating – can use the Short-Term Debt Prospectus Exemption.

We have received a number of applications as a result of this issue, and exemptive relief has been granted from the prospectus requirement approximately 40 times since 2006. The exemptive relief allows CP to be distributed so long as it has at least one rating at or above:

- DBRS R-1(low);
- S&P A-2;
- Moody's P-2; or
- Fitch F2.

2. Summary of the Proposed Short-Term Debt Amendments

(a) Overview

We propose that the Short-Term Debt Prospectus Exemption be amended so that CP no longer has to satisfy the Split Rating Condition. Instead, we propose a modified split rating condition as set out below.

Type of condition	Terms
Rating Threshold Condition (unchanged)	The CP has at least one rating at or above: • DBRS – R-1(low); • S&P – A-1(low); • Moody's – P-1; or • Fitch – F1.
Modified Split Rating Condition	The CP has no rating below: • DBRS – R-1(low) (same as the rating threshold); • S&P – A-2; • Moody's – P-2; or • Fitch – F2.

We think that the Modified Split Rating Condition more accurately reflects how short-term credit ratings correlate across the DROs, and therefore:

- removes the regulatory disincentive for some CP issuers to obtain an additional credit rating;
- provides consistent treatment of CP issuers with similar credit risk; and
- maintains the current credit quality of CP distributed under the Short-Term Debt Prospectus Exemption.

The Proposed Short-Term Debt Amendments would not apply to short-term securitized products, i.e. ABCP. We are proposing a separate set of amendments to address ABCP, as set out below in **C. The Proposed Securitized Products Amendments**.

(b) Other issues and alternatives considered

We also considered whether there were other issues that needed to be addressed or other alternatives to be considered in connection with CP distributions under the Short-Term Debt Prospectus Exemption.

(i) Systemic risk concerns

We do not think that any changes to securities regulation of CP to address systemic risk concerns are necessary at this time. We have taken into account the following considerations in arriving at this view:

- the size of the CP market in relation to other sectors of the Canadian short-term debt markets;
- the level of complexity and opacity of CP as a type of security;
- the degree to which the four factors associated with systemic risk and shadow banking activity are present; and
- the CP market's ability to withstand financial stress as demonstrated during the global financial crisis.[11]

(ii) Use of credit ratings

We considered whether the use of credit ratings in the Short-Term Debt Prospectus Exemption serves appropriate investor protection and market efficiency functions. We concluded that it was appropriate to use the Rating Threshold Condition and the Modified Split Rating Condition to establish parameters for the credit quality of CP that can be issued on a prospectus-exempt basis. We did not identify specific alternatives or additional conditions to credit ratings that would materially enhance investor

[11] The Bank of Canada did not discuss the CP sector in detail in its Shadow Banking Report, noting its generally small size and relative stability since the global financial crisis. See Shadow Banking Report at footnote 9.

protection or financial stability in the CP market. [12] We also note the implementation of the DRO Rule, which introduced a framework for regulation of credit rating organizations that wish to have their credit ratings referred to within securities legislation. All the credit rating organizations whose ratings are included in the Short-Term Debt Prospectus Exemption are DROs under this framework.

(iii) Codifying the exemptive relief orders

We considered whether we should codify the exemptive relief orders in the Short-Term Debt Prospectus Exemption.[13] The exemptive relief orders have a lower ratings threshold of at least one rating at:

- DBRS R-1(low);
- S&P A-2;
- Moody's P-2;
- Fitch F2.

Furthermore, the exemptive relief orders do not contain any type of split rating condition.

In our view, the Modified Split Rating Condition is necessary in order to maintain minimum credit quality standards for CP distributed under the Short-Term Debt Prospectus Exemption. Based on our analysis of exemptive relief orders, the large majority of issuers that have obtained exemptive relief would be able to rely on the Short-Term Debt Prospectus Exemption as amended by the Proposed Short-Term Debt Amendments. Issuers of CP that would not satisfy the Short-Term Debt Prospectus Exemption as amended could apply for exemptive relief which would be considered on a case-by-case basis.

3. Questions

We would appreciate feedback on the Proposed Short-Term Debt Amendments generally as well as on the following questions:

1. We are proposing a Modified Split Rating Condition as part of the Proposed Short-Term Debt Amendments in order to maintain minimum credit quality standards for CP that is issued through the Short-Term Debt Prospectus Exemption. Do you agree that some type of Split Rating Condition is necessary to achieve this objective, and if so, is the Modified Split Rating Condition we propose appropriate?

2. Is the Rating Threshold Condition in the Proposed Short-Term Debt Amendments appropriate? Should the Short-Term Debt Prospectus Exemption have a higher or lower rating threshold? If a lower threshold were adopted, would it raise investor protection concerns that lower-rated CP would be sold to less sophisticated or knowledgeable investors? If so, how could these concerns be addressed?

3. The Short-Term Debt Prospectus Exemption's primary condition relates to credit ratings. Do credit ratings in this context serve appropriate investor protection and market efficiency functions? Are there alternative or additional conditions that would materially enhance investor protection or financial stability?

4. Should the Short-Term Debt Prospectus Exemption be unavailable if:

    - a DRO has announced that a credit rating it has issued for the CP is under review and may be downgraded; and
    - that downgrade would result in the CP no longer satisfying both the Rating Threshold Condition and the Modified Split Rating Condition?

[12] In contrast, we identified significant issues with how non-bank ABCP was rated and the reliance placed by intermediaries and investors on those ratings. These issues are being addressed by the Proposed Securitized Products Amendments.

[13] All CSA members except Ontario have also issued parallel blanket orders that provide that the dealer registration requirement does not apply to trades in short-term debt by specified financial institutions. On December 5, 2013, these CSA members proposed a new exemption in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* that contains the same conditions as these blanket orders, including that the short-term debt instruments have a designated rating and limiting the use of the exemption to trades with permitted clients. The accompanying notice and request for comment indicated that, prior to adoption, the designated rating requirement could be amended or removed based on the outcome of work in this area by other CSA committees.

C. The Proposed Securitized Products Amendments

1. Background

(a) The 2011 Proposals

In the aftermath of the global financial crisis of 2007-2008, there was widespread international concern that securitization was a major source of risk to financial stability. Regulators in the US and Europe developed a variety of new rules targeted at securitization. Examples included rules requiring retention of minimum levels of credit risk by certain parties in a securitization (**credit risk retention**) and detailed disclosure of loans and assets being securitized (e.g. detailed disclosure about individual mortgages being securitized).

The CSA published the 2011 Proposals in order to seek comment on whether there was a need for a comprehensive reform of securities regulation in Canada with respect to securitization.[14] The 2011 Proposals contained a set of proposed new rules and amendments:

- Proposed National Instrument 41-103 *Supplementary Prospectus Disclosure Requirements for Securitized Products* (NI 41-103) and Form 41-103F1 *Supplementary Information Required in a Securitized Products Prospectus* (Form 41-103F1) (together, the **Proposed Prospectus Disclosure Rule**).

- Proposed National Instrument 51-106 *Continuous Disclosure Requirements for Securitized Products* (NI 51-106), Form 51-106F1 *Payment and Performance Report for Securitized Products* (Form 51-106F1) and Form 51-106F2 *Report of Significant Events Relating to Securitized Products* (Form 51-106F2) (together, the **Proposed CD Rule**).

- Proposed amendments to National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), including

    - proposed Form 52-109FS1 *Certification of Annual Filings – Securitized Product Issuer*;

    - proposed Form 52-109FS1R *Certification of Refiled Annual Filings – Securitized Product Issuer*;

    - proposed Form 52-109FS1 *AIF Certification of Annual Filings in Connection with Voluntarily Filed AIF – Securitized Product Issuer*;

    - proposed Form 52-109FS2 *Certification of Interim Filings – Securitized Product Issuer*;

    - proposed Form 52-109FS2R *Certification of Refiled Interim Filings – Securitized Product Issuer*;

    (together, **the Proposed Certification Amendments**).

- Proposed amendments to

    - NI 45-106, including adding

        - proposed Form 45-106F7 *Information Memorandum for Short-Term Securitized Products*; and

        - proposed Form 45-106F8 *Periodic Disclosure Report for Short-Term Securitized Products Distributed under an Exemption from the Prospectus Requirement*; and

    - National Instrument 45-102 *Resale of Securities*;

    (together, the **Proposed Exempt Distribution Rules**).

[14] Prior to the 2011 Proposals, the CSA published CSA Consultation Paper 11-405 *Securities Regulatory Proposals Stemming from the 2007-08 Credit Market Turmoil and its Effect on the ABCP Market in Canada* (the **ABCP Consultation Paper**). Among other things, the ABCP Consultation Paper explored various regulatory proposals relating to the sale of ABCP, the regulation of credit rating organizations, the role of dealers in the sale of securitized products and the investment of money market funds in ABCP.

On June 18, 2010 the CSA published CSA Staff Notice 45-307 *Regulatory Developments Regarding Securitization*. That notice stated that our focus had broadened to encompass a review of securities regulation relating to all securitized products, not just ABCP, and to consider their distribution both publicly under a prospectus and under exemptions from the prospectus and registration requirements. This broadened focus reflected the widespread international concern that securitization was a major source of risk to financial stability.

- Proposed consequential amendments to
    - National Instrument 41-101 *General Prospectus Requirements* (NI 41-101);
    - National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101);
    - National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102) (together, the **Proposed Consequential Amendments**).

The Proposed Prospectus Disclosure Rule would have required additional disclosure for prospectus offerings of securitized products. The Proposed CD Rule and the Proposed Certification Amendments would have imposed continuous disclosure and certification requirements specific to reporting issuers that had distributed securitized products. The term "securitized product" was defined very broadly in the 2011 Proposals to capture both conventional ABS and ABCP as well as hybrid instruments that combined securitization with derivatives.

The Proposed Exempt Distribution Rules would have restricted the prospectus-exempt distribution of securitized products[15] to a class of highly-sophisticated investors through the Eligible Securitized Products Investor Exemption.[16] Those proposed rules would also have mandated initial offering and continuous disclosure even if the issuer of the securitized product was not a reporting issuer.

We included 47 questions in the notice accompanying the 2011 Proposals. In addition to asking questions on the proposed rules and amendments, the questions solicited feedback on whether we should:

- prescribe mandatory credit risk retention for originators and sponsors of securitization transactions, including minimum levels of credit risk retention for particular types of securitized products;
- mandate asset or loan-level disclosure; and
- prohibit securitization transaction parties from entering into transactions that present conflicts of interest with investors.

(b) Overview of key comments received on the 2011 Proposals

We received 31 comment letters from issuers, investors, investor advocacy groups, banks, bank-affiliated dealers, credit rating agencies, lawyers and interest/lobby groups. We would like to thank all commenters for their comments. See Annex D for a list of the commenters and a summary of comments.

Although there was some support expressed for the 2011 Proposals, the majority of commenters expressed concerns that they were a disproportionate response to the risk posed by Canadian securitization activity. Commenters particularly raised concerns that the Proposed Exempt Distribution Rules:

- unfairly stigmatized the securitization market and would potentially have a negative impact on its liquidity;
- reflected a "product-centric" approach to regulation that was inappropriate; and
- did not differentiate between term ABS and short-term securitized products such as ABCP, the former requiring less regulatory intervention.

(c) Additional work

In addition to reviewing the comments received, we also conducted our own review and analysis of the Canadian securitization market. We also:

- consulted informally with investors in the Canadian securitization market, particularly those investing in ABCP, to find out if investors are receiving sufficient information to understand the nature of the security and its risks and rewards;

[15] The restriction would not have applied to securitized products that were issued or guaranteed by the government of Canada.

[16] These investors would be equivalent to "permitted clients" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.*

- participated in a working group of the International Organization of Securities Commissions (**IOSCO**)[17] that was formed to look at securitization regulation and reform as part of the FSB's work on securitization as a form of "shadow banking";[18] and

- engaged in ongoing dialogue with other Canadian regulators on the systemic risks posed by securitization in Canada.

2. Revised approach

Based on the feedback we received through the comment process and our additional work, we have determined that the comprehensive reform of securitized products securities regulation contemplated by the 2011 Proposals is unnecessary at this time. Consequently, we do not intend to proceed with certain aspects of the 2011 Proposals, and are significantly revising other aspects.

(a) Proposals relating to Securitized Products distributed and traded in the public markets

We do not intend to proceed with:

- the Proposed Prospectus Disclosure Rules;

- the Proposed CD Rule;

- the Proposed Certification Amendments; and

- the Proposed Consequential Amendments.

We will continue to monitor international developments related to the disclosure required of issuers of ABS and other securitized products in the public markets.

We will also continue to evaluate the nature and quality of disclosure in prospectuses used to distribute securitized products, as well as the continuous disclosure filed by reporting issuers that have distributed securitized products. We are considering whether it is necessary or advisable to issue a staff notice or other regulatory guidance outlining our expectations regarding the prospectus disclosure that an issuer must provide to satisfy the requirement to provide full, true and plain disclosure of material facts regarding the securitized product.

