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OSC Staff Notice 51-722

Report on a Review of Mining Issuers' Management's Discussion and Analysis and Guidance

Publication date: February 6, 2014

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OSC Staff Notice 51-722

Report on a Review of Mining Issuers'

Management's Discussion and Analysis and Guidance

Part A – Staff's Review of MD&A in the Mining Industry

1. EXECUTIVE SUMMARY

Management's Discussion and Analysis (**MD&A**) is a key disclosure document for all reporting issuers as it gives investors the ability to look at an issuer through the eyes of management. The MD&A must be transparent and clear to be informative.

The MD&A requirements are set out in National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**), specifically in Part 5 *Management's Discussion and Analysis* and in Form 51-102F1 *Management's Discussion and Analysis* (**Form 51-102F1**).

As a securities regulator, the Ontario Securities Commission (**OSC**) understands the challenges faced by small mining issuers in today's challenging market environment. Limited resources can make it difficult for small mining issuers to meet their regulatory obligations and comply with their reporting requirements.

Recognizing these challenges and the importance of smaller mining issuers in Ontario, staff of the OSC conducted a review (the **Review**) of the MD&A filed by mining issuers with a market capitalization of less than $100 million in an effort to understand the issues they face and to identify areas where regulatory guidance would assist the management of these companies in complying with their regulatory obligations. These issuers represent approximately 34% of the 1,105 reporting issuers for which the OSC is the principal regulator.

While the guidance provided in the Notice is specific to the mining issuers reviewed, the content of the Notice, including our disclosure examples, will benefit all issuers.

OSC Staff Notice 51-722 *Report on a Review of Mining Issuers' Management's Discussion and Analysis and Guidance* (the **Notice**):

- is meant to be an educational tool to assist issuers in complying with their MD&A disclosure obligations
- summarizes the results of the Review
- identifies areas for improvement
- provides concrete examples on how issuers can present their information in a relevant and meaningful manner

Our review focused on:

- venture issuer disclosure
- discussion of operations
- liquidity and capital resources disclosure
- disclosure of transactions between related parties
- disclosure of risk factors and uncertainties
- reporting on use of financing proceeds

SUMMARY OF RESULTS

We identified specific areas for improvement:

- venture issuers without significant revenue from operations did not provide the breakdown of material components of exploration and evaluation (**E&E**) assets or expenditures
- issuers with exploration projects did not discuss and itemize their exploration expenditures
- issuers with a working capital deficiency provided very general discussion or no discussion about potential sources of financing and how they plan on continuing operations
- issuers did not appropriately disclose the identity of the party involved in the related party transaction

2. INTRODUCTION

The MD&A is a summary written through the eyes of management which allows management to provide insights beyond the numbers found in the financial statements. As such, the MD&A should:

- provide a balanced discussion of an issuer's results, financial condition and future prospects – openly discussing bad news as well as good news
- help current and prospective investors understand what is presented in the financial statements
- discuss trends and risks that have affected or are reasonably likely to affect the financial statements in the future
- provide information about the quality and potential variability of an issuer's earnings, cash flow and operations

The current market environment is making it very difficult for mining issuers to raise capital, with the smaller mining issuers being particularly affected. We also understand such an environment can make complying with reporting requirements quite challenging for smaller issuers due to the lack of resources. To assist smaller mining issuers to better understand certain MD&A requirements and to foster regulatory compliance we have developed the guidance and examples found in Part B - *Guide to MD&A Disclosure for Mining Issuers* (**Part B**). We hope these examples will assist issuers to present clear, specific and relevant information about their financial condition and future prospects.

3. REVIEW RESULTS

A. Scope of Review

The OSC is the principal regulator for approximately 449 reporting issuers in the mining industry[1], which is a very important sector in the capital markets in Ontario. These issuers have a combined market capitalization of $90.2[1] billion, representing 11% of Ontario's overall market capitalization. There are 374 Ontario mining issuers with a market capitalization of less than $100 million. In our ongoing compliance efforts, we have realized that many smaller mining issuers continue to struggle to provide complete and meaningful MD&A disclosure and generally need more guidance.

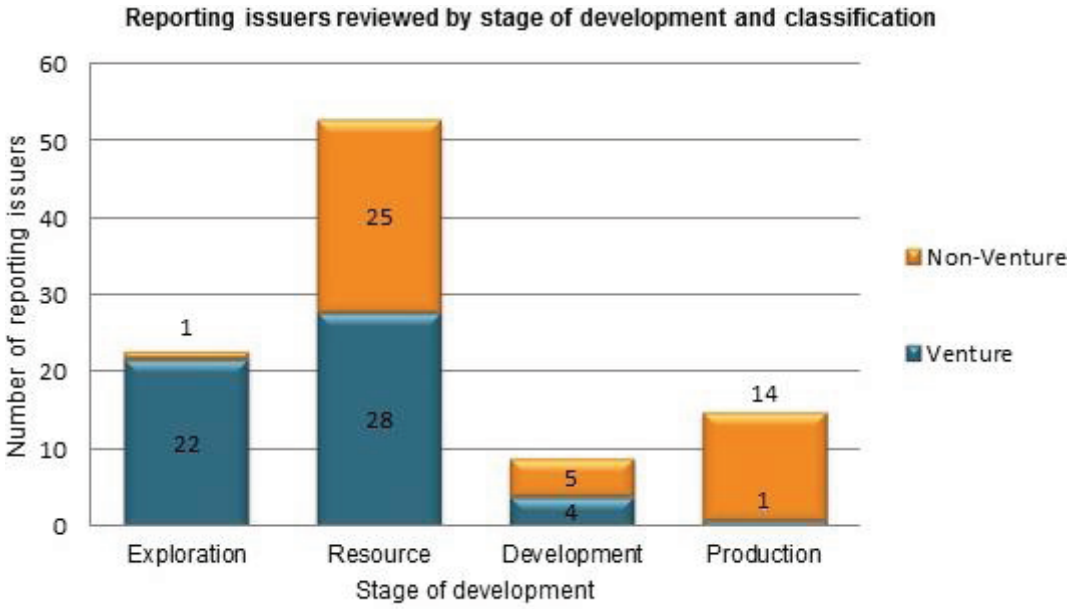
To understand the issues, we focused the Review on a sample of 100 Ontario mining issuers with a market capitalization of less than $100 million and focused on compliance with various aspects of the MD&A requirements in NI 51-102, including:

- venture issuer disclosure
- discussion of operations
- liquidity and capital resources disclosure
- disclosure of transactions between related parties
- disclosure of risk factors and uncertainties
- reporting on use of financing proceeds

B. Issuers Reviewed

Of the 100 Ontario mining issuers we reviewed, approximately 46% were non-venture issuers[2] and 54% were venture issuers[2]. Fifty-four percent of the issuers had a market capitalization of less than $25 million, with 28% having a market capitalization of less than $10 million. In terms of stage of development, the majority of issuers, 53%, were at the mineral resource stage, 23% were at the exploration stage and 24% were at the development or production stage.

[1] As at September 30, 2013.
[2] As defined in NI 51-102.



C. Summary of Results

General

We found that many smaller mining issuers continue to struggle to provide complete and meaningful MD&A disclosure. The size of an issuer (as defined by market capitalization) was not a predictive factor as to whether an issuer met MD&A disclosure requirements. However, we note that issuers in the exploration stage generally need more guidance on appropriate entity-specific disclosure to be included in their MD&A than issuers in the development and production stages.

Venture Issuer Disclosure

Providing a breakdown of the material components of E&E, a presentation of E&E assets or expenditures on a property-by-property basis, general and administrative (**G&A**) expenses and other material costs incurred, helps investors understand the nature of the work being performed, how money is being spent and helps them evaluate the impact the expenses have in moving the exploration or developments of properties forward.

For venture issuers without significant revenue from operations, our Review found:

- 37% did not provide the breakdown of material components of E&E
- 20% presented the E&E on a property-by-property basis in their MD&A but failed to provide a further breakdown by material components
- 39% did not include a breakdown of material components of G&A expenses

Discussion of Operations

Issuers without producing mines – Beyond just the description of a project, it is important that investors receive essential information about an issuer's material mineral projects: work completed and expenses incurred during the period, current (and future) project plans and budgets. Providing this information will help investors follow and understand the progress of a project and measure how it is performing. It will also help investors connect the dots between initial plans and budgets and the time and costs required to take the project to the next stage.

Issuers with producing mines – The MD&A may be the principal document to inform shareholders and potential investors about the production and operations of a project. It is important that in the MD&A, issuers provide information on: production figures, production activities and milestones, operating and production costs, sales and revenue, explanations of any substantial changes to production and operation information, new developments and the impact each of these have on mineral resources and reserves.

Our Review found that:

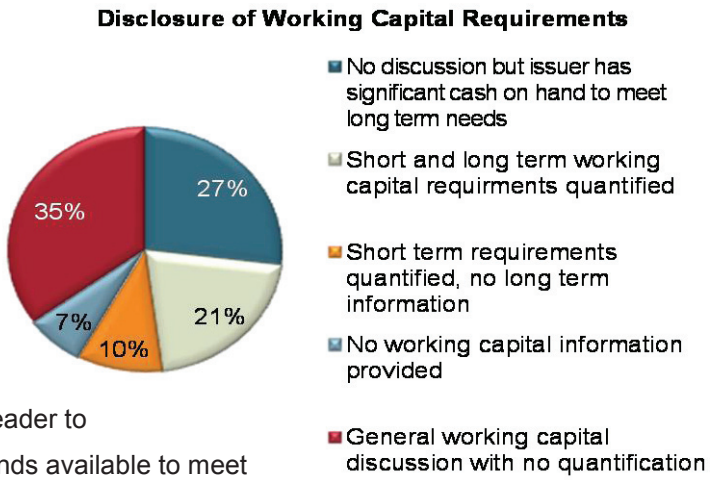
- 70% of issuers without a producing mine provided limited disclosure about the plans or milestones for significant exploration and development projects, including anticipated costs to take the projects to the next stage of the project plan
- 44% of issuers with exploration projects did not discuss and itemize their exploration expenditures

Liquidity and Capital Resources

To better assess whether an issuer has sufficient funds to meet its business plans in the short-term and long-term, investors require meaningful information about an issuer's liquidity and ability to generate the cash needed to maintain operations. The MD&A provides an issuer with the opportunity to provide insight beyond the numbers and discuss material cash requirements, historical sources and uses of cash, material trends and uncertainties, and to explain and quantify working capital needs and how these needs relate to future business plans or milestones.

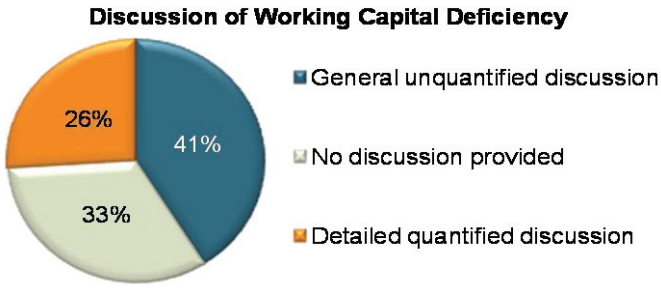
Of the 100 mining issuers reviewed:

- 27% clearly had significant current cash resources to meet their business needs
- 21% included a quantified discussion of how they intend to address in the short and long term their working capital requirements
- 52% provided either no disclosure or limited disclosure of their working capital requirements. This makes it difficult for a reader to assess whether the issuer has sufficient funds available to meet the issuer's business needs for the following 12 months



For issuers with a working capital deficiency:

- 26% included a detailed quantified plan of how they will meet their obligations as they come due and how they plan to rectify the deficiency
- 74% provided no discussion or a very general discussion about needing to access the capital markets in the future



Transactions Between Related Parties

Related party transactions (**RPT**) often play a significant role in the operations of businesses as they grow and can vary in complexity. We are aware that many smaller issuers leverage their business relationships to advance their projects in a cost controlled fashion by entering into related party contracts or transactions. It is critical that issuers are transparent to their shareholders about these transactions in the MD&A, so investors can better understand the business purpose and value of these transactions.

We note that:

- 95% of the issuers had some form of RPT disclosed in both their financial statements and their MD&A
- 48% of the issuers did not appropriately disclose the identity of the related party involved in the transaction. Most commonly, the relationship was disclosed but the actual party involved in the transaction was not named
- 14% of the issuers reviewed did not quantify the RPT

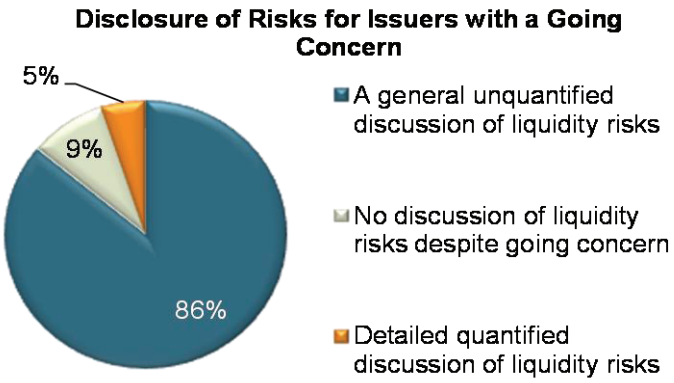
Risk Factors and Uncertainties

Company risks can impact an investor's investment decision, so it is important that issuers provide specifics about the risks impacting an issuer's business. Where possible, issuers should quantify the risks and when listing or ranking potential risks, be clear about their severity and significance. To make the information more meaningful, issuers should update their risk disclosures when circumstances change.

All issuers reviewed included some form of risk disclosure.

For issuers with a going concern risk:

- 9% provided no discussion of their liquidity risks despite having going concern issues
- 86% provided a generic, unquantified discussion of liquidity risks



Use of Financing Proceeds

Our Review identified only four issuers that raised capital through a prospectus offering in the past fiscal year:

- two issuers included a tabular comparison without any explanations of the changes
- two issuers did not include any disclosure relating to how the proceeds were used

SUMMARY

As a result of our Review, we identified specific areas where our issuers would benefit from some additional guidance. Using the guidance in Part B will assist issuers in preparing their MD&A. An accurate MD&A and a complete continuous disclosure (**CD**) record will help ensure the process for obtaining a prospectus receipt is not delayed. We will continue to monitor MD&A filed by Ontario mining issuers as part of our ongoing CD review program.

Part B – Guide to MD&A Disclosure for Mining Issuers

Part B – Guide to MD&A Disclosure for Mining Issuers

1. MD&A GUIDANCE FOR MINING ISSUERS

To assist mining issuers in complying with the disclosure requirements in both NI 51-102 and Form 51-102F1, we have set out guidance for the sections where we noted areas where disclosure could be improved. When referring to this guidance be aware that you do not need to disclose information that is not material or not relevant to your business. While the guidance in section A *Venture Issuer Disclosure* applies specifically to venture issuers, non-venture issuers may find the information useful in preparing their MD&A. The examples provided below are for illustrative purposes only and readers are reminded that these examples are only one of many possible approaches management could take to present the information. Management must consider the particular elements of the issuer's business and ensure that all material information relating to the business is reflected in the MD&A.

A. Venture Issuer Disclosure

Disclosure requirement

Section 5.3 of NI 51-102 requires a venture issuer that has not had significant revenue from operations in either of its last two financial years to disclose in its MD&A on a comparative basis, a breakdown of material components of:

- E&E assets or expenditures
- G&A expenses
- other material costs

Further, the E&E assets or expenditures must be presented on a property-by-property basis.

Commentary

A breakdown of costs incurred helps investors understand the nature of the work that was performed and how an issuer is spending money. Further, a presentation of E&E assets or expenditures on a property-by-property basis helps investors evaluate the impact those expenditures have in moving the exploration or development of those properties forward.

Many issuers included disclosure similar to Example 1.

Example 1 – boilerplate disclosure

	Property A	Property B	Other	Total
Balance, as at December 31, 2011	$3,300,000	$1,075,000	$200,000	$4,575,000
Additions	1,812,910	180,620	36,520	2,030,050
Impairments	-	-	(35,000)	(35,000)
Balance, as at December 31, 2012	**5,112,910**	**1,255,620**	**201,520**	**6,570,050**
Additions	825.220	469,840	46,120	1,341,180
Impairments	-	(1,725,460)	-	(1,725,460)
Balance, as at December 31, 2013	**$5,938,130**	**-**	**$247,640**	**$6,185,770**

Example 1 is an example of disclosure frequently found during our Review where the issuer disclosed its exploration expenditures on a property-by-property basis without giving a breakdown by material components. While an investor will get a sense as to which property or project the issuer has moved forward, the fact that $825,220 was expended on property A during the year ended December 31, 2013 does not allow an investor to understand where and how the money was spent.

Examples 2a and 2b illustrate how an issuer can meet the requirements under section 5.3 of NI 51-102. These are detailed examples. Each issuer should assess the particulars of their business as the level of detail in these examples may not be material to every business.

Example 2a – entity-specific disclosure (E&E capitalized)

	Property A		Property B		Other		Total	Total
	December 31, 2013	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
Acquisition costs								
Balance, beginning of period	300,000	300,000	80,000	75,000	65,000	75,000	445,000	450,000
Incurred during period	50,000	-	-	5,000	15,000	-	65,000	5,000
Mineral properties abandoned	-	-	(80,000)	-	-	(10,000)	(80,000)	(10,000)
Balance, end of period	**350,000**	300,000	**-**	80,000	**80,000**	65,000	**430,000**	445,000

	Property A		Property B		Other		Total	Total
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Exploration Expenditures								
Balance, beginning of period	4,812,910	3,000,000	1,175,620	1,000,000	136,520	125,000	6,125,053	4,125,000
Assays and geochemistry	41,050	145,730	27,390	-	5,880	2,990	74,320	148,720
Camp costs	25,550	57,400	5,410	-	-	-	30,960	57,400
Consulting	15,490	6,400	7,650	28,880	-	13,680	23,140	48,960
Drilling	466,820	1,248,500	330,390	-	-	-	797,210	1,248,500
Geology	38,690	19,400	17,420	-	12,770	6,750	68,880	26,150
Geophysics	25,990	42,200	-	92,480	-	-	25,990	134,680
Travel and lodging	77,260	124,880	36,120	21,660	4,990	9,600	118,370	156,140
Salaries and labour	84,370	168,400	45,460	32,600	7,480	3,500	137,310	204,500
Total exploration expenditures	775,220	1,812,910	469,840	175,620	31,120	36,520	1,276,180	2,025,050
Mineral properties abandoned	-	-	(1,645,460)	-	-	(25,000)	(1,645,460)	(25,000)
Balance, end of period	**5,588,130**	4,812,910	**-**	1,175,620	**167,640**	136,520	**5,755,770**	6,125,053
Cumulative mineral property costs	**5,938,130**	5,112,910	**-**	1,255,620	**247,640**	201,520	**6,185,770**	6,570,050

Example 2a shows that the issuer has disclosed its E&E expenditures by material components and has provided the information for both of its material properties. The issuer has aggregated E&E for other non-material projects / properties in a separate column under "Other". The disclosure is also provided on a comparative basis. While the requirements in section 5.3 of NI 51-102 do not specifically require a qualitative discussion of the expenditures, staff is of the view that a discussion of the issuer's E&E assets or expenditures and G&A expenses should be included as part of the issuer's analysis of its operations under item 1.4 of Form 51-102F1. For example, we would expect a qualitative discussion on the increase in E&E on Property B in the year ended December 31, 2013, including drilling results and reasons supporting the decision to abandon the property. We would also expect a qualitative discussion about E&E on Property A decreasing during the year ended December 31, 2013 (e.g. the issuer is focusing on its main property due to budget constraints).

The information included in example 2a discloses "cumulative property costs" which allows an investor to reconcile the information included in the MD&A and the amount shown on the face of the statement of financial position under "property costs".

Example 2a assumes that the issuer's accounting policy is to capitalize E&E expenditures. Example 2b illustrates how an issuer that expenses its expenditures would present the information.

Example 2b – entity-specific disclosure (E&E expensed)

	Property A		Property B		Other		Total	Total
	December 31, 2013	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
Exploration Expenditures								
Assays and geochemistry	41,050	145,730	27,390	-	5,880	2,990	74,320	148,720
Camp costs	25,550	57,400	5,410	-	-	-	30,960	57,400
Consulting	15,490	6,400	7,650	28,880	-	13,680	23,140	48,960
Drilling	466,820	1,248,500	330,390	-	-	-	797,210	1,248,500
Geology	38,690	19,400	17,420	-	12,770	6,750	68,880	26,150
Geophysics	25,990	42,200	-	92,480	-	-	25,990	134,680
Travel and lodging	77,260	124,880	36,120	21,660	4,990	9,600	118,370	156,140
Salaries and labour	84,370	168,400	45,460	32,600	7,480	3,500	137,310	204,500
Total exploration expenditures	**775,220**	1,812,910	**469,840**	175,620	**31,120**	36,520	**1,276,180**	2,025,050
Cumulative E&E since inception	**5,588,130**	4,812,910	**-**	1,175,620	**167,640**	136,520	**5,755,770**	6,125,053

REMINDER

Venture issuers without significant revenues must:

- disclose a breakdown of the material components of E&E assets or expenditures, G&A expenses, and other material costs on a comparative basis
- present E&E assets or expenditures on a property-by-property basis
- include a qualitative discussion of those expenditures

B. Discussion of Operations – Issuers without producing mines

Disclosure requirement

Item 1.4 of Form 51-102F1 requires issuers to analyze their operations for the most recently completed period. The nature of the discussion should vary depending on the maturity of an issuer's operations. For example, Item 1.4 (d) of Form 51-102F1 requires issuers that have significant projects that have not yet generated revenue to describe each project including (a) the issuer's plan for each of its significant projects, (b) the status of each project relative to that plan, (c) expenditures made and (d) how the expenditures made relate to anticipated timing and costs to take the project to the next stage of the project plan.

Commentary

The annual MD&A for a mining issuer that is not at the production stage should provide the investor with information essential to understanding the issuer's material mineral projects. This would be more important for a venture issuer who chooses not to file an Annual Information Form[3] (**AIF**), and for issuers with early-stage exploration projects that may not have yet filed a technical report[4] on their projects. In these circumstances, the annual MD&A may be the only continuous disclosure document where management can summarize the project for investors and the interim MD&A allows that information to be updated.

To meet the requirements under Item 1.4 (d) of Form 51-102F1, issuers must include disclosure about the following items, on a property-by-property basis:

- description of the project
- work completed and expenditures made during the period
- current status – project plans and budgets

[3] Form 51-102F2 *Annual Information Form*
[4] As defined in National Instrument 43-101 *Standards of Disclosures for Mineral Projects*

- explanation of how expenditures relate to anticipated timing and cost to take the project to the next stage of the project plan

We describe each of these items in further details on the following page.

Description of the project

- What are you looking for?
- Where are you looking?

The project description in the annual MD&A should provide investors with enough information to follow progress on the project as reported by the issuer in subsequent disclosures such as interim MD&A and news releases. That description should include the following information:

- location of the property
- property ownership, and the issuer's ongoing obligations to maintain its interest
- type of commodities
- geological setting - a brief description of the geology and known mineral occurrences
- exploration work to date - the work done and a summary of significant results
- any mineral resources or mineral reserves outlined on the property
- information required by Part 3 of National Instrument 43-101 *Standards of Disclosure for Mineral Properties* (**NI 43-101**). If this information is summarized in the MD&A, it can be referred to in later filings to comply with disclosure requirements of NI 43-101 as per section 3.5 of NI 43-101
- name of the qualified person for the technical information

If the issuer has filed an AIF or technical report with this information, a reference to that filing should be included.

Issuers do not need to repeat the history of a project in every MD&A. We noted many instances where issuers were merely repeating the information previously disclosed in an earlier MD&A without including information about the current period. While issuers without a current AIF may want to include more historical information to provide background information about their projects, the majority of the discussion should focus on what happened in the current year or interim period.

Work completed and expenditures made during the period

- What have you done?
- What did it cost you?

In this section, the issuer should provide information on the progress of the project to date. Repeating information found in the financial statements without explaining significant changes does not provide meaningful insight to an investor.

We note nearly half of issuers reviewed did not provide an itemized breakdown of historical and current period exploration expenditures on a property-by-property basis. As discussed in Section A, venture issuers without significant revenue are required to include the disclosure in section 5.3 of NI 51-102. However, for non-venture issuers that have significant projects not yet generating revenue, an itemized breakdown helps investors understand how the issuer performed during the period covered by the MD&A.

In the absence of significant revenues, the disclosure of itemized expenditures will help an issuer:

- explain the operations of the issuer and describe where progress has been made on the different projects / properties
- identify important trends and risks that have affected the financial statements (e.g. changes in the amount or type of exploration expenditures)
- provide information about the potential variability of the issuer's profit or loss and cash flow

Further, staff believe that answering the following questions in the MD&A provides useful disclosure to investors:

- What new exploration work (e.g. geophysical or geochemical surveys, mapping, sampling, or drilling) has the issuer done on the project?
- How much was spent on the work completed and is the amount substantially different from budgets disclosed in previous filings and offering documents?

Current status – Project plans and budgets

- What did the work accomplish?
- What are you planning next?
- How will you pay for it?

While issuers generally describe their significant projects and the work that has been completed during the period, MD&A would be improved by identifying how the accomplishments relate to the issuer's plans or next steps. For example:

- Is further work planned or has the issuer reached a decision on whether to advance the project further?
- What exploration or development milestones have been reached (for example, have all targets been tested or has a mineral resource been outlined)?
- Has the issuer met the requirements of an option or joint-venture agreement?

Issuers generally include some information about their plan for a significant project but the information is often vague and not meaningful. Issuers need to better explain the relationships or "connect the dots" between the current status of a project, their plan for the project, what they will spend on the project and when those expenditures will take place. This discussion is even more important when an issuer has liquidity or going concern issues so investors can understand the issuer's ability to meet cash requirements. The issuer must also discuss if sufficient resources are available to meet the projected capital commitments and, if not, disclose the expected source(s) of funds to meet those commitments. Further information on "liquidity and capital resources" can be found in Section D.

Investors are interested in understanding what the next phase of exploration or development is for the project by getting answers to questions such as:

- Is the issuer continuing to advance the project?
- Will the issuer be in a position to report a mineral resource estimate, and if so, when?

Example 3 is an example of disclosure commonly provided where an issuer fails to comply with the requirement. The disclosure is vague and lacks the details and quantification that would make it meaningful.

Example 3 – boilerplate example

In 2013, the Company continued its exploration efforts on the XYZ Lake property including additional drilling on the Fire Zone which continued to intersect significant zone of mineralization. In addition, geophysical surveys identified several targets for testing which may represent zones of mineralization similar to the Fire Zone.

In 2014, the Company expects to continue its drilling efforts to outline the Fire Zone mineralization and also drill test the geophysical targets. The Company anticipates it will be in a position to disclose an initial mineral resource estimate on the XYZ Lake property in 2014.

The following example illustrates better disclosure on how issuers can discuss their plans and expected expenditures for their projects.