(b) Proposals relating to Securitized Products distributed and traded in the exempt market

We do not intend to proceed with the Eligible Securitized Products Investor Exemption, nor to require that securitized products only be distributed on a prospectus-exempt basis through that exemption. We also are not imposing additional restrictions on the prospectus-exempt distribution of term securitized products.

We have instead developed a more targeted set of amendments focusing on short-term securitized products such as ABCP as described below in **3. Summary of the Proposed Securitized Products Amendments**. Among other things, we propose to:

- make the Short-Term Debt Prospectus Exemption unavailable for securitized products such as asset-backed commercial paper (**ABCP**); and

- introduce a new prospectus exemption in NI 45-106 for short-term securitized products in section 2.35.1, as qualified by sections 2.35.2 to 2.35.4 (the **Short-Term Securitized Products Prospectus Exemption**), that would only be available for conventional or traditional ABCP.

(c) Rationale for the revised approach

In our view, with the exception of non-bank ABCP (that is no longer being issued), securitization activity in Canada currently does not raise systemic risk or investor protection concerns that warrant the type of comprehensive regulatory intervention contemplated by the 2011 Proposals.

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[17] IOSCO published the final report on *Global Developments in Securitisation Regulation* on November 16, 2012 (the **IOSCO Securitization Report**). The report is available on the IOSCO website http://www.iosco.org.

[18] Among other things, the FSB is addressing concerns over the shadow banking sector that include: a heavy reliance on short-term wholesale funding, a variety of incentive problems in securitization that weakened lending standards, and a general lack of transparency that hid growing amounts of leverage and mismatch between long-term credit extension and short-term funding. See http://www.financialstabilityboard.org.

(i) Systemic risk concerns

The global financial crisis showed that securitization markets can be a source of systemic risk when:

- they are susceptible to rapid deterioration in performance and contraction of activity (including freezing);
- these markets are sizeable;
- these markets require the support of banks and other major financial firms through liquidity or credit enhancement arrangements; and
- disruptions in these markets impact the rest of the financial system due to the interconnectedness of financial firms and markets.

These concerns are mitigated in respect of Canadian securitization activity for two reasons.[19]

First, the large majority of Canadian securitized products are National Housing Act Mortgage-Backed Securities (**NHA MBS**) and Canada Mortgage Bonds. These securitized products are guaranteed by the government, and the underlying residential mortgages are also insured by the government. Due to these explicit government guarantees, the majority of Canadian securitized products did not experience, and are not prone to, the investor flight and fire sales that occurred in the mortgage-backed securitization sector in the United States.

Second, in addition to being relatively small in size, the private-label (i.e. non-NHA MBS or Canada Mortgage Bond) securitization sector in Canada is conservative and largely subject to prudential oversight. Most of the current outstanding private-label securitization (including ABCP) is sponsored by Canadian banks regulated by the Office of the Superintendent of Financial Institutions (**OSFI**). The assets being securitized are conventional or traditional cash-flow generating assets such as credit cards, conventional or insured mortgages, home equity lines of credit and automobile loans. In contrast, the securitizations that deteriorated rapidly were backed by unconventional and/or synthetic, leveraged assets (e.g. sub-prime mortgages and leveraged super-senior transactions involving credit default swaps), the risks of which were not properly understood by market participants. Much of this securitization activity was sponsored by non-bank entities that were not subject to prudential oversight.

(ii) Investor protection concerns

With the notable exception of non-bank ABCP pre-financial crisis, Canadian securitized products do not appear to raise greater or different investor protection concerns than other types of complex structured securities such that a product-specific set of rules is justified. Post-financial crisis, non-bank ABCP is no longer being issued; while conventional ABCP conduits are providing better disclosure to investors and have effective liquidity support provisions in place.

We also note that other types of measures address investor protection concerns, such as:

- the implementation of the DRO Rule, which creates a framework for the regulation of credit rating organizations that wish to have their credit ratings referred to within securities legislation; and
- compliance reviews of investment dealers and other registrants, and the issuance of guidance by the Investment Industry Regulatory Organization of Canada with respect to new product due diligence and know-your-client and suitability assessments.

(iii) Misaligned incentives in securitization and mandatory credit risk retention

One of the issues on which we specifically sought feedback was whether securities regulation should mandate credit risk retention for securitization transactions to address concerns regarding misaligned incentives.[20] Several jurisdictions have introduced or are in the process of introducing mandatory credit risk retention rules.[21]

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19 For additional discussion of these points, see the Shadow Banking Report at 57-60.

20 The IOSCO Securitization Report recommended that IOSCO member jurisdictions should evaluate and formulate approaches to aligning incentives of investors and securitizers in the securitization value chain, including where appropriate, through mandating retention of risk in securitization products.

21 In Europe, Article 122a(1) of the Banking Consolidation Directive provides that European banks can only be exposed to the credit risk of a securitization if the originator, sponsor or original lender retained at least 5% of the credit risk. European regulators are currently in the process of implementing Basel III proposals through a European Capital Requirements Regulation that contains similar provisions to Article 122a(1), with associated technical standards that were published for consultation in May 2013. In the U.S., U.S. regulators published in September 2013 for a second consultation period rules to implement the risk retention requirements in the Dodd-Frank Act.

In securitization, misaligned incentives occur when originators of assets and/or sponsors of the securitization (**securitizers**) have incentives to behave in ways that further their own interest but that are contrary to the interests of other securitization parties (most significantly the investor) and to the stability of the securitization market as whole. Misaligned incentives therefore have the potential to raise both systemic risk and investor protection concerns.

Misaligned incentives were particularly prevalent in two types of transactions that accounted for much of the growth in securitization activity in the period leading to the financial crisis:

Sub-prime mortgage securitizations involving the originate-to-distribute business model

This type of transaction primarily occurred in the US securitization markets. In the originate-to-distribute model, a lender would originate sub-prime mortgages with a view to selling them to a financial intermediary such as an investment bank for the purpose of securitizing those mortgages. These originators did not have an incentive to properly underwrite these sub-prime mortgages because they were not exposed to the associated credit risk.

Use of securitization techniques and derivatives to create structured finance products

A number of transactions involved creating hybrid instruments using securitization techniques and derivatives. In these transactions, the underlying financial assets were not loans or receivables, but "synthetic" assets where a derivative such as a credit default swap was used to generate cash flows to make payment on the notes. Although these instruments are often referred to as securitized products, they are more precisely classified as structured finance or structured products.

The most notable term structured finance product was the synthetic collateral debt obligation (**CDO**), and the most notable short-term structured finance product was credit arbitrage ABCP backed by synthetic assets.[22] In both cases, leverage was often used to increase yield to investors.

In both types of transactions, securitizers were incentivized to maximize short-term revenues from structured finance activity through the sale of securitized and structured products backed by leveraged assets; as opposed to properly assessing and managing the risks of sub-prime mortgage products or novel and complex structured finance techniques. These activities rapidly built up levels of leverage and maturity mismatching (in the case of credit arbitrage ABCP) that were poorly understood by most securitizers, investors and regulators. As the performance of sub-prime mortgages began to deteriorate, these securitized and structured products also began to perform badly. Market activity significantly contracted and in some cases froze. The disruptions in these markets had a major impact on global credit markets generally, leading to the financial crisis of 2007-2008.

Based on the comments we have received on the 2011 Proposals and our own review, it appears to us that the Canadian securitization market for traditional assets (as opposed to synthetic or arbitrage assets) by-and-large was, and continues to be, free from the types of incentive misalignment that facilitated excessive leverage and maturity mismatching entering the financial system. As noted above:

- government-guaranteed securitized products are a large portion of the Canadian securitization market;
- private-label securitizations involve conventional assets; and
- securitizers are generally subject to prudential oversight.

Another important difference that was identified by commenters is that the originate-to-distribute model is not prevalent in Canada.

At the transaction level, securitization structures typically contain credit enhancements that are intended to align the incentives and interests of securitizers with investors by exposing the originator to the risk of expected loss on the assets. Types of credit enhancements include:

- overcollateralization;
- excess spread;

[22] In a typical synthetic CDO transaction, an SPV would enter into a credit default swap where the counterparty (usually a financial intermediary such as an investment bank) paid for protection against the default of a reference portfolio of sub-prime mortgage bonds. The SPV would issue notes to investors, and proceeds from the sale would be used to fund the collateral for the credit default swap. In a credit arbitrage ABCP transaction, the conduit would use funds acquired from the issuance of ABCP to acquire notes from an SPV of the type described above.

- cash reserve accounts that trap or contain cash to pay investors; and
- subordination.

The first three forms of credit enhancement are heavily used in Canadian securitization markets, and in our view, achieve the objectives of mandatory credit risk retention.

In light of the foregoing factors, we do not propose to introduce mandatory credit risk retention. We do think, however, that when issuers are required to provide disclosure to investors, there should be clear and transparent disclosure on:

- whether and how a securitization transaction has been structured to align the economic incentives and interests of the securitization parties with investors; and
- whether and to what degree a securitizer has retained credit risk.

In the case of prospectuses offering securitized products, we think that appropriate incentive alignment and credit risk retention disclosure will generally be necessary for full, true and plain disclosure of material facts. We also are proposing that this type of disclosure be required as a condition of the proposed Short-Term Securitized Products Prospectus exemption, as further described below.

3. Summary of the Proposed Securitized Products Amendments

(a) Amendments to NI 45-106

(i) Overview

As discussed above, we do not think that the comprehensive approach in the 2011 Proposals is required. However, the ABCP Market Disruption demonstrates the need for changes to how short-term securitized products such as ABCP are distributed on a prospectus-exempt basis. In particular, the current Short-Term Debt Prospectus Exemption fails to make a distinction between CP and ABCP as types of short-term debt instruments, even though ABCP raises greater investor protection and systemic risk concerns.

From an investor protection perspective, ABCP:

- is a more complex security, as a result of the use of securitization techniques; and
- has greater liquidity risk due to the maturity mismatch between the underlying assets and the ABCP.

From a systemic risk perspective, ABCP structures inherently involve maturity transformation and liquidity transformation. Furthermore, in the case of credit arbitrage ABCP (and in particular those instruments with significant exposure to credit derivatives), the rapid growth of this sector in the years leading to the financial crisis facilitated build-up of leverage and imperfect credit-risk transfer.

To address these investor protection and systemic risk concerns, we think that there should be a separate prospectus exemption for short-term securitized products with conditions that:

- take into account their particular characteristics and risks; and
- reflect improved market practices post-financial crisis.

The exemption would only be available for ABCP backed by conventional or traditional assets.

Furthermore, while we do not propose to prohibit the issuance of credit arbitrage ABCP backed by synthetic assets on a prospectus-exempt basis, we think that this type of highly complex ABCP (assuming its return to our markets) generally should be issued in reliance on prospectus exemptions that have resale conditions and require the filing of Exempt Distribution Reports.

We therefore propose to:

- exclude short-term securitized products from being distributed under the Short-Term Debt Prospectus Exemption, the Private Issuer Prospectus Exemption, the Friends and Family Prospectus Exemption, the Founders Prospectus Exemption and the OM Prospectus Exemption;

- create a Short-Term Securitized Products Prospectus Exemption in new section 2.35.1 of NI 45-106, as qualified by sections 2.35.2 to 2.35.4, that requires the short-term securitized product to satisfy a number of conditions; and

- prescribe an information memorandum (Form 45-106F7) and certain ongoing disclosure, including a monthly disclosure report (Form 45-106F8) and timely disclosure reports.

(ii) Significant features of the Short-Term Securitized Products Prospectus Exemption

The significant features of the Short-Term Securitized Products Prospectus Exemption are outlined below.

Two credit ratings – s. 2.35.2(a)(i) and (ii)

A conduit that issues short-term securitized products would be required to have credit ratings from at least two DROs. Each credit rating must be at or above a prescribed minimum level, which is higher than the minimum level we propose for CP. We think the requirement for two credit ratings at a higher minimum level is appropriate in light of ABCP's greater complexity and liquidity risk. The exemption is unavailable for a short-term securitized product if any of its credit ratings are under review by the relevant DRO and it would be reasonable for the conduit to expect that the review would result in the credit rating being withdrawn or downgraded below the prescribed minimum level.

Prescribed liquidity support – s. 2.35.2(a)(iii) and (iv); s. 2.35.3

In order to enhance investor protection and reduce reliance on credit ratings, we have proposed a number of liquidity support requirements. These include requiring:

- a "global-style" liquidity facility so that the liquidity provider is required to provide funding to pay off maturing ABCP in all circumstances other than the bankruptcy or insolvency of the conduit or default of the underlying assets;

- that the liquidity provider be a deposit-taking institution that is regulated by OSFI or a similar provincial regulatory authority; and

- that the liquidity provider have long-term credit ratings from at least two DROs that are at or above a prescribed minimum level.