Example 4 – entity-specific example

In 2013, the Company spent $873,100 on exploration expenses on the XYZ Lake property which consisted mainly of two phases of diamond drilling on the Fire Zone (totaling 25 holes for 4,820 metres) which were completed in February, 2013 and September, 2013. This drilling continued to outline significant zones of mineralization, the results of which were reported by the Company in news releases on May 30, 2013, June 24, 2013 and November 29, 2013. In addition, an airborne geophysical survey

(703 line km) was completed in the summer which identified several targets for testing which may represent zones of mineralization similar to the Fire Zone.

In early 2014, the Company expects to spend approximately $800,000 conducting additional diamond drilling on the Fire Zone as well as follow-up drill testing of the high priority geophysical targets. It is expected that both drilling programs will consist of approximately 20 drill holes totaling about 5,000 metres. By the third quarter of 2014, the Company anticipates it will have completed a sufficient amount for drilling in order to commission an initial independent NI 43-101 mineral resource estimate on the Fire Zone which is expected to be disclosed by the end of 2014.

Example 5 is an example that provides limited information to investors.

Example 5 – boilerplate example

Due to the challenging economic environment, the Company does not plan to spend any funds on the ABC property until market conditions improve.

Example 6 clarifies what was spent in the current year as well as the issuer's future plans. Depending on the circumstances, the disclosure does not always need to be extensive to meet the requirements.

Example 6 – entity-specific example

In May, 2013 the Company spent $133,750 on exploration expenses related to the ABC property which consisted of an airborne geophysical survey (525 line km) to identify additional targets for drill testing. Four high priority targets were identified which may represent zones of mineralization similar to the Hill Zone discovered in the summer of 2012.

Due to the challenging economic environment, the Company does not plan to spend any additional funds on the ABC property until market conditions improve.

Example 7 illustrates how issuers can summarize and link the work completed on a specific project / property, the plans for that project / property, the status of the project relative to those plans and how the expenditures made relate to anticipated timing and costs to take the project to the next stage of the project plan.

Example 7 – entity-specific example

Property	Summary of Completed Activities (Jan 1, 2013 – Dec 31, 2013)	Expenditures (Year ended Dec 31, 2013)	Plans for the Project for 2014	Planned Expenditures for 2014
A	• January to March 2013 - the Company completed 10 diamond drill holes (3,115 metres) testing for extensions of the Main Zone discovered in 2012. Five of these holes successfully intersected mineralization with similar gold grades and widths as observed in the Main Zone. These holes have traced the Main Zone for approximately 550 metres along strike and to a depth of 250 metres. One hole (A13-08) identified a new and potentially significant gold-bearing zone associated with a strong albite alteration. • Several of the 2013 drill holes were followed-up by downhole IP surveys which will be used to guide further exploration. • August 2013 - additional geological mapping and structural analysis was undertaken to better understand the complex nature of the Main Zone mineralization. • October to December 2013 - the Company compiled and assessed the exploration results obtained over the previous two drilling campaigns (25 drill holes totalling 11,440 metres) along with the geological, structural and geophysical data to assist with planning the next phase of work.	$ 775,220 (total for the year)	• Conduct in-fill diamond drilling (approximately 15 holes totalling 4,500 metres) to provide sufficient data to support an initial NI 43-101 mineral resource estimate to be completed in Q3 or Q4 of 2014. • Undertake initial metallurgical test work to determine potential gold recovery rates and processing method options. • Initial mineral resource estimate and independent NI 43-101 technical report.	$ 750,000 $ 30,000 $ 70,000

Property	Summary of Completed Activities (Jan 1, 2013 – Dec 31, 2013)	Expenditures (Year ended Dec 31, 2013)	Plans for the Project for 2014	Planned Expenditures for 2014
B	• June to September 2013 - the Company completed 15 diamond drill holes (2,750 metres) testing the most significant anomalies identified during the 2012 airborne VTEM electromagnetic and magnetic survey. Two holes (B13-04 and B13-12) intersected weakly mineralized zones associated with quartz veining which returned values ranging from 1-2 g/t gold over 1.5 metres. Although a number of other drill holes intersected several significant zones of sulphide mineralization and associated alteration, the assay results for these zones were disappointing.	$ 469,840 (total for the year)	• No further work is planned on the property and management has decided to return the property to the vendor.	-
Other	• Fall 2013 – the Company completed several prospecting and soil geochemistry programs on non-material properties.	$ 31,120 (total for the year)	• Further work to be determined.	-

It is important to note that information included in the columns “Plans for the Project for 2014” and “Planned Expenditures for 2014” would be forward-looking information (**FLI**) subject to securities requirements.[5]

[5] Forward-Looking Information requirements can be found in Part 4A -*Forward-Looking Information*, Part 4B – *FOFI and Financial Outlook* and Section 5.8 – *Disclosure Relating to Previously Disclosed Material Forward-Looking Information* of NI 51-102. We also refer issuers to OSC Staff Notice 51-721 *Forward-Looking Information Disclosure* issued on June 13, 2013 for guidance and examples on how to disclose FLI.

REMINDER

Issuers with significant projects that have not yet generated revenue must disclose useful information for each material property or project that is not at the development or production stage including:

- description of the project
- work completed and expenditures made during the period
- current status of the project plans and budgets
- how expenditures relate to anticipated timing and cost to take the project to the next stage of the project plan

C. Discussion of Operations – Issuers with producing mines

Disclosure requirement

Item 1.4 of Form 51-102F1 requires issuers to analyze their operations for the most recently completed period. As mentioned in Section B, the discussion should vary with the stage of development of an issuer's operations.

Commentary

When a mining issuer has mineral properties in production, it is likely those properties are material to the issuer's affairs. The MD&A may be the principal document to inform shareholders and potential investors about production figures, operating costs, new developments and the impact each of these has on mineral resources and mineral reserves. In addition to the general information applicable to mineral exploration properties, issuers with mines in production should inform the reader about the production activities.

To meet the requirements under Item 1.4 (e) of Form 51-102F1, issuers must include useful disclosure about the following items, on a property-by-property basis:

- development and production milestones
- mineral resources and mineral reserves
- operating and production information

Each of these items is described in further detail below.

Development and Production Milestones

Item 1.4(e) of Form 51-102F1 requires an issuer to discuss development milestones, which could include any of the following:

- mineral resource or mineral reserve estimates
- results of pre-feasibility or feasibility studies
- exploration discoveries
- mineral resource or mineral reserve losses (for example, through ground failures)
- production decisions, expansion plans, or development of new resource zones
- expansions or changes to a processing plant
- name of the qualified person for the technical information

An issuer must also state whether there is a technical report supporting the disclosure of a mineral reserve, whether the technical report is the basis for any milestone and whether it forms the basis for a production decision. If the issuer has gone into production without a mineral reserve estimate based on at least a pre-feasibility study, the MD&A must disclose this information.

Mineral Resources and Mineral Reserves

Changes to a project's mineral resource base will usually be material information. In the MD&A, the issuer should:

- present the results of mine-area exploration programs and show their effect on mineral resource and mineral reserve estimates
- describe changes to mine plans, cut-off grades, process flow sheets, offtake or sales agreements or commodity prices, and their effect on mineral resource and mineral reserve estimates

Operating and Production Information

Both the annual and the interim MD&A should describe the results of operations including mine production, sales volume, and operating revenue. Some basic requirements for discussing an operating mine's results would include:

- mine production for the period
- mill throughput and head grades
- mill recovery and production of the mine's saleable commodities (for example, gold in doré or base metal in concentrate)
- operating cost, calculated using a recognized formula (e.g. all-in sustaining cash cost)

When production figures or operating costs change substantially from one interim period to the next or year to year, the MD&A should explain the reasons behind the change. The MD&A should describe:

- changes to mine plans, abandonment of uneconomic or inaccessible zones or accelerated production from parts of the mineral reserve
- development programs, particularly where those programs require the issuer to curtail production temporarily
- modifications to processes that affect production rates, mill throughput, head grade or recoveries

The MD&A should discuss the outlook for the operation for the forthcoming period (next year, in annual MD&A; next quarter, in interim MD&A):

- discuss any plans for significant capital expenditures, such as underground development, changes to plant capacity, or renewal of the mining fleet
- provide an outlook for expected production and operating costs

In example 8, the issuer does not include sufficient information to meet the requirements of item 1.4(e) of Form 51-102F1. While the issuer discloses the mine production for the period, the issuer does not state the gold grades, only that they improved, and does not explain why they changed. Further, there are no explanations about variances in production costs. We also note that the issuer does not explain the reasons leading to an impairment at Small Gold Mine. Finally, while the issuer includes an outlook, the information lacks sufficient details to be useful.

Example 8 – boilerplate example

Main Gold Mine

Total ore mined in the quarter ended June 30, 2013 was 102,200 tonnes at improved gold grades compared to last quarter's figures due to improvements made at the end of 2012. These improvements reduced the cash cost per ounce[6] to US$1,088 in the current quarter and the Company sold its increased gold production at an average price of US$1,404. Operations continued to focus on the Upper Vein.

Small Gold Mine

Higher than expected costs at Small Gold Mine resulted in an impairment charge of $10,345,956.

Outlook to September 30, 2013

- Continue to explore and develop Main Gold Mine.
- Make improvements at Small Gold Mine.
- Obtain the required permits for other projects.

[6] Examples 8 and 9 include non-GAAP financial measures such as "cash cost per ounce" and "all-in sustaining cash cost". For guidance on the disclosure of non-GAAP financial measures, please see CSA Staff Notice 52-306 (Revised) *Non-GAAP Financial Measures and Additional GAAP Measures* (**CSA SN 52-306**). To keep the examples shorter, guidance suggested in CSA SN 52-306 has not been included in Examples 8 and 9.

While example 9 is a simplified version of what an issuer would include in its MD&A, it illustrates how an issuer can provide meaningful information to investors by complying with the requirements. In this example, the issuer includes a comparative discussion of mine results with information about mine production for the period and reasons for the improvements, including figures for all-in sustaining cash costs. Operating decisions concerning Small Gold Mine are also described, including reasons leading to an impairment charge and its impact on the financial statements. Finally, plans for the issuer's two mines include specific information about what an investor can expect for the next interim period.

Example 9 – entity-specific example

Main Gold Mine

Total ore mined in the quarter ended June 30, 2013 was 102,200 tonnes at 6.47 g/t gold. The tonnage and grade is 36% and 11% above last quarter's figures, respectively, driven by productivity improvements at the mine and at the mill. The increased mining rate is attributable to a larger mechanized mining fleet suitably fitted to the mining method and improved underground infrastructure. The mill attained an average daily production rate of 920 tonnes at 94% gold recovery with improved performance attributable to the mill expansion completed at the end of 2012 with installation of a ball mill with twice the previous capacity. These improvements contributed to a significant year-over-year reduction in all-in sustaining cost per ounce of US$1,088 in the current quarter from US$1,242 last year. The Main Gold Mine sold a total of 14,686 ounces of gold at an average price of US$1,404 in the quarter compared to gold sales of 12,109 ounces at an average price of US$1,612 in the comparable period last year. Total capital development of underground workings during the quarter is 422 meters. Operations are focusing on the continued development of the Upper Vein which was identified by drilling in early 2012.

Small Gold Mine

Higher than expected costs at Small Gold Mine, that are now forecast to continue, prompted management to assess indicators of impairment related to the project and its associated assets. Management used a discounted cash flow model to calculate the recoverable amount. This resulted in an impairment charge of $10,345,956 to Small Gold Mine and its associated assets with $2,846,000 allocated to property, plant and equipment, and $7,499,956 to deferred development expenditure. Management is implementing several cost cutting measures related to mining and personnel to address the higher costs.

Outlook to September 30, 2013

- Continue to explore and develop the Upper Vein at Main Gold Mine.
- Implement cost cutting measures at Small Gold Mine while continuing to review and assess its continued viability.
- Work with local and federal governments to obtain the required permits to advance the Company's other gold projects.

REMINDER

Issuers with producing mines or mines under development must include useful disclosure on a property - by-property basis about:

- development and production milestones
- mineral resources and mineral reserves
- operating and production information

D. Liquidity and Capital Resources

Disclosure requirement

The MD&A should include a meaningful discussion of an issuer's liquidity including its ability to generate sufficient amounts of cash in the short and long term to maintain its operations. Items 1.6 and 1.7 of Form 51-102F1 require an issuer to disclose, among other things:

- its ability to meet planned growth or fund development activities
- its working capital requirements
- its capital expenditures, including an analysis of expenditures not yet committed but required to meet planned growth or to fund development activities

If an issuer has or expects to have a working capital deficiency, the issuer must discuss its ability in both the short and long term to meet its obligations as they come due. The issuer must also discuss how it plans to remedy the working capital deficiency.

Commentary

Meaningful analysis in an issuer's MD&A of material cash requirements, historical sources and uses of cash as well as material trends and uncertainties is important so investors can understand the issuer's ability to generate cash and meet cash requirements. A good analysis of liquidity position involves a meaningful discussion of cash flows from operations, investing, and financing, beyond stating balances from the financial statements. In particular, a detailed liquidity discussion is especially important for smaller non-producing issuers given the constant demands for financing to meet project milestones. The disclosure should explain why management believes it has sufficient resources. Issuers can improve their discussion of working capital requirements by better explaining and quantifying their working capital needs and how their working capital needs relate to their plan for the next fiscal year or up to the next business milestone. Having working capital in excess of last year's expenditures is not sufficient for investors to understand why the issuer has sufficient financial resources if the plan/outlook isn't also disclosed.

Rather than repeating items that are reported in the statement of cash flows, an issuer should concentrate on disclosing the primary drivers of cash flows and the reasons for material changes in major sub-items underlying the line items reported in the financial statements. Issuers should also consider whether they need to provide enhanced disclosures about significant debt instruments, guarantees, and covenants.

Without providing further details, including quantification, example 10 does not allow an investor to assess whether or not the issuer's statement that it has sufficient liquidity to meet its current working capital requirements and fund its development activities is reasonable.

Example 10 – boilerplate example

Management believes that the funds currently on hand are sufficient to meet the Company's short-term obligations.

Example 11 – entity-specific example

The Company's working capital requirements for the past year are discussed in detail in the Discussion of Operations section. Fixed costs to maintain operations, pay taxes and royalties and upkeep are about $60,000 per annum. Corporate and general costs to maintain the requirements of a listed company have been about $95,000 in both 2013 and 2012. Therefore, minimum working capital requirements are estimated at $155,000 per year.

Estimated Working Capital Requirements 2014	
Complete preliminary economic assessment (PEA)	$ 300,000
Corporate & general	$ 155,000
Convertible note repayment	$ 1,200,000
Total	$ 1,655,000

As at December 31, 2013, the Company's cash and cash equivalents were $684,000. The Company has access to sufficient funds to meet its current overhead requirements. The Company also has sufficient cash to fund the PEA. The resulting PEA report will provide the basis of a decision to advance development, finance further exploration or consider other options. The Company does not currently have sufficient resources to repay the convertible notes in December 2014. The Company plans to complete an offering of new debt securities in the fall to fund the repayment.

Example 11 clearly illustrates the issuer's current financial position. Clear entity-specific disclosure is important so that investors can understand any anticipated funding shortfalls and financing resources available to meet spending commitments and continue key projects. It is important to focus on realistic solutions and providing an analysis that will let investors know how the issuer will carry on its business.

Disclosure is helpful, even when exploration has been put on hold. A complete discussion of the issuer's financial obligations and discretionary expenses helps an investor better understand how an issuer is meeting its obligations during a time when exploration is on hold. This is an opportunity for an issuer to explain to investors how it is controlling its costs, the minimum amount of funds it needs to get through the next period and how the issuer expects to finance it.

It is also important that the discussion in the liquidity section ties to the operating plan. In our Review, we noted instances where there was disclosure of a plan to spend significant amounts to develop a property. In some of these instances the liquidity section only discussed current working capital requirements which was inconsistent with the discussion of operations, and the plans to develop the property. The liquidity section should be a complete discussion including cash requirements for both operating and capital requirements planned for in the coming year. Obligations for payments with respect to flow through shares should also be included when discussing cash requirements. Example 12 shows how an issuer may want to provide an update of their obligations relating to flow-through shares.

Example 12 – entity-specific example

In January, the Company issued $3.5 million of flow-through shares. In addition to the amounts disclosed in the contractual obligations table, the Company is committed to spend $3.5 million in Canadian exploration expenses. As of March 31 the Company had spent $0.7 million in Canadian exploration expenses, the remaining balance of $2.8 million must be spent by December 31, 2014.

When disclosing capital requirements it is important that all obligations are discussed so that investors can understand what is required for the issuer to continue operating its business. Many issuers simply provide the contractual obligations table required by item 1.6 of Form 51-102F1 but neglect to provide a discussion of these obligations.

REMINDER

To be meaningful, the discussion of liquidity and capital resources must address in detail all future cash requirements of an operating and capital nature and how they will be funded. Simply disclosing that management believes it has sufficient resources to fund currently planned exploration or development is not sufficient.

E. Transactions between Related Parties

Disclosure requirement

For issuers that enter into transactions between related parties, item 1.9 of Form 51-102F1 requires the relationship be discussed and the related person or entity be identified in the MD&A. In addition to identifying the related party, the issuer must discuss the business purpose of the transaction, the recorded amount of the transaction and how it was measured. If there are any ongoing commitments related to the transaction, these must also be disclosed.

Commentary

RPTs often play a significant role in the operations of businesses as they grow. These transactions can vary from simple contracts for key management personnel to complex financing agreements. While RPTs may provide the issuer with benefits that are not available from other arms-length parties or to other issuers on the same terms, disclosure needs to insure there is transparency around these transactions so readers of the MD&A understand the business purpose of these transactions. In addition, the measurement basis used is important disclosure so the value of the transaction can be evaluated. Example 13 illustrates the type of RPT disclosure we frequently saw in our Review.

Example 13 – boilerplate example

During the year, the Company paid $148,541 for services to a firm in which a director is a partner.

Example 13 lacks detail as it does not explain the services provided, how they were valued or the business reason for entering into the transaction. In addition, a reader cannot tell from this statement which director was involved in the RPT. It is not sufficient to disclose that "the Company paid for services to a firm related to one of the directors"; rather one must clearly identify the specific person or entity.

Example 14 shows how the disclosure in example 13 could be improved to meet the requirements in item 1.9 of Form 51-102F1. In example 14, the name of the related party is included, the business purpose of the transaction is discussed and how the transaction was valued is described.

Example 14 – entity-specific example

During the year, the Company paid professional fees of $148,541 to Best Miner LLP, a law firm of which Joe Prospector, a director of the Board, is a partner. These services were incurred in the normal course of operations for general corporate matters, attendance at committee and board meetings, as well as

evaluating business opportunities. All services were made on terms equivalent to those that prevail with arm's length transactions.

Example 15 is another instance of boilerplate disclosure relating to a RPT transaction.

Example 15 – boilerplate example

During the year, the Company paid $200,000 of interest on a loan payable to a majority shareholder.

Example 16 shows both the business purpose and the amount of the transaction.

Example 16 – entity-specific example

During the year, the Company paid $200,000 in interest on a loan of $2,000,000 received from the CEO, who is a majority shareholder. The unsecured loan bears interest at 10% per annum and matures in five years with an option by the Company to extinguish the debt at any time without penalty. The transaction was recorded in the Company's financial statements at the exchange amount. The Company entered into this related party transaction because alternate sources of financing were unavailable due to the Company's limited operating history, lack of collateral and limited access to public financing due to current global financial conditions.

For mining issuers, it is not uncommon for the acquisition of a property to come from a related party. Example 17 is an example of boilerplate disclosure relating to the acquisition of such a property.

Example 17 – boilerplate example

In March 2013, the Company closed an acquisition of the Golden Mine property with Mr. Striker, a director of the Company. The company issued 500,000 shares to Mr. Striker for a 100% interest in the property, subject to a 1.5% net smelter return retained by Mr. Striker.

In addition to disclosing the nature and relationship of the related party, it is also important to disclose the business purpose of the transaction so that investors can evaluate these services and the business purpose of the related party transaction. The following example highlights how the issuer disclosed the purpose of the transaction.

Example 18 – entity-specific example

In March 2013, the Company closed an acquisition of the Golden Mine property with Mr. Striker, a director of the Company. The transaction was approved by the board of directors with Mr. Striker abstaining from the vote. The Company issued 500,000 shares to Mr. Striker for a 100% interest in the property, subject to a 1.5% net smelter return retained by Mr. Striker. An independent valuation by ABC Consultants stated the transaction was within a range of fair values for a similar mineral property. The

transaction gives the company a large land position near the Brilliant Mine discovery of DEF Minerals Limited.

REMINDER

By virtue of their nature, transactions between related parties lack the independence inherent in arm's length transactions. Investors need to understand who are the specific parties involved, the business purpose and economic substance of RPTs, so they can understand the rationale for transactions and impact on the business.

F. Risk Factors and Uncertainties

Disclosure requirement

To comply with item 1.4(g) of Form 51-102F1, the MD&A must include a discussion of risk factors and uncertainties the issuer believes will materially affect its future financial performance. This discussion should include entity specific information about risks that may affect or have affected the issuer and that would be most likely to influence an investor's decision to purchase its securities, risks that affect the issuer's financial statements or risks that are reasonably likely to affect them in the future. Where possible, the impact of the risk should be quantified.

Commentary

Investors need to understand the entity specific risks and how those risks may impact the issuer and its business, both of which may affect an investment decision or the value of its investment should the risks be realized. To avoid boilerplate disclosure, reporting issuers should be more specific on the potential consequences of risks to the company.

We noted that issuers often conclude an individual risk discussion by saying that if the risk was realized it "could have a material adverse impact on the Company", without stating what that specifically may be.

- Would it affect revenues, cash flows, costs?
- Would the impact potentially be isolated such that it could be managed swiftly or would it have a sweeping pervasive effect that could endanger the Company's solvency/viability, or would its effect lie somewhere in between?
- For how long can the issuer rely on existing sources of liquidity before additional financing is needed?

These risks should be quantified when possible.

When reviewing the MD&A, it is often difficult based on the disclosure provided to determine which are the most immediate or most serious risks to the issuer. The AIF requires issuers to disclose the risks in order of seriousness from the most serious to the least serious. Form 51-102F1 does not have a similar instruction but rather directs issuers to focus the MD&A on material information. We have found many issuers include a lengthy list of risks without any indication of the level of exposure or significance of the risks. When presented this way, key risk information may become lost amid less relevant information.

In addition to providing a detailed and quantified description of potential risks, to provide meaningful risk disclosures to investors, issuers should update their risk disclosures when circumstances change. It appears from our Review, that there is little to no updating of risk disclosures year over year or from annual to subsequent interim periods. Issuers should consider enhancing processes to monitor for changes in risks to ensure their disclosures are comprehensive and reflect current circumstances. A statement in the MD&A that the risks remain unchanged or a summary of the changes since the previous disclosures would help investors focus on new information. Issuers should also consider disclosing anticipated future changes in risk exposure.

Risk disclosure needs to be specific. As seen in the boilerplate example below, knowing that an issuer faces normal risks inherent to the mining industry does not inform investors of the issuer's specific operations.

Example 19 – boilerplate example

The Company's operations are located in Foreign Country X. The company is subject to the political risks and economic considerations of operating in Foreign Country X.

Knowing the specific risks an issuer faces helps a reader of the MD&A understand and evaluate the risk. The disclosure in example 19 is boilerplate and could apply to many issuers operating in foreign countries. By contrast, the disclosure in example 20 shows how the impact of the foreign operations could specifically impact the issuer.

Example 20 – entity-specific example

The Company's principal property is located in Region Y of Foreign Country X. Consequently, the Company is subject to certain risks associated with foreign ownership, including currency, inflation, political and property title risk. On January 13, 2013, a coup was initiated by members of the Region Y army, creating uncertainty within the area where the company operates. Currently, operations are continuing but travel and access to the property may be curtailed due to political instability or risks to personnel which may result in project delays. The Company is closely monitoring the situation and management will continue to provide updates.

REMINDER

To be meaningful to investors, risk disclosure needs to be entity-specific and updated regularly.

G. Use of Financing Proceeds

Disclosure requirement

Item 1.4(i) of Form 51-102F1 requires issuers that have raised capital in a prospectus offering to compare, in tabular form, any changes in the use of proceeds and to explain the impact of the changes on the issuer's ability to achieve its business objectives and milestones.

Commentary

In a prospectus offering an issuer must disclose the principle purposes for which the funds raised will be used. It is important that investors be updated on how the money raised has been spent as the funds raised for mining issuers are often earmarked for specific projects or stages of specific projects. This information allows investors to assess how an issuer is spending the proceeds raised in an offering document.

Answering the following questions in the MD&A provides useful disclosure to investors:

- How does the nature and amount of expenditures made by the issuer compare to the use of proceeds from previous financing?
- How do variances impact future operations?
- How will the variance affect the issuer's ability to achieve its business objective and milestones?
- Will the issuer require additional financing to meet its next milestone?

2. HOW TO AVOID BOILERPLATE DISCLOSURE

Good public disclosure and comprehensive MD&A will help investors understand your business and will assist issuers in complying with the requirements in NI 51-102 and Form 51-102F1. Considering the following questions may assist issuers in preparing a meaningful and useful MD&A.

Venture Issuer Disclosure

Areas	Considerations

Additional disclosure for venture issuers without significant revenue	• Is there a breakdown of material components of:
	  • E&E assets or expenditures?
	  • General and administrative expenses?
	  • Other material costs?
	• Has the breakdown been provided for each of the last two financial years?
	Note: Considered to be a material component of cost if the cost exceeds greater that 20% of total amount of class or $25,000

Mining exploration and development issuers	• Have E&E assets or expenditures been presented on a property-by-property basis?

Discussion of Operations

Areas	Considerations

Exploration Projects	• Has the following disclosure been made for each material project:
	  • A description of the project?
	  • Plans for the project?
	  • Status of the project relative to that plan?
	  • Expenditures made to date and how these relate to anticipated timing and costs to take the project to the next stage of the project plan?

Availability of capital resources	• Are sufficient resources available to meet projected capital commitments? If not, is there disclosure about the expected source(s) of funds to meet those commitments? *Note: Refer to discussion on "liquidity and capital resources"*

Variance in use of prospectus proceeds	• If capital has been raised from a prospectus offering:
	  • Has any difference between the planned use of proceeds and their actual use, been explained?
	  • Has the issuer disclosed how these variances may impact the issuer's ability to take the project to the next stage of the project plan?

Liquidity and Capital Resources

Areas	Considerations

Ability to generate sufficient cash	• Has the issuer analyzed its ability to generate sufficient cash, in the short term and the long term to:
	  • Address working capital requirements?
	  • Maintain properties and agreements in good standing?
	  • Meet spending commitments?
	  • Finance new opportunities?

Working capital requirements	• Are the issuer's working capital requirements disclosed?
	• If a working capital deficiency exists, or is expected, has the issuer discussed and analyzed its:
	  • Ability to meet obligations as they become due?
	  • Plans, if any, to remedy the deficiency?

Spending requirements	• Is there disclosure and analysis about:
	  • Exploration and development expenditures required to maintain properties or agreements in good standing?
	  • Amount, nature and purpose of commitments?
	  • Expenditures that are not yet committed but are required to maintain the issuer's capacity or finance new opportunities?