Permitted assets – s. 2.35.2(c)

A conduit relying on the exemption would have to contractually agree that its asset pool would consist only of traditional asset classes such as bonds, leases, mortgages and receivables. Securities of other conduits subject to the same asset class restrictions would be permitted. The purpose of this condition is to prevent a conduit from relying on the exemption if its asset pool includes credit derivatives or highly structured or leveraged credit products.

Mandatory information memorandum – 2.35.4(1)(a); Form 45-106F7

We propose that a conduit would be required to prepare and make available to investors an information memorandum in a prescribed form prior to the investor purchasing the short-term securitized product. The prescribed disclosure is intended to:

- reflect the better disclosure practices we have observed in the ABCP market;

- align with the disclosure required by the Bank of Canada for ABCP to be eligible as collateral under its Standing Liquidity Facility;

- establish a minimum standard for disclosure; and

- support standardization of disclosure.

Among other things, we propose to require disclosure regarding:

- a conduit's investment guidelines, including information regarding concentration and correlation limits, credit quality of assets and the originators of assets;

- liquidity support;

- credit enhancements;

- an investor's property interest in the conduit's assets and its priority of claim over the assets;
- provisions designed to protect a holder from material deterioration in asset pool performance; and
- prior performance of the conduit or the significant parties to the securitization transaction.

Contractual obligation to provide continuous disclosure – s. 2.35.4(1)(c); s. 2.35.4(5), (6) and (7); Form 45-106F8

We propose to require a conduit to contractually agree with investors to provide certain ongoing disclosure. The first component is a prescribed monthly disclosure report, to be prepared and made available within 30 days of month end. The monthly disclosure report would facilitate investors receiving standardized disclosure of the assets underlying the ABCP. Because the information memorandum may be prepared before the conduit has acquired an asset pool, the monthly disclosure report is designed to provide investors with disclosure of the actual assets held and any changes to them, certain program-level information, the flow of funds, and a summary of securitization transactions in the relevant period.

The second component is a timely disclosure report which would be required in the event of either:

- a change to the information in the most recent monthly disclosure report, or
- an event occurring that would reasonably be expected to materially affect either payments on that class of short-term securitized product or performance of the assets in the asset pool.

We propose to limit the obligation to provide a timely disclosure report to circumstances in which an investor would reasonably require the information to make an informed investment decision.

Risk retention and incentive and interest alignment disclosure – Form 45-106F8, Item 11

We think it is important that there is clear disclosure about whether and how an ABCP structure aligns incentives of the securitization transaction parties with the interests of the investor. We therefore propose to require risk retention and incentive and interest alignment disclosure in the monthly disclosure report.

Investor and regulator access to disclosure – s. 2.35.4

The information memorandum, monthly disclosure reports and timely disclosure reports must be made reasonably available to investors and securities regulators. In recognition that ABCP transactions occur in the exempt market, we are not proposing a requirement that these disclosure documents be filed with securities regulators. However, we would require conduits to undertake to deliver the monthly disclosure reports and timely disclosure reports to securities regulators on request.

(iii) Proposed amendments to the Exempt Distribution Report

We are re-proposing that the Exempt Distribution Report be amended to add securitization conduits as an industry classification to allow us to collect information on certain prospectus-exempt distributions of securitized products.

(b) Proposed consequential amendments to NI 25-101

The Proposed Securitized Products Amendments contain a definition of "securitized product" that differs from the definition in the 2011 Proposals. The revised definition reflects the more targeted nature of the Proposed Securitized Product Amendments.

NI 25-101 currently contains a definition for "securitized product" that is different from the one we are proposing. To avoid having two different definitions for the same term, we propose to replace the term "securitized product" in NI 25-101 with the term "structured finance product". We think that "structured finance product" more accurately captures the securities set out in the current definition in NI 25-101, which includes traditional securitized products as well as hybrid instruments involving securitization and derivatives.

(c) Proposed changes to 45-106CP

We are proposing to change 45-106CP by adding a new section 4.6.1 that would provide guidance on:

- the scope of the term "short-term securitized product";
- how a document can be made "reasonably available"; and
- whom we would expect to be a "significant party" for a securitization.

(d) Summary of comments on the 2011 Proposals relevant to the Proposed Securitized Products Amendments

In developing the Proposed Securitized Products Amendments, we considered a number of comments received in connection with the 2011 Proposals that are relevant to ABCP and short-term securitized products. A summary of these comments and our responses is in Annex D of this notice.

4. Questions

We would appreciate feedback on the Proposed Securitized Products Amendments generally, as well as on the following questions:

1. We are not prohibiting short-term securitized products that do not satisfy the conditions in the Short-Term Securitized Products Prospectus Exemption (e.g. credit arbitrage ABCP) from being distributed in reliance on other prospectus exemptions such as the accredited investor and minimum investment amount exemptions.

    (a) Should certain types of short-term securitized products not be allowed to be sold on a prospectus-exempt basis?

    (b) Is it likely that short-term securitized products would be sold under other prospectus exemptions besides the Short-Term Securitized Products Prospectus Exemption, and if so, which ones? What factors affect the probability of this occurring?

    (c) Are there other types of structured or structured finance products that would not be captured by the definition of "securitized product", but that also should not be issued under the Short-Term Debt Prospectus Exemption? Should we broaden the types of products to be excluded from the Short-Term Debt Prospectus Exemption to encompass all structured finance short-term debt instruments?

2. Are the credit rating requirements (two credit ratings at a prescribed minimum level) for short-term securitized products sold under the Short-Term Securitized Products Prospectus Exemption appropriate?

3, We have prescribed a number of liquidity support requirements to address liquidity risk arising from the maturity mismatch in ABCP.

    (a) The Bank of Canada's eligibility policies for collateral under its Standing Liquidity Facility require that sponsors of ABCP conduits have certain credit ratings, as opposed to the liquidity provider. Should there also be requirements in the Short-Term Securitized Products Prospectus Exemption as to the types of entities that can sponsor ABCP conduits (including credit ratings of those entities)?

    (b) How common is it for a sponsor to not also be the liquidity provider?

    (c) In order to reduce the risk associated with relying on a single credit rating of one DRO, we are proposing that two credit ratings be required for the liquidity provider. Do you agree with this approach?

    (d) Are the proposed minimum credit rating levels for the liquidity provider appropriate?

    (e) We have proposed that the liquidity provider be prudentially regulated by OSFI or a provincial regulatory authority. Would this cause problems for current ABCP programs? To what extent do foreign banks, not regulated by OSFI, act as liquidity providers to Canadian conduits?

    (f) If we were to allow foreign banks (not subject to OSFI oversight) to act as liquidity providers, to what extent would it be appropriate to require that they be subject to Basel III? What concerns exist with respect to allowing U.S. banks to act as liquidity providers if they are not subject to Basel III?

    (g) Are the proposed circumstances when a liquidity provider is permitted not to advance funds appropriate?

4. The Short-Term Securitized Products Prospectus Exemption is available for short-term securitized products that are convertible or exchangeable into or accompanied by a right to purchase another short-term securitized product that would qualify for the exemption. Is this appropriate?

5. Are there assets in addition to those listed in section 2.35.2(c) of the proposed Short-Term Securitized Products Prospectus Exemption that a conduit should be allowed to hold? Are these assets currently found in the Canadian ABCP market?

6. Do the proposed triggers for timely disclosure reports cover all material events of which investors would want to be informed?

7. Given its length and the introduction of two associated forms, would it be more user-friendly to have the Short-Term Securitized Products Prospectus Exemption and the new forms in a stand-alone rule instead of as part of NI 45-106?

8. The Proposed Securitized Products Amendments do not require that issuers that distribute ABCP under the proposed Short-Term Securitized Products Prospectus Exemption report those distributions to securities regulators. For the purposes of monitoring market trends and the build-up of risk:

   (a) what information should be available to securities regulators and other systemic risk regulators regarding ABCP distributed, outstanding, or traded;

   (b) what would be the most effective or efficient means of reporting for ABCP issuers; and

   (c) what would be an appropriate reporting frequency for issuers, that balances the resources that would be needed to prepare a report with the importance of having up-to-date information?

G. Request for comments

1. Request for comments

We welcome your comments on the Proposed Amendments and feedback on the specific questions we have posed.

Please note that comments received will be made publicly available and posted on the website of the Ontario Securities Commission at www.osc.gov.on.ca and on the website of the Autorité des marchés financiers at www.lautorite.qc.ca and may be posted on the websites of certain other securities regulatory authorities. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the submission.

2. How to provide your comments

Please provide your comments in writing by **April 23, 2014**. Please provide your comments in Microsoft Word, Windows format.

Please address your submission to all members of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission of New Brunswick
Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Superintendent of Securities, Yukon Territory
Superintendent of Securities, Northwest Territories
Superintendent of Securities, Nunavut

Please deliver your comments **only** to the three addresses that follow. Your comments will be distributed to the other CSA member jurisdictions.

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3. Contents of Annexes

The following annexes form part of this CSA Notice:

Annex A – Proposed Amendments to National Instrument 45-106 *Prospectus and Registration Exemptions*

Annex B –Proposed Amendments to National Instrument 25-101 *Designated Rating Organizations*

Annex C – Proposed Changes to Companion Policy 45-106 *Prospectus and Registration Exemptions*

Annex D – List of Commenters on 2011 Proposals and Summary of Comments on the 2011 Proposals Relevant to the Proposed Securitized Products Amendments

Annex E – Local Matters

4. Questions

Please refer your questions to any of the following:

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Annex A

Proposed Amendments to
National Instrument 45-106 *Prospectus and Registration Exemptions*

1. National Instrument 45-106 Prospectus and Registration Exemptions is amended by this Instrument.

2. Section 1 is amended by adding the following definitions:

"**asset pool**" means a pool of cash-flow generating assets in respect of which a conduit has a property interest;

"**conduit**" means an issuer

(a) created to conduct one or more securitization transactions, and

(b) in respect of which it is reasonable for the issuer to expect that, in the event of a bankruptcy or insolvency proceeding under the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) or a proceeding under similar legislation in Canada, a jurisdiction of Canada or a foreign jurisdiction, none of the assets comprising an asset pool of the issuer will be consolidated with the assets of a third party that transferred or participated in the transfer of assets to the issuer;

"**credit enhancement**" means a method used to reduce the credit risk of a class of securitized product;

"**liquidity provider**" means a person that is obligated to provide funds to a conduit to enable it to pay principal or interest in respect of a maturing securitized product;

"second-level asset" means a security held by a conduit that is a security issued by another conduit;

"**securitization transaction**" means a transaction or series of transactions in which a conduit acquires an asset pool in connection with issuing a securitized product;

"**securitized product**" means a security that

(a) is governed by a trust indenture or similar agreement setting out the rights and protections applicable to a holder of the security,

(b) provides a holder with a security interest, ownership interest, leasehold interest or other property interest in an asset pool, and

(c) entitles a holder to the principal and interest, primarily obtained from one or more of the following

(i) the proceeds from the distribution of securitized product,

(ii) the cash flows generated by an asset pool,

(iii) the proceeds obtained on the liquidation of one or more assets in an asset pool;

"**short-term securitized product**" means a securitized product that is a negotiable promissory note or commercial paper that matures not more than one year from the date of issue; **.**

2. Section 2.4 is amended by adding the following subsection:

(4) Subsection (2) does not apply to a distribution of a short-term securitized product**.**.

3. Section 2.5 is amended by adding the following subsection:

(3) Subsection (1) does not apply to a distribution of a short-term securitized product**.**.

4. Section 2.6 is amended by adding the following subsection:

(3) Subsection (1) does not apply to a distribution of a short-term securitized product**.**.

5. Section 2.7 is replaced with the following:

(1) In Ontario, the prospectus requirement does not apply to a distribution to a person who purchases the security as principal and is one of the following:

(a) a founder of the issuer,

(b) an affiliate of a founder of the issuer;

(c) a spouse, parent, brother, sister, grandparent, grandchild or child of an executive officer, director or founder of the issuer,

(d) a person that is a control person of the issuer.

(2) Subsection (1) does not apply to a distribution of a short-term securitized product..

6. Section 2.9 is amended by adding the following subsection:

(3.1) Subsections (1) and (2) do not apply to a distribution of a short-term securitized product..

7. Section 2.35 is replaced with the following:

Short-term debt

2.35 (1) The prospectus requirement does not apply to a distribution of a negotiable promissory note or commercial paper if all of the following apply:

(a) the note or commercial paper matures less than one year from the date of issue;

(b) the note or commercial paper has a credit rating from a designated rating organization, or its DRO affiliate, that is at or above one of the following rating categories or that is at or above a rating category that replaces one of the following rating categories:

(i) R-1 (low) if issued by DBRS Limited;

(ii) F1 if issued by Fitch, Inc.;

(iii) P-1 if issued by Moody's Canada Inc.;

(iv) A-1 (low) if issued by Standard & Poor's Ratings Services (Canada);

(c) the note or commercial paper has no credit rating from a designated rating organization, or its DRO affiliate, that is below one of the following rating categories or that is below a rating category that replaces one of the following rating categories:

(i) R-1 (low) if issued by DBRS Limited;

(ii) F2 if issued by Fitch, Inc.;

(iii) P-2 if issued by Moody's Canada Inc.;

(iv) A-2 if issued by Standard & Poor's Ratings Services (Canada).