Sources of financing	• Have the expected sources of financing been identified? • Has the issuer discussed known trends or expected fluctuations in capital resources, including changes in mix and relative cost of resources? • Has the issuer discussed how difficulties in obtaining financing could affect the issuer including status of projects, financing operations and ability to continue as going concern?

Transactions between Related Parties

Areas	Considerations
Disclosure of all RPTs	• Are all transactions between related parties disclosed and discussed?

Identity and relationship of related party	• Is there disclosure of:
	  • The name of the related party (not only the related party's position or relationship with the issuer)?
	  • The name of ultimate beneficiaries of the RPT, where the transaction is conducted through a corporate entity?
	  • The relationship between the issuer and the related party?

Business purpose and economic substance of transaction	• Are the reasons for entering into the RPTs disclosed and explained?
	  • Are the economic benefits to the issuer from each RPT disclosed and explained?
	  • Is there disclosure of the consideration that was paid?

Areas	Considerations
	• Is there an explanation as to why the issuer acquired assets or services from a related party as opposed to an arm's length party? • Is the discussion quantified where possible? *Note: Avoid generic descriptions such as "consulting" or "for services performed"*
Recorded amount of transaction and measurement basis used	• Is the recorded amount of the transaction and the measurement basis used disclosed?
Ongoing or contractual or other commitments	• Is there disclosure and discussion of ongoing contractual or other commitments arising out of RPTs?
Processes and procedures for identifying, evaluating and approving RPTs	• Is there a description of management and board processes and procedures for identifying, evaluating and approving RPTs?

Risk Factors Disclosure

Areas	Considerations
MD&A disclosure	• Is there a discussion of important trends and risks that have affected the issuer's financial statements? • Is there a discussion of trends and risks that are reasonably likely to affect the issuer's financial statements in the future? • Is there a discussion of commitments, events, risks or uncertainties that the issuer reasonably believes will materially affect its future performance? *Note: An issuer should not provide a "laundry list" of every conceivable risk*
Suggested risk management practices	• Does the board have a full understanding of the risks facing the issuer and how those relate to the overall risk appetite of the issuer? • Does the board take appropriate steps to stay informed of key developments that could increase the issuer's risk exposure? • Is there a strategy in place to ensure that significant risks are identified and managed by the board and management?

Part C - Conclusion

Part C – Conclusion

1. CONCLUSION

The MD&A is a key disclosure document that provides information about an issuer's present and future operations and performance. A robust MD&A is necessary to meet the legal requirements of NI 51-102 and supports capital formation by providing investors with key information for investment purposes. Using the guidance in the Notice when preparing interim and annual MD&A will assist issuers in providing meaningful disclosure in their MD&A.

Given its importance to investors, this is an area of disclosure we will continue to assess in our ongoing CD and prospectus review programs. Further information about the CD review program can be found in CSA Staff Notice 51-312 *Harmonized Continuous Disclosure Review Program*. We remind issuers that they will be expected to take corrective action for instances of non-compliance with the MD&A requirements.

2. QUESTIONS AND ADDITIONAL RESOURCES

Please refer your questions to any of the following people:

Kathryn Daniels, Deputy Director, Corporate Finance Branch
Tel: 416.593.8093
Email: kdaniels@osc.gov.on.ca

Marie-France Bourret, Senior Accountant, Corporate Finance Branch
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1.1.2 Black Bean Communications Ltd. et al.

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

AND

IN THE MATTER OF
BLACK BEAN COMMUNICATIONS LTD., GERHARD ("GARY") R. MOHR, AND JOHN FENNER

NOTICE OF WITHDRAWAL

WHEREAS on February 26, 2002, the Ontario Securities Commission (the "Commission") issued a 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") in respect of Black Bean Communications Ltd. ("Black Bean"), Gerhard ("Gary") R. Mohr ("Mohr") and John Fenner ("Fenner");

AND WHEREAS on February 27, 2002, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the Act in relation to a Statement of Allegations filed by Staff of the Commission ("Staff");

AND WHEREAS the Notice of Hearing gave notice to the parties that a hearing would be held on March 8, 2002;

AND WHEREAS on March 8, 2002, the Commission extended the Temporary Order against Black Bean, Mohr and Fenner until the conclusion of the hearing;

AND WHEREAS the hearing in this matter was adjourned *sine die* returnable on no less than seven days' notice;

AND WHEREAS this matter was not brought back on for a hearing;

TAKE NOTICE that Staff withdraw the allegations against Black Bean, Mohr and Fenner.

January 31, 2014

Staff of the Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, ON M5H 3S8

Matthew H. Britton
Tel. (416) 593-8294
Email: mbritton@osc.gov.on.ca

1.2 Notices of Hearing

1.2.1 Quadrexx Hedge Capital Management Ltd. 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
QUADREXX HEDGE CAPITAL MANAGEMENT LTD., QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and TONY SANFELICE

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission at 20 Queen Street West, 17th Floor Hearing Room on February 20, 2014 at 9:30 a.m., or as soon thereafter as the hearing can be held, to consider:

(a) whether, in the opinion of the Commission, it is in the public interest, pursuant to ss. 127 and 127.1 of the Act to order that:

(i) trading in any securities by Quadrexx Hedge Capital Management Ltd., Quadrexx Secured Assets Inc., Miklos Nagy and Tony Sanfelice (the "Respondents") cease permanently or for such period as is specified by the Commission;

(ii) the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;

(iii) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;

(iv) the Respondents be reprimanded;

(v) Miklos Nagy and Tony Sanfelice (the "Individual Respondents") resign one or more positions that they hold as a director or officer of any issuer, registrant or investment fund manager;

(vi) the Individual Respondents be prohibited from becoming or acting as a director or officer of any issuer, registrant and investment fund manager;

(vii) the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager and as a promoter;

(viii) the Respondents each pay an administrative penalty of not more than $1 million for each failure by that Respondent to comply with Ontario securities law;

(ix) each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law; and

(x) the Respondents be ordered to pay the costs of the Commission investigation and the hearing;

(b) whether to make such further orders as the Commission considers appropriate.

BY REASON OF the allegations as set out in the Statement of Allegations of Staff of the Commission dated January 30, 2014 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 31st day of January, 2014

"Josée Turcotte"
Acting Secretary to the Commission

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

AND

IN THE MATTER OF
QUADREXX HEDGE CAPITAL MANAGEMENT LTD., QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and TONY SANFELICE

STATEMENT OF ALLEGATIONS OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. Overview

1. During the period from July 2008 up to and including January 2013 (the "Material Time"), Quadrexx Asset Management Inc. ("Quadrexx") traded in securities of Quadrexx, Quadrexx Secured Assets Inc. ("QSA") and limited partnerships for which Quadrexx Hedge Capital Management Ltd. ("QHCM") was the general partner. During the Material Time, Miklos Nagy ("Nagy") and Tony Sanfelice ("Sanfelice") were the directing minds of Quadrexx, QHCM (up to November 2009 in the case of Sanfelice) and of QSA (from its incorporation in June 2011).

2. During the Material Time, Quadrexx was registered as a limited market dealer ("LMD"). Quadrexx's registration as an LMD was transitioned to exempt market dealer ("EMD") with the coming into force of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") on September 28, 2009. Quadrexx was also registered as investment counsel and portfolio manager, which category transitioned to portfolio manager ("PM") on September 28, 2009. On January 12, 2011, Quadrexx became registered as an investment fund manager ("IFM").

3. Quadrexx traded in securities in reliance on exemptions to the prospectus requirements under the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. In connection with the sale of securities, Nagy and Sanfelice along with QHCM and QSA (collectively the "Respondents") and Quadrexx directly or indirectly engaged or participated in acts, practices or courses of conduct relating to securities that the Respondents and Quadrexx knew or reasonably ought to have known perpetrated a fraud on investors in breach of subsection 126.1(b) of the Act.

5. During the period October 31, 2012 to January 14, 2013, Quadrexx breached subsections 12.1(1) and (2) of NI 31-103 by failing to notify the Commission as soon as possible that its excess working capital was less than zero and by allowing its excess working capital to continue to be below zero.

6. In addition, on or about December 1, 2008, while Quadrexx was the PM for Diversified Assets Limited Partnership ("DALP"), Quadrexx knowingly caused DALP to loan Quadrexx $170,000 in breach of subsection 118(2)(c) of the Act.

7. Quadrexx also failed to deal fairly, honestly and in good faith with its clients in breach of subsection 2.1(1) of Rule 31-505 – *Conditions of Registration* ("OSC Rule 31-505").

8. As officers and/or directors of Quadrexx, QSA and QHCM, Sanfelice and Nagy authorized, permitted or acquiesced in the breaches of Ontario securities law by Quadrexx, QSA and QHCM. In addition, during the Material Time, Sanfelice failed to meet his obligations as Chief Compliance Officer ("CCO") of Quadrexx and Nagy failed to meet his obligations as Ultimate Designated Person ("UDP") of Quadrexx (commencing in December 2009).

II. Background

(a) Quadrexx

9. Quadrexx was an asset management and investment firm that was incorporated in Canada on March 12, 2003.

10. Following a compliance review of Quadrexx by Staff of the Compliance and Registrant Regulation ("CRR") Branch of the Commission, on June 20, 2012, Quadrexx, Nagy and Sanfelice provided Staff of the Commission ("Staff") with an undertaking that all trading in the securities of Quadrexx would cease immediately and that Quadrexx, its employees and representatives would cease trading in all securities of Quadrexx immediately.

11. On January 14, 2013, Quadrexx notified Staff that Quadrexx was capital deficient.

12. By order of the Commission dated February 6, 2013, terms and conditions were placed on Quadrexx's registration as EMD, PM and IFM and on February 18, 2013, Quadrexx's registration as EMD was suspended. By Commission order dated May 15, 2013, Quadrexx's registration as PM and IFM was suspended.

13. On June 18, 2013, Quadrexx filed an assignment under section 49 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B.3, as amended.

(b) The Respondents

14. Nagy has been an officer, director and a directing mind of Quadrexx since its incorporation on March 12, 2003. Nagy was the ultimate responsible person for Quadrexx from November 25, 2004 until September 28, 2009 and the designated compliance officer for Quadrexx from May 16, 2005 to September 28, 2009. Nagy was registered as the UDP of Quadrexx from December 18, 2009 to May 15, 2013. During the Material Time, Nagy was a Chartered Financial Analyst.

15. Sanfelice has been an officer, director and a directing mind of Quadrexx since its inception on March 12, 2003 to April 1, 2013. Sanfelice was registered as the CCO of Quadrexx for each of its registration categories from December 3, 2007 to May 15, 2013. During the Material Time, Sanfelice was a Certified Management Accountant and a Certified General Accountant.

16. QHCM was incorporated in Ontario on May 22, 2007 and acted as the general partner in respect of investment products that were structured as limited partnerships. Nagy has been an officer, director and a directing mind of QHCM since its incorporation on May 22, 2007. Sanfelice was an officer, director and a directing mind of QHCM since its incorporation on May 22, 2007 to November 24, 2009.

17. QSA is a wholly-owned subsidiary of Quadrexx that was incorporated in Canada on June 15, 2011. During the period of June 15, 2011 to March 25, 2013, Nagy was an officer and director and Sanfelice was an officer of QSA. Nagy and Sanfelice were the directing minds of QSA from June 15, 2011 to March 25, 2013. QSA was established to provide investors with a return derived from an investment in a portfolio of U.S. residential mortgage-backed securities.

III. Fraudulent Conduct

(a) Valuation of Canadian Hedge Watch Inc. ("CHW")

18. From July 2008 to May 2009, Quadrexx sold limited partnership units of DALP ("DALP Securities") raising approximately $5.65 million (the "DALP Distribution'). DALP was formed under the *Limited Partnerships Act*, R.S.O. 1990, c. L.16, as amended on June 13, 2008 and was an investment product set up to invest in at least one but not more than three private equity businesses. QHCM was the general partner and Quadrexx was the PM for DALP.

19. Two offering memoranda ("OMs") were delivered to DALP investors in connection with the DALP Distribution, an OM dated June 16, 2008 (the "First DALP OM") and an OM dated February 28, 2009 (the "Second DALP OM") (collectively the "DALP OMs"). The DALP OMs contained statements regarding investments to be made by DALP in CHW, a company incorporated in Ontario on January 23, 2002 that was engaged in the business of providing hedge fund data, information, reports, editorial and news to the Canadian marketplace focussing exclusively on the Canadian hedge fund market.

20. At the time of the First DALP OM, CHW was primarily owned by Nagy (with an approximate 45% interest) and Sanfelice (with an approximate 30% interest) and Nagy and Sanfelice were the directing minds of CHW.

21. The First DALP OM advised investors that if DALP raised $5,000,000 or more, DALP would initially acquire all of the issued and outstanding shares of CHW for a maximum price of $2.65 million. The First DALP OM further provided:

> "The Partnership intends to purchase CHW shares from its existing shareholders for a total price not to exceed $2.65 million in total. Prior to June 30, 2009, the General Partner will engage a third party "business valuator" firm to valuate the fair market value of CHW. The price the Partnership pays for acquiring CHW (either fully or partially) may be adjusted downward should the valuation of CHW be less than $2.65 million." (p. 17)

22. The Second DALP OM stated:

> "The Partnership is purchasing these CHW shares from its prior shareholders for a total price of $2,535,688 in total. The General Partner has engaged a third party "business valuator" firm, to valuate the fair market value of CHW. The price the Partnership will pay for acquiring all of the issued and outstanding shares of CHW $2,535,688 for a full purchase which is at the midpoint of the valuation determined by the valuator." (p. 17)

23. On or about December 11, 2008, CHW, rather than QHCM, engaged Deloitte & Touche LLP ("Deloitte") to perform "an estimate of the fair market value" on CHW. Although Deloitte made clear at that time that an estimate valuation provided a lower level of assurance than a comprehensive valuation and Deloitte offered to prepare a comprehensive valuation of CHW, CHW declined that offer.

24. On or about January 19, 2009, Deloitte communicated to Sanfelice that Deloitte's estimate was well below $2.65 million. Rather than proceed with a valuation from Deloitte and adjust CHW's purchase price down as indicated in the First DALP OM, CHW retained a second valuator.

25. On or about February 10, 2009, CHW retained a second valuator, HJF Financial Inc. ("HJF"), a sole practitioner, to provide "an estimate of the fair market value" of CHW.

26. HJF was given a set of CHW forecasts which, when compared to those provided to Deloitte two months earlier, reflected higher Revenue and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") for CHW for each of the forecasted years.

27. The HJF report dated February 27, 2009 (the "HJF Report") concluded that the estimated fair market value of CHW was between $2,099,397 and $2,971,978 with a midpoint of $2,535,688. HJF made clear in the HJF Report that its conclusions were based on information received from CHW management and that HJF did not independently verify any of the information provided by CHW management.

28. None of the facts referred to at paragraphs 23 to 27 above were communicated to DALP investors.

29. Based on the estimate of fair market value contained in the HJF Report, Nagy and Sanfelice each received approximately $1,223,000 and $819,000 respectively, from the sale of their shares in CHW to DALP.

30. As a result of the above, Nagy, Sanfelice and QHCM directly or indirectly engaged or participated in an act, practice or course of conduct relating to DALP Securities that they knew or reasonably ought to have known perpetrated a fraud on DALP investors in breach of subsection 126.1(b) of the Act and contrary to the public interest.

(b) Use of Quadrexx investor funds to pay dividends to Quadrexx investors

31. From March 2011 to June 2012, Quadrexx issued and sold preferred shares ("Quadrexx Securities") referred to as QAM Class II cumulative redeemable retractable convertible preference shares ("QAM II"), raising approximately $4 million (the "QAM II Distribution").

32. Two OMs were provided to investors in connection with the QAM II Distribution: an OM dated March 8, 2011 (the "First QAM II OM") and an OM dated May 22, 2012 (the "Second QAM II OM") (collectively the "QAM II OMs").

33. Pursuant to the QAM II OMs, investors were advised that QAM II paid dividends in the amount of 12% of the initial issue price of $1,000 per annum, paid at 6% on each of June 30 and December 31 of each year, commencing on June 30, 2011. In the event that Quadrexx missed any dividend payments, the QAM II OMs indicated that these dividends would be due and payable upon redemption or retraction, together with an additional dividend payment calculated at 0.5% per month for each month the cumulative dividend is in arrears.

34. The QAM II OMs advised investors under the heading "Use of Available Funds" that assuming a maximum offering of 7,000 QAM Class II shares, net proceeds of $6,020,000 were intended to be applied in the priority of: up to $4,894,116 for working capital, up to $376,435 to repay a loan owed by Quadrexx to CHW and up to $750,000 to purchase for cancellation up to 1 million Class I preferred shares.

35. The QAM II OMs advised investors that Quadrexx's long term goal over the next 10 years was to establish itself as a medium sized EMD, private wealth and private equity firm with combined assets under management and administration of at least $4,000,000,000. The QAM II OMs further advised investors under the heading "Short Term Objective and How We Intend to Achieve It" that Quadrexx required working capital of $6,020,000 to meet its short term objective to:

> "expand its distribution network through hiring of additional sales force and the acquisition of financial advisory business(es) (ideally with assets under management of between $40,000,000 and $100,000,000)." (p. 11)

36. According to the First QAM II OM, Quadrexx had experienced losses for the years ended 2008 and 2009 and for the nine month period ended September 30, 2010. However, according to the First QAM II OM, Quadrexx projected positive EBITDA of $1,266,000 by the end of 2012 and of $13,764,000 by the end of 2016.

37. During the period of July 1, 2011 to May 1, 2012, Quadrexx paid dividends to investors of approximately $1.3 million using in whole or in part funds raised from the sale of QAM II. From July 1, 2011 to June 19, 2012, Quadrexx raised $3,175,000 from QAM II investors without advising these investors that QAM II investor funds had been and/or would be used in whole or in part to pay dividends to Quadrexx investors.

38. As a result of the above, Nagy, Sanfelice and Quadrexx directly or indirectly engaged or participated in an act, practice or course of conduct relating to Quadrexx Securities that they knew or reasonably ought to have known perpetrated a fraud on Quadrexx investors in breach of subsection 126.1(b) of the Act and contrary to the public interest.

(c) Misappropriation of QSA investor funds

39. From August 2012 to December 2012, Quadrexx sold units of QSA at a price of $1,000 per unit ("QSA Securities") raising $470,660.30 (the "QSA Distribution"). Each unit consisted of 20 Class A shares (valued at $100) and a promissory note in the principal amount of $900 (collectively a "QSA Unit").

40. Two OMs were provided to investors in connection with the QSA Distribution, an OM dated August 31, 2012 (the "First QSA OM") and an OM dated November 30, 2012 (the "Second QSA OM") (collectively the "QSA OMs").

41. QSA made representations to investors in the QSA OMs that the funds raised by the QSA Distribution would be invested in U.S. residential mortgage backed securities.

42. Pursuant to the QSA OMs, 10% of the issue price of the QSA units was payable to Quadrexx by QSA (equating to $100 per unit) on account of selling commissions and another 4% of the issue price was payable to Quadrexx by QSA (equating to $40 per unit) to compensate Quadrexx for the costs of establishing QSA, compensating some of the directors of QSA and marketing the offering of the units (the "4% Cost Recovery Clause").

43. A know-your-product document given to Quadrexx's dealing representatives and a marketing brochure given to potential investors in connection with the QSA Distribution confirmed this fee structure.

44. However, from October 2012 to December 2012, in addition to paying itself 10% of the unit price on account of commissions, Quadrexx paid itself $187,749 from the proceeds raised by the QSA Distribution without following the 4% Cost Recovery Clause which resulted in Quadrexx paying itself $168,922 more than it was entitled to pursuant to the 4% Cost Recovery Clause.

45. As a result of the above, Nagy, Sanfelice, QSA and Quadrexx directly or indirectly engaged or participated in an act, practice or course of conduct relating to QSA Securities that they knew or reasonably ought to have known perpetrated a fraud on QSA investors in breach of subsection 126.1(b) of the Act and contrary to the public interest.

IV. Failure to maintain required working capital

46. Pursuant to subsections 12.1(1) and (2) of NI 31-103, Quadrexx was required to notify the Commission as soon as possible if its excess working capital was less than zero and Quadrexx's excess working capital could not be less than zero for two consecutive days.

47. As referred to above, commencing in October 2012, Quadrexx began inappropriately paying itself fees from the QSA Distribution over and above the fees to which it was entitled under the 4% Cost Recovery Clause. This excess cost recovery inflated Quadrexx's cash position. Had Quadrexx only taken the fees it was entitled to from QSA, Quadrexx's excess working capital would have been below zero by October 31, 2012. Quadrexx did not notify the Commission that its excess working capital was less than zero until January 14, 2013.

48. As a result of the above, during the period October 31, 2012 to January 14, 2013, Quadrexx was in breach of subsections 12.1(1) and (2) of NI 31-103 which conduct was also contrary to the public interest.
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V. Prohibited loan from DALP to Quadrexx

49. On December 1, 2008, Quadrexx transferred $200,000 from DALP's bank account to CHW's bank account. On the same day, CHW transferred $170,000 to Quadrexx. Quadrexx recorded this transfer in its accounting records as a loan from CHW. Based on CHW's bank balance on December 1, 2008, CHW would not have been in a position to loan the $170,000 to Quadrexx without the receipt of the $200,000 from DALP that day. The substance of these transactions was that Quadrexx, the PM for DALP, knowingly caused DALP to loan Quadrexx $170,000, in breach of subsection 118(2)(c) of the Act (that was in force in 2008) and contrary to the public interest.

VI. Failure by Quadrexx to deal fairly, honestly and in good faith with its clients

50. Quadrexx sold DALP Securities, Quadrexx Securities and QSA Securities with knowledge of the facts referred to at paragraphs 23 to 27, 37 and 44 above and without disclosing those facts to investors. As a result, Quadrexx, as a registrant, failed to deal fairly, honestly and in good faith with its clients in breach of subsection 2.1(1) of OSC Rule 31-505.

VII. Failure by Nagy and Sanfelice to fulfill responsibilities as UDP and CCO of Quadrexx and liability as officers and directors

51. Nagy was the UDP of Quadrexx from December 18, 2009 to May 15, 2013. As Quadrexx's UDP, pursuant to section 5.1 of NI 31-103, Nagy had an obligation to supervise the activities of Quadrexx that were directed towards ensuring compliance with securities legislation by Quadrexx and individuals acting on its behalf and to promote compliance by Quadrexx and the individuals acting on its behalf, with securities legislation.

52. As a result of the conduct referred to above, during the period December 18, 2009 to January 14, 2013, Nagy breached his obligations as UDP of Quadrexx pursuant to section 5.1 of NI 31-103 and also acted contrary to the public interest.

53. Sanfelice was the CCO of Quadrexx from December 3, 2007 to May 15, 2013. As Quadrexx's CCO, pursuant to subsection 1.3(1) of OSC Rule 31-505 before September 28, 2009 and on and after September 28, 2009, pursuant to section 5.2 of NI 31-103, Sanfelice had monitoring and reporting obligations in connection with assessing and ensuring Quadrexx's compliance with securities legislation.

54. As a result of the conduct referred to above, Sanfelice breached his obligations as the CCO of Quadrexx pursuant to subsection 1.3(1) of OSC Rule 31-505 from July 2008 to September 27, 2009 and pursuant to section 5.2 of NI 31-103 from September 28, 2009 to January 14, 2013 and also acted contrary to the public interest.

55. In addition, as officers and/or directors of Quadrexx, QSA and QHCM, Sanfelice and Nagy authorized, permitted or acquiesced in the breaches of Ontario securities law by Quadrexx, QSA and QHCM referred to above and, pursuant to section 129.2 of the Act, are deemed to have also not complied with Ontario securities law.

VIII. Breaches of Ontario Securities Law and Conduct Contrary to the Public Interest

56. The specific allegations made by Staff are:

a. Nagy, Sanfelice and QHCM directly or indirectly engaged or participated in an act, practice or course of conduct relating to DALP Securities that they knew or reasonably ought to have known perpetrated a fraud on DALP investors in breach of subsection 126.1(b) of the Act and contrary to the public interest;

b. Nagy, Sanfelice and Quadrexx directly or indirectly engaged or participated in an act, practice or course of conduct relating to Quadrexx Securities that they knew or reasonably ought to have known perpetrated a fraud on Quadrexx investors in breach of subsection 126.1(b) of the Act and contrary to the public interest;

c. Nagy, Sanfelice, Quadrexx and QSA directly or indirectly engaged or participated in an act, practice or course of conduct relating to QSA Securities that they knew or reasonably ought to have known perpetrated a fraud on QSA investors in breach of subsection 126.1(b) of the Act and contrary to the public interest;

d. Quadrexx failed to notify the Commission as soon as possible that its excess working capital was less than zero and Quadrexx's excess working capital was less than zero for two consecutive days in breach of subsections 12.1(1) and (2) of NI 31-103 and contrary to the public interest;

e. Quadrexx knowingly caused an investment portfolio managed by it to make a loan to Quadrexx contrary to subsection 118(2)(c) of the Act (that was in force in 2008) and contrary to the public interest;

f. Quadrexx failed to deal fairly, honestly and in good faith with its clients in breach of subsection 2.1(1) of OSC Rule 31-505;

g. Nagy and Sanfelice, as officers and directors of Quadrexx, authorized, permitted or acquiesced in the breaches by Quadrexx of subsection 126.1(b) of the Act, subsections 12.1(1) and (2) of NI 31-103, subsection 118(2)(c) of the Act that was in force in 2008 and subsection 2.1(1) of OSC Rule 31-505, and thereby, Nagy and Sanfelice are deemed to have breached subsection 126.1(b) of the Act, subsections 12.1(1) and (2) of NI 31-103, subsection 118(2)(c) of the Act that was in force in 2008 and subsection 2.1(1) of OSC Rule 31-505 pursuant to section 129.2 of the Act;

h. Nagy and Sanfelice, as officers and directors of QHCM, authorized, permitted or acquiesced in the breach by QHCM of subsection 126.1(b) of the Act and thereby Nagy and Sanfelice are deemed to have breached subsection 126.1(b) of the Act pursuant to section 129.2 of the Act;

i. Nagy and Sanfelice, as officers and directors of QSA, authorized, permitted or acquiesced in the breach by QSA of subsection 126.1(b) of the Act and thereby Nagy and Sanfelice are deemed to have breached subsection 126.1(b) of the Act pursuant to section 129.2 of the Act;

j. Sanfelice breached his obligations as CCO of Quadrexx contrary to subsection 1.3(1) of OSC Rule 31-505 and, on and after September 28, 2009 contrary to section 5.2 of NI 31-103 and contrary to the public interest; and

k. Nagy breached his obligations as UDP of Quadrexx contrary to section 5.1 of NI 31-103 and contrary to the public interest.

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

Dated at Toronto this 30th day of January, 2014

1.4 Notices from the Office of the Secretary

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

FOR IMMEDIATE RELEASE
January 29, 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 – Staff of the Ontario Securities Commission filed an Amended Statement of Allegations dated January 28, 2014 with the Office of the Secretary in the above noted matter.