(2) Subsection (1) does not apply to a distribution of a negotiable promissory note or commercial paper if either of the following applies:

(a) the note or commercial paper is a securitized product;

(b) the note or commercial paper is convertible or exchangeable into or accompanied by a right to purchase another security other than a security described in subsection (1)..

8. The Instrument is amended by adding the following sections:

Short-term securitized products

2.35.1 Subject to sections 2.35.2 and 2.35.4, the prospectus requirement does not apply to a distribution of a short-term securitized product if the short-term securitized product is not convertible or exchangeable into or accompanied by a right to purchase another security, other than a security described in this section.

Limitations on short-term securitized product exemption

2.35.2 Section 2.35.1 does not apply to a distribution of a short-term securitized product unless all of the following apply:

(a) the short-term securitized product is of a class of securitized product to which all of the following apply:

(i) it has a credit rating from two designated rating organizations, or their respective DRO affiliate, each of which is at or above the following rating categories:

A. R-1 (high) (sf) if issued by DBRS Limited;

B. F1+sf if issued by Fitch Inc.;

C. P-1 (sf) if issued by Moody's Canada Inc.;

D. A-1 (high) (sf) if issued by Standard & Poor's Ratings Services (Canada);

(ii) there has been no announcement by a designated rating organization referred to in paragraph (i) that the credit rating it has issued is under review if it would be reasonable for the conduit to expect that the review will result in the credit rating being withdrawn or downgraded below the level referred to in paragraph (i);

(iii) the conduit has entered into one or more agreements that, subject to section 2.35.3, obligate one or more liquidity providers to provide funds to the conduit to enable the conduit to satisfy all of its obligations to pay principal and interest as that class of short-term securitized product matures;

(iv) subject to section 2.35.3 all of the following apply to each liquidity provider:

A. it is a deposit-taking institution;

B. it is regulated by one of the following:

1. the Office of the Superintendent of Financial Institutions (Canada);

2. a government department or regulatory authority of Canada, or of a jurisdiction of Canada responsible for regulating deposit-taking institutions;

C. it has a rating from two designated rating organizations, or their respective DRO affiliate, for its senior, unsecured long-term debt that is not dependent upon a guarantee by a third party, and each rating is at or above the following rating categories:

1. A(low) if issued by DBRS Limited;

2. A- if issued by Fitch Inc.;

3. A3 if issued by Moody's Canada Inc.;

4. A- if issued by Standard & Poor's Ratings Services (Canada);

D. there has been no announcement by a designated rating organization referred to in clause C. that the credit rating it has issued is under review if it would be reasonable for the conduit to expect that the review will result in the credit rating being withdrawn or downgraded below the level referred to in clause C;

(b) if the conduit has issued more than one class of short-term securitized product, the short-term securitized product to be distributed under section 2.35.1, when issued, will, in the event of bankruptcy, insolvency or winding-up of the conduit, rank higher in priority of claim than any other outstanding class of short-term securitized product issued by the conduit;

(c) the conduit has provided an undertaking to or has agreed in writing with the purchaser of a short-term securitized product or an agent, custodian or trustee appointed to act on behalf of purchasers of that class of short-term securitized product, that the asset pool of the conduit will consist only of one or more of the following:

(i) a bond;

(ii) a mortgage;

(iii) a lease;

(iv) a loan;

(v) a receivable;

(vi) a royalty;

(vii) a second-level asset if the applicable asset pool of the other conduit consists only of one or more of the assets referred to in subclauses (i) to (vi).

Exceptions relating to liquidity providers

2.35.3(1) Paragraph 2.35.2(a)(iii) does not apply if the conduit is subject to any of the following:

(a) bankruptcy, or insolvency proceedings under the *Bankruptcy and Insolvency Act* (Canada);

(b) an arrangement under the *Companies Creditors' Arrangement Act* (Canada);

(c) proceedings similar to those referred to in paragraph (a) or (b) under the laws of Canada or a jurisdiction of Canada or a foreign jurisdiction.

(2) Despite paragraph 2.35.2(a)(iii), for the purposes of section 2.35.1, an agreement with a liquidity provider may provide that a liquidity provider is not obligated to advance funds in respect of a class of short-term securitized product that exceed the sum of the following:

(a) the aggregate value of the assets in the asset pool to which that class of short-term securitized product relates, that continue to generate cash flows; and

(b) the amount of credit enhancement applicable to the asset pool to which that class of short-term securitized product relates.

(3) Paragraph 2.35.2(a)(iii) does not apply to a liquidity provider if another liquidity provider that meets the conditions of paragraph 2.35.2(a)(iii) has guaranteed or otherwise committed, in the event of non-payment by the first-mentioned liquidity provider, to provide to the conduit the amount of liquidity support that the first-mentioned liquidity provider was required to provide.

Disclosure requirements

2.35.4(1) A conduit that distributes a short-term securitized product under section 2.35.1 must, on or before the date a purchaser purchases the short-term securitized product, do all of the following:

(a) prepare an information memorandum that complies with Form 45-106F7;

(b) provide to the purchaser or make reasonably available to the purchaser the information memorandum referred to in paragraph (a);

(c) provide an undertaking to or agree in writing with the purchaser, or with an agent, custodian or trustee appointed to act on behalf of purchasers of that class of securitized product, to

(i) for so long as a short-term securitized product of that class remains outstanding, prepare the documents specified in subsections (5) and (6) within the time periods specified in those subsections, and

(ii) provide to or make reasonably available to each holder of a short-term securitized product of that class, the documents specified in subsections (5) and (6).

(2) Paragraphs (1)(a) and (b) do not apply to a conduit distributing a short-term securitized product under section 2.35.1 if

(a) the conduit has previously distributed a short-term securitized product of the same class as the short-term securitized product to be distributed,

(b) in connection with that previous distribution the conduit prepared an information memorandum that complied with clause (1)(a),

(c) the conduit, on or before the time each purchaser in the current distribution purchases a short-term securitized product, does each of the following:

(i) provides to or makes reasonably available to the purchaser the information memorandum prepared in connection with the previous distribution; and

(ii) provides to or makes reasonably available to the purchaser all documents specified in subsections (5) and (6) that have been prepared in respect of that class of short-term securitized product.

(3) A conduit must, on or before the 10th day following a distribution of a short-term securitized product under section 2.35.1, do each of the following:

(a) provide to or make reasonably available to the securities regulator either of the following:

(i) the information memorandum required under paragraph (1)(a);

(ii) if the conduit is relying on subsection (2), the documents referred to in paragraph (c);

(b) subject to subsection (4), deliver to the securities regulator an undertaking that it will, in respect of that class of short-term securitized product,

(i) provide to or make reasonably available to the securities regulator the documents specified in subsections (5) and (6), and

(ii) promptly deliver to the securities regulator each document specified in subsections (5) and (6) that is requested by the securities regulator.

(4) Paragraph (3)(b) does not apply if

(a) the conduit has delivered an undertaking to the securities regulator under paragraph (3)(b) in respect of a previous distribution of a securitized product that is of the same class as the short-term securitized product currently being distributed, and

(b) the undertaking referred to in paragraph (a) applies in respect of the current distribution.

(5) For the purpose of subsection 2.35.4(1), the undertaking or agreement must require the conduit to prepare a monthly disclosure report relating to the class of short-term securitized product, that is

(a) prepared in accordance with Form 45-106F8,

(b) current as at the last business day of each month, and

(c) no later than 30 days from the end of the most recent month to which it relates, made reasonably available to each holder of that class of the conduit's short-term securitized product.

(6) For the purpose of subsection 2.35.4(1), the undertaking or agreement must require the conduit to promptly provide a timely disclosure report, providing the information specified in subsection (7), in each of the following circumstances, if the timely disclosure report would provide material information:

(a) a change to the information required to be provided in the most recently required monthly disclosure report referred to in subsection (5);

(b) an event that the conduit would reasonably expect to significantly affect either of the following:

(i) a payment on that class of short-term securitized product;

(ii) the performance of the assets in the asset pool.

(7) The timely disclosure report referred to in subsection (6) must

(a) describe the nature and substance of the change or event including, as applicable, the change or event's effect on any payment to a holder of that class of short-term securitized product and the investment performance of the conduit's asset pool, and

(b) be made reasonably available to holders of that class of securitized product within 2 days of the conduit becoming aware of the change or event.*.*

9. Item 3 of Form 45-106F1 Report of Exempt Distribution is amended by adding:

"☐ Financial Services - securitization conduits" ***after*** "☐ Financial Services – mortgage investment companies"*.*

10. In British Columbia, item 3 of Form 45-106F6 British Columbia Report of Exempt Distribution is amended by adding:

"☐ Financial Services - securitization conduits" ***after*** "☐ Financial Services – mortgage investment companies"**.**

11. This Instrument is amended by adding the following form:

Form 45-106F7
Information Memorandum for Short-term Securitized Products

Instructions:

(1) Using language that is plain and easy to understand by the type of investor to whom the issuer's short-term securitized products are offered, provide the information required by this form.

(2) An information memorandum may be used to disclose more than one class of short-term securitized product if separate disclosure is provided for each class.

(3) This form requires disclosure of certain items, matters or other information referred to as "material". Information is "material" if knowledge of it could reasonably be expected to affect a reasonable investor's decision whether to buy, sell or hold a short-term securitized product.

(4) If an information memorandum is used to distribute more than one class or series of short-term securitized product, the disclosure required by this form must be provided for each class and series of short-term securitized product distributed under the information memorandum.

(5) Include a glossary that defines all technical terms, and includes each of the following definitions:

"**obligor**" means, in respect of an asset in an asset pool of a conduit, a person that is any of the following:

(a) a debtor, obligated to make payments;

(b) a guarantor of the payments of a person referred to in (a);

(c) a provider of alternative credit support for payments;

"**originator**" means a person that performs the activity described in clause (c) of the definition of significant party;

"**principal obligor**" means an obligor of assets in an asset pool if the assets in respect of which the person is an obligor generate one-third or more of the aggregate cash flow generated by all assets in an asset pool of a conduit;

"second-level asset" mean a security held by a conduit that is a security issued by another conduit;

"significant party" means in respect of a conduit, the conduit, each principal obligor, and each other person that performs or will perform any of the following activities if that role is material:

(a) organizing or initiating the transfer of a material portion of an asset pool to the conduit;

(b) designing a securitization transaction of the conduit;

(c) originating assets in an asset pool of the conduit;

(d) providing funds or making commitments that materially affect the creditworthiness of the conduit;

(e) acting as a liquidity provider;

(f) selecting, analyzing, monitoring or managing an asset pool of the conduit;

(g) collecting payments generated by one or more assets in an asset pool of the conduit;

(h) issuing or redeeming a class of short-term securitized products;

(i) acting as agent, custodian or trustee for a class of short-term securitized product holders;

(j) administering payments to a class of securitized product holders;

"**sponsor**" means a person that performs the activity described in clause (a) of the definition of significant party.

Item 1: Significant Parties to Securitization Transaction

1.1 Identify each significant party to the securitization transaction and describe its role and function in connection with the securitization transaction.

1.2 If any of the following persons has, in the prior five years, performed a similar role for another conduit and there was a failure by that other conduit to make a required payment to a securitized product holder in the time required, disclose that fact:

(a) the sponsor;

(b) a liquidity provider;

(c) a principal obligor;

(d) an originator of all or a portion of the assets in the conduit's asset pool, if a reasonable investor would consider that the originator had originated a material portion of the assets in the conduit's asset pool;

(e) a person that transferred to the conduit a material portion of the assets in the conduit's asset pool.

1.3 Disclose the conduit's jurisdiction and form of organization.

1.4. In respect of the sponsor, each originator of a material portion of the asset pool, each principal obligor, and each provider of material credit enhancement,

(a) disclose whether or not it is a Canadian bank, Schedule II foreign bank subsidiary or Schedule III bank, and

(b) if it is not a financial institution referred to in paragraph (a), identify whether there is a government department or regulatory authority responsible for overseeing it and, if so, disclose that government department or regulatory authority.

1.5 In respect of each person responsible for selecting, analyzing, monitoring or managing the conduit's asset pool or collecting payments due from obligors, describe any inspections or verifications to which the person is or is anticipated to be subject that are intended to assess or monitor performance of the person's contractual obligations in connection with the securitization transaction.

Item 2: Structure

Include one or more diagrams that set out the basic structure of the securitization transaction.