A copy of the Amended Statement of Allegations of Staff of the Ontario Securities Commission dated January 28, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

For media inquiries:
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Manager, Public Affairs
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Media Relations Specialist
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For investor inquiries:

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

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

AMENDED STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

I. OVERVIEW

1. This proceeding relates to unregistered trading and advising in commodity futures by Fawad Ul Haq Khan ("Khan") and Khan Trading Associates Inc. carrying on business as Money Plus ("KTA"), in breach of the *Commodity Futures Act*, R.S.O. 1990, Ch. C.20, as amended ("*CFA*") and in a manner that was contrary to the public interest.

2. Staff allege that the Respondents' course of conduct commenced in June 2006 and was ongoing as late as December 2013 (the "Material Time").

II. THE RESPONDENTS

3. KTA is an Ontario company incorporated on November 3, 2010 under the *Canada Business Corporations Act*, R.S.C., 1985, c. C-44.

4. Khan is an individual residing in Mississauga, Ontario, and is the sole owner, director and officer of KTA. Khan's brother was a director of KTA until February 4, 2012.

5. Neither Khan nor KTA have ever been registered with the Commission in any capacity.

III. UNREGISTERED ADVISING AND TRADING

The Trading School

6. Khan operates a trading school located in Mississauga, Ontario. Through radio and newspaper advertisements, as well as the Money Plus website, Khan offers to teach the public how to trade commodity futures contracts (the "contracts"), including foreign exchange and indices. Khan directs and assists his students and his clients (who are not students) to open trading accounts at specific brokerage firms where, unbeknownst to some of them, he and/or KTA receive compensation ("referral fees") for trades made in the accounts being referred.

7. After his students open trading accounts, Khan advises his students, and in some cases, trades on behalf of his students, without being registered, contrary to Ontario commodity futures law and contrary to the public interest.

The Brokerages

8. On April 7, 2006, Khan entered into a "Consulting Agreement for Foreign Consultant" with Global Futures Exchange & Trading Co., Inc. ("Global Futures"), an introducing brokerage firm based in California, U.S.A. Khan referred approximately 600 accounts (the "Referred Accounts") to Global Futures and the majority of these accounts realized a loss over the lifetime of the account. The Consulting Agreement was terminated by Global Futures effective June 30, 2011.

9. Between June 2006 and March 2011, Khan received approximately $345,000 in referral fees from Global Futures. Further, between June 2006 and June 2011, in excess of $6 million was deposited into the Referred Accounts and aggregate net losses from trading totalled approximately $4 million.

10. On February 4, 2011, KTA entered into a "Cooperation (Brokerage) Agreement" with Mirus Futures, LLC ("Mirus"), a brokerage firm based in Illinois, U.S.A. Mirus terminated the agreement on April 5, 2012. Between September 2011 and April 2012, Khan referred approximately 60 accounts to Mirus and KTA received referral fees from Mirus totalling approximately $25,000.

11. In or about September 2011, KTA entered into a Referring Agreement with Forex Capital Markets Ltd. ("FXCM"), located in London, United Kingdom. As of August 2013, Khan was still acting in this capacity and being compensated by FXCM for referring clients to them. Khan referred at least 29 accounts to FXCM and KTA received approximately $32,000 in referral fees from FXCM.

Unregistered Advising

12. Khan and KTA have been providing trading advice to their students, including advising students with respect to which particular contracts to buy or sell, and at which prices to do so. Khan and KTA have also been advising by exercising discretionary trading authority in the accounts of others in a number of cases (see "Unregistered Trading" below).

13. Further, Khan has instructed and invited students to follow and copy his trading or trading strategies. Some students follow Khan's trading or trading advice live via an audio link he provides online while others trade in person at the trading school.

14. Based on this conduct, Khan and KTA are acting as advisors without being registered in accordance with Ontario commodity futures law, in breach of subsection 22(1)(b) of the *CFA*.

Unregistered Trading

15. Khan has exercised discretionary trading authority in at least 25 of the accounts of his students or clients by obtaining a Power of Attorney ("POA") on the account or by opening a joint trading account with the individual(s). Where Khan had a POA, he made all of the trades in the accounts and generally entered into agreements entitling him to share in the profits, but not in the losses.

16. Based on this conduct, Khan and KTA traded in contracts without being registered in accordance with Ontario commodity futures law, in breach of subsection 22(1)(a) of the *CFA*.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

17. Khan and KTA have engaged in conduct contrary to the public interest by making statements that they knew or reasonably ought to have known were misleading or untrue while advising their students in commodity trading. In particular, Khan and KTA made the following misleading representations to their students and clients, through advertisements, presentations and/or on Money Plus' website:

(a) that they would make $200 to $500 per day, as long as they followed Khan's advice, notwithstanding the fact that his students did not make such returns;

(b) that Khan's students had a proven track record of generating high rates of return, notwithstanding the fact that a large majority of his students sustained losses; and

(c) that Khan was an expert in day trading, notwithstanding that he has no formal securities training and has never been registered with the Commission.

18. Khan also failed to disclose his compensation arrangements with various brokerages (including Global Futures, Mirus and FXCM) to some of his students and clients. In particular, some of his students and clients were not aware that whether their trades generated profits or losses, Khan received the same per-trade compensation. While his students and clients were losing the majority of their funds, unbeknownst to some of them, Khan was receiving referral fees from the trades made in their accounts.

19. Further, on January 5, 2010, Staff obtained a written undertaking from Khan and KTA undertaking "not to receive commissions from the public or trade Derivatives/Forex/ Futures/Options from the public unless registered as required and in compliance with the *Commodities Futures Act*". Khan and KTA's ongoing conduct is in contravention of the Undertaking.

V. MISLEADING THE COMMISSION

20. Khan also made statements to Staff that in a material respect and at the time and in the light of the circumstances under which the statements were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading. In particular, Khan misled Staff about:

(a) the nature of the compensation Khan was receiving from Global Futures: Khan denied receiving compensation based on the trading of the accounts he referred when in fact he was compensated in this manner;

(b) the process of Khan's students opening brokerage accounts: Khan stated that he and his representatives did not complete application forms for students and clients, when in fact they did, and caused them to make misrepresentations in their applications; and

(c) Khan's success rate: Khan advised Staff that his students and clients were successful in their trading when in fact the large majority of them sustained losses.

21. Based on this conduct, Khan and KTA have violated subsection 55(1)(a) of the *CFA* and engaged in conduct contrary to the public interest.

VI. CONDUCT CONTRARY TO ONTARIO COMMODITY FUTURES LAW AND CONTRARY TO THE PUBLIC INTEREST

22. Staff allege that the foregoing conduct engaged in by the Respondents constituted breaches of Ontario commodity futures law and/or was contrary to the public interest. In particular:

(a) The Respondents engaged in unregistered trading and advising in commodity futures, in breach of sections 22(1)(a) and (b) of the *CFA* and contrary to the public interest;

(b) The Respondents made misrepresentations to Staff and misled the Commission, in breach of section 55(1)(a) of the *CFA* and contrary to the public interest; and

(c) The Respondents engaged in conduct contrary to the public interest by:

(i) making statements that they knew or reasonably ought to have known were misleading or untrue while advising in commodity trading;

(ii) failing to disclose the compensation arrangements with various brokerages to some of their students and clients; and

(iii) engaging in conduct in contravention of the Undertaking.

23. The course of conduct engaged in by the Respondents as described herein compromised the integrity of Ontario's capital markets, was abusive to Ontario's capital markets and was contrary to the public interest.

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

Dated at Toronto this 28th day of January, 2014

1.4.2 Newer Technologies Limited et al.

FOR IMMEDIATE RELEASE
January 29, 2014

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

AND

IN THE MATTER OF
NEWER TECHNOLOGIES LIMITED,
RYAN PICKERING AND RODGER FREY

TORONTO – The Commission issued an Order in the above named matter which provides that the date of January 30, 2014 at 10:00 a.m. set for the confidential pre-hearing conference be vacated.

A copy of the Order dated January 24, 2014 is available at www.osc.gov.on.ca.

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1.4.3 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
January 29, 2014

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION, ALLEN CHAN,
ALBERT IP, ALFRED C.T. HUNG, GEORGE HO,
SIMON YEUNG and DAVID HORSLEY

TORONTO – Take notice that the Translation Motion in the above named matter scheduled to be held on January 31, 2014 commencing at 10:00 a.m. is vacated.

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1.4.4 Sterling Grace & Co. Ltd. and Graziana Casale

FOR IMMEDIATE RELEASE
January 29, 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 – Take notice that the hearing in the above named matter has been rescheduled to commence on February 19, 2014 at 10:00 a.m. and will continue on February 20 and 21, 2014.

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1.4.5 Global Energy Group, Ltd. et al.

FOR IMMEDIATE RELEASE
January 29, 2014

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

AND

IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD.,
NEW GOLD LIMITED PARTNERSHIPS,
CHRISTINA HARPER, HOWARD RASH,
MICHAEL SCHAUMER, ELLIOT FEDER,
VADIM TSATSKIN, ODED PASTERNAK,
ALAN SILVERSTEIN, HERBERT GROBERMAN,
ALLAN WALKER, PETER ROBINSON,
VYACHESLAV BRIKMAN, NIKOLA BAJOVSKI,
BRUCE COHEN and ANDREW SHIFF

TORONTO – The Commission issued an Order in the above named matter which provides that the Temporary Order is extended against Rash until April 1, 2014 and the hearing to consider a further extension of the Temporary Order is adjourned to March 28, 2014 at 10:00 a.m.

A copy of the Order dated January 29, 2014 is available at www.osc.gov.on.ca.

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1.4.6 Global RESP Corporation and Global Growth Assets Inc.

FOR IMMEDIATE RELEASE
January 30, 2014

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

AND

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

TORONTO – The Commission issued an Order in the above named matter pursuant to section 127 of the Act that the hearing is adjourned to March 6, 2014 at 11:00 a.m.

A copy of the Order dated January 29, 2014 is available at www.osc.gov.on.ca.

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1.4.7 Welcome Place Inc. et al.

FOR IMMEDIATE RELEASE
January 30, 2014

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

AND

IN THE MATTER OF
WELCOME PLACE INC., DANIEL MAXSOOD
also known as MUHAMMAD M. KHAN, TAO ZHANG,
and TALAT ASHRAF

TORONTO – The Commission issued an Order in the above named matter which provides that, pursuant to subsections 127(7) and 127(8) of the Act, the Temporary Order is extended until the final disposition of the proceeding resulting from Staff's investigation in this matter, including, if appropriate, any final determination with respect to sanctions and costs, or further Order of the Commission, and specifically:

1. that all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;

2. that the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

3. that this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission.

A copy of the Order dated January 27, 2014 is available at www.osc.gov.on.ca.

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1.4.8 Northern Securities Inc. et al.

FOR IMMEDIATE RELEASE
January 31, 2014

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

AND

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

AND

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

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

1. the hearing regarding sanctions and costs shall be heard on June 9, 10 and 11, 2014 commencing at 10:00 a.m. each day; and

2. the parties shall adhere to the Schedule, subject to further order of the Commission.

A copy of the Order dated January 27, 2014 is available at www.osc.gov.on.ca.

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1.4.9 Newer Technologies Limited et al.

FOR IMMEDIATE RELEASE
January 31, 2014

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

AND

IN THE MATTER OF
NEWER TECHNOLOGIES LIMITED,
RYAN PICKERING AND RODGER FREY

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

1. The dates of March 17, 18, 19, 20, 21, 24, and 26, 2014 set for the hearing on the merits be vacated;

2. The hearing on the merits in this matter will commence on September 8, 2014, and will continue thereafter on September 10, 11, 12, and 15, 2014; and

3. A prehearing conference will be held on June 2, 2013 at 10:00 a.m.

A copy of the Order dated January 30, 2014 is available at www.osc.gov.on.ca.

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1.4.10 Blackwood & Rose Inc. et al.

FOR IMMEDIATE RELEASE
January 31, 2014

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

AND

IN THE MATTER OF
BLACKWOOD & ROSE INC., STEVEN ZETCHUS and
JUSTIN KRELLER (also known as JUSTIN KAY)

TORONTO – Take notice that a hearing to determine sanctions and costs in the above named matter is scheduled to commence on March 12, 2014 at 11:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th Floor.

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1.4.11 North American Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
January 31, 2014

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

AND

IN THE MATTER OF
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI AND
LUIGINO ARCONTI

TORONTO – The Commission issued an Order in the above named matter which provides that Smith is granted leave to withdraw as counsel of record for the Respondents.

A copy of the Order dated January 31, 2014 is available at www.osc.gov.on.ca.

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1.4.12 Innovative Gifting Inc. et al.

FOR IMMEDIATE RELEASE
February 3, 2014

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

AND

IN THE MATTER OF
INNOVATIVE GIFTING INC., TERENCE LUSHINGTON,
Z2A CORP. AND CHRISTINE HEWITT

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 and the Order dated January 30, 2014 are available at www.osc.gov.on.ca.

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1.4.13 Quadrexx Hedge Capital Management Ltd. et al.

FOR IMMEDIATE RELEASE
February 3, 2014

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

AND

IN THE MATTER OF
QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and TONY SANFELICE

TORONTO – The Office of the Secretary issued a Notice of Hearing on January 31, 2014 setting the matter down to be heard on February 20, 2014 at 9:30 a.m. as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission at 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated January 31, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated January 30, 2014 are available at www.osc.gov.on.ca.

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1.4.14 Black Bean Communications Ltd. et al.

FOR IMMEDIATE RELEASE
February 3, 2014

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

AND

IN THE MATTER OF
BLACK BEAN COMMUNICATIONS LTD.,
GERHARD ("GARY") R. MOHR, AND JOHN FENNER

TORONTO – Staff of the Ontario Securities Commission filed a Notice of Withdrawal against the Respondents, Black Bean Communications Ltd., Gerhard ("Gary") R. Mohr and John Fenner as of January 31, 2014 in the above noted matter.

A copy of the Notice of Withdrawal dated January 31, 2014 is available at www.osc.gov.on.ca.

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1.4.15 Tricoastal Capital Partners LLC et al.

FOR IMMEDIATE RELEASE
February 3, 2014

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

AND

IN THE MATTER OF
TRICOASTAL CAPITAL PARTNERS LLC,
TRICOASTAL CAPITAL MANAGEMENT LTD. and
KEITH MACDONALD SUMMERS

TORONTO – The Commission issued an Order in the above named matter which provides that the Temporary Order is extended until August 8, 2014, or until further order of the Commission; and the hearing of this matter is adjourned to August 6, 2014 at 10:00 a.m. or to such other date or time as provided by the Office of the Secretary and agreed to by the parties.

A copy of the Order dated February 3, 2014 is available at www.osc.gov.on.ca.

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1.4.16 Crown Hill Capital Corporation and Wayne Lawrence Pushka

FOR IMMEDIATE RELEASE
February 4, 2014

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

AND

IN THE MATTER OF
CROWN HILL CAPITAL CORPORATION and
WAYNE LAWRENCE PUSHKA

TORONTO – The Commission issued an Order in the above named matter which provides that the sanctions hearing shall commence on February 24, 2014 and continue on February 26, 27 and 28, 2014, as may be necessary.

A copy of the Order dated January 31, 2014 is available at www.osc.gov.on.ca.

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1.4.17 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
February 4, 2014

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION, ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG,
GEORGE HO, SIMON YEUNG and DAVID HORSLEY

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

1. additional hearing dates for the Merits Hearing are hereby added on September 16-19, 2014; September 22 , 2014; September 24-26, 2014; September 30; 2014; October 1-3, 2014; October 6, 2014; October 8-10, 2014; October 14, 2014; November 12-14, 2014; November 17, 2014; February 23, 2015; February 25 to 27, 2015; March 3 to 6, 2015; March 9, 2015; March 11 to 13, 2015; March 17 to 20, 2015; March 23, 2015; March 25 to 27, 2015; March 31, 2015; April 1 to 2, 2015; April 8 to 10, 2015; April 14 to 17, 2015; April 20, 2015; April 22 to 24, 2015; April 28 to 30, 2015; May 1, 2015; May 4, 2015; May 6 to 8, 2015; May 12 to 15, 2015; May 20 to 22, 2015; May 26 to 29, 2015; June 3 to 5, 2015; and June 9, 2015;

2. the hearing dates scheduled for January 7 to 9, 2015; January 12, 2015; January 14 to 16, 2015; January 20 to 23, 2015; January 26, 2015; January 28 to 30, 2015; February 3 to 6, 2015; February 9, 2015; February 11 to 13, 2015; and February 17 to 20, 2015 are hereby vacated;

3. for clarity, Staff's case shall commence on September 2, 2014 and continue on all scheduled Merits Hearing dates up to and including December 19, 2014 and the Respondents' case shall commence on February 23, 2015 and continue on all scheduled Merits Hearing dates up to and including June 9, 2015;

4. the Revised Translations Motion shall be held on June 23, 2014 commencing at 10:00 a.m. and shall continue on June 24 and 25, 2014, or such other dates and times as ordered by the Commission; and

5. the pre-hearing conference in this matter shall be continued on February 18, 2014 at 10:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary.

A copy of the Order dated January 31, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Atlantis Systems Corp. – s. 1(10)

Headnote

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

Ontario Statutes

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

January 28, 2014

Atlantis Systems Corp.
99 Wyse Road, Suite 940
Dartmouth, Nova Scotia B3A 4S5

Dear Sirs/Mesdames:

Re: Atlantis Systems Corp. (the Applicant) – application for a decision under the securities legislation of Ontario and Québec (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.2 Desjardins Financial Security Investments Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from the commission rebate prohibitions in paragraph 7.1(1)(b) and subsection 7.1(3) of NI 81-105 Mutual Fund Sales Practices to permit participating dealers to pay a commission rebate to clients when clients switch into related mutual funds – Relief subject to conditions that mitigate conflicts.

Applicable Legislative Provisions

National Instrument 81-105 Mutual Fund Sales Practices, ss. 7.1(1)(b), 7.1(3), 9.1.

January 17, 2014

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

AND

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

AND

IN THE MATTER OF
DESJARDINS FINANCIAL SECURITY INVESTMENTS INC.
(DSFI or the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption under Section 9.1 of National Instrument 81-105 *Mutual Fund Sales Practices* (c. V-1.1., r. 41) (NI 81-105) exempting the Filer and its present and future representatives (the Representatives) from the prohibitions contained in paragraph 7.1(1)(b) and subsection 7.1(3) of NI 81-105 prohibiting the Filer and its Representatives from paying all or any part of a fee or commission payable by a securityholder on the redemption of securities of a mutual fund that occurs in connection with the purchase by the securityholder of securities of another mutual fund that is not in the same mutual fund family (a commission rebate) where the Filer is a member of the organization of the mutual fund the securities of which are being acquired (the Exemption Sought).

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions* (c. V-1.1, R. 3) 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. DSFI is registered in each of the provinces and territories of Canada as a dealer in the category of mutual fund dealer. DSFI is also registered in the category of exempt market dealer in certain provinces. DSFI is a member of the Mutual Fund Dealers Association of Canada. The head office of DSFI is located in Québec City, Québec.

2. The Filer is a "member of the organization" (within the meaning of NI 81-105) of the mutual funds managed by Desjardins Investments Inc. (DSP), known as the "Desjardins Funds". The Filer may become in the future, a "member of the organization" of other mutual funds, since the parent company or an affiliate of the Filer may establish or acquire interests in corporations that are managers of mutual funds (Future Affiliated Funds).

3. The Filer is an indirect subsidiary of La Fédération des caisses Desjardins du Québec (la Fédération). DSP is also a direct wholly-owned subsidiary of la Fédération.

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

5. The Filer acts as a participating dealer (within the meaning of National Instrument 81-102 *Mutual Funds*) in respect of the Desjardins Funds and acts as participating dealer for third party managed mutual funds.

6. The Filer has been selling third-party managed mutual funds for a certain number of years and currently distributes third-party managed mutual funds from more than 70 unaffiliated fund manufacturers. The Filer has been selling the Desjardins Funds since November 25, 2013 but is not allowing any commission rebates for such funds.

7. The Filer acts independently from la Fédération. The Filer and its Representatives are free to choose which mutual funds to recommend to their clients and consider recommending the Desjardins Funds to their clients in the same way as they consider recommending other third party mutual funds. The Filer and its Representatives comply with their obligation at law and only recommend mutual funds that they believe would be suitable for their clients and in accordance with their clients' investment objectives. DSP provides the Filer with the compensation described in the prospectus of the Desjardins Funds in the same manner as DSP does for any participating dealer selling securities of the Desjardins Funds to their clients. All compensation and sales incentives paid to the Filer by any member of the organization of the Desjardins Funds or of any Future Affiliated Funds will comply with NI 81-105.

8. Neither the Filer, nor any of its Representatives, is or will be subject to quotas (whether express or implied) in respect of selling the Desjardins Funds. Neither the Filer nor la Fédération or any other member of their organization, provide any incentive (whether express or implied) to the Filer's Representatives or to the Filer to encourage those Representatives or the Filer to recommend the Desjardins Funds over third-party managed mutual funds.

9. The Filer complies with NI 81-105, including the rules dealing with internal dealer incentive practices prescribed under Part 4 of NI 81-105 in its compensation practices with the Representatives.

10. No Representative of the Filer has an equity interest in the Filer (within the meaning of NI 81-105) or in any other member of the organization of the Desjardins Funds.

11. The prohibition in subsection 7.1(3) of NI 81-105 means that neither the Filer nor its Representatives can reimburse their client for any fees or commissions incurred by those clients when they decide to switch into a Desjardins Fund or a Future Affiliated Fund from another mutual fund. Subsection 7.1(1) of NI 81-105 allows the Filer and its Representatives to pay commission rebates only when the client decides to switch from one third party fund to another third party fund, and provided the disclosure and consent procedure established in section 7.1 is followed. Payment of commission rebates by the Filer and its Representatives benefit the client so that the client does not incur costs in switching from one fund to another.

12. In the absence of the Exemption Sought, a client of the Filer who effects a redemption of mutual fund securities that are subject to a redemption charge and who uses the proceeds thereof to purchase securities of a Desjardins Fund or Future Affiliated Fund would not have the benefit of a commission rebate from the Filer or a Representative, while a client who uses the proceeds of such redemption to purchase securities of a mutual fund unaffiliated to the Filer could have the benefit of a commission rebate from the Filer or a Representative. In circumstances where a Representative believes that a Desjardins Fund or Future Affiliated Fund is the most suitable fund for the client, the Filer believes that the prohibition in paragraph 7.1(3) of NI 81-105 may discourage the client from trading in the recommended Desjardins Fund or Future Affiliated Fund. This may not be in the client’s best interests.

Decision

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

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

(a) The Representatives and the Filer will comply with the provisions of paragraph 7.1(1)(a) of NI 81-105.

(b) The Representatives and the Filer will comply with the disclosure and consent provisions of Part 8 of NI 81-105.

(c) The clients of the Filer will be advised by the Filer and its Representatives, in writing and in advance of finalizing the switch, that any commission rebate proposed to be made available in connection with the purchase of securities of Desjardins Funds or Future Affiliated Funds:

  (i) will be available to the client regardless of whether the redemption proceeds are invested in a Desjardins Fund, a Future Affiliated Fund or a third party fund (to the maximum of the commission earned by the Representative on the purchase);

  (ii) will not be conditional upon the purchase of securities of a Desjardins Fund or a Future Affiliated Fund; and

  (iii) in all cases, be not more than the amount of the gross sales commission earned by the Filer on the client's purchase of a Desjardins Fund or a Future Affiliated Fund.

(d) The actual amount of the commission rebate paid in respect of the switch will be not more than the amount referred to in paragraph (c)(iii) above.

(e) The Filer or its Representatives that provide commission rebates will not be reimbursed directly or indirectly in respect of the commission rebate in connection with a switch to a Desjardins Fund or a Future Affiliated Fund by any member of the organization of that fund, other than the Filer which may make the reimbursement under this Decision.

(f) Neither the Filer nor any of its Representatives is, or will be, subject to quotas whether express or implied in respect of selling securities of a Desjardins Fund or a Future Affiliated Fund.

(g) Except as permitted by NI 81-105, neither the Filer nor any member of the respective organization of the Desjardins Funds or of any Future Affiliated Funds provides or will provide any incentive whether express or implied to any Representative or to the Filer to encourage the Representatives to recommend to clients the Desjardins Funds or Future Affiliated Funds over third-party funds.

(h) The Filer's compliance policies and procedures that relate to this decision will emphasize that any commission rebate agreed to be paid to a client by a Representative cannot be conditional on the client acquiring a Desjardins Fund or a Future Affiliated Fund and will be made available to the client if the client wishes to switch to an unaffiliated third-party fund.

(i) This decision shall cease to be operative with respect to a Decision Maker following the entry into force of a rule of that Decision Maker which replaces or amends section 7.1 of NI 81-105.

“Eric Stevenson”
Superintendent, Client Services and Distribution Oversight

2.1.3 Fortis Inc. et al.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107), s. 5.1 – the Filers request relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit the Filers to prepare their financial statements in accordance with U.S. GAAP.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1.

January 24, 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
FORTIS INC. (FORTIS), ON BEHALF OF ITSELF AND FORTISBC HOLDINGS INC.,
FORTISBC ENERGY INC., FORTISBC INC., FORTISALBERTA INC., NEWFOUNDLAND POWER INC.
AND CARIBBEAN UTILITIES COMPANY, LTD.
(COLLECTIVELY, THE FILERS)

DECISION

Background

The principal regulator in the Jurisdiction (the **Principal Regulator**) has received an application from Fortis on behalf of itself and the other Filers for a decision under the securities legislation of the Jurisdiction (the **Legislation**) seeking an exemption (the **Exemption Sought**) from the requirements of section 3.2 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report.

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 Filers have 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 British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and Nunavut (the **Passport Jurisdictions**); and

(c) the decision is the decision of the Principal Regulator and automatically results in an equivalent decision in the Passport Jurisdictions.

Interpretation

In this decision:

(a) unless otherwise defined herein, terms defined in National Instrument 14-101 – *Definitions*, MI 11-102 and NI 52-107 have the same meaning; and

(b) "activities subject to rate regulation" has the meaning ascribed in the Handbook.

Representations

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

Fortis Inc.

1. Fortis is principally a diversified utility holding company and was continued under the *Corporations Act* (Newfoundland and Labrador) on August 28, 1987. The head office of Fortis is in St. John's, Newfoundland and Labrador.

2. Fortis is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions other than the Yukon Territory, the Northwest Territories and Nunavut and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

FortisBC Holdings Inc.

3. FortisBC Holdings Inc. (**FHI**) is a utility holding company incorporated under the laws of British Columbia. The head office of FHI is in Vancouver, British Columbia.

4. FHI is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

FortisBC Energy Inc.

5. FortisBC Energy Inc. (**FEI**) is a gas distribution company incorporated under the laws of British Columbia. The head office of FEI is in Vancouver, British Columbia.

6. FEI is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

FortisBC Inc.

7. FortisBC Inc. (**FBC**) is an integrated electric utility incorporated under the laws of British Columbia. The head office of FBC is in Kelowna, British Columbia.

8. FBC is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions other than the Yukon Territory, the Northwest Territories and Nunavut and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

FortisAlberta Inc.

9. FortisAlberta Inc. (**FAB**) is an electricity distribution company incorporated under the laws of Alberta. The head office of FAB is in Calgary, Alberta.

10. FAB is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions other than the Yukon Territory, the Northwest Territories and Nunavut and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

Newfoundland Power Inc.

11. Newfoundland Power Inc. (**NPI**) is an integrated electric utility incorporated under the laws of Newfoundland and Labrador. The head office of NPI is located in St. John's, Newfoundland and Labrador.

12. NPI is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions other than the Yukon Territory, the Northwest Territories and Nunavut and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

Caribbean Utilities Company, Ltd.

13. Caribbean Utilities Company, Ltd. (**CUC**) is an integrated electric utility incorporated under the laws of the Cayman Islands. The head office of CUC is located in Grand Cayman, Cayman Islands.

14. CUC is a reporting issuer or equivalent in the Jurisdiction and each of the Passport Jurisdictions other than the Yukon Territory, the Northwest Territories and Nunavut and, to its knowledge, is not in default of securities legislation in any jurisdiction in Canada.

General

15. Each of FHI, FEI, FBC, FAB, NPI and CUC are subsidiaries of Fortis and the financial results of such subsidiaries are reflected in the consolidated financial statements prepared and filed by Fortis.

16. Each of the Filers has activities subject to rate regulation.

17. None of the Filers is an SEC issuer.

18. Were any of the Filers SEC issuers, they would be permitted by section 3.7 of NI 52-107 to file their financial statements prepared in accordance with U.S. GAAP.

19. By an order cited as *Re Fortis Inc., on behalf of itself and FortisBC Holdings Inc., FortisBC Energy Inc., FortisBC Inc., FortisAlberta Inc., Newfoundland Power Inc. and Caribbean Utilities Company, Ltd.*, (2011) 34 OSCB 6705, each of the Filers has been granted relief substantially similar to the Exemption Sought (the **Existing Relief**).

20. The Existing Relief will expire not later than 1 January 2015.

21. The International Accounting Standards Board (**IASB**) continues to work on a project focusing on accounting specific to activities subject to rate regulation. It is not yet known when this project will be completed or whether IFRS will include a specific standard that is mandatory for entities with activities subject to rate regulation.

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:

(a) the Existing Relief is revoked;

(b) the Exemption Sought is granted to each Filer in respect of the Filer's financial statements required to be filed on or after the date of this order, provided that the Filer prepares those financial statements in accordance with U.S. GAAP; and

(c) the Exemption Sought will terminate in respect of a Filer on the earliest of the following:

(i) 1 January 2019;

(ii) if that Filer ceases to have activities subject to rate regulation, the first day of the Filer's financial year that commences after the Filer ceases to have activities subject to rate regulation; and

(iii) the effective date prescribed by the IASB for the mandatory application of a standard within IFRS specific to entities with activities subject to rate regulation.

“Cameron McInnis”
Chief Accountant
Ontario Securities Commission

2.1.4 Flint Energy Services Ltd. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

Citation: Re Flint Energy Services Ltd., 2014 ABASC 30

January 29, 2014

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 - 1st Street SW
Calgary, AB T2P 5H1

Attention: Kelsey Armstrong

Dear Madam:

Re: Flint Energy Services Ltd. (the Applicant) – Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Denise Weeres"
Manager, Legal
Corporate Finance

2.1.5 Lone Pine Resources Inc.

Headnote

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

Ontario Statutes

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

January 30, 2014

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

AND

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

AND

IN THE MATTER OF
LONE PINE RESOURCES 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 (the **Exemptive Relief Sought**) under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is deemed to have ceased to be a reporting issuer.

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

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

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

Interpretation

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

Representations

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

1. The Filer is a Delaware corporation with its head office located in Calgary, Alberta.

2. The Filer is a reporting issuer under the Legislation in each of the Jurisdictions and is not in default of the Legislation.

3. The Filer is also subject to reporting requirements under U.S. federal securities law as it is required to file reports under section 15(d) of the 1934 Act, as amended.

4. The Filer is an "SEC foreign issuer" within the meaning of National Instrument 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and, pursuant to that instrument and other accommodations available to foreign reporting issuers under the Legislation, generally satisfies its continuous disclosure requirements under the Legislation through compliance with corresponding reporting obligations under U.S. federal securities law, filing its U.S. disclosure documents with Canadian regulators, and sending to its Canadian shareholders the same materials it sends to U.S. shareholders.

5. The outstanding shares of common stock of the Filer (**Existing Common Shares**) were previously listed on the New York Stock Exchange (**NYSE**) and Toronto Stock Exchange (**TSX**), but were removed from listing and registration on the NYSE on October 22, 2013 and were delisted from the TSX on October 31, 2013.

6. The outstanding securities of the Filer currently consist of:

   (a) 86,860,176 Existing Common Shares; and

   (b) stock options and other incentive awards issued under the Filer's current stock incentive plan (collectively, **Stock Incentive Awards**), pursuant to which an aggregate of 2,610,622 Existing Common Shares are issuable in accordance with the terms and conditions thereof.

7. Lone Pine Resources Canada Ltd. (**LPR Canada**) is an Alberta corporation with its head office located in Calgary, Alberta.

8. LPR Canada is not a reporting issuer under the Legislation.

9. LPR Canada is a wholly-owned subsidiary of the Filer, which currently holds, directly and indirectly,

all of the issued and outstanding shares (the **Outstanding LPRC Shares**) of LPR Canada.

10. The outstanding securities of LPR Canada consist of:

    (a) the Outstanding LPRC Shares; and

    (b) US$195 million principal amount of unsecured 10.375% senior notes due 2017 (the **Notes**).

11. The Notes were issued in exchange for an equal principal amount of 10.375% senior notes due 2017 of LPR Canada initially issued on a private placement basis, primarily in the United States to "qualified institutional buyers" under U.S. federal securities law with a relatively small portion (less than 10%) sold in Canada to "accredited investors" under applicable Canadian securities legislation.

12. The payment obligations of LPR Canada under the Notes are guaranteed (on an unsecured basis) by the Filer and each of the Filer's other subsidiaries.

13. On September 25, 2013, the Filer, LPR Canada and all other subsidiaries of the Filer (collectively, the **Lone Pine Group**) commenced proceedings in the Court of Queen's Bench of Alberta (Court) under the *Companies' Creditors Arrangement Act* (**CCAA**), and ancillary proceedings under Chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, to obtain protection from creditor actions against them and undertake a comprehensive capital reorganization and corporate restructuring of the Lone Pine Group (the **Restructuring**).

14. The Restructuring is being undertaken with the support of holders of approximately 75% of the outstanding Notes pursuant to support agreements dated September 24, 2013 between the Lone Pine Group and such holders (the **Initial Consenting Noteholders**).

15. PricewaterhouseCoopers Inc. was appointed by the Court to act as monitor of the Lone Pine Group in connection with the CCAA proceedings (in such capacity, the **Monitor**).

16. The terms and conditions of the proposed Restructuring are set forth in a plan of compromise and arrangement issued by the Lone Pine Group under the CCAA (as amended, supplemented or restated from time to time in accordance with its terms, the **Plan**), which provides for the following principal transactions:

    (a) outstanding Notes and other claims against the Lone Pine Group (other than equity claims) that are compromised under the Plan will be exchanged for a pro rata distribution of common equity securities consisting of new common shares of the Filer and new common shares of LPR Canada (collectively, **New Common Shares**);

    (b) eligible holders of Notes or other claims against the Lone Pine Group (other than equity claims) that are compromised under the Plan will subscribe for and purchase not less than US$100 million of preferred equity securities consisting of new multiple voting shares of the Filer and new preferred shares of LPR Canada (collectively, **New Preferred Shares**), which holders will include certain of the Initial Consenting Noteholders who have agreed to subscribe for any portion of the offering that is not taken up by other eligible holders pursuant to pro rata subscription rights; and

    (c) all existing "equity interests" in the Filer within the meaning of the CCAA, which includes the Existing Common Shares and the Stock Incentive Awards, will be cancelled and the holders thereof will cease to be securityholders of the Filer or any other member of the Lone Pine Group.

17. Cancellation of the Existing Common Shares and the Stock Incentive Awards is in accordance with the priority scheme between debt and equity under the CCAA and insolvency legislation generally, and is a consequence of the Lone Pine Group being unable to fully pay the priority claims of its affected unsecured creditors.

18. Affected unsecured creditors whose claims against the Lone Pine Group (other than equity claims) are compromised under the Plan include trade creditors, whose claims are also unsecured and subject to the same treatment under the Plan as the Notes.

19. The Plan also provides for a cash pool of up to $700,000 from which to pay in cash unsecured debt claims of $10,000 or less (or that the holder thereof elects to reduce to $10,000), subject to adjustment in accordance with the Plan and prorating in the event that eligible demand on the cash pool exceeds the maximum amount available.

20. The number of New Preferred Shares issued under the Plan will be three (3) times the number of New Common Shares, such that the New Common Shares will represent 25% of total Lone Pine Group equity immediately following imple-

mentation and the New Preferred Shares will represent 75%.

21. The total number of New Common Shares and New Preferred Shares to be distributed under the Plan will be as agreed to by the Lone Pine Group, the Monitor and the requisite majority of Initial Consenting Noteholders.

22. Lone Pine will retain a controlling voting interest in LPR Canada pursuant to the Plan.

23. The Plan was approved by affected unsecured creditors of the Lone Pine Group, in accordance with the requirements of the CCAA and applicable Court orders, at meetings held on January 6, 2014 for the purpose of voting on the Plan (the Creditors' Meetings). The required majority for creditor approval was, at the respective Creditors' Meeting of each Lone Pine Group member, a majority in number of affected unsecured creditors representing at least two-thirds in value of the voting claims. The Plan was in fact approved at the respective Creditors' Meetings by over 98% of the number of affected creditors who voted holding, in each case, more than 99% of the voting claims.

24. On January 9, 2014, the Court granted an order sanctioning and approving the Plan pursuant to the CCAA (the **Sanction Order**). On January 10, 2014 the United States Bankruptcy Court for the District of Delaware granted an order recognizing the Sanction Order pursuant to Chapter 15 of the United States Bankruptcy Code.

25. Implementation of the Plan is subject to satisfaction or waiver of various conditions precedent set forth therein. Assuming satisfaction or waiver of these conditions within the expected time frames, the Filer anticipates implementing the Plan and completing the Restructuring on or before January 31, 2014.

26. Except as otherwise provided in the Plan, the transactions to be effected on implementation of the Plan are to occur in the sequence specified therein commencing at 12:01 a.m. (Calgary time) or such other time as the Lone Pine Group, the Monitor and the requisite majority of Initial Consenting Noteholders may agree (the **Effective Time**) on the day (the **Plan Implementation Date**) on which the Monitor delivers a certificate stating that the Plan is effective in accordance with its terms and the terms of the Sanction Order.

27. It is a condition precedent to implementation of the Plan, pursuant to the provisions of the Plan and the support agreements with the Initial Consenting Noteholders, that neither the Filer nor LPR Canada be a reporting issuer under the securities legislation of any jurisdiction of Canada.

28. The information circular of the Lone Pine Group dated December 13, 2013 relating to the Plan and the Creditors' Meetings (the **Information Circular**) disclosed that the Filer intends to apply to the Decision Makers for the Exemptive Relief Sought, such that its reporting obligations under the Legislation would terminate in connection with implementation of the Plan, and that to the extent necessary the order requested from the Decision Makers would also apply to LPR Canada.

29. The Information Circular also disclosed that the new shares distributed under the Plan would be subject to resale restrictions, and that if the Filer or LPR Canada, as applicable, as issuer of the shares proposed to be traded, was not a reporting issuer in a Canadian jurisdiction then such restrictions will generally require that the trade qualify for a further exemption from the prospectus requirements.

30. The Information Circular further disclosed that, on or as soon as practicable following implementation of the Plan, the Filer intends to take all such steps as are available to it under U.S. federal securities law to terminate and/or suspend its reporting obligations thereunder.

31. The Filer expects to be able to terminate and/or suspend its reporting obligations under U.S. federal securities law following implementation of the Plan on the basis of having fewer than 300 securityholders.

32. Upon implementation of the Plan, the only securityholders of any remaining Lone Pine Group member (**Post-Closing Securityholders**), other than (i) another Lone Pine Group member to the extent of inter-company shareholdings or (ii) directors, officers or employees to the extent of any awards that may be made under a new share incentive plan, will be former holders of Notes (**Noteholders**) or trade creditors whose claims against the Lone Pine Group are compromised under the Plan and that:

    (a) receive, in connection with the compromise of their claims, New Common Shares; and

    (b) to the extent they validly elect in accordance with the Plan to subscribe for New Preferred Shares and are eligible thereunder to do so, purchase New Preferred Shares.

33. Accordingly, the aggregate number of Post-Closing Securityholders will be a function of the number of Noteholders and trade creditors whose claims against the Lone Pine Group are compromised under the Plan in exchange for New Common Shares. Purchasers of New Preferred Shares under the Plan will be a subset of this

group, and information regarding holders of Existing Common Shares and Stock Incentive Awards is not relevant to an assessment of Post-Closing Securityholder numbers as they will be cancelled on implementation of the Plan.

34. The Notes are issued in book-entry form and represented by global certificates registered in a nominee name of The Depository Trust Company (**DTC**), with beneficial interests therein recorded in records maintained by DTC and its participants as financial intermediaries that hold securities on behalf of their clients. In accordance with industry practice and custom the Filer has obtained from Broadridge Financial Solutions Inc. (**Broadridge**) a geographic survey of beneficial holders of Notes as of January 9, 2014 (the **Geographic Report**), which provides information as to the number of Noteholders and Notes held in each jurisdiction of Canada, in the United States and elsewhere. Broadridge advises that its reported information is based on securityholder addresses of record identified in the data files provided to it by the financial intermediaries holding Notes. Accordingly, insofar as such intermediaries do not accurately or completely respond to the survey, or address information is not representative of residency, the information is imperfect.

35. The Geographic Report covers approximately 82% of the outstanding principal amount of Notes and reports a total of 67 Noteholders holding US$159,671,000 principal amount of Notes, with nine (9) resident in Ontario holding US$13,800,000 principal amount (representing approximately 7% of the total principal amount outstanding or approximately 9% of the principal amount reported) and none resident in any other jurisdiction of Canada. Extrapolating these numbers across the full US$195 million principal amount of Notes outstanding would imply a total of 82 Noteholders.

36. Noteholder information reported in the Geographic Report, which is as of January 9, 2014, is broadly consistent with account information provided by DTC participants to the Monitor and agents in connection with the Creditors' Meeting materials dissemination and proxy collection process, which related to an October 25, 2013 record date and covered the full US$195 million principal amount. The account information provided indicated a total of 117 Noteholder accounts who may become Post-Closing Securityholders, of which only 12 (holding an aggregate principal amount of US$15,075,000) appeared to be Canadian.

37. In addition to Noteholders, the Filer has determined that, after giving effect to elections to participate in the cash pool described in paragraph 19 above, 28 Canadian trade creditors located in Alberta may also become Post-Closing Securityholders pursuant to the Plan. The aggregate share ownership of all such trade creditors will be less than 0.2% of the total number of New Common Shares and New Preferred Shares that will be issued on implementation of the Plan.

38. Based on diligent inquiries, the Filer has determined that, other than directors, officers or employees with respect to any awards that may be made on implementation of the Plan under a new share incentive plan, immediately following implementation of the Plan:

    (a) there could be up to 120 Post-Closing Securityholders in total;

    (b) not more than 50 Post-Closing Securityholders will be resident in Canada; and

    (c) other than Alberta, where 28 trade creditors may become Post-Closing Securityholders pursuant to the Plan, not more than 15 Post-Closing Securityholders will be resident in any Canadian jurisdiction.

39. The Plan contemplates that a new share incentive plan will be implemented in connection with the Restructuring pursuant to which shares will be reserved for issuance, after implementation of the Plan, to directors, officers and employees of the Filer and LPR Canada. The terms of such plan have not yet been determined, but any grantee of awards thereunder will (if the Exemptive Relief Sought is granted) be aware of the fact that neither the Filer nor LPR Canada is a reporting issuer under the Legislation. The Lone Pine Group had 36 employees (including officers) as at December 31, 2013.

40. New Common Shares and New Preferred Shares to be issued upon implementation of the Plan will not be qualified for distribution to the public under any applicable Canadian securities laws and will be subject to restrictions on transfer in Canada. New Common Shares and New Preferred Shares will be distributed to the Initial Consenting Noteholders and other affected unsecured creditors that become Post-Closing Securityholders under the Plan, pursuant to the exemption from the prospectus requirement in section 2.11 of National Instrument 45-106 *Prospectus and Registration Exemptions*, and such securities held by such persons will be subject to the resale restrictions specified in subsection 2.6(3) of National Instrument 45-102 *Resale of Securities*.

41. The Exemptive Relief Sought has been applied for in all jurisdictions of Canada in which the Filer is currently a reporting issuer, and if it is granted (i) the Filer will cease to be a reporting issuer in any jurisdictions of Canada and (ii) LPR Canada will not become a reporting issuer in any jurisdiction

as a consequence of the Plan and completion of the transactions provided therein.

42. Upon implementation of the Plan no securities of the Filer or of LPR Canada, including debt securities, will be traded in Canada or another country on a "marketplace" (as that term is 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.

43. Lone Pine and LPR Canada have no current intention to seek financing by way of public offering of securities in Canada or to distribute securities to the public in Canada (other than New Common Shares and New Preferred Shares on the Plan Implementation Date as described in paragraph 16 above).

44. The Filer will promptly issue a news release upon the occurrence of the Plan Implementation Date. The news release will specify that the Filer is no longer a reporting issuer as of the Effective Time on the Plan Implementation Date.

Decision

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

The decision of the Decision Makers under the Legislation is that provided that the Plan Implementation Date occurs on or before February 28, 2014, the Exemptive Relief Sought is granted effective immediately before the Effective Time on the Plan Implementation Date.

"Denise Weeres"
Manager, Legal
Corporate Finance
Alberta Securities Commission

2.1.6 Aviva Canada Inc.

Headnote

MI 11-102 – Exemption from requirement to register as investment fund manager – accumulation of assets of individual subsidiary insurance companies resulted in an investment fund – insurance companies regulated under separate legislation, no offer to the public of units of limited partnership – Section 25(4) Securities Act (Ontario) and Section 7.3 of NI 31-103.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 7.3.
Securities Act (Ontario), ss. 25(4), 74.

January 31, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the "Jurisdiction")

AND

IN THE MATTER OF
AVIVA CANADA INC.
(the "Filer")

DECISION

Background

The Ontario Securities Commission (the "**Decision Maker**") has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for exemptive relief from Subsection 25(4) of the *Securities Act* (Ontario) (the "**Act**") exempting the Filer from the investment fund manager registration requirement contained in Subsection 25(4) of the Act (the "**Requested Relief**") with respect to the Limited Partnership (as defined below). The exemption is being sought pursuant to Section 74(1) of the Act.

Interpretation

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

Representations

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

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

2. The Filer, through its operating subsidiaries, provides property and casualty insurance in Canada.

3. The Filer and six of its subsidiaries that are insurance companies, being Aviva Insurance Company of Canada, Traders General Insurance Company, Elite Insurance Company, Pilot Insurance Company, Scottish & York Insurance Co. Limited and S&Y Insurance Company (each, an "**Insurer**", and, collectively, the "**Insurers**") propose to establish a limited partnership (the "**Limited Partnership**") to hold investments that would otherwise be held individually by the Insurers.

4. The Filer will be the general partner of the Limited Partnership, a limited partnership to be established under the *Limited Partnership Act* (Ontario) whose principal place of business will be located in Toronto, Ontario.

5. The Insurers will be the limited partners of the Limited Partnership. The Insurers would be able from time to time to subscribe for additional limited partnership interests in the Limited Partnership and to redeem some or all of their limited partnership interests in the Limited Partnership.

6. The Limited Partnership will be an "investment fund" in Ontario, as such term is defined in the Act.

7. Aviva Investors Canada Inc., which is an affiliate of the Filer and the Insurers and provides investment advisory services to the Insurers, will be the initial portfolio manager of the investment portfolio of the Limited Partnership. Aviva Investors Canada Inc. is registered in Ontario as a portfolio manager and exempt market dealer. Aviva Investors Canada Inc. may engage one or more other affiliates of the Filer and the Insurers as a sub-adviser in respect of its portfolio management services in connection with the Limited Partnership.

8. The Limited Partnership, directly or through the Filer, is expected to pay any portfolio manager compensation for investment management services rendered in connection with the Limited Partnership.

9. The Filer is not in default of securities legislation in Ontario.

10. Pursuant to the limited partnership agreement (the "**Partnership Agreement**") that will govern the relationship between the Filer, as general partner, and the Insurers, as limited partners (the "**Limited Partners**") the limited partnership interests of the Limited Partners will not be transferable without the prior written consent of the general partner of the Limited Partnership (the "**General Partner**") and no party may become a limited partner of the Limited Partnership unless it is an insurance company that is a wholly-owned subsidiary of the Filer. The Limited Partnership initially will have seven (7) beneficial security holders, being the Filer and the Insurers. The Limited Partnership is not intended to ever have more than fifty (50) beneficial security holders.

11. The Limited Partnership is being formed to manage the investments of the Insurers. The pooling of the investment portfolios of the Insurers is intended to achieve improved risk management, capital management and operating performance.

12. As all the Insurers are regulated insurance companies in Canada, the structure of the Limited Partnership requires approval from the Office of the Superintendent of Financial Institutions (Canada) ("**OSFI**"), which approval has been obtained.

13. The structure that was approved by OSFI contemplates that the investment portfolio of the Limited Partnership would be managed in compliance with the requirements of the *Insurance Companies Act* (Canada), the regulations made thereunder, guidance issued by OSFI and the investment policies applicable to the Limited Partners.

14. The Partnership Agreement will include a covenant by the General Partner to exercise its powers, and discharge its duties, under the Partnership Agreement honestly, in good faith, with a view to the best interests of the Limited Partnership, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

15. It is not intended that the Limited Partnership would seek to borrow money from the public.

16. It is not intended that the Limited Partnership would become a reporting issuer, as such term is defined in the Act, and its securities will not be listed on any stock exchange. As such, it is not intended that the Limited Partnership would distribute its securities to the public.

Decision

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

The decision of the Decision Maker under the Legislation is that the Requested Relief is granted.

January 31, 2014

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.7 Aviva Investors Canada Inc.

Headnote

Relief granted from paragraph 13.5(2)(b) of NI 31-103 to permit trades between investment portfolios of affiliates and limited partnership, all subsidiaries of same parent – inter-entity trades will comply with conditions of section 6.1(2) of NI 81-107 except for requirements to have an Independent Review Committee and obtain its approval of trades – contribution transactions will take place at fair value of securities, as defined in IFRS, at the close of business on the business day immediately preceding the date of transfer.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 13.5(2)(b), 15.1.
National Instrument 81-107 Independent Review Committee for Investment Funds, ss. 6.1(2), 6.1(4).

February 3, 2014

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(the "Jurisdiction")

AND

IN THE MATTER OF
AVIVA INVESTORS CANADA INC.
(the "Filer")

DECISION

Background

The Ontario Securities Commission (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for an exemption pursuant to section 15.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) from section 13.5(2)(b) of NI 31-103, which prohibits a registered adviser from knowingly causing an investment portfolio managed by it to purchase and sell securities from a responsible person or an investment fund for which a responsible person acts as an adviser in order to permit (i) the Filer to allow the Limited Partnership (as defined below) to accept contributions in kind from the Companies (as defined below) in respect of the limited partnership interests to be acquired by the Companies and (ii) the Filer to purchase and sell securities to or from the investment portfolios of the Limited Partnership, the Current Companies and the Future Companies (as such terms are defined below) for which the Filer acts as an adviser (the **Exemption Sought**).

Interpretation

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

a. **"Current Market Price of the Security"** means,

(i) if the security is an exchange-traded security or a foreign exchange-traded security,

A. the closing sale price on the day prior to the transaction as reported on the exchange upon which the security is listed or the quotation trade reporting system upon which the security is quoted, or

B. if there are no reported transactions for the day prior to the transaction, the average of the highest current bid and lowest current ask for the security as displayed on the exchange upon which the security is listed or the quotation trade reporting system upon which the security is quoted, or

C. if the closing sale price on the day prior to the transaction is outside of the closing bid and closing ask, the average of the highest current bid and lowest current ask for the security as

displayed on the exchange upon which the security is listed or the quotation trade reporting system upon which the security is quoted; or

(ii) for all other securities, the average of the current values determined on the basis of reasonable inquiry; and

b. "Market Integrity Requirements" means

(i) if the security is an exchange-traded security, the purchase or sale

A. is printed on a marketplace that executes trades of the security; and

B. complies with the market conduct and display requirements of the marketplace, its regulation services provider and securities regulatory authorities; or

(ii) if the security is a foreign exchange-traded security, the purchase or sale complies with the requirements that govern transparency and trading of foreign exchange-traded securities on the foreign exchange or foreign quotation and trade reporting system; or

(iii) for all other securities, the purchase or sale is through a dealer, if the purchase or sale is required to be reported by a registered dealer under applicable securities legislation.

Representations

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

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

2. The Filer is registered under applicable securities legislation in each of the provinces of Canada, including Ontario, as a dealer in the category of exempt market dealer and as an adviser in the category of portfolio manager.

3. The Filer is not in default of securities legislation in Ontario.

4. The Filer is an indirectly wholly-owned subsidiary of Aviva plc (**Aviva**) and is an affiliate of Aviva Canada Inc. (**ACI**), which is also an indirect wholly-owned subsidiary of Aviva.

5. ACI, through its operating subsidiaries, provides property and casualty insurance in Canada. The operating subsidiaries are Aviva Insurance Company of Canada, Traders General Insurance Company, Elite Insurance Company, Scottish & York Insurance Co. Limited, S&Y Insurance Company and Pilot Insurance Company (collectively, the **Current Companies**), each of which is an insurance company organized under the laws of Canada and a wholly-owned subsidiary of ACI.

6. ACI and the Current Companies are proposing to establish a limited partnership (the **Limited Partnership**) to hold investments that would otherwise be held individually by the Current Companies. The Current Companies would be the initial limited partners of the Limited Partnership and ACI would be the general partner of the Limited Partnership. The Current Companies would be able, from time to time, to subscribe for additional limited partnership interests in the Limited Partnership and to redeem some or all of their limited partnership interests in the Limited Partnership. The limited partnership agreement that will govern the relationship among the partners of the Limited Partnership will provide that no party may become a limited partner of the Limited Partnership unless it is an insurance company that is a wholly-owned subsidiary of ACI. Further insurance companies that are wholly-owned subsidiaries of ACI (the **Future Companies**) could in future be admitted as limited partners of the Limited Partnership. (The Current Companies and the Future Companies are referred to herein, collectively, as the **Companies**.)

7. The Limited Partnership is being formed to manage the investments of the Companies. The pooling of the investment portfolios of the Companies is intended to achieve improved risk management, capital management and operating performance.

8. The Filer currently manages the investment portfolios of the Current Companies, is proposed to act as the manager of the investment portfolio of the Limited Partnership and in the future may manage the investment portfolios of Future Companies.