Item 3: Eligible assets

3.1 Describe the material investment guidelines and underwriting criteria applied or to be applied to the assets to form the conduit's asset pool, including those regarding any of the following:

(a) the types of assets that a conduit may acquire;

(b) concentration or correlation limits, including, without limitation, limits in respect of industry classification, geographic regions and obligors;

(c) the credit quality of assets that will form the asset pool of the conduit;

(d) the originators or intermediaries from which assets may be obtained.

3.2 Disclose whether the conduit is permitted to hold second-level assets in the asset pool. Disclose that the conduit will not hold second-level assets unless the asset pool of the other conduit will consist only of assets that the conduit is permitted to hold.

3.3 Describe the methods by which the conduit anticipates acquiring a property interest in its asset pools and the nature of the property interest the conduit will have upon completion of the transfer.

3.4 Describe the due diligence or verification procedures that will be applied in respect of the assets to form each asset pool of the conduit.

3.5 Disclose, using bold text, the conduit's intention with respect to acquiring, investing in, or obtaining economic exposure to credit derivatives or highly structured or leveraged credit products.

Item 4: Liquidity support and credit enhancement

4.1 Disclose the anticipated amount and nature of liquidity support to be provided by each of the liquidity providers.

4.2 Disclose the material conditions to or limitations on the obligation of a liquidity provider to promptly provide liquidity support.

4.3 Disclose the amount and nature of all anticipated credit enhancements and structural mechanisms intended to materially reduce the risk of loss to investors.

4.4 Disclose the anticipated material conditions to or limitations on the obligation of a credit enhancement provider to provide the credit enhancement or other support referred to in section 4.3.

Item 5: Property interests in asset pool and priority of payments

5.1 Disclose the property interest a holder of a short-term securitized product will have in the conduit's asset pool and describe any anticipated material limitations on that interest.

5.2 Describe each other person that has or is anticipated to have a property interest in the assets comprising the conduit's asset pool and describe that interest.

5.3 Disclose the priority of claims of each person referred to in section 5.2, in the event of the conduit's insolvency.

5.4 Disclose whether, in the event of insolvency of the conduit, the claims of a short-term securitized product holder will rank above those of liquidity providers and providers of material credit enhancement.

5.5 Describe any circumstances that may change the priority of the claim of a short-term securitized product holder.

Item 6: Compliance or termination events

6.1 Describe each of the events or circumstances that could reasonably be expected to result in the conduit being required to cease issuing short-term securitized products.

6.2 Describe the portfolio performance tests applicable to an asset pool intended to provide early warning of a material adverse change in the asset pool.

6.3 Describe any other material contractual provisions designed to protect a holder of a short-term securitized product from material deterioration in respect of either or both of the following:

(a) the performance of an asset pool;

(b) the credit quality or performance of a significant party.

Item 7: Description of short-term securitized product and offering

Describe the short-term securitized product to be distributed and the distribution procedures, including each of the following:

(a) whether short-term securitized product certificates will be issued in certificated (registered or bearer) form or book-entry form and the delivery procedures;

(b) whether short-term securitized products will be sold on a discount basis or on an interest-bearing basis;

(c) the applicable discount or interest rate and the timing of interest payments;

(d) the denominations in which short-term securitized product certificates will be issued;

(e) the term to maturity, including the ability of the conduit to extend maturity;

(f) the ability of either an investor to redeem prior to maturity or of the conduit to repay prior to maturity;

(g) maximum aggregate principal amount of short-term securitized products to be outstanding at any one time.

Item 8: Additional information about the conduit

8.1 Disclose whether the conduit anticipates using financial leverage to finance the acquisition, origination or refinancing of any assets that will comprise the asset pool. If so, describe the type of financial leverage anticipated, including whether or not it is anticipated to include partially collateralizing derivative contracts with assets whose value is only a fraction of the notional amount of the value of the contract.

8.2 Disclose whether the conduit has either issued or anticipates issuing any securities other than a short-term securitized product. If any other security has been or is anticipated to be issued, describe that other security,

its credit rating, if applicable, and how it will rank, in the event of insolvency of the conduit, relative to each class of the conduit's short-term securitized product.

8.3 Disclose the extent to which the conduit anticipates using interest rate swaps, foreign currency swaps or other hedging arrangements.

8.4 Disclose how an investor can obtain access to disclosure that the conduit is required to provide or make reasonably available to an investor.

8.5 Disclose how a holder of a short-term securitized product of the conduit can obtain access to the disclosure the conduit is required to provide or make reasonably available to a holder of a short-term securitized product of the conduit.

Item 9: Material agreements

9.1 Except to the extent previously disclosed by a conduit in a report in Form 45-106F7 or Form 45-106F8, describe the terms of each material agreement to which a significant party is a party.

9.2 Describe the ability of a person to waive or modify the requirements, activities or standards that would apply under a material agreement referred to in section 9.1.

Item 10: Summary of asset pool

If at the date of the information memorandum the conduit has acquired an asset pool, include in the information memorandum or attach as an annex to it the information required by Items 4 and 5 of Form 45-106F8.

Item 11: Date of information memorandum

State the date of the information memorandum.

Item 12: Representation that no misrepresentation

State the following in the information memorandum:

"**This information memorandum does not contain a misrepresentation.**".

12. This Instrument is amended by adding the following form:

Form 45-106F8
Monthly Disclosure Report for Short-term Securitized Products Distributed under Section 2.35.1

Instructions:

(1) Using language that is plain and easy to understand by the type of investor to whom the issuer's short-term securitized products are offered, provide the information required by this form.

(2) A monthly disclosure report may be used to disclose more than one class of short-term securitized product if separate disclosure is provided for each class.

(3) This form requires disclosure of certain items, matters or other information referred to as "material". Information is "material" if knowledge of it could reasonably be expected to affect a reasonable investor's decision whether to buy, sell or hold a short-term securitized product.

(4) If a monthly disclosure report is prepared in respect of more than one class or series of short-term securitized product, the disclosure required by this form must be provided for each class and series of short-term securitized product to which the monthly disclosure report relates.

(5) Include a glossary that defines all technical terms, and includes each of the following definitions:

"**obligor**" means, in respect of an asset in an asset pool of a conduit, a person that is any of the following:

(a) a debtor, obligated to make payments;

(b) a guarantor of the payments of a person referred to in (a);

(c) a provider of alternative credit support for payments;

"**originator**" means a person that performs the activity described in clause (c) of the definition of significant party;

"**principal obligor**" means an obligor of assets in an asset pool if the assets in respect of which the person is an obligor generate one-third or more of the aggregate cash flow generated by all assets in an asset pool of a conduit;

"**second-level asset**" means a security held by a conduit that is a security issued by another conduit;

"**significant party**" means in respect of a conduit, the conduit, each principal obligor, and each other person that performs or will perform any of the following activities if that role is material:

(a) organizing or initiating the transfer of a material portion of an asset pool to the conduit;

(b) designing a securitization transaction of the conduit;

(c) originating assets in an asset pool of the conduit;

(d) providing funds or making commitments that materially affect the creditworthiness of the conduit;

(e) acting as a liquidity provider;

(f) selecting, analyzing, monitoring or managing an asset pool of the conduit;

(g) collecting payments generated by one or more assets in an asset pool of the conduit;

(h) issuing or redeeming a class of short-term securitized products;

(i) acting as agent, custodian or trustee for a class of short-term securitized product holders;

(j) administering payments to a class of securitized product holders;

"**sponsor**" means a person that performs the activity described in clause (a) of the definition of significant party.

Item 1: Significant Parties to Securitization Transaction

1.1 Identify each significant party to the securitization transaction.

1.2 Include one or more diagrams disclosing

(a) the basic structure of the securitization transaction, and

(b) in simplified form, the cash flows of the securitization transaction.

1.3 If there is a person who is now a significant party that was not previously disclosed as a significant party or was previously disclosed as a significant party but is now performing an additional or different function

(a) disclose that fact, including, in the event of a change, the reasons for that change, and

(b) provide the disclosure applicable to that person required by Item 1 of Form 45-106F7 *Information Memorandum for Short-term Securitized Products*.

Item 2: Program Information

Provide the following disclosure of the short-term securitized product program:

(a) the total amount of short-term securitized product outstanding, including face amount and all interest payable to maturity;

(b) in respect of each liquidity agreement

(i) the name of the liquidity provider,

(ii) the total amount of liquidity available from the liquidity provider and the percentage it represents of the total available liquidity support,

(iii) a description of the agreement, including all material conditions to or limitations on the obligation of the liquidity provider to provide liquidity support, and

(iv) any limitations on the obligation of the liquidity provider to provide same-day funding;

(c) a description of each program-level credit enhancement, including

(i) the nature and form of the credit enhancement,

(ii) the amount of credit enhancement available,

(iii) the percentage that the credit enhancement represents of the amount referred to in paragraph (a), and

(iv) material conditions to or limitations on the obligation of a person to provide credit enhancement,

(d) average maturity in days.

Item 3: Flow of funds

3.1 Describe the flow of funds for the securitization program, including payment allocations, rights, payment dates, and payment priorities.

3.2 For second-level assets, disclose the ranking of the securitization program in priority of payments.

Item 4: Asset pool

4.1 Describe the assets that comprise the conduit's asset pool.

4.2 Provide a diagram disclosing the aggregate composition of the conduit's asset pool broken down to disclose each of the following:

(a) each asset type, expressed as a dollar amount and a percentage of the total asset pool;

(b) the industry of the seller of the assets, expressed as a dollar amount and a percentage of the total asset pool;

(c) the amount of assets obtained from each originator, expressed as a percentage of the total asset pool.

4.3 Identify each principal obligor and the percentage of the asset pool in respect of which the person is the principal obligor.

4.4 Disclose any material correlation or concentration risks.

4.5 Disclose the extent to which the conduit has used interest rate swaps, foreign currency swaps or other hedging arrangements.

Item 5: Second-level Assets

(a) For any second-level assets held by the conduit, disclose each of the following:

(i) a brief description of the second-level assets and the securitization program issuing them;

(ii) the information that would be required by items 4 and 6 in respect of the asset pool of the conduit that issued the second-level assets;

(iii) a summary of the performance of the second-level assets, including, if material, the information that would be required by subsection 8.2(h) in respect of the asset pool of the conduit that issued the second-level assets.

(b) If the second-level assets are those of a conduit that is a reporting issuer in a jurisdiction of Canada or subject to ongoing or continuous reporting obligations in a foreign jurisdiction, state the identity of that conduit and the location at which such ongoing or continuous reporting can be found.

Item 6: Asset Pool Changes

Disclose the program activity for the period, including each of the following:

(a) assets that have been added to the asset pool, including types of assets and dollar amounts;

(b) assets that no longer form part of the asset pool, including types of assets and dollar amounts;

(c) the reason for assets having been added to or no longer forming part of the asset pool, e.g., refinancing, liquidation, maturity, liquidity draw;

(d) commitment reductions and increases.

Item 7: Program compliance and termination events

(a) If any of the following events has occurred, except to the extent previously disclosed by the conduit on Form 45-106F8, disclose that fact and provide a description of the event and state its current status:

(i) insolvency or bankruptcy of the conduit;

(ii) a material amortization event or program event of default;

(iii) a program-wide credit enhancement draw;

(iv) a program-wide liquidity draw.

(b) Disclose whether the sum of committed liquidity plus cash or cash equivalents available to pay maturing short-term securitized products complies with the program's required liquidity support.

(c) Disclose whether the credit enhancement that has been committed to the program is greater than or equal to the program's required credit enhancement.

(d) Describe each of the events or circumstances that could reasonably be expected to result in the conduit being required to cease issuing short-term securitized products.

(e) Describe the portfolio performance tests intended to provide early warning of a material adverse change in the asset pool.

(f) Describe all events that would reasonably be expected to result in the termination of a securitization transaction or the acceleration of repayment of the short-term securitized product.

(g) Describe all other material contractual provisions designed to protect a holder of a short-term securitized product from material deterioration in either or both of the following:

(i) the performance of the asset pool;

(ii) the credit quality or performance of a significant party.

Item 8: Securitization transaction summary

8.1 Disclose the number of securitization transactions entered into by the conduit.

8.2 For each securitization transaction that remains outstanding, disclose all of the following using to the extent practicable, one or more diagrams:

(a) the transaction number;

(b) a description of the assets, including, each of the following, if material:

(i) average remaining term of assets, expressed in months;

(ii) the total dollar amount of outstanding short-term securitized products;

(iii) whether the assets are revolving or amortizing;

(c) the conduit's property interest in the assets, including whether the conduit has an ownership interest, security interest, leasehold interest or other interest in them;

(d) the number of obligors;

(e) the number of originators and the industry in which each of the originators primarily does business;

(f) each credit rating issued by a designated rating organization in respect of each originator of assets;

(g) performance of the assets, including

(i) measurement of collections, including applicable metric and method of measurement,

(ii) aggregate outstanding asset balance,

(iii) available credit enhancement, specified as a dollar amount and a percentage of asset pool balance,

(iv) the most recently completed month's default ratio, including basis of presentation,

(v) 12 month average default ratio, including basis of presentation,

(vi) the most recently completed month's defaults relative to available credit enhancement,

(vii) the most recently completed month's delinquencies, including basis of presentation,

(viii) other material performance ratios, and

(ix) whether there has been a default or early amortization in the most recently completed month relating to payment, asset performance or bankruptcy and if so, a description and current status (e.g., waived, plan for resolution, wind-down).