9. The Current Companies are insurance companies that are regulated by the Office of the Superintendent of Financial Institutions (**OSFI**) and have applied for and received authorization from OSFI to proceed with the structure of the Limited Partnership.

10. Each Current Company proposes to contribute some or all of its investment portfolio to the Limited Partnership.

11. The Limited Partnership will be an "investment fund" as such terms are defined in the *Securities Act* (Ontario) (the **Act**).

12. It is not intended that the Limited Partnership would become a reporting issuer, as such term is defined in the Act, or that its securities would be listed on any stock exchange. None of the Current Companies is a reporting issuer and it is not anticipated that any Future Company would be a reporting issuer.

13. The assets proposed to be contributed by the Companies to the Limited Partnership are investments that will be permitted as investments for the Limited Partnership in accordance with its investment guidelines.

14. The transfer of securities by the Companies to the Limited Partnership on their contribution to it (the **Contribution Transactions**) will take place at fair value, as defined in International Financial Reporting Standards (**IFRS**), at the close of business on the business day immediately preceding the date of transfer.

15. Following the formation of the Limited Partnership and the contribution of assets to it by the Current Companies, it is proposed that the Filer be permitted to purchase and sell securities to or from the investment portfolios of any of the Limited Partnership, the Current Companies and the Future Companies for which the Filer is acting as portfolio manager (the **Inter-Entity Trades**).

16. The objective of the Inter-Entity Trades is to minimize transaction costs, optimize the investment strategies of the Limited Partnership and the Companies and to ensure effective risk management by minimizing market risk due to price fluctuations and market volatility.

17. The Filer has established written policies and procedures relating to trades between clients' investment portfolios that would apply to Inter-Entity Trades involving the Limited Partnership and the Companies.

18. Each of the Limited Partnership and the Companies, as applicable, have or will have entered into an investment management agreement or other documentation with the Filer that permits the Contribution Transactions and Inter-Entity Trades.

19. The Contribution Transactions and Inter-Entity Trades would be made in accordance with the investment guidelines applicable to the Limited Partnership or the Companies, as applicable.

20. The Contribution Transactions and Inter-Entity Trades will be made directly or indirectly for the exclusive and mutual benefit of the Limited Partnership and the Companies, as applicable.

21. In the absence of the relief requested in this application, to the extent that a Company is a responsible person of the Filer (i) the Inter-Entity Trades would be considered a purchase or sale of securities, knowingly caused by the Filer to or from the investment portfolio of a responsible person or an investment fund for which a responsible person acts as an adviser, contrary to Section 13.5(2)(b) of NI 31-103 and, (ii) to the extent that the Filer's appointment as portfolio manager of the Limited Partnership is effective before a Contribution Transaction and the Company party to the Contribution Transaction is a responsible person of the Filer, the Contribution Transaction may be considered, by reason of the Limited Partnership accepting a contribution in kind, a purchase or sale of securities, knowingly caused by the Filer to or from the investment portfolio of a responsible person to an investment fund for which a responsible person acts as an adviser, contrary to section 13.5(2)(b) of NI 31-103.

Decision

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

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

1. Each of the Limited Partnership and the Companies are not reporting issuers in Canada;

2. The investment management agreement or other documentation in respect of the investment portfolios of each of the Limited Partnership and the Companies permits the Contribution Transactions and Inter-Entity Trades;

3. The Contribution Transactions and Inter-Entity Trades are consistent with the investment guidelines for the investment portfolios of the Limited Partnership and the Companies, as applicable;

4. In the case of the Contribution Transactions, the transfer of securities by the Companies to the Limited Partnership will take place at fair value, as defined in IFRS, at the close of business on the business day immediately preceding the date of transfer.

5. In the case of the Inter-Entity Trades:

   (a) At the time of the Inter-Entity Trade,

      (i) the bid and ask price of the security is readily available;

      (ii) the Companies or the Limited Partnership party to the Inter-Entity Trade, as applicable receives no consideration other than the purchase price of the security, in the case of the seller, and the only cost for the trade is the nominal cost incurred by the party to print or otherwise display the trade;

      (iii) the Inter-Entity Trade is executed at the Current Market Price of the Security;

      (iv) the Inter-Entity Trade is subject to Market Integrity Requirements; and

      (v) each of the Companies or the Limited Partnership party to the Inter-Entity Trade, as applicable, keeps written records of its Inter-Entity Trades including,

         A. a record of each purchase and sale of securities,

         B. the parties to the trade, and

         C. the terms of the purchase or sale

         for five years after the end of the fiscal year in which the trade occurred, the most recent two years in a reasonably accessible place;

   (b) Each Inter-Entity Trade represents the business judgment of the Filer uninfluenced by considerations other than the best interests of the investment portfolios of each of the Companies and the Limited Partnership party to the Inter-Fund Trade, as applicable;

   (c) Each Inter-Entity Trade is in compliance with the Filer's written policies and procedures relating to trades between clients' investment portfolios that would apply to Inter-Entity Trades involving the Limited Partnership and the Companies; and

   (d) Each Inter-Entity Trade achieves a fair and reasonable result for the investment portfolios of each of the Companies and the Limited Partnership.

February 3, 2014

"Marrianne Bridge"
Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission

2.1.8 Mercator Minerals Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102, s. 13.1 Continuous Disclosure Obligations – An issuer requires relief from the credit supporter disclosure requirements in an information circular for a business combination – The credit supporter's sole obligation is to provide cash to support the payment of put rights; the deposit of cash is a condition to closing the transaction in favour of the Filer; the Filer has represented that it will not waive this condition; the cash will be held by an independent escrow agent for payment of the put rights directly to put right holders; the cash will be under the sole control of the escrow agent and not subject to any set-offs, counterclaims, or security held by creditors; the Filer's information circular will disclose the amount of cash to be held by the escrow agent and the process for exercising the put rights.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.

January 31, 2014

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

AND

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

AND

IN THE MATTER OF
MERCATOR MINERALS LTD.
(the Filer)

DECISION

Background

1 The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Filer from the requirement that an information circular contain Credit Supporter Disclosure (as defined below) in connection with the credit support being provided by Daselina Investments Ltd. (Daselina) for securities to be distributed under a proposed business combination between the Filer and Intergeo MMC Ltd (Intergeo) (the Exemption Sought).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102) is intended to be relied upon in Alberta, Saskatchewan, Manitoba and Nova Scotia; and

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

Interpretation

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

Representations

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

1. the Filer is a corporation existing under the *Business Corporations Act* (British Columbia) (the BC Act) and the head office of the Filer is located at 1050 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6;

2. the Filer is a producing copper-molybdenum mining company, with a property that has been in operation for more than 45 years; the principal metal produced by the Filer is copper, with revenues being derived from the production of copper, molybdenum and silver in concentrates and cathode copper;

3. the Filer's common shares are listed on the Toronto Stock Exchange (TSX) under the symbol "ML";

4. the Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia and is not in default of securities legislation in any jurisdiction;

5. the Filer is proposing a business combination with Intergeo to be consummated through a plan of arrangement under the BC Act (the Transaction) pursuant to an arrangement agreement between the Filer and Intergeo dated December 12, 2013 (the Arrangement Agreement); the Transaction was announced on December 12, 2013;

6. to the best knowledge of the Filer, upon due inquiries:

   (a) Intergeo is a company existing under the laws of the British Virgin Islands and the head office of Intergeo is located in the British Virgin Islands;

   (b) Intergeo is a copper focused mineral resource company currently developing, exploring and acquiring base metal properties in Russia;

   (c) Intergeo has two shareholders, of which Daselina owns approximately 99.02% of Intergeo;

   (d) Daselina is a company existing under the laws of the British Virgin Islands with the head office located in the British Virgin Islands;

   (e) Daselina does not produce International Financial Reporting Standards or Canadian/US GAAP compliant audited annual or interim financial statements and does not prepare annual or interim management's discussion and analysis (MD&A); and

   (f) none of the securities of either Intergeo or Daselina have been distributed to the public;

7. in connection with the Transaction, the Filer will prepare, file on the System for Electronic Document Analysis and Retrieval (SEDAR), and mail to shareholders of the Filer, a management information circular (the Mercator Circular); the Mercator Circular will provide shareholders of the Filer with notice of a special meeting that will be called and held to consider the approval of the Transaction and will describe, among other things, the terms of the Transaction and the securities to be issued in connection with the Transaction, including the Put Rights (as defined below);

8. item 14.2 of Form 51-102F5 requires that, in respect of restructuring transactions under which securities are to be changed, exchanged, issued or distributed, management information circulars must include disclosure for, among others, each entity that would result from the restructuring transaction, if the securityholders of the company in respect of which the management information circular has been prepared will have an interest in that entity after the restructuring transaction has been completed; the disclosure in this circumstance must be the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that the applicable entity would be eligible to use immediately prior to the sending and filing of the information circular in respect of the restructuring transaction, for a distribution of securities in the jurisdiction;

9. immediately prior to sending and filing the Mercator Circular, the Resulting Issuer will be eligible only to use a long form prospectus prepared in accordance with Form 41-101F1, *Information Required in a Prospectus* (Form 41-101F1);

10. pursuant to Item 33.1 of Form 41-101F1, where a credit supporter has provided alternative credit support (as defined in NI 51-102) for all or substantially all of the payments to be made under the securities being

distributed in connection with a prospectus, the prospectus is required to include certain disclosures about the credit supporter, including financial statements and management's discussion and analysis, as if the credit supporter were the issuer of the securities and such other information about the credit supporter as is necessary to provide full, true and plain disclosure of all material facts concerning the securities to be distributed (the Credit Supporter Disclosure);

11. on completion of the Transaction, among other things: (i) existing shareholders of the Filer will own approximately 15% of the outstanding common shares of the combined company (the Resulting Issuer) and will receive one transferable put right (Put Right) for each common share of the Filer held; (ii) one Put Right will be issued in respect of each restricted share unit or deferred share unit of the Filer which will vest on closing of the Transaction; (iii) Daselina will own approximately 85% of the outstanding common shares of the Resulting Issuer; and (iv) the common shares of the Resulting Issuer will be consolidated on a 1 for 50 basis;

12. each Put Right will entitle, but will not require, the holder to sell one common share of the Resulting Issuer to the Resulting Issuer at a price of $5.00 (based on a pre-consolidation price of $0.10 per share) (the Put Right Price); each Put Right will be exercisable by its holder during the period commencing 18 months from the closing date of the Transaction and ending 30 months from such closing date (the Exercise Window);

13. the Filer anticipates the share capital of the Resulting Issuer on closing of the Transaction will be comprised of approximately 41,821,500 common shares and 6,348,452 Put Rights, of which approximately 35,286,230 common shares will be held by Daselina and 6,348,452 common shares and 6,348,452 Put Rights will be held by current securityholders of the Filer;

14. as a condition to the obligation of the Filer to complete the Transaction (the Support Condition), Daselina is required to deposit cash in the amount of approximately Cdn$31,744,404 (the Daselina Support) with Computershare Trust Company of Canada or its affiliate (the Put Right Trustee) as trustee of the Put Rights and escrow agent under a Put Rights indenture (the Put Rights Indenture) to be entered into among the Filer, Daselina and the Put Right Trustee;

15. the Filer will not complete the Transaction unless the Support Condition is satisfied;

16. upon its provision of the Daselina Support, Daselina will be a "credit supporter" (as defined in NI 51-102) and the Resulting Issuer will be a "credit support issuer" (as defined in NI 51-102);

17. the purpose of the Daselina Support is to fully support the Resulting Issuer's obligation (the Supported Obligation) to pay the aggregate exercise price upon the exercise of all of the Put Rights issued on the closing of the Transaction (the Supported Put Rights); the amount of the Daselina Support is equal to the amount that will be required to be paid to the holders if they exercise all of the Supported Put Rights;

18. subsequent to the closing of the Transaction, approximately 531,345 additional Put Rights may be issued upon the exercise of each warrant or option of the Resulting Issuer outstanding on closing of the Transaction (the Additional Put Rights), all of whose exercise prices are significantly higher than the Put Right Price; the holders of the Mercator options and warrants are at arm's length to Intergeo and Daselina;

19. the Daselina Support will not be available to support the Resulting Issuer's obligation to pay the Put Right Price of any exercised Additional Put Rights; Daselina will have no obligation to provide any additional funds that may be required to purchase shares pursuant to the exercise of Additional Put Rights (or otherwise);

20. the Arrangement Agreement sets out certain provisions to be included in the Put Rights Indenture, including that the Daselina Support will be under the sole dominion and control of the Put Right Trustee, solely available to fund the Put Right Price and not be subject to any set-offs, counterclaims, or security held by any creditors of Daselina, the Resulting Issuer or the Resulting Issuer's subsidiaries;

21. the Put Rights Indenture will provide the following procedures for the exercise of Put Rights and the payment of the exercise price (the Exercise Procedures):

    (a) in any given month during the Exercise Window, a registered holder of Put Rights may exercise the Put Rights by delivering to the Put Right Trustee a written notice in the form attached to the Put Rights Indenture together with the common shares required to be purchased by the Resulting Issuer;

    (b) each month, the Put Right Trustee will notify the Resulting Issuer of the aggregate number of Put Rights exercised that month and the aggregate Put Right Price to be paid to the Put Rights holders;

(c) following its receipt of the notice from the Put Right Trustee, the Resulting Issuer will deposit with the Put Right Trustee an amount equal to:

(i) the amount sufficient to pay the aggregate Put Right Price of the Additional Put Rights exercised in that month; plus

(ii) the lesser of: (a) the aggregate Put Right Price of the Supported Put Rights exercised in that month; and (b) the amount of the "Available Cash" (as defined in the Put Rights Indenture) in respect of such month (less the amount referred to in clause (i) above);

(d) the Put Right Trustee will be obligated to drawdown from the Daselina Support and deliver directly to the exercising holders the amount required to pay the aggregate Put Right Price of the Supported Put Rights exercised in such month less the amount, if any, deposited by the Resulting Issuer in accordance with paragraph (c)(ii) above; and

(e) all exercised Put Rights will be cancelled;

22. the Put Rights Indenture will provide that:

(a) for so long as any Supported Put Rights remain outstanding, the Put Rights Trustee will be required to hold the Daselina Support in trust for the holders of the Supported Put Rights;

(b) Put Rights that have not been exercised prior to the expiry of the Exercise Window will expire; and

(c) the unused portion of the Daselina Support, if any, will be delivered to Daselina only after all of the Supported Put Rights have been cancelled or expired;

23. the Put Rights Indenture will be filed on SEDAR under the Resulting Issuer's profile;

24. the Mercator Circular will be prepared in accordance with NI 51-102, except for the Credit Supporter Disclosure; and

25. the Mercator Circular will include, among other things:

(a) details of the Daselina Support, including the estimated amount of cash to be held by the Put Right Trustee;

(b) a description of the Exercise Procedures;

(c) disclosure that the number of Supported Put Rights will be equal to the number of common shares of the Resulting Issuer held by existing shareholders of the Filer (which have not dissented) upon completion of the Transaction;

(d) prominent risk disclosure that the number of common shares of the Resulting Issuer in the public float will be reduced and could be eliminated through the exercise of Put Rights, that the Resulting Issuer could, as a result, cease to meet the minimum continuing listing requirements of the TSX and that its common shares could be delisted from the TSX; and

(e) prominent risk disclosure that, if the intrinsic value of the Resulting Issuer's common shares is below the Put Right Price, the trading price of the Resulting Issuer's common shares may be supported by the Put Right Price such that the common shares may trade at prices that exceed their intrinsic value while the Put Rights are outstanding.

Decision

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

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

"Brent W. Aitken"
Vice Chair
British Columbia Securities Commission

2.1.9 MD Physician Services Inc.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from sections 2.3(f), 2.3(h), 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 – Mutual Funds to permit a mutual fund to use ETFs to invest up to 10 percent of its net assets, in aggregate, in gold and other physical commodities provided that no more than 2.5 percent of the mutual fund's net assets may be invested in any one commodity sector, other than gold and silver – ETFs will be traded on a Canadian or U.S. stock exchange – subject to 10 percent exposure to physical commodities, in aggregate, and certain conditions.

Applicable Legislative Provisions

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

February 3, 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
MD PHYSICIAN SERVICES INC.
(the Filer or MDPSI)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an exemption pursuant to section 19.1 of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) exempting MD Strategic Yield Fund and MD Strategic Opportunities Fund (the Funds) from:

(a) clauses 2.3(f) and (h) of NI 81-102 to permit the Funds to invest indirectly in physical commodities (in addition to gold, which is permitted by clause 2.3(e) of NI 81-102) through investments in Gold/Silver ETFs (as defined below) and/or Other Physical Commodity ETFs (as defined below); and

(b) clauses 2.5(2)(a) and (c) of NI 81-102 to permit the Funds to invest in the following categories of exchange-traded funds traded on a stock exchange in Canada or the United States that do not qualify as "index participation units" (as defined in NI 81-102) (**ETFs**):

(i) gold or silver ETFs, whether on an unlevered basis (**Unlevered Gold/Silver ETFs**) or based on a multiple of 200% (**Leveraged Gold/Silver ETFs** and together with Unlevered Gold/Silver ETFs, **Gold/Silver ETFs**); and

(ii) ETFs that have exposure to one or more physical commodities other than gold or silver, on an unlevered basis (**Other Physical Commodity ETFs**) (collectively, Gold/Silver ETFs and Other Physical Commodity ETFs, **Commodity ETFs**)

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

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

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

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

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 and NI 81-102 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 Funds

1. MDPSI is the investment fund manager of each Fund. MDPSI is registered as a portfolio manager in each of the provinces and territories of Canada and is registered in Ontario in the category of exempt market dealer and investment fund manager. MDPSI is also registered as an investment fund manager in each of the provinces of Newfoundland and Labrador and Quebec. MDPSI is indirectly wholly owned by the Canadian Medical Association.

2. The Funds are open-end mutual fund trusts created under the laws of the Province of Ontario.

3. The securities of the Funds are qualified for distribution pursuant to a simplified prospectus and annual information form, including Fund Facts documents, that have been prepared and filed in accordance with the securities legislation of the Jurisdictions. The Funds are reporting issuers or the equivalent in each Jurisdiction.

4. None of the Filer or any of the MD Funds is in default of securities legislation in any Jurisdiction.

5. As with all of the mutual funds managed by MDPSI, the Funds will be available for investment by "qualified eligible investors," which essentially means that the investors must be either physicians who are members of the Canadian Medical Association or relatives of those individuals. The Funds will also be available for investment by certain institutional investors who enter into institutional investment agreements with MDPSI, which includes institutional investors approved by MDPSI and other mutual funds managed by MDPSI that use a fund-on-fund structure. Securities of the mutual funds managed by MDPSI are available for acquisition only through MD Management Limited, a registered investment dealer and member of the Investment Industry Regulatory Organization of Canada (**IIROC**).

6. The Funds are members of the family of mutual funds known as the MD Funds. There are twenty-one other mutual funds in this family of mutual funds that are Canadian, US or international equity funds, Canadian or global fixed income funds, or Canadian money market funds.

7. The Funds will principally invest in equity securities, exchange traded funds listed on a Canadian or U.S. stock exchange and fixed income securities that emphasize alternative or non-traditional asset classes or strategies. The Funds will also have exposure to currencies and commodities.

    (a) MD Strategic Yield Fund — its investment objective is to provide income and long-term capital appreciation. It will principally invest in equity securities, exchange traded funds listed on a Canadian or U.S. stock exchange and fixed income securities that emphasize alternative or non-traditional asset classes or strategies. It will also have exposure to currencies and commodities.

    (b) MD Strategic Opportunities Fund — Its investment objective is to provide long-term capital appreciation. It will principally invest in equity securities, exchange traded funds listed on a Canadian or U.S. stock exchange and fixed income securities that emphasize alternative or non-traditional asset classes or strategies. It will also have exposure to currencies and commodities.

8. The Filer has engaged QS Investors, LLC as the Investment Adviser to the Funds (**QS Investors**). The head office of QS Investors is located in New York City. QS Investors is a registered investment adviser with the Securities and Exchange Commission in the United States. QS Investors is also registered with the OSC as an adviser (portfolio manager) and relies on the "international adviser" exemption provided for in National Instrument 31-103 to provide advisory services (to other unrelated clients) in Quebec. QS Investors has experience advising investment funds that invest solely in other funds and ETFs in the United States, and that have investment objectives and strategies similar to the Funds.

9. MDPSI expects that the Funds will invest in ETFs that are "index participation units" as such term is defined in NI 81-102 (**IPUs**). MDPSI also proposes that the Funds gain exposure to non-traditional asset classes and strategies, through investing in Commodity ETFs that are not IPUs. In other words, it is the view of MDPSI that the universe of IPUs is not sufficiently broad to allow the Funds to fully achieve their investment objectives through investing only in IPUs or other securities that are permitted under NI 81-102. MDPSI believes that it is necessary for the Funds to invest in the following types of Commodity ETFs that are not IPUs in order to achieve the Funds' investment objectives:

   (a) Gold/Silver ETFs, and

   (b) Other Physical Commodity ETFs.

The Commodity ETFs

10. MDPSI wishes the Funds to be able to invest in any one or more types of Commodity ETFs to a maximum collective limit of 10 percent of its net assets, taken at market value at the time of the purchase.

11. Each Commodity ETF will be a "mutual fund" (as such term is defined under the *Securities Act* (Ontario)) and will be listed and traded on a stock exchange in Canada or the United States. The various categories of Commodity ETFs have the following characteristics:

   (a) The assets of a Gold/Silver ETF consist primarily of gold or silver, as the case may be, or derivatives that have an underlying interest in gold or silver, as the case may be. The objective of a Gold/Silver ETF is to reflect the price of gold or silver, as the case may be (less the Gold/Silver ETF's expenses and liabilities), whether on an unlevered basis, in the case of an Unlevered Gold/Silver ETFs, or on a leveraged basis, in the case of a Leveraged Gold/Silver ETF. A Leveraged Gold/Silver ETF is generally rebalanced daily to ensure that its performance and exposure to the price of gold or silver, as the case may be, will not exceed +200% of the corresponding daily performance of the price of gold or silver, as the case may be.

   (b) The assets of an Other Physical Commodity ETF consist primarily of one or more physical commodities, other than gold or silver, or derivatives that have an underlying interest in such physical commodity or commodities. These physical commodities may include, without limitation, precious metals commodities (such as platinum, platinum certificates, palladium and palladium certificates), energy commodities (such as crude oil, gasoline, heating oil and natural gas), industrials and/or metals commodities (such as aluminum, copper, nickel and zinc) and agricultural commodities (such as coffee, corn, cotton, lean hogs, live cattle, soybeans, soybean oil, sugar and wheat). The objective of an Other Physical Commodity ETF is to reflect the price of the applicable commodity or commodities (less the Other Physical Commodity ETF's expenses and liabilities) on an unlevered basis.

Investments in Commodity ETFs

12. The investment objectives and investment strategies of the Funds are designed to offer investors an opportunity to obtain exposure to a number of non-traditional – or "alternative" asset classes and strategies, including equity securities and bonds issued by entities which are in commodity-based businesses, commodities and currencies. To fulfill their investment objectives, the Funds require the ability to invest in physical commodities, in addition to gold, and to invest in Commodity ETFs.

13. There are no liquidity concerns with permitting the Funds to invest in Commodity ETFs, since the securities of Commodity ETFs trade on a Canadian or U.S. exchange and therefore are highly liquid investments. The Commodity ETFs will either be "registered" investment companies in the United States or reporting issuers in one or more of the Jurisdictions, which means that there will be clear disclosure about the Commodity ETFs readily available in the marketplace.

14. In accordance with its investment objective and investment strategies and in addition to its investments indirectly in commodities, each Fund will be permitted generally to invest in ETFs.

15. In addition to investing in securities of ETFs that are IPUs, the Funds propose to have the ability to invest in the Commodity ETFs whose securities are not IPUs.

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

17. The Commodity ETFs are attractive investments for the Funds, as, in addition to being liquid, they provide an efficient and cost effective means of achieving diversification and exposure to the asset classes and strategies that the Funds will invest in.

18. In accordance with the investment strategies of the Funds, no more than 10 percent of the net asset value of each of the Funds will be invested in a combination of Commodity ETFs taken at market value at the time of purchase. In addition, no more than 2.5 percent of the net asset value of each of the Funds may be invested in any one commodity sector, other than gold and/or silver, taken at market value at the time of purchase. For this purpose, the relevant commodity sectors are energy, grains, industrial metals, livestock, precious metals other than gold and silver and softs (e.g., cocoa, cotton, coffee and sugar).

19. The aggregate investment in Commodity ETFs by each of the Funds will not exceed 10 percent of the Fund's net asset value, taken at market value at the time of purchase.

20. The simplified prospectus of the Funds states that the Funds may invest indirectly in gold and other physical commodities and describes the risks associated with such investments and strategies.

21. An investment by the Funds in securities of a Commodity ETF will represent the business judgment of responsible persons uninfluenced by considerations other than the best interest of the Funds.

22. Any investment in Commodity ETFs will be made in compliance with the custodian requirements in Part 6 of NI 81-102.

23. The Filer has determined that it would be in the best interests of the Funds to receive the Exemption Sought.

Decision

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

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

(i) an investment by the Fund in securities of a Commodity ETF is in accordance with the fundamental investment objectives of the Fund;

(ii) the Fund does not purchase gold, permitted gold certificates, securities of a Commodity ETF or enter into specified derivatives the underlying interest of which is gold (the **Commodity Products**) if, immediately after the purchase, more than 10 percent of the net assets of the Fund in aggregate, taken at market value at the time of purchase, would consist of Commodity Products;

(iii) the Fund does not purchase Commodity Products if, immediately after the transaction, the market value exposure to all physical commodities (whether direct or indirect) through the Commodity Products is more than 10 percent of the net assets of the Fund in aggregate, taken at market value at the time of purchase;

(iv) no more than 2.5% of the net asset value of the Fund may be invested in any one commodity sector, other than gold and/or silver, taken at market value at the time of purchase. For this purpose, the relevant commodity sectors are energy, grains, industrial metals, livestock, precious metals other than gold and silver and softs (e.g., cocoa, cotton, coffee and sugar);

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

(vi) the Fund does not short sell securities of a Commodity ETF;

(vii) the securities of the Commodity ETFs are traded on a stock exchange in Canada or the United States; and

(viii) the prospectus of the Fund discloses (i) in the investment strategy section, the fact that the Fund has obtained relief to invest in the Commodity ETFs, together with an explanation of what each category of Commodity ETF is, and (ii) the risks associated with the Fund's investment in securities of the Commodity ETFs.

"Raymond Chan"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.10 TerraVest Capital Inc.