8.3 Disclose each of the following for each securitization transaction credit enhancement provider:

(a) the amount and form of credit enhancement provided;

(b) the credit enhancement provided as a percentage of the total credit enhancement available to that class of short-term securitized product;

(c) the long-term credit rating of the credit enhancement provider, including the name of the designated rating organization that issued the credit rating;

(d) all material conditions to or limitations on the obligation of the credit enhancement provider to provide credit enhancement.

8.4 Disclose all financial leverage used to finance the acquisition, origination or refinancing of any assets that comprise the asset pool.

Item 9: Material agreements

(a) Except to the extent previously disclosed in a Form 45-106F7 or Form 45-106F8 describe the particulars of each material agreement relating to the securitization transaction.

(b) Except to the extent previously disclosed in a Form 45-106F7 or Form 45-106F8, disclose any material changes or waivers to a material agreement.

Item 10: Fees and expenses

Describe all material fees and expenses to be paid or payable out of the cash flows from the asset pool, and identify each significant party that is receiving those fees or expenses and the general reason for the fee or expense.

Item 11: Alignment of interest and conflicts of interest

11.1 Disclose for each securitization transaction, all the following information:

(a) whether any significant party is required by law or through an undertaking or agreement to retain an economic interest in the credit risk of the assets in an asset pool;

(b) if a significant party has retained an economic interest in the credit risk of the assets in an asset pool, the method and amount of credit risk retained, including a description of any hedging or other transaction designed to reduce the amount of credit risk; and

(c) if no significant party has retained an economic interest in the credit risk of the assets in an asset pool, disclose

(i) the reasons why no credit risk was retained, and

(ii) a statement of whether and, if so, how the incentives of the significant parties are aligned with the interests of an investor in the short-term securitized products issued by a conduit.

11.2 Describe each conflict of interest between a significant party and a short-term securitized product holder.

11.3 Disclose material relationships and affiliations between or among significant parties.

11.4 For each significant party, disclose significant limitations of liability and indemnifications that have been negotiated with the conduit.

Item 12: Report Information –State each of the following:

(a) date of the report;

(b) period covered by the report;

(c) contact information, including name, phone number and email address of a contact person for the conduit..

13. This Instrument comes into force on ●.

Annex B

Proposed Amendments to
National Instrument 25-101 *Designated Rating Organizations*

1. National Instrument 25-101 Designated Rating Organizations is amended by this Instrument.

2. In the following provisions "securitized product***" is replaced with "***structured finance product***":***

(a) in section 1, as follows:

(i) definition of "related entity";

(ii) definition of "securitized product"; and

(b) in Appendix A, as follows:

(i) both references in section 2.9;

(ii) section 2.19;

(iii) both references in section 2.22;

(iv) section 4.5;

(v) subsection 4.5(a);

(vi) subsection 4.5(b);

(vii) section 4.7; and

(viii) section 4.9.

3. This Instrument comes into force on ●.

Annex C

Proposed Changes to
Companion Policy 45-106 *Prospectus and Registration Exemptions*

1. The proposed changes to Companion Policy 45-106 Prospectus and Registration Exemptions are set out in this schedule.

2. The following section is added:

4.6.1 Short-term securitized product – Short-term securitized products distributed in Canada are generally asset-backed commercial paper.

We require that the information memorandum and reports on Form 45-106F7 and Form 45-106F8 be made reasonably available both to securities regulators and purchasers of a short-term securitized product. We think that the requirement to make documents reasonably available could generally be satisfied by a conduit posting the document on a website maintained by or on behalf of it. If a password is used to limit access to the website, we would expect that the password would be promptly provided upon application.

We would not generally object to a condition that required a prospective purchaser, before being provided access to a website, to sign a confidentiality undertaking or agreement designed to reasonably restrict the prospective purchaser from providing others with access to the website or the documents available on it.

Form 45-106F7 and Form 45-106F8 require disclosure of the significant parties to the securitization transaction. The conduit and each principal obligor are significant parties and various other parties may also be significant parties, depending on the circumstances. In the absence of evidence to the contrary, we would generally consider at least the following to be significant parties: the sponsor, each principal seller, each liquidity provider, each provider of material credit enhancement, and each servicer.

3. These changes become effective on ●:

Annex D

List of Commenters on 2011 Proposals

and

Summary of Comments Received on 2011 Proposals Relevant to the Proposed Securitized Products Amendments

List of Commenters on 2011 Proposals

RBC Capital Markets
Desjardins
DBRS
TingleMerret LLP
American Automotive Leasing Association
Scott Venturo LLP
Stikeman Elliott, LLP
SecureCare Investments Inc.
Ally Credit Canada Limited
National Bank Financial Inc.
Canadian Foundation for Advancement of Investor Rights (FAIR)
Moody's Canada Inc.
Canadian Imperial Bank of Commerce
Osler, Hoskin & Harcourt LLP
Standard & Poor's
Business Development Bank of Canada
Canadian Finance & Leasing Association
TD Securities Inc.
Exempt Market Dealers Association of Canada (EMDA)
Siskinds
American Securitization Forum
BMO Capital Markets
Olympia Trust Company
Canadian Bankers Association
Investment Industry Association of Canada
Borden Ladner Gervais LLP
Scotia Capital Inc.
Merrill Lynch Canada Inc.
Manulife Bank
CNH Capital America LLC
Fleming LLP

Summary of Comments Received on 2011 Proposals Relevant to the Proposed Securitized Products Amendments

1. Prescribed information memorandum for short-term securitized products distributed in the exempt market

The 2011 Proposals would have required that an issuer of short-term securitized products prepare a prescribed form of information memorandum as a condition of the Eligible Securitized Products Investor Exemption.

We received a number of comments on this issue. Some of the views expressed included:

- Requiring and prescribing information memorandum disclosure for distributions of short-term securitized products may adversely affect the ABCP market. Sufficient information is provided in the information memorandum for short-term securitized products; the same information should be required for long-term securitized products.

- A prescribed information memorandum is necessary. Program level information would not be problematic to include in an information memorandum. Other items relating to transaction-specific disclosures change frequently and potentially on a daily basis. It is not possible to aggregate and update this information on all transactions on a daily basis, insert it in an updated information memorandum and distribute the information to investors. It is more suitable to disclose this transaction specific information through monthly investor reports rather than through an information memorandum.

- It should not be necessary to standardize the form of the information memorandum provided the required information is

contained therein.

- The mandated disclosure for short-term securitized products should closely follow the requirements of the Bank of Canada eligibility criteria under the Standing Liquidity Facility.

- If everyone is required to submit in a similar format, those persons reviewing the disclosure are able to better differentiate the products and assess the ongoing merits/risk.

- The only issuers of ABCP remaining in Canada are bank- sponsored conduits. It is not necessary to prescribe certain disclosure for short-term securitized products such as ABCP.

We continue to think that a prescribed form of information memorandum is appropriate for short-term securitized products. It will help to improve transparency and comparability and thus enhance investor protection as well as reduce the risk of destabilizing market disruptions. In order to reduce unnecessary regulatory burden or duplication, we have tried to align our proposals with the disclosure required by the Bank of Canada for collateral under its Standing Liquidity Facility. We also do not require that an information memorandum contain transaction-specific disclosures, but instead have introduced a concept that the information memorandum and other continuous disclosure documents be made reasonably available prior to making an investment.

2. Prescribed continuous disclosure for short-term securitized products distributed in the exempt market

The 2011 Proposals would have required that an issuer of short-term securitized products prepare a prescribed monthly disclosure as a condition of the Eligible Securitized Products Investor Exemption.

We received comments that both supported and disagreed with prescribing continuous disclosure. Specific comments included:

- Prescribed data can assist investors by increasing the uniformity in monthly reporting.

- The cumulative effect of the proposed rules would seem to require ABCP conduits to maintain current disclosure on a virtually daily basis. The strain on resources and the effect on costs that would ultimately be passed onto originators may well be sufficient to effectively destroy an economic model that has been a crucial source of credit in the Canadian market. Disclosure of such items should only be required as elements of ongoing monthly disclosure.

- The proposed requirement to deliver and post monthly reports within 15 days from the end of each month should be extended to 45 days from the end of each month.

In order to reduce unnecessary regulatory burden or duplication we have tried to align our proposals with:

- the disclosure required by the Bank of Canada for collateral under its Standing Liquidity Facility; and

- the disclosure that ABCP conduits provide to DBRS for publication in DBRS's monthly ABCP reports.

We are also revising various timing requirements in respect of the continuous disclosure required for short-term securitized products under the Short-Term Securitized Products Prospectus Exemption. Furthermore, issuers would not be required to maintain an "evergreen" memorandum.

3. Delivery to securities regulators of disclosure documents prescribed for short-term securitized products and availability to the public

In the 2011 Proposals, we asked whether the continuous disclosure documents relating to short-term securitized products distributed under the Eligible Securitized Products Investor Exemption should be made available to the public. We also asked if these documents should be delivered to securities regulators.

One investor commented that even if securitized products are not generally available to the public, a broader provision of disclosure would promote transparency in the market and help other investors to better evaluate the risks. Continuous disclosure should be available to the public unless it concerns private placement agreements. One commenter indicated that having non-reporting issuers provide the information to securities regulators would be an unnecessary administrative burden to issuers with no material benefits.

We think that the concept of making the information memorandum and continuous disclosure reasonably available to investors provides appropriate transparency without unnecessary administrative burden. We have revised our proposals so that issuers of short-term securitized products would have to deliver the monthly disclosure report and timely disclosure report to securities regulators on request, but not as a matter of course.

4. Civil liability for misrepresentations in the information memorandum and continuous disclosure documents; two-day withdrawal rights

In the 2011 Proposals, we indicated that we thought investors should have statutory or contractually equivalent rights to take legal action for misrepresentations in an information memorandum against issuers, sponsors of securitized products and underwriters.

We received comments for and against this concept. One commenter recommended adding promoters to the list. Other commenters disagreed and commented that securitized products distributed on a prospectus-exempt basis should not be treated differently from other debt and equity securities.

Specific comments included the following:

- The proposal is disproportionate to the risk of misrepresentation in the Canadian securitization market which is dominated by the major Canadian banks and finance companies.
- Mandating an information memorandum that includes statutory rights of action is unduly burdensome and would directly increase the costs of raising capital.
- Creating a separate private placement regime for securitized products, including statutory civil rights of action against issuers, sponsors and underwriters for a misrepresentation in an information memorandum, would cause investors to view securitized products, including short term securitized products as being inherently riskier, even if unwarranted.

We also indicated that we thought there should be statutory civil liability for misrepresentation in the continuous disclosure provided by an issuer of securitized products in the exempt market. We again received comments both for and against this concept.

We asked if there should be a right for an investor to withdraw within two days of investing in a securitization transaction. We received a comment that this would be impracticable for short-term securitized products, as money market instruments operate on a same-day settlement basis. In addition, such a right would create uncertainty that would affect the ability to fund an issuer's ongoing obligations with respect to its outstanding ABCP as well as its obligations pursuant to the various securitization transactions to which it is a party.

In light of the above comments, and the other conditions we are imposing on the prospectus-exempt issuance of ABCP, we do not think it is necessary to introduce additional statutory rights of action beyond those that may already exist in a jurisdiction for misrepresentations in the information memorandum or continuous disclosure documents. We also do not think a two-day right of withdrawal is necessary or practicable.

Annex E

Local Matters

Anticipated costs and benefits of the Proposed Short-Term Debt Amendments

We do not anticipate that the Proposed Short-Term Debt Amendments will result in increased costs to issuers, investors or other market participants. They could, in some cases, reduce costs for certain issuers who will no longer require exemptive relief in order to issue CP on a prospectus-exempt basis.

From an investor protection perspective, adopting the Proposed Short-Term Debt Amendments would, in the worst case, have a neutral impact on whether an issuer that has a DBRS R-1(low) rating obtains additional credit ratings. It could, however, have a positive impact, encouraging issuers that previously would have been deterred by the additional transaction costs associated with an exemptive relief application to obtain one or more additional ratings. In this scenario, investors would benefit from having additional information regarding the CP.

From a market efficiency perspective, the Proposed Short-Term Debt Amendments could reduce the transaction costs for issuers that have similar credit risk but must currently nevertheless apply for exemptive relief solely because they have one or more additional ratings that are S&P A-2, Moody's P-2 or Fitch F2. Market efficiency could also be improved if issuers choose to obtain additional credit ratings and provide more information to the market because they are no longer precluded from using the Short-Term Debt Prospectus Exemption.