Headnote

Related party transaction – issuer entered into an agreement to acquire another issuer through issuance of its own shares and a subordinated term note – three related parties of the issuer are “interested parties” of the proposed transaction – the agreement constitutes a "related party transaction" under MI 61-101 and is subject to minority approval requirements – a disinterested shareholder who is not an “interested party” provided written consent to the proposed related party transaction, representing approximately 61.03% of the common shares held by all minority shareholders – approval of the transaction by majority of minority shareholders at a shareholders’ meeting would be foregone conclusion – issuer provided the disinterested shareholder with a copy of the disclosure document considering the transaction and will send a copy to any shareholder who requests it – issuer will disclose details of the transaction in a material change report and in a disclosure document filed on SEDAR no less than 14 days prior to the closing of the proposed transaction – exemption from holding shareholders’ meeting and formal delivery of information circular granted.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.6, 8.1, 9.1.
Companion Policy 61-101CP to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, s. 3.1.

January 31, 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
TERRAVEST CAPITAL 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 be granted an exemption pursuant to Section 9.1 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") from the requirements in MI 61-101 that the Filer call a shareholders' meeting to consider a proposed related party transaction (the Proposed Transaction, as defined below), and to send an information circular to shareholders in connection with such meeting (the "**Requested Relief**").

Under the process for Exemptive Relief Applications in Multiple Jursidictions (for a passport application):

(a) the Ontario Securities Commission (the "**Decision Maker**") 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 Quebec.

Interpretation

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

Representations

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

1. The Filer is a corporation existing under the laws of the Province of Alberta. The principal executive offices of the Filer are located at 4901 Bruce Road, Vegreville, Alberta T9C 1C3.

2. The Filer is a reporting issuer in all of the Provinces of Canada and is not in default of securities legislation in any such jurisdiction.

3. The authorized capital of the Filer consists of an unlimited number of common shares ("**Common Shares**"). Each Common Share carries the right to one vote at all meetings of shareholders of the Filer. As of the date hereof, a total of 12,417,803 Common Shares are issued and outstanding. The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "TVK".

4. On January 5, 2014, the Filer entered into a non-binding letter of intent ("**LOI**") with Gestion Jerico Inc. ("**Gestion Jerico**"), a private corporation, and each of the shareholders of Gestion Jerico, pursuant to which the Filer proposed to acquire all of the issued and outstanding shares of Gestion Jerico for an indicative consideration of approximately $33.22 million (the "**Proposed Transaction**"). The Filer entered into a definitive agreement (the "**Definitive Agreement**") with the shareholders of Gestion Jerico on January 30, 2014.

5. As at the date hereof, there are 10,000 class A shares ("**Class A Shares"**), 10,000 class B shares ("**Class B Shares**") and 3,350,000 class C.1 shares ("**Class C.1 Shares**") of Gestion Jerico currently issued and outstanding.

6. All of the issued and outstanding shares of Gestion Jerico are held by two shareholders, being: (a) Clarke Inc. ("**Clarke**"), which owns 7,500, or 75% of the Class A Shares, 7,500, or 75% of the Class B Shares, and 2,512,500, or 75% of the Class C.1 Shares; and (b) Mr. Charles Pellerin, who, through 9202-2599 Quebec Inc. ("**PellerinCo**"), a holding company indirectly controlled by Mr. Pellerin, owns 2,500, or 25% of the Class A Shares, 2,500, or 25% of the Class B Shares, and 837,500, or 25% of the Class C.1 Shares.

7. Clarke beneficially owns, or exercises direction or control over, directly or indirectly, 4,021,008, or approximately 32.4% of the Common Shares. Geosime Capital Inc. ("**Geosime Capital"**), beneficially owns, or exercises direction or control over, directly or indirectly, 1,950,000, or approximately 15.7% of the Common Shares. Mr. Pellerin is a director of Clarke, and also owns 1,000, or approximately 0.008% of the Common Shares through a registered retirement savings plan.

8. Geosime Capital is controlled by Mrs. Sime Armoyan, the spouse of Mr. George Armoyan. Based on publicly available information, Mr. George Armoyan owns 77,665 common shares of Clarke directly and has control or direction over 6,083,809 common shares of Clarke through Geosam Investments Limited ("**Geosam Investments**"), Geosam Capital Limited ("**Geosam Capital**") and a registered education savings plan ("**RESP**"), or 34.92% of the issued and outstanding common shares of Clarke in the aggregate. In addition, Scotia Learning Centres Incorporated ("**Scotia Learning**") owns 1,921,133, or approximately 10.89% of the common shares of Clarke. Scotia Learning is controlled by Mrs. Sime Armoyan. Together, the aggregated holdings of Mr. Armoyan, the RESP, Geosam Capital, Geosam Investments and Scotia Learning represent approximately 45.81% of the outstanding common shares of Clarke.

9. As consideration for its shares in Gestion Jerico, Clarke will receive a subordinated term note of the Filer in the aggregate principal amount of $24,915,000 (the "**Subordinated Note**"). The Subordinated Note will have a three-year term and an interest rate of 6.5% payable in conjunction with dividends payable on the Common Shares.

10. As consideration for his shares in Gestion Jerico, PellerinCo will receive 1,866,293 Common Shares issued from treasury at a deemed issuance price of $4.45 per Common Share. Pursuant to the Definitive Agreement, PellerinCo will execute and deliver an agreement whereby PellerinCo will agree that following the closing of the Proposed Transaction: (a) one-third of the Common Shares issued to PellerinCo shall not be traded until the first anniversary of the closing date; (b) one-third of the Common Shares issued to PellerinCo shall not be traded until the second anniversary of the closing date; and (c) one-third of the Common Shares issued to PellerinCo may be freely traded, subject to any applicable hold periods under applicable securities laws, provided that such agreement shall immediately terminate upon Mr. Dale Laniuk, the Chief Executive Officer of the Filer ("**Mr. Laniuk**" or the "**Disinterested Shareholder**"), trading any of his Common Shares.

11. The Filer's board of directors (the "**Board**") consists of a total of five directors, three of whom are "independent directors" as defined in MI 61-101, being Mr. Laniuk, Mr. Darryl Vinet and Mr. Rocco Rossi. On December 11, 2013, the Board appointed the independent directors to form a special committee of directors (the "**Special Committee**") to consider the Proposed Transaction. Approval of the LOI from the Board, including unanimous approval of the Special

Committee, was received on January 2, 2014. As further described below, the Proposed Transaction and the Definitive Agreement were unanimously approved by the Special Committee and the Board on January 29, 2014 and the Definitive Agreement was entered into on January 30, 2014.

12. The Proposed Transaction is subject to certain conditions, including receipt of necessary TSX and regulatory approvals (including the exemptive relief hereby granted) and approval of the Filer's shareholders (including the disinterested minority shareholder approval required by Section 5.6 of MI 61-101). Subject to the satisfaction of the conditions in the Definitive Agreement, the Proposed Transaction is expected to close in February of 2014.

13. The Proposed Transaction falls within the definition of "related party transaction", as set out in MI 61-101, as at the date that the Proposed Transaction was agreed to, the parties to the Proposed Transaction were "related parties" of the Filer for the reasons set out below:

    (a) Clarke, which owns 4,021,008, or approximately 32.4% of the Common Shares of the Filer, 7,500 Class A Shares, 7,500 Class B Shares and 2,512,500 Class C.1 Shares of Gestion Jerico, is a "control person" of both the Filer and Gestion Jerico;

    (b) Geosime Capital, which owns 1,950,000, or approximately 15.7% of the Common Shares of the Filer, is a related party of Clarke; and

    (c) Mr. Pellerin, who beneficially owns, in the aggregate, more than 50% of the common shares of PellerinCo, which in turn owns 2,500 Class A Shares, 2,500 Class B Shares and 837,500 Class C.1 Shares of Gestion Jerico, is a director of Clarke.

14. Assuming the completion of the Proposed Transaction, Clarke will receive the Subordinated Note and PellerinCo will receive 1,866,293 Common Shares as consideration for their Gestion Jerico shares. Assuming the Proposed Transaction is completed, Mr. Pellerin will beneficially own, or exercise direction or control over, 1,867,293, or approximately 13.07% of the Common Shares following closing.

15. Mr. George Armoyan, a director of the Filer, is a "control person" and the President and Chief Executive Officer of Clarke. Mr. Blair Cook, a director of the Filer, is also a director of Clarke. Messrs. Armoyan and Cook have declared their interests in the Proposed Transaction due to the fact that Messrs. Armoyan and Cook hold such positions at Clarke, and have recused themselves from any discussions relating to the Proposed Transaction.

16. As at the date hereof, 6,446,795 Common Shares, or approximately 51.92% of the Common Shares, are held by shareholders of the Filer who are not "interested parties" to the Proposed Transaction.

17. Pursuant to Section 5.4 of MI 61-101, the Filer is required to obtain a formal valuation of the Gestion Jerico shares (the "**Formal Valuation**"), and the Filer has engaged an independent valuator, PricewaterhouseCoopers LLP ("**PwC**"), to prepare the Formal Valuation. Subsection 6.3(2) of MI 61-101 does not require a formal valuation of the Common Shares to be issued to PellerinCo and the Subordinated Note to be issued to Clarke as: (a) the Common Shares and Subordinated Note are securities of the Filer, a reporting issuer; (b) the Disclosure Document (as defined below) will contain a statement that the Filer has no knowledge of any material information concerning the Filer or its securities that has not been generally disclosed; (c) neither the Filer, nor, to the knowledge of the Filer after reasonable inquiry, the related parties identified in paragraph 13 above, including Clarke, Geosime Capital and Mr. Pellerin, has any knowledge of any material information concerning the Filer or its securities that has not been generally disclosed, and the Disclosure Document for the Proposed Transaction will contain a statement to that effect; and (d) the Disclosure Document will include a description of the effect of the distribution on the direct or indirect voting interests of Clarke, Geosime Capital and Mr. Pellerin.

18. The Filer is required to obtain minority approval for the Proposed Transaction pursuant to Section 5.6 of MI 61-101 and calculated in accordance with the terms of Part 8 of MI 61-101 ("**Minority Approval**"). In place of a shareholder meeting, the Filer has obtained the written consent (the "**Consent**") to the Proposed Transaction of Mr. Laniuk, who beneficially owns, or exercises direction or control over, 3,933,872 Common Shares, which represent approximately 31.68% of the issued and outstanding Common Shares and 61.03% of the Common Shares held by disinterested minority shareholders with respect to the Proposed Transaction (excluding the shares of the Filer held by Mr. Pellerin, Clarke and Geosime Capital, who are "interested parties" in the Proposed Transaction).

19. Mr. Laniuk is not entitled to, and will not be entitled to, receive a collateral benefit or any payment or distribution in connection with the Proposed Transaction. The Filer concluded that he is not: (a) an "interested party", as such term is defined in MI 61-101; (b) a related party of an interested party, unless Mr. Laniuk meets that description solely in his capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of the Filer; or (c) a joint actor with a person or company referred to in (a) or (b) with respect to the Proposed Transaction.

The Filer concluded that it is not required under MI 61-101 or TSX requirements to exclude the votes attached to the Common Shares beneficially owned or over which control or direction is exercised by Mr. Laniuk.

20. The Disinterested Shareholder from whom written consent for the Proposed Transaction is sought was provided with a disclosure document pertaining to the Proposed Transaction (the "**Disclosure Document**"), the contents of which comply with the disclosure requirements set out in Section 5.3(3) of MI 61-101, along with the Formal Valuation and the Consent seeking approval of the Proposed Transaction, prior to providing his Consent. The Disclosure Document and Consent provide the relevant details of the Proposed Transaction and include an acknowledgement that the Disclosure Document describes the Proposed Transaction in sufficient detail to allow the Disinterested Shareholder to make an informed decision regarding approval of the Proposed Transaction.

21. The Special Committee has been informed of and regularly updated on the principal terms and negotiations of the Proposed Transaction, which has been primarily between the Chief Investment Officer and Chief Financial Officer of the Filer and Mr. Pellerin, and has been provided with drafts of the Disclosure Document, Formal Valuation and Definitive Agreement. Mr. Laniuk has previously toured and inspected all the primary manufacturing locations of Gestion Jerico. During the week of January 6, 2014, two members of the Special Committee, including Mr. Laniuk, toured the primary manufacturing facilities of Gestion Jerico together with the Filer's Chief Investment Officer. Members of the Special Committee have also spoken with Clarke and Mr. Pellerin to better understand the operation of the business of Gestion Jerico. On January 24, 2014, the Special Committee received an update from the Chief Investment Officer and Chief Financial Officer of the Filer on the negotiations of the Proposed Transaction, heard from the independent valuator in respect of the progress of the Formal Valuation and was given the opportunity to ask questions about the Proposed Transaction.

22. The Special Committee met again on January 29, 2014 to consider the Definitive Agreement and ancillary documents in their substantially final forms. The meeting was also attended by the Filer's management, legal advisors and PwC. The legal advisors reviewed the principal terms of the Definitive Agreement. PwC provided an oral presentation of the Formal Valuation in its final form to the Special Committee. The Filer's management and the legal advisors also provided an update on its due diligence review of Gestion Jerico.

23. After considering the presentation of its financial and legal advisors and a number of factors, the Special Committee unanimously determined that: (a) the Proposed Transaction was in the best interests of the Filer; and (b) resolved to recommend that the Board approve the Proposed Transaction.

24. Immediately following the Special Committee meeting, the Board held a meeting to consider the Proposed Transaction. The Board, which consisted solely of the members of the Special Committee, as Messrs. Armoyan and Cook had declared their interests in the Proposed Transaction and had recused themselves from any discussions relating to the Proposed Transaction, unanimously determined that the Proposed Transaction was in the best interests of the Filer, approved the Proposed Transaction and authorized the Filer to enter into the Definitive Agreement.

25. Mr. Laniuk delivered the Consent immediately following the Board meeting approving the terms of the Proposed Transaction and the final forms of the Definitive Agreement, Disclosure Document, Formal Valuation and Consent. At the time that the final forms of the Definitive Agreement, Disclosure Document, Formal Valuation and Consent were reviewed by the Special Committee and finalized and approved by the Board, Mr. Laniuk had all the necessary information required to make a well-informed and considered decision in signing the Consent, and did not require additional time between the approval of the Formal Valuation and signing the Consent.

26. On January 30, 2014, the Definitive Agreement was finalized and executed and delivered by the parties. The Filer announced the transaction immediately after the open of markets on January 30, 2014.

27. Having received the Consent from the Disinterested Shareholder, the Filer has received written consent from 61.03% of Common Shares held by shareholders eligible to provide the Minority Approval required for the Proposed Transaction under Part 8 of MI 61-101, which exceeds the simple majority requirement set out in MI 61-101 for such approval.

28. The Disclosure Document, Formal Valuation and Consent of the Disinterested Shareholder will be publicly filed on SEDAR on or about January 31, 2014, and no less than 14 days prior to the closing of the Proposed Transaction.

29. A material change report pertaining to the Proposed Transaction, the contents of which shall comply with the disclosure requirements contained in Section 5.2 of MI 61-101 ("**Material Change Report**"), will be publicly filed on SEDAR at the same time as the Disclosure Document, the Formal Valuation and the Consent.

30. A press release, the contents of which shall comply with applicable securities law and TSX requirements (the "**Press Release**"), will be issued and publicly filed on SEDAR at the same time as the Disclosure Document, the Formal Valuation, the Consent and the Material Change Report.

31. A copy of the Disclosure Document and the Formal Valuation will be sent to any shareholder of the Filer who requests a copy.

Decision

32. The Decision Maker is satisfied that the decision meets the test set out in the Legislation for the Requested Relief.

The decision of the Decision Maker is that the Requested Relief is granted provided that:

(a) the Filer receives the Formal Valuation with respect to Gestion Jerico with a valuation that supports the consideration paid for the shares of Gestion Jerico under the Proposed Transaction;

(b) the Disclosure Document discloses that:

(i) Minority Approval will be obtained by way of written consent;

(ii) written consent will be obtained from the Disinterested Shareholder; and

(iii) the Filer has applied for and obtained the Requested Relief.

(c) the Disclosure Document, Formal Valuation, Consent, Material Change Report and Press Release are publicly filed on SEDAR no less than 14 days prior to the closing of the Proposed Transaction.

“Naizam Kanji”
Deputy Director, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Newer Technologies Limited et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
NEWER TECHNOLOGIES LIMITED,
RYAN PICKERING AND RODGER FREY

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on December 4, 2012, 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 4, 2012 in respect of Newer Technologies Limited, Ryan Pickering and Rodger Frey (collectively, the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on December 5, 2012;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the temporary hearing rooms of the Commission on January 11, 2013;

AND WHEREAS at the first attendance on January 11, 2013, Staff and counsel for Newer Technologies Limited and Ryan Pickering attended before the Commission;

AND WHEREAS Rodger Frey did not appear, however Staff indicated that Rodger Frey had contacted Staff to notify them that he was aware of the attendance but would not be present;

AND WHEREAS Staff requested that a confidential pre-hearing conference be scheduled, and counsel agreed;

AND WHEREAS the Commission ordered that a confidential pre-hearing conference take place on March 18, 2013 at 9:00 a.m.;

AND WHEREAS at the confidential pre-hearing conference on March 18, 2013, Staff and counsel for Newer Technologies Limited and Ryan Pickering, and counsel for Rodger Frey, attended and Staff requested that a further confidential pre-hearing conference be scheduled, and counsel agreed;

AND WHEREAS the Commission ordered that a confidential pre-hearing conference take place on July 9, 2013 at 10:00 a.m.;

AND WHEREAS at the confidential pre-hearing conference on July 9, 2013, Staff and counsel for Newer Technologies Limited and Ryan Pickering, and counsel for Rodger Frey, attended and Staff requested that dates for the hearing on the merits be scheduled, and counsel agreed, and the Commission ordered that a confidential pre-hearing conference take place on January 30, 2014 at 10:00 a.m. and the hearing on the merits in this matter commence on March 17, 2014 at 10:00 a.m. and continue on March 18, 19, 20, 21, 24, and 26, 2014 at 10:00 a.m.;

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

AND WHEREAS the parties consent to the making of this order;

IT IS HEREBY ORDERED that the date of January 30, 2014 at 10:00 a.m. set for the confidential pre-hearing conference be vacated.

DATED at Toronto this 24th day of January, 2014.

"Mary G. Condon"

2.2.2 Global Energy Group, Ltd. et al. – ss. 127(7), 127(8)

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

AND

IN THE MATTER OF
GLOBAL ENERGY GROUP, LTD., NEW GOLD LIMITED PARTNERSHIPS, CHRISTINA HARPER, HOWARD RASH, MICHAEL SCHAUMER, ELLIOT FEDER, VADIM TSATSKIN, ODED PASTERNAK, ALAN SILVERSTEIN, HERBERT GROBERMAN, ALLAN WALKER, PETER ROBINSON, VYACHESLAV BRIKMAN, NIKOLA BAJOVSKI, BRUCE COHEN and ANDREW SHIFF

ORDER
(Subsections 127(7) and 127(8) of the Securities Act)

WHEREAS on July 10, 2008, the Ontario Securities Commission (the "Commission") issued a temporary order, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), that all trading by Global Energy Group, Ltd. ("Global Energy") and the New Gold Limited Partnerships (the "New Gold Partnerships") (together, the "Corporate Respondents") and their officers, directors, employees and/or agents in securities of the New Gold Partnerships shall cease (the "First Temporary Order");

AND WHEREAS on July 10, 2008, the Commission ordered that the First Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on July 15, 2008, the Commission issued a Notice of Hearing to consider, among other things, the extension of the First Temporary Order, such hearing to be held on July 23, 2008 at 11:00 a.m.;

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

AND WHEREAS a hearing was held on July 23, 2008 at 11:00 a.m. at which Staff and counsel for Global Energy appeared, but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on July 23, 2008, the First Temporary Order was continued until August 6, 2008 and the hearing in this matter was adjourned until August 5, 2008 at 3:00 p.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS a hearing was held on August 5, 2008 at 3:00 p.m. at which Staff and counsel for Global Energy appeared, but no counsel appeared for the New Gold Partnerships;

AND WHEREAS on August 5, 2008, the First Temporary Order was continued until December 4, 2008 and the hearing in this matter was adjourned until December 3, 2008 at 10:00 a.m. on consent of Staff and counsel for Global Energy;

AND WHEREAS on December 3, 2008, on the basis of the record for the written hearing and on consent of Staff and counsel for Global Energy, a Panel of the Commission ordered that the First Temporary Order be extended until June 11, 2009 and that the hearing in this matter be adjourned to June 10, 2009 at 10:00 a.m.;

AND WHEREAS on June 10, 2009, Staff advised the Commission that Victor Tsatskin, a.k.a. Vadim Tsatskin ("Tsatskin"), an agent of Global Energy, would not be attending the hearing and was not opposed to Staff's request for the extension of the First Temporary Order, and no counsel had communicated with Staff on behalf of the New Gold Partnerships;

AND WHEREAS on June 10, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until October 9, 2009 and that the hearing in this matter be adjourned to October 8, 2009 at 10:00 a.m.;

AND WHEREAS on October 8, 2009, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until March 11, 2010 and that the hearing in this matter be adjourned to March 10, 2010 at 10:00 a.m.;

AND WHEREAS on March 10, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until July 12, 2010 and that the hearing in this matter be adjourned to July 9, 2010 at 11:30 a.m.;

AND WHEREAS on April 7, 2010, the Commission issued a temporary cease trade order pursuant to subsections 127(1) and 127(5) of the Act ordering the following (the "Second Temporary Order"):

i) Christina Harper ("Harper"), Howard Rash ("Rash"), Michael Schaumer ("Schaumer"), Elliot Feder ("Feder"), Tsatskin, Oded Pasternak ("Pasternak"), Alan Silverstein ("Silverstein"), Herbert Groberman ("Groberman"), Allan Walker ("Walker"), Peter Robinson ("Robinson"), Vyacheslav Brikman ("Brikman"), Nikola Bajovski ("Bajovski"), Bruce Cohen ("Cohen") and Andrew Shiff ("Shiff") (collectively, the "Individual Respondents"), shall cease trading in all securities; and

ii) that any exemptions contained in Ontario securities law do not apply to the Individual Respondents;

AND WHEREAS, on April 7, 2010, the Commission ordered that the Second Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on April 14, 2010, the Commission issued a Notice of Hearing to consider, among other things, the extension of the Second Temporary Order, to be held on April 20, 2010 at 3:00 p.m.;

AND WHEREAS the Notice of Hearing set out that the hearing was to consider, amongst other things, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act, to extend the Second Temporary Order until the conclusion of the hearing, or until such further time as considered necessary by the Commission;

AND WHEREAS on April 20, 2010, a hearing was held before the Commission and none of the Individual Respondents appeared before the Commission to oppose Staff's request for the extension of the Second Temporary Order;

AND WHEREAS on April 20, 2010, the Commission was satisfied that Staff had served or made reasonable attempts to serve each of the Individual Respondents with copies of the Second Temporary Order, the Notice of Hearing, and the Evidence Brief of Staff as evidenced by the Affidavit of Kathleen McMillan, sworn on April 20, 2010, and filed with the Commission;

AND WHEREAS on April 20, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that: in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest; and, it was in the public interest to extend the Second Temporary Order;

AND WHEREAS on April 20, 2010, pursuant to subsections 127(7) and (8) of the Act, the Second Temporary Order was extended to June 15, 2010 and the hearing in this matter was adjourned to June 14, 2010 at 10:00 a.m.;

AND WHEREAS on June 14, 2010, a hearing was held before the Commission and the Commission ordered that the Second Temporary Order be extended until September 1, 2010 and the hearing be adjourned to September 1, 2010 at 1:00 p.m.;

AND WHEREAS on June 14, 2010, on hearing the submissions of Staff, a Panel of the Commission ordered that the First Temporary Order be extended until September 1, 2010 and that the hearing in this matter be adjourned to September 1, 2010 at 1:00 p.m.;

AND WHEREAS on September 1, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that in the absence of a continuing cease-trade order, the length of time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS on September 1, 2010, pursuant to subsections 127(7) and 127(8) of the Act, the First Temporary Order and the Second Temporary Order were extended to November 9, 2010 and the hearing in this matter was adjourned to November 8, 2010 at 10:00 a.m.;

AND WHEREAS on September 1, 2010, it was further ordered pursuant to subsections 127(1) and (2) of the Act that, notwithstanding the Second Temporary Order, Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which he has the sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange or NASDAQ (or their successor exchanges) which is a reporting issuer; and

(ii) he carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in his name only (the "Amended Second Temporary Order");

AND WHEREAS on November 5, 2010, the Commission approved a settlement agreement between Staff and Robinson;

AND WHEREAS on November 8, 2010, Staff, Schaumer, Shiff, Silverstein, counsel for Rash, and counsel for Pasternak, Walker and Brikman attended the hearing, Harper and Groberman had each advised Staff that they would not be attending the hearing, no person attended on behalf of the Corporate Respondents and Tsatskin, Bajovski and Cohen did not appear;

AND WHEREAS on November 8, 2010, counsel for Feder removed himself from the record due to a conflict of interest, and new counsel for Feder advised the Commission that he would need to satisfy himself that he was able to represent Feder, and would advise Staff accordingly as soon as possible;

AND WHEREAS on November 8, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that the First Temporary Order and the Amended Second Temporary Order be extended to December 8, 2010 and the hearing in this matter be adjourned to December 7, 2010 at 2:30 p.m.;

AND WHEREAS on December 7, 2010, Staff, Schaumer, Silverstein, counsel for Pasternak, Walker and Brikman, and an agent for new counsel for Feder attended the hearing, no person appeared on behalf of the Corporate Respondents and Harper, Rash, Tsatskin, Groberman, Bajovski, Cohen and Shiff did not appear;

AND WHEREAS on December 7, 2010, the Commission was satisfied that all of the Respondents had been properly served with notice of the hearing;

AND WHEREAS on December 7, 2010, Staff requested the extension of the First Temporary Order against the Corporate Respondents and the Amended Second Temporary Order against the Individual Respondents, and Schaumer, Silverstein, and counsel for Pasternak, Walker and Brikman consented to the extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, an agent for new counsel for Feder informed the Commission that he did not have instructions as to whether Feder consented to an extension of the Amended Second Temporary Order;

AND WHEREAS on December 7, 2010, Staff informed the Commission that depending on settlement efforts, Staff might seek to bring an application to hold the next hearing in this matter in writing;

AND WHEREAS on December 7, 2010, the Commission directed that the First Temporary Order against the Corporate Respondents, and the Amended Second Temporary Order against the Individual Respondents, be consolidated into a single temporary order (the "Temporary Order");

AND WHEREAS on December 7, 2010, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest that pursuant to subsections 127(7) and 127(8) of the Act, the Temporary Order be extended to March 3, 2011, without prejudice to Feder to bring a motion if he opposes the extension and that the hearing in this matter be adjourned to February 16, 2011 at 2:00 p.m.;

AND WHEREAS on February 16, 2011, Staff, Schaumer, Shiff and counsel for Feder attended the hearing, no person appeared on behalf of the Corporate Respondents, counsel for Pasternak, Walker and Brikman did not appear and Harper, Rash, Tsatskin, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on February 16, 2011, Staff requested the extension of the Temporary Order against the Individual Respondents and the Corporate Respondents; and Schaumer and Shiff consented to the extension of the Temporary Order;

AND WHEREAS on February 16, 2011, counsel for Feder consented to the extension of the Temporary Order of December 7, 2010, save and except for the exceptions outlined in this order;

AND WHEREAS on February 16, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to adjourn the hearing to May 3, 2011 at 10:00 a.m. and to further extend the Temporary Order until May 4, 2011;