Anticipated costs and benefits of the Proposed Securitized Products Amendments

In developing the requirements of the Proposed Short-term Securitized Products Exemption, we have generally attempted to reflect existing ABCP market best practice. We therefore do not anticipate that the Proposed Securitized Products Amendments will result in material increased costs to issuers, investors or other market participants.

The Proposed Securitized Amendments will enhance investor protection and address systemic risk concerns raised by ABCP as a type of short-term securitized product by:

- introducing a new prospectus exemption for conventional or traditional short-term securitized products (ABCP) with conditions that take into account their particular characteristics and risks reflect improved market practices post-financial crisis; and

- preventing credit arbitrage ABCP from being issued in reliance on the Short-Term Debt Prospectus Exemption.

Rule-making authority

The amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* are being proposed under paragraph 143(1)20 of the *Securities Act.*

The amendment to National Instrument 25-101 *Designated Rating Organizations* is being proposed under paragraph 143(1)63 of the *Securities Act.*

Chapter 7

Insider Reporting

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

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

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

Chapter 8

Notice of Exempt Financings

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

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/17/2013	4	Adobe Social Mezzanine Fund I Limited - Limited Partnership Interest	4,774,500.00	N/A
12/23/2013	2	AMC Entertainment Holdings, Inc. - Common Shares	1,145,124.00	21,052,632.00
12/30/2013	2	ArcticRX Ltd. - Common Shares	53,194.68	3,333.00
12/30/2013	1	Argonaut Gold Inc. - Common Shares	27,192,855.48	5,111,439.00
12/31/2013	1	Armistice Resources Corp. - Units	0.00	30,000,000.00
04/26/2013 to 10/29/2013	163	Arrakis Mining & Minerals Corp. - Common Shares	1,407,196.95	26,640,212.00
12/31/2013	5	Ashburton Ventures Inc. - Units	60,000.00	1,200,000.00
12/23/2013	31	Aveda Transportation and Energy Services Inc. - Receipts	23,040,000.00	6,400,000.00
12/23/2013	19	Azabache Energy Inc. - Units	3,382,998.32	26,023,064.00
01/03/2014	1	Bank of Montreal - Note	2,000,000.00	1.00
01/02/2013 to 03/11/2013	2	BirchLeaf Growth Fund - Units	109,550.00	24,119.84
12/23/2013	3	BlackRock Metals Inc. - Flow-Through Shares	228,480.00	134,400.00
12/12/2013	25	Builders Capital Mortgage Corp. - Common Shares	9,718,270.00	972,076.00
12/27/2013	1	Canada Carbon Inc. - Units	178,560.00	1,116,000.00
03/15/2013 to 12/18/2013	1	Castor Cat Fund Ltd. - Special Shares	180,665,300.00	137,656.23
12/30/2013	5	Ceiba Energy Services Inc. (Formerly Cancen Oil Canada Inc.) - Units	2,600,000.00	6,500,000.00
01/01/2014	1	Champion Iron Mines Limite (Formerly Champion Minerals Inc.) - Common Shares	157,500.00	500,000.00
12/23/2013	6	Clear Sky Capital US Real Estate Opportunity Limited Partnership - Limited Partnership Units	681,772.90	6,430.00
11/04/2013	3	Colt Resources Inc. - Units	2,603,750.00	10.00
12/31/2013	10	Copper Reef Mining Corporation - Flow-Through Shares	165,500.00	3,310,000.00
12/20/2013	20	Coro Mining Corp. - Units	1,087,325.00	10,873,246.00
12/10/2013	2	Costantine Metal Resources Ltd. - Common Shares	3,240.00	36,000.00
12/16/2013	3	Donald Mal - Common Shares	77,857.25	42,085.00
12/20/2013	1	Duncan Park Holdings Corporation - Common Shares	9,300.00	186,000.00
11/05/2013	1	Edesia Alpha Fund Ltd. (formerly, LD Commodities Alpha Fund Ltd.) - Common Shares	208,284,000.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/05/2013	1	Edesia Lighthouse Fund Ltd. - Common Shares	104,142,000.00	N/A
12/19/2013	1	Eletson Holdings Inc. and Eletson Finance (US) LLC - Notes	18,951,031.66	N/A
01/01/2013 to 07/01/2013	15	Eleven Fund - Units	3,271,443.80	N/A
12/23/2013	3	EMED Mining Public Limited - Common Shares	194,219.20	1,400,000.00
11/07/2013	2	Enerdynamic Hybrid Technologies Inc. - Common Shares	800,000.00	3,200,000.00
12/20/2013	28	EnWave Corporation - Units	7,748,820.80	5,534,872.00
01/02/2013 to 12/04/2013	426	Equilibrium King & Victoria RRSP Fund - Trust Units	43,023,662.80	3,500,799.30
12/23/2013	1	Explor Resources Inc. - Flow-Through Units	300,000.00	2,727,272.00
12/11/2013	1	Fly Leasing Limited - Note	10,607,000.00	1.00
01/01/2013 to 12/31/2013	556	Fonds FMOQ - Units	1,078,670.87	N/A
12/30/2013	7	Forum Uranium Corp. - Flow-Through Shares	713,660.07	621,428.00
12/17/2013	18	GeoDigital International Inc. - Preferred Shares	12,466,011.51	49,441,313.00
01/07/2014	6	GeoNovus Minerals Corp. - Common Shares	75,000.00	1,500,000.00
12/30/2013	2	GeoNovus Minerals Corp. - Flow-Through Units	160,000.00	3,200,000.00
12/24/2013 to 12/31/2013	23	Goldeye Explorations Limited - Flow-Through Units	199,130.00	1,810,273.00
12/31/2013	3	Gowest Gold Ltd. - Flow-Through Shares	130,005.00	2,363,727.00
12/31/2013	2	Gowest Gold Ltd. - Units	70,000.00	1,400,000.00
12/17/2013	25	Gravitas Select Flow-Through Limited Partnership I - Limited Partnership Units	1,015,000.00	101,500.00
01/31/2013 to 12/31/2013	9	Greenchip Global Equity Fund - Units	2,255,000.00	N/A
02/01/2013 to 11/01/2013	12	GreensKeeper Value Fund - Units	1,599,540.41	N/A
12/13/2013	31	GVest Tsawwassen Power Centre Limited Partnership - Units	10,405,500.00	9,910.00
11/07/2013 to 11/13/2013	10	Hortican Inc. - Common Shares	285,000.00	570,000.00
01/01/2013 to 12/01/2013	12	Humber Global Opportunity Fund - Units	1,558,800.00	N/A
12/18/2013	38	IC Potash Corp. - Units	5,000,000.00	20,000,000.00
12/16/2013	2	India Infrastructure Fund (Singapore) Pte Ltd. - Common Shares	264,425,000.00	2,500.00
10/16/2013	3	Indo Terra Resources Corp. - Common Shares	175,199.40	291,999.00
12/27/2013	63	Inform Resources Corp. - Units	554,500.00	11,090,000.00
12/18/2013	36	Integra Gold Corp. - Flow-Through Shares	4,082,299.64	16,368,889.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/03/2014	12	Investeco Sustainable Food Fund L.P. - Limited Partnership Units	2,233,076.72	2,210.00
01/03/2014	4	Investeco Sustainable Food Trust - Trust Units	804,501.28	796.00
12/20/2013	14	Invico Balanced Real Estate Fund - Trust Units	205,344.00	17,856.00
12/19/2013	5	Invico Diversified Income Fund - Trust Units	182,990.00	18,299.00
12/19/2013	4	Invico Diversified Income Fund - Trust Units	44,540.00	4,454.00
12/19/2013	47	Invico Diversified Income Fund - Trust Units	1,008,860.00	100,886.00
12/24/2013	24	Jet Gold Corp. - Receipts	187,000.00	3,740,000.00
12/18/2013	12	Keek Inc. - Notes	845,000.00	12.00
12/27/2013	2	Kennady Diamonds Inc. - Flow-Through Shares	2,290,483.75	398,345.00
12/20/2013	30	Kinwest 2008 Energy Inc. - Common Shares	2,653,926.45	1,202,927.00
01/03/2014	2	Lake of Bays Brewing Company Limited - Common Shares	50,000.00	10,000.00
12/30/2013	3	Lamelee Iron Ores Ltd. - Flow-Through Shares	620,019.93	3,542,971.00
12/20/2013	4	LaSalle Canadian Income & Growth Fund IV Limited Partnership - Units	110,000,000.00	1,100,000.00
10/01/2013 to 12/01/2013	13	Libertas Focused Fund - Units	5,121,900.00	512,190.00
02/01/2013 to 12/01/2013	21	LSQ Fund - Units	6,130,501.15	N/A
12/13/2013	4	LTP Financing Inc. - Bonds	185,000.00	N/A
12/24/2013	2	Macquarie Infrastructure Partners III L.P. - Limited Partnership Interest	32,918,900.00	N/A
12/31/2013	1	MAG Copper Limited - Flow-Through Units	20,000.00	400,000.00
11/29/2013	19	Maple Leaf Short Duration 2013-II Flow-Through Limited Partnership - Limited Partnership Units	1,055,000.00	N/A
12/30/2013	118	Markland Properties Limited Partnership - Units	4,223,700.00	171.00
12/24/2013	1	McLaren Resources Inc. - Flow-Through Shares	50,000.00	1,000,000.00
12/31/2013	5	MedX Health Corp. - Common Shares	203,000.00	2,030,000.00
12/20/2013	14	Mega Precious Metals Inc. - Common Shares	1,514,929.00	12,624,407.00
12/27/2013	1	MIST Opportunities Inc. - Common Shares	200,000.00	40.00
12/19/2013	30	Mobidia Technology Inc. - Units	1,722,500.00	1,378,000.00
12/20/2013	2	MOVE Trust / BNY Trust Company of Canada as trustee - Notes	10,068,663.00	2.00
11/01/2013	23	Naturally Splendid Enterprises Ltd. - Units	490,464.46	2,802,654.00
12/19/2013	24	NexGen Energy Ltd. - Flow-Through Shares	3,164,399.80	10,547,999.00
12/13/2013	6	NIco Puff Corporation - Preferred Shares	4,000,000.00	4,000,000.00
12/18/2013	9	Nimble Storage, Inc. - Common Shares	1,698,942.00	76,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013	2	Noble Bay Energy Fund - Units	307,500.00	30,750.00
12/23/2013	7	Northquest Ltd. - Units	361,299.99	3,570,909.00
12/19/2013	1	NorthWest International Healthcare Properties Real Estate Investment Trust - Warrant	0.00	1.00
12/10/2013	7	NuLegacy Gold Corporation - Units	160,000.00	1,600,000.00
10/28/2013	14	NuVista Energy Ltd. - Common Shares	14,092,000.00	1,929,000.00
03/01/2013 to 12/01/2013	4	onTREND Fund - Units	435,000.00	N/A
12/27/2013	14	Opawica Explorations Inc. - Units	200,000.00	4,000,000.00
12/24/2013	10	Orovero Resources Corp. - Units	516,903.84	5,743,376.00
12/23/2013	33	Patient Home Monitoring Corp. - Units	5,750,000.00	25,000,000.00
01/08/2014	2	PC Gold Inc. - Debentures	500,000.00	2.00
12/16/2013 to 12/23/2013	16	Phoenix Capital Fund- US - Trust Units	366,505.00	N/A
12/16/2013 to 12/23/2013	16	Phoenix Capital Fund - US - Units	366,505.00	N/A
01/01/2013 to 12/01/2013	6	Pinhurst Institutional Ltd. - Common Shares	228,607,346.00	171,803.00
12/17/2013	2	Pinnacle Foods Inc. - Common Shares	4,285,644.25	151,000.00
12/06/2013 to 12/19/2013	8	Posera-HDX Limited - Common Shares	2,147,600.00	7,158,666.00
12/23/2013	2	Poydras Speciality Finance Corp. - Debentures	125,000.00	2.00
12/17/2013	1	Prime City One Capital Corp. - Debentures	250,000.00	N/A
12/19/2013	22	Pro-Trans Ventures Inc. - Common Shares	800,000.00	13,333,333.00
12/23/2013	1	Queen City Re Ltd. - Notes	1,060,300.00	1,000.00
12/23/2013	6	Rapier Gold Inc. - Flow-Through Units	61,650.00	1,128,000.00
12/18/2013	28	Red Pine Exploration Inc. - Units	1,600,000.00	30,000,000.00
12/10/2013	24	Redstone Investment Corporation - Notes	831,000.00	N/A
12/13/2013	3	Refresh Capital Corp. - Debentures	133,000.00	3.00
12/23/2013 to 12/27/2013	18	Ressources minieres Pro-Or Inc. - Units	1,250,250.00	11,812,500.00
12/18/2013	16	Richardson International Limited - Debentures	269,922,000.00	N/A
12/23/2013	34	River Cree Enterprises Limited Partnership - Notes	199,962,000.00	200,000.00
12/23/2013	43	Rockspring Capital Texas Real Estate Trust - Trust Units	2,017,275.00	2,017,275.00
12/05/2013	42	Rockspring Capital Texas Real Estate Trust - Trust Units	1,663,676.00	1,663,676.00
12/31/2013	4	Rogue Resources Inc. - Common Shares	191,000.00	1,950,000.00
12/27/2013	1	RT Minerals Corp. - Common Shares	75,000.00	1,000,000.00
12/27/2013	26	RT Minerals Corp. - Flow-Through Units	500,000.00	10,000,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/20/2013	1	Sanatana Resources Inc. - Units	275,000.00	5,500,000.00
05/01/2013	1	Scale Opportunities Fund - Units	1,680,796.00	180,267.49
01/01/2013 to 12/31/2013	1	Schroder Investment Management North America Inc. - Units	64,186,000.00	N/A
11/01/2013 to 11/08/2013	4	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	967,935.51	967,936.00
12/10/2013	5	Solace Systems, Inc. - Units	2,504,666.00	2,504,666.00
01/01/2013 to 06/01/2013	2	Spartan Multi Strategy Fund Limited - Units	7,626.00	762.60
12/27/2013	2	Spire US Limited Partnership - Units	615,077.50	4,906.14
12/03/2013	70	Stornoway Diamond Corporation - Common Shares	10,051,000.00	10,580,000.00
12/24/2013	1	Stria Capital Inc. - Common Shares	49,999.95	135,135.00
11/06/2013	25	Sudbury Platinum Corporation - Units	310,500.00	3,105,000.00
12/31/2013	3	Superior Copper Corporation - Common Shares	36,000.00	450,000.00
12/20/2013	1	Superior Copper Corporation - Common Shares	115,934.10	2,318,682.00
12/30/2013	3	Taranis Resources Inc. - Units	50,000.00	625,000.00
01/01/2013 to 12/01/2013	6	Teraz Fund - Units	375,000.00	44,110.15
12/31/2013	168	Terra 2013 Short-Term Flow-Through Limited Partnership - Limited Partnership Units	16,700,300.00	167,003.00
12/20/2013 to 12/27/2013	40	TerraX Minerals Inc. - Units	1,112,815.95	2,472,924.00
03/01/2013 to 12/02/2013	4	The Alpha Fund - Units	3,346,367.55	11.14
11/28/2013	13	Tinka Resources Limited - Units	595,000.00	1,190,000.00
12/27/2013	1	Tonare Energy, LLC - Debenture	100,000.00	1.00
10/30/2013	2	Trez Capital Limited Partnership - Mortgage	406,741.97	406,741.97
10/31/2013	2	Tricon XI B-2 Feeder LP - Units	40,000,000.00	800.00
01/13/2014	1	True North Gems Inc. - Common Shares	50,000.00	465,116.00
01/02/2013	1	Tutuila Global Fund LP - Units	1,200,000.00	10,802.83
12/11/2013 to 12/19/2013	24	UMC Financial Management Inc. - Mortgage	4,420,000.00	N/A
12/18/2013	58	Unique Solutions Design Ltd. - Common Shares	550,381.00	1,563,747.00
12/19/2013	21	Ur-Energy Inc. - Common Shares	5,368,361.46	4,709,089.00
12/18/2013 to 12/23/2013	27	Uracan Resources Ltd. - Flow-Through Shares	1,239,350.00	12,393,500.00
12/19/2013	3	VIP Software Corporation - Common Shares	576,533.85	1,125,001.00
12/06/2013	2	WFC ACF Partners L.P. - Limited Partnership Interest	9,701,000.00	9,701,000.00
12/23/2013	1	Zadar Ventures Ltd. - Common Shares	121,275.00	385,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
11/07/2013	21	Zipcash Financial Trust - Trust Units	325,000.00	325.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
BRP Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Short Form Prospectus dated January 16, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
$261,000,000.00 - 8,700,000 Subordinate Voting Shares
Price: $30.00 per Subordinate Voting Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
UBS SECURITIES CANADA INC.
CITIGROUP GLOBAL MARKETS CANADA INC.
CIBC WORLD MARKETS INC.
DESJARDINS SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2154211

Issuer Name:
Clearwater Seafoods Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Preliminary Short Form Prospectus dated January 16, 2014
NP 11-202 Receipt dated January 16, 2014
Offering Price and Description:
$30,005,000.00 - 3,530,000 Common Shares
Price: $8.50 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
BEACON SECURITIES LIMITED
Promoter(s):
-
Project #2155130

Issuer Name:
First Asset Canadian Dividend Opportunity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated January 14, 2014
NP 11-202 Receipt dated January 16, 2014
Offering Price and Description:
Class X Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #2154445

Issuer Name:
HudBay Minerals Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 15, 2014
NP 11-202 Receipt dated January 15, 2014
Offering Price and Description:
$150,150,000.00 - 18,200,000 Common Shares
Price: $8.25 per Offered Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
MERRILL LYNCH CANADA INC.
PARADIGM CAPITAL INC.
RAYMOND JAMES LTD.
CORMARK SECURITIES INC.
DESJARDINS SECURITIES INC.
Promoter(s):
-
Project #2153412

Issuer Name:
Lithium Americas Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 20, 2014
NP 11-202 Receipt dated January 20, 2014
Offering Price and Description:
OFFERING OF * RIGHTS TO SUBSCRIBE FOR *
COMMON SHARES
AT A PRICE OF $ * PER COMMON SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2155829

Issuer Name:
Long Run Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 14, 2014
NP 11-202 Receipt dated January 14, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
TD Securities Inc.
CIBC World Markets Inc.
Peters & Co. Limited
Canaccord Genuity Corp.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
-
Promoter(s):
-
Project #2153184

Issuer Name:
Norrep Short Duration 2014 Flow-Through Limited Partnership
Principal Regulator - Alberta
Type and Date:
Preliminary Long Form Prospectus dated January 17, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
Maximum: $75,000,000.00 - 7,500,00 Limited Partnership Units
Minimum: $5,000,000.00 - 500,000 Limited Partnership Units
Purchase Price: $10.00 per Unit
Minimum Purchase: 500 Units ($5,000)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Manulife Securities Incorporated
Promoter(s):
Hesperian Capital Management Ltd.
Project #2155565

Issuer Name:
Surge Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 17, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
$70,005,600.00 - 11,112,000 Subscription Receipts
Price: $6.30 per Subscription Receipt
Underwriter(s) or Distributor(s):
Macquarie Capital Markets Canada Ltd.
GMP Securities LP.
National Bank Financial Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
Dundee Securities Ltd.
FirstEnergy Capital Corp.
Cormack Securities Inc.
TD Securities Inc.
Raymond James Ltd.
Promoter(s):
-
Project #2154006

Issuer Name:
TD Canadian Low Volatility Fund
TD European Growth Fund
TD Tactical Income Advantage Portfolio
TD U.S. Shareholder Yield Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated January 16, 2014
NP 11-202 Receipt dated January 16, 2014
Offering Price and Description:
Advisor Series, F-Series, Premium F-Series, S-Series and T-Series Securities
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series units)
Promoter(s):
TD Asset Management Inc.
Project #2155069

Issuer Name:
TD Canadian Low Volatility Fund
TD Tactical Income Advantage Portfolio
TD U.S. Shareholder Yield Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses dated January 16, 2014
NP 11-202 Receipt dated January 16, 2014
Offering Price and Description:
Investor Series, O-Series, Premium Series, H-Series and Private Series Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
TD Asset Management Inc.
Project #2155064

Issuer Name:
Western Forest Products Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 17, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
$79,200,000.00 - 39,050,597 Non-Voting Shares (to be converted into Common Shares) 949,403 Common Shares
Price: $1.98 per Offered Share
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Raymond James Ltd.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
MGI Securities Inc.
Salman Partners Inc.
Promoter(s):
-
Project #2154166

Issuer Name:
1832 AM Canadian Preferred Share LP
1832 AM Global Completion LP
1832 AM North American Preferred Share LP
Scotia Global Low Volatility Equity LP
Scotia Total Return Bond LP
Scotia U.S. Low Volatility Equity LP
Type and Date:
Final Simplified Prospectus dated January 15, 2014
Receipted on January 16, 2014
Offering Price and Description:
Series I units
Underwriter(s) or Distributor(s):
-
Promoter(s):
1832 Asset Management L.P.
Project #2147587

Issuer Name:
Chemtrade Logistics Income Fund
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 16, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
Subscription Receipts, each representing the right to receive one Trus Unit
Price: $19.00 per Subscription Receipt
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
TD Securities Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #2152929

Issuer Name:
Empire Life Canadian Equity Mutual Fund
Empire Life Dividend Growth Mutual Fund
Empire Life Emblem Aggressive Growth Portfolio
Empire Life Emblem Balanced Portfolio
Empire Life Emblem Conservative Portfolio
Empire Life Emblem Growth Portfolio
Empire Life Emblem Diversified Income Portfolio
Empire Life Emblem Moderate Growth Portfolio
Empire Life Money Market Mutual Fund
Empire Life Monthly Income Mutual Fund
Empire Life Small Cap Equity Mutual Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated January 17, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
Series A units, Series T6 units, Series T8 units, Series F units and Series I units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Empire Life Investments Inc.
Project #2142478

Issuer Name:
Financial 15 Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 17, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
$30,007,600.00 - 1,531,000 Preferred Shares and 1,531,000 Class A Shares
Prices: $10.00 per Preferred Share and $9.60 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.
GMP Securities L.P.
Canaccord Genuity Corp.
Promoter(s):
-
Project #2153299

Issuer Name:
Firm Capital Mortgage Investment Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 20, 2014
NP 11-202 Receipt dated January 20, 2014
Offering Price and Description:
$20,570,000.00 - 1,700,000 Common Shares
Price: $12.10 per Offered Share
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
GMP SECURITIES L.P.
Promoter(s):
-
Project #2152956

Issuer Name:
IAMGOLD Corporation
Principal Regulator - Ontario
Type and Date:
Final Shelf Prospectus dated January 14, 2014
NP 11-202 Receipt dated January 15, 2014
Offering Price and Description:
Common Shares - First Preference Shares - Second Preference Shares
Debt Securities - Warrants
Subscriptin Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2086352

Issuer Name:
Norrep Premium Growth Class
Norrep Premium Balanced Income Class
Principal Regulator - Alberta
Type and Date:
Final Simplified Prospectuses dated January 17, 2014
NP 11-202 Receipt dated January 20, 2014
Offering Price and Description:
MG Series Shares, MF Series, Series F and Series I Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Hesperian Capital Management Ltd.
Project #2148954

Issuer Name:
Scotia Short Term Bond Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 30, 2013 to Final Simplified Prospectus and Annual Information Form dated November 8, 2013
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securites Inc.
Scotia SecurititeInc.
Promoter(s):
-
Project #2085029

Issuer Name:
Scotia Short Term Bond Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated December 30, 2013 to the Annual Information Form dated November 8, 2013
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
Series I Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securites Inc.
Promoter(s):
-
Project #2085071

Issuer Name:
Scotia Conservative Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated January 15, 2014
NP 11-202 Receipt dated January 16, 2014
Offering Price and Description:
Series A Units @ Net Asset Value
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Scotia Securities Inc.
Promoter(s):
1832 Asset Management L.P.
Project #2147514

Issuer Name:
Scotia Floating Rate Income Fund
Scotia Mortgage Income Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated January 15, 2014
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
Series I and Series M Units
Underwriter(s) or Distributor(s):
Scotia Securities Inc.
Promoter(s):
1832 Asset Management L.P.
Project #2147508

Issuer Name:
Woodfine Professional Centres Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated January 13, 2014 to Final Long Form Prospectus dated October 21, 2013
NP 11-202 Receipt dated January 17, 2014
Offering Price and Description:
Maximum Offering: $50,000,000.00 (500,000 Units)
Minimum Offering: $15,000,000.00 (150,000 Units)
Price: $100.00 per Unit
Underwriter(s) or Distributor(s):
KINGSDALE CAPITAL MARKETS INC.
Promoter(s):
WOODFINE CAPITAL PROJECTS INC.
Project #2087541

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Legal & General Investment Management America, Inc.	Portfolio Manager	January 14, 2014
Voluntary Surrender of Registration	Versant Partners Inc.	Investment Dealer	September 12, 2013
New Registration	Standard Life Mutual Funds Ltd.	Investment Fund Manager	January 16, 2014

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Claret Asset Management Corporation – s. 213(3)(b) of the LTCA

Headnote

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

Statutes Cited

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

December 24, 2013

McCarthy Tétrault LLP
Suite 2500
1000 De La Gauchetière Street West
Montreal, Quebec H3B 0A2

Attention: Krista Lawson

Dear Sirs/Mesdames:

Re: Claret Asset Management Corporation (the "Applicant")

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

Application No. 2013/0809

Further to your application dated November 29, 2013 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of Claret Equity Fund and Claret Income Fund (the "Funds") and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or an affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

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

Yours truly,

"Judith Robertson"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

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