AND WHEREAS on February 16, 2011, it was further ordered pursuant to subsections 127(7) and (8) of the Act, that the Temporary Order be extended to May 4, 2011, save and except that:

(a) Feder is permitted to trade securities in an account in his own name or in an account of his registered retirement savings plan (as defined in the *Income Tax Act* (Canada)) in which Feder has the sole legal and beneficial ownership, provided that:

(i) the securities traded are listed and posted for trading on the Toronto Stock Exchange, the New York Stock Exchange, or NASDAQ (or their successor exchanges) which is a reporting issuer; and

(ii) Feder carries out any permitted trading through a dealer registered with the Commission (which dealer must be given a copy of this order) and through accounts opened in Feder's name only; and

(b) Feder is permitted to contact the existing shareholders of (i) Genesis Rare Diamonds (Ontario) Ltd. (ii) Kimberlite Diamond Corporation and (iii) their subsidiaries, none of which is a reporting issuer, or their counsel and to discuss/explore the potential for the sale of Feder's shares in those corporations to any or all of their existing shareholders and/or the purchase of Feder's shares in those corporations by the respective corporations for cancellation, provided that Feder's shares are not actually sold and/or purchased without Feder first obtaining a further exemption/order from the Commission that permits such sale(s) and/or purchase(s);

AND WHEREAS on May 3, 2011, Staff, Schaumer, Shiff and Silverstein attended the hearing, no one appeared on behalf of the Corporate Respondents, counsel for Pasternak, Walker and Brikman did not appear, counsel for Rash did not appear and Tsatskin, Harper, Groberman, Bajovski and Cohen did not appear;

AND WHEREAS on May 3, 2011, Staff requested an extension of the Temporary Order against the Individual Respondents and the Corporate Respondents and Schaumer, Shiff and Silverstein did not object to an extension of the Temporary Order;

AND WHEREAS on May 3, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order against all named Respondents, except Rash, to the conclusion of the hearing on the merits; to extend the Temporary Order against Rash until July 12, 2011, and to adjourn the hearing to July 11, 2011 at 10:00 a.m., at which time Rash will have the opportunity to make submissions regarding any further extension of the Temporary Order against him;

AND WHEREAS on July 11, 2011, Staff, Harper and Shiff attended the hearing and no one appeared on behalf of the Corporate Respondents, Pasternak, Walker, Brikman, Feder, Tsatskin, Schaumer, Silverstein, Groberman, Bajovski or Cohen;

AND WHEREAS on July 11, 2011, Staff informed the Commission that Rash had recently retained new counsel in a related matter, and that Rash's new counsel had advised Staff that he would not be attending the hearing;

AND WHEREAS on July 11, 2011, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on July 11, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order against Rash to September 27, 2011, and to adjourn the hearing to September 26, 2011 at 10:00 a.m. at which time Rash would have the opportunity to make submissions regarding any further extension of the Temporary Order against him;

AND WHEREAS on September 1, 2011, the Commission approved settlement agreements between Staff and each of Pasternak, Walker and Brikman;

AND WHEREAS on September 26, 2011, Staff, Harper, Schaumer, Silverstein and Shiff attended the hearing and no one appeared on behalf of the Corporate Respondents, Feder, Rash, Tsatskin, Groberman, Bajovski or Cohen;

AND WHEREAS on September 26, 2011, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on September 26, 2011, the Commission ordered that the Temporary Order be extended against Rash until November 29, 2011, and that the hearing be adjourned to November 28, 2011 at 10:00 a.m.;

AND WHEREAS on November 28, 2011, Staff and Shiff attended the hearing and no one appeared on behalf of the Corporate Respondents or any of the other Individual Respondents;

AND WHEREAS the Commission was satisfied that the Corporate Respondents and the Individual Respondents had been properly served with notice of the hearing;

AND WHEREAS on November 28, 2011, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on November 28, 2011, the Commission ordered that the Temporary Order be extended against Rash until December 16, 2011, and that the hearing be adjourned to December 15, 2011 at 9:30 a.m.;

AND WHEREAS on November 29, 2011, the Commission approved settlement agreements between Staff and each of Silverstein and Schaumer;

AND WHEREAS on December 15, 2011, Staff attended the hearing and no one appeared on behalf of the Corporate Respondents or the Individual Respondents;

AND WHEREAS the Commission was satisfied that the Corporate Respondents and the Individual Respondents had been properly served with notice of the hearing;

AND WHEREAS on December 15, 2011 Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on December 15, 2011, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order against Rash to October 22, 2012, and to adjourn the hearing to October 19, 2012 at 10:00 a.m., without prejudice to either Staff or Rash to apply for a variation of the Temporary Order under section 144 of the Act;

AND WHEREAS on January 20, 2011, the Commission approved a settlement agreement between Staff and Feder;

AND WHEREAS on October 19, 2012, Staff attended the hearing and no one appeared on behalf of Rash;

AND WHEREAS the Commission was satisfied that Staff served or made reasonable attempts to serve the Corporate Respondents and the Individual Respondents with notice of the hearing;

AND WHEREAS on October 19, 2012, Staff requested a further extension of the Temporary Order against Rash;

AND WHEREAS on October 19, 2012, the Commission ordered that the Temporary Order be extended against Rash until February 28, 2013, without prejudice to either Staff or Rash to apply for a variation of the Temporary Order under section 144 of the Act, and that the hearing be adjourned to February 27, 2013 at 10:00 a.m.;

AND WHEREAS on February 27, 2013, Staff attended the hearing and no one appeared on behalf of Rash;

AND WHEREAS Staff filed the Affidavit of Peaches A. Barnaby sworn February 27, 2013 (the "February 27th Affidavit") outlining service on Rash of the Commission's Order dated October 19, 2012;

AND WHEREAS the Commission was satisfied that Staff served or made reasonable attempts to serve the Corporate Respondents and the Individual Respondents with notice of the hearing;

AND WHEREAS Staff informed the Commission that Rash pleaded guilty to breaching Ontario securities law in connection with his activities as a salesperson at Global Energy in proceedings before the Ontario Court of Justice and that a hearing was scheduled for March 20, 2013, at which the parties to that proceeding may make submissions on sentence;

AND WHEREAS Staff requested a further extension of the Temporary Order to a date following the sentencing hearing;

AND WHEREAS the February 27th Affidavit set out Rash's consent, through his counsel, to the extension of the Temporary Order;

AND WHEREAS on February 27, 2013, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order against Rash until April 29, 2013, without prejudice to either Staff or Rash to apply for a variation of the Temporary Order under section 144 of the Act, and to adjourn the hearing to April 26, 2013 at 11:00 a.m.;

AND WHEREAS a letter from Staff to the Secretary of the Commission, dated April 24, 2013 (the "April 24 Letter"), accompanied an Affidavit of Peaches A. Barnaby of Staff, sworn April 24, 2013 (the "April 24 Affidavit"), which outlined service on Rash of the Commission's Order dated February 27, 2013;

AND WHEREAS in the April 24 Affidavit, it is stated that the sentencing hearing in respect of Rash commenced on March 20, 2013 and is scheduled to continue on July 17, 2013, and that counsel for Rash consents to a further extension of the Temporary Order against Rash to a date following the sentencing hearing on July 17, 2013;

AND WHEREAS in the April 24 Letter, Staff requests that:

(i) the oral hearing scheduled for April 26, 2013 proceed in writing and that the date for the oral hearing be vacated;

(ii) the Temporary Order be extended to a date following the sentencing hearing on July 17, 2013; and

(iii) the hearing be adjourned to the business day immediately preceding that date;

AND WHEREAS the Commission considered the April 24 Letter and the April 24 Affidavit and was of the opinion that it was in the public interest to order that:

(i) the oral hearing scheduled for April 26, 2013 proceed in writing and the hearing date scheduled for April 26, 2013 be vacated;

(ii) the Temporary Order be extended against Rash until September 5, 2013; and

(iii) the hearing be adjourned to September 4, 2013 at 11:00 a.m.

AND WHEREAS on September 4, 2013, Staff attended the hearing and no one appeared on behalf of Rash;

AND WHEREAS Staff filed the Affidavit of Tia Faerber sworn August 28, 2013 (the "August 28 Affidavit") outlining service of the Commission's Order dated April 26, 2013 on Rash;

AND WHEREAS Staff advised the Panel that a pre-sentence report ("PSR") has been ordered in connection with Rash's sentencing hearing before the Ontario Court of Justice and the parties are scheduled to attend before Justice Gorewich in connection with the PSR on November 7, 2013 (the "PSR Hearing");

AND WHEREAS Staff requested that the Temporary Order be extended and that the hearing to consider a further extension be adjourned to a date following the PSR Hearing;

AND WHEREAS the August 28 Affidavit attached correspondence from Rash's lawyer's office confirming that Rash consents to an extension of the Temporary Order to a date following the PSR Hearing;

AND WHEREAS the Commission ordered that the Temporary Order be extended against Rash until December 19, 2013 and the hearing to consider a further extension of the Temporary Order be adjourned to December 17, 2013 at 3:30 p.m;

AND WHEREAS on December 17, 2013, Staff attended the hearing and no one appeared on behalf of Rash;

AND WHEREAS Staff advised the Panel that the parties attended before Justice Gorewich on November 7, 2013 for the PSR Hearing and that, at the conclusion of that hearing, Rash was sentenced to nine months incarceration;

AND WHEREAS Staff advised the Panel that Staff has been in contact with Rash's counsel in the proceedings before the Ontario Court of Justice and Rash's counsel in those proceedings has advised Staff that he is seeking instructions from Rash as to his continued representation of Rash in connection with the proceedings before the Commission;

AND WHEREAS Staff further advised the Panel that Staff is awaiting the release of the transcript and the final reasons for judgment in connection with Rash's sentencing in the Ontario Court of Justice;

AND WHEREAS Staff requested that the Temporary Order be extended and that the hearing to consider a further extension be adjourned for approximately six weeks;

AND WHEREAS the Commission ordered that the Temporary Order be extended against Rash until January 31, 2014 and the hearing to consider a further extension of the Temporary Order be adjourned to January 29, 2014 at 10:30 a.m.;

AND WHEREAS on January 29, 2014, Staff attended the hearing and no one appeared on behalf of Rash;

AND WHEREAS Staff filed the Affidavit of Tia Faerber sworn January 28, 2014 outlining service of the Commission's Order dated December 17, 2013 on Moishe Reiter, Rash's counsel in the proceedings before the Ontario Court of Justice;

AND WHEREAS Staff advised the Panel that Staff has obtained the final reasons for judgment in connection with Rash's sentencing in the Ontario Court of Justice and that Staff has been in contact with Mr. Reiter in connection with this matter;

AND WHEREAS Staff requested that the Temporary Order be extended and that the hearing to consider a further extension be adjourned for approximately two months;

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

IT IS ORDERED THAT the Temporary Order is extended against Rash until April 1, 2014 and the hearing to consider a further extension of the Temporary Order is adjourned to March 28, 2014 at 10:00 a.m.

DATED at Toronto this 29th day of January, 2014.

"Edward P. Kerwin"

2.2.3 Global RESP Corporation and Global Growth Assets Inc. – s. 127(1)

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

AND

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

ORDER
(Subsection 127(1))

WHEREAS on July 26, 2012, the Ontario Securities Commission ("the "Commission") ordered pursuant to subsections 127(1) and (5) that the terms and conditions ("Terms and Conditions") set out in schedules "A" and "B" of the Commission order be imposed on Global RESP Corporation ("Global RESP") and Global Growth Assets Inc. ("GGAI") (the "Temporary Order");

AND WHEREAS on August 10, 2012, the Commission extended the Temporary Order against Global RESP and GGAI until such further Order of the Commission and adjourned the hearing until November 8, 2012;

AND WHEREAS the Terms and Conditions required Global RESP and GGAI to retain a consultant (the "Consultant") to prepare and assist them in implementing plans to strengthen their compliance systems and require Global RESP to retain a monitor (the "Monitor") to contact all new clients as defined and set out in the Terms and Conditions ("New Clients');

AND WHEREAS Global RESP retained Sutton Boyce Gilkes Regulatory Consulting Group Inc. as its Consultant and Monitor;

AND WHEREAS on November 2, 2013, the Commission heard Global RESP's motion to vary the Terms and Conditions imposed on Global RESP on July 26, 2012;

AND WHEREAS on November 7, 2012, the Commission ordered: (i) paragraphs 5, 6 and 7 of the Terms and Conditions deleted and replaced with new terms; (ii) the hearing be adjourned to December 13, 2012 at 10:00 a.m.; and (iii) the appearance date on November 8, 2012 be vacated;

AND WHEREAS on December 13, 2012, Staff filed the Affidavit of Lina Creta sworn December 13, 2012 and counsel for the Respondents filed the Affidavit of Clarke Tedesco sworn December 12, 2012 and the Commission adjourned the Hearing to January 14, 2013 at 9:00 a.m.;

AND WHEREAS on January 14, 2013, Staff filed the Affidavit of Lina Creta sworn January 11, 2013 and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn January 11 and 14, 2013;

AND WHEREAS on January 22, 2013, the Commission ordered that the hearing be adjourned to February 6, 2013;

AND WHEREAS on February 6, 2013, Staff filed the Affidavit of Lina Creta sworn February 6, 2013 and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn February 4 and 6, 2013;

AND WHEREAS on February 13, 2013, the Commission ordered that the hearing be adjourned to February 25, 2013 for the purpose of allowing the parties to make submissions on: (i) whether it is appropriate for the Commission to approve the plan submitted by the Consultant; and (ii) if it is appropriate, for the Commission to approve any terms of the plan not agreed to by Staff and the Commission ordered that the hearing on February 25, 2013 only proceed if the plan to be submitted by the Consultant had not been approved by Staff;

AND WHEREAS on February 22, 2013, Staff of the Commission approved the plans submitted by the Consultant for Global RESP and GGAI subject to an amendment being made to the Global RESP plan, which amendment was subsequently made on February 22, 2013;

AND WHEREAS on October 22, 2013, the Respondents brought a motion seeking to remove the Terms and Conditions and filed the affidavits of Natalia Vandervoort sworn October 22, 2013 and November 8, 2013 and Staff filed the Affidavit of Lina Creta sworn November 19, 2013 updating the Commission on Staff's dealings with the Monitor and the Consultant;

AND WHEREAS the Consultant provided a letter to Staff stating that the Consultant saw no reason for continuing the role of the Monitor;

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

1. For all New Clients who invested on or before November 20, 2013, paragraphs 4, 5.1, 5.2, 5.3, 6.1, 6.2, 7 and 8 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012 continue to apply;

2. For all New Clients who invest after November 20, 2013, the role and activities of the Monitor as set out in paragraphs 4, 5.2, 5.3, 6.2 and 8 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012, and the activity of Global RESP as set out in paragraph 7 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012 are suspended;

3. Further to paragraph 9 of the Terms and Conditions, the resumption of any future monitoring or any subsequent changes to that monitoring in furtherance of the implementation of the Global RESP Plan, if any, shall take place on the recommendation of the Consultant and with the agreement of the OSC Manager and the parties may seek the direction from the Commission in the event that the parties are unable to agree on any future possible monitoring; and

4. The hearing be adjourned to December 13, 2013 at 2:00 p.m.;

AND WHEREAS on December 13, 2013, counsel for the Respondents and Staff updated the Commission on the status of Staff's dealings with the Consultant and the Commission ordered the hearing adjourned to January 9, 2014 at 10:30 a.m.;

AND WHEREAS on January 9, 2014, counsel for the Respondents and Staff updated the Commission on the status of Staff's dealings with the Consultant in relation to the ongoing implementation of the Plan and the Commission ordered the hearing adjourned to January 29, 2014 at 2:00 p.m.;

AND WHEREAS Staff filed the Affidavit of Lina Creta sworn January 27, 2014 updating the Commission on Staff's dealings with the Monitor and the Consultant;

AND WHEREAS on January 29, 2014, counsel for the Respondents and Staff updated the Commission on the status of the Plan and advised that there are three remaining steps that need to be completed for the Plan to be fully implemented:

1. The following programs which have been completed by the Consultant still need to be rolled out:

    a. Global RESP's new risk assessment system (i.e. the new audit process) for both branches and Dealing Representatives;

    b. Global RESP's new suitability policies and procedures, including the use of a new affordability worksheet;

2. The Consultant needs to provide a letter to Staff that attests that:

    a. Global RESP and GGAI have implemented the procedures and controls recommended by the Consultant that address each of the deficiencies identified in Compliance Report and that strengthen the compliance system, including that each of Global RESP and GGAI have implemented an adequate compliance and supervisory structure tailored to their business;

    b. Global RESP and GGAI are complying with the new procedures and controls;

    c. in his capacity as Consultant, the Consultant has tested the procedures and they are working effectively and are being enforced; and

3. The Consultant needs to provide a final summary report to Staff that provides an overview for each action step listed in the amended compliance plans dated January 28, 2013 and January 30, 2013 submitted on behalf of Global RESP and GGAI of the key controls, policies and procedures in place for the implemented actions that support the conclusions drawn in the above-referenced letter;

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

IT IS HEREBY ORDERED pursuant to section 127 of the Act that the hearing is adjourned to March 6, 2014 at 11:00 a.m.

DATED at Toronto this 29th day of January, 2014.

"James E. A. Turner"

2.2.4 Molecule Energy Corporation – s. 80 of the CFA

Headnote

Application to the Commission, pursuant to section 80 of the Commodity Futures Act (CFA), for a ruling that the Applicant be exempted from the adviser registration requirement in paragraph 22(1)(b) – Ontario-incorporated firm with head office in Ontario and individuals resident in Ontario provide advice exclusively in Foreign Contracts and exclusively to clients who are United States residents – exempted firm and their advising individuals must maintain appropriate registration or licensing in the U.S. – exempted firm and their advising individuals must provide the Commission with notice of any regulatory action – supervisory memorandum of understanding between the Ontario Securities Commission and the Applicants' principal regulator.

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22, 80.
OSC Rule 31-505 Conditions of Registration, s. 2.1.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED (the CFA)

AND

IN THE MATTER OF
MOLECULE ENERGY CORPORATION

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of Molecule Energy Corporation (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 on the Applicant's behalf (the **Representatives**) be exempt, for a period of five years, from the adviser registration requirements 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 UPON the Applicant having represented to the Commission that:

1. The Applicant is a corporation incorporated pursuant to the laws of Ontario. The head office of the Applicant is located in Toronto, Ontario.

2. The Applicant is registered with the United States Commodity Futures Trading Commission (**CFTC**) as a commodity trading advisor and is an approved member of the United States National Futures Association (**NFA**). The Commission has a memorandum of understanding in place with the CFTC for mutual cooperation and information sharing.

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

4. The Applicant and its Representatives provide advice ("**Commodities Advice**") to clients resident in the United States ("**U.S. Clients**") on commodity futures contracts and any commodity futures options (as those terms are defined in subsection 1(1) of the CFA) ("**Contracts**") that are primarily traded on one or more organized exchanges located outside of Canada and primarily cleared through one or more clearing corporations located outside of Canada (hereinafter referred to as "**Foreign Contracts**").

5. The Applicant and its Representatives will comply with all registration and other requirements of applicable United States laws in respect of advising U.S. Clients.

6. The Applicant and its Representatives shall not provide any Commodities Advice to residents of Canada.

7. The executing and clearance of the Foreign Contracts is done by a registered futures commission merchant located in the United States.

8. The Applicant does not have any affiliated companies registered with any securities regulatory authorities in Canada and therefore there is no potential for client confusion as to which entity provides the Commodities Advice.

9. Before advising a U.S. Client, the Applicant and its Representatives will notify the U.S. Client of the location of the Applicant's head office or principal place of business and that there may be difficulty enforcing legal rights against the Applicant because of this.

10. U.S. Clients will be advised at the time they enter into an investment management agreement or similar documentation with the Applicant, and periodically thereafter, that if they relocate to a Canadian jurisdiction, their accounts will have to be transferred to another adviser that is appropriately registered or relying on an exemption from registration in the Canadian jurisdiction.

11. The CFA requires that a person or company acting as an adviser in Ontario on Contracts be registered in Ontario as an adviser in the appropriate category under the CFA. Even though the business operations are primarily located in the United States and all clients of the Applicant are not resident in Ontario, the fact that the Applicant is incorporated in Ontario and one or more of its Representatives are resident in Ontario triggers the requirement to be registered as an adviser in the category of Commodity Trading Manager under the CFA.

12. The Applicant submits that it would not be prejudicial to the public interest for the Commission to grant the requested relief because:

    (a) the Applicant will only advise U.S. Clients as to trading in Foreign Contracts;

    (b) the U.S. Clients seek to access certain specialized portfolio management services provided by the Applicant, including advice as to trading in Foreign Contracts;

    (c) the Applicant and each of its Representatives is appropriately registered to act as an adviser to the U.S. Clients under applicable laws of the United States.

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

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed,

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 requirements of paragraph 22(1)(b) of the CFA in respect of the provision of advice to U.S. Clients as to the trading of Foreign Contracts, provided that:

1. the Applicant provides advice to U.S. Clients only as to trading in Foreign Contracts;

2. the Applicant and each of its Representatives is appropriately registered under applicable laws of the United States to act as an adviser to the U.S. Clients;

3. the Applicant and each of its Representatives notifies the Commission of any regulatory action initiated with respect to the Applicant by completing and filing Appendix "A" or Appendix "B", as applicable, within 10 days of the commencement of such action; and

4. the Applicant and its Representatives comply with the requirements under OSC Rule 31-505 Conditions of Registration, as amended from time to time, namely, to deal fairly, honestly and in good faith with its, his, or her clients.

Dated this 24th of January, 2014.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

APPENDIX A

NOTICE OF REGULATORY ACTION – FIRM

1. Has the firm, or any predecessors or specified affiliates[11] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

   Yes _____ No _____

   If yes, provide the following information for each settlement agreement:

Name of entity
Regulator/organization
Date of settlement (yyyy/mm/dd)
Details of settlement
Jurisdiction

2. Has any financial services regulator ,securities or derivatives exchange, SRO or similar organization:

	Yes	No
(a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization?		
(b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission?		
(c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm?		
(d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm?		
(e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm?		
(f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm?		
(g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)?		

   If yes, provide the following information for each 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*.

Name of Entity	
Type of Action	
Regulator/organization	
Date of action (yyyy/mm/dd)	Reason for action
Jurisdiction	

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

Name of entity
Reason or purpose of investigation
Regulator/organization
Date investigation commenced (yyyy/mm/dd)
Jurisdiction

Name of firm
Name of firm's authorized signing officer or partner
Title of firm's authorized signing officer or partner
Signature
Date (yyyy/mm/dd)

Witness

The witness must be a lawyer, notary public or commissioner of oaths.

Name of witness
Title of witness
Signature
Date (yyyy/mm/dd)

This form is to be submitted to the following address:

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

APPENDIX B

NOTICE OF REGULATORY ACTION – INDIVIDUAL

Name of Individual

Last name	First name	Second name (N/A)	Third name (N/A)

1. Securities and derivatives regulation

Are you now, or have you ever been subject to any disciplinary proceedings or any order resulting from disciplinary proceedings under any securities legislation or derivatives legislation or both in any province, territory, state or country?

Yes ☐ No ☐

If "Yes", complete the following:

For each order or disciplinary proceeding, state below (1) the name of the firm, (2) the securities or derivatives regulator that issued the order or is conducting or conducted the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other relevant details.

2. SRO regulation

Are you now, or have you ever been, subject to any disciplinary proceedings conducted by any SRO or similar organization in any province, territory, state or country?

Yes ☐ No ☐

If "Yes", complete the following:

For each order or disciplinary proceeding, state below (1) the name of the firm, (2) the SRO that issued the order or that is, or was, conducting the proceeding, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding, and (7) any other information that you think is relevant or that the regulator or, in Québec, the securities regulatory authority may request.

3. Non-securities regulation

Are you now, or have you ever been, a subject of any disciplinary actions conducted under any legislation relating to your professional activities unrelated to securities or derivatives in any province, territory, state or country?

Yes ☐ No ☐

If "Yes", complete the following:

For each order or disciplinary proceeding, indicate below (1) the party against whom the order was made or the proceeding taken (if insurance licensed, indicate the name of the insurance agency), (2) the regulatory authority that made the order or that is, or was, conducting the proceeding, or under what legislation the order was made or the proceeding is being, or was conducted, (3) the date any notice of proceeding was issued, (4) the date any order or settlement was made, (5) a summary of any notice, order or settlement (including any sanctions imposed), (6) whether you are or were a partner, director, officer or major shareholder of the firm and named individually in the order or disciplinary proceeding and (7) any other information that you think is relevant or that the regulatory authority may request.

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)

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: Registration Supervisor, Portfolio Manager Team
Telephone: (416) 593-8164
email: amcbain@osc.gov.on.ca

2.2.5 RBC Global Asset Management Inc. and RBC Global Asset Management (UK) Limited – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirements of subsection 22(1)(b) of the CFA granted to a sub-adviser not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 Non-Resident Advisers made under the Securities Act (Ontario).

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 25(3).
Ontario Securities Commission Rule 35-502 Non-Resident Advisers, s. 7.3.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED (the CFA)

AND

IN THE MATTER OF
RBC GLOBAL ASSET MANAGEMENT INC. AND
RBC GLOBAL ASSET MANAGEMENT (UK) LIMITED

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of RBC Global Asset Management (UK) Limited (the **Sub-Adviser**) and RBC Global Asset Management Inc. (the **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that the Sub-Adviser and any individuals engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Sub-Advisory Services (as defined below) (the **Representatives**) be exempt, for a specified period of time, from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients (as defined below) in respect of commodity futures contracts and commodity futures options traded on commodity futures exchanges (collectively, the **Contracts**) and cleared through clearing corporations;

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

AND UPON the Sub-Adviser and the Principal Adviser having represented to the Commission that:

1. The Principal Adviser is a corporation organized under the federal laws of Canada, with its head office in Ontario. The Principal Adviser is registered as an adviser in the category of portfolio manager under the securities legislation in all the provinces and territories of Canada and is registered under the *Securities Act* (Ontario) (the **OSA**) and under the securities legislation in Newfoundland and Labrador as a dealer in the category of exempt market dealer. The Principal Adviser is also registered under the CFA as an adviser in the category of commodity trading manager.

2. The Principal Adviser is not in default of securities legislation of Ontario.

3. The Principal Adviser is the investment manager of and/or provides discretionary portfolio management services in Ontario to (i) investment funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Investment Funds**); (ii) pooled funds, the securities of which are sold on a private placement basis in Ontario and certain other provinces and territories of Canada pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (the **Pooled Funds**); (iii) managed accounts of clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts)**; and (iv) other Investment Funds, Pooled Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Clients**) (each of the Investment Funds, Pooled Funds, Managed Accounts and Future Clients being referred to individually as a **Client** and collectively as the **Clients**).

4. Certain of the Clients may, as part of their investment program, invest in Contracts.

5. The Principal Adviser acts as a commodity trading manager in respect of such Clients.

6. The Sub-Adviser is a corporation incorporated under the laws of England and Wales. The head office of the Sub-Adviser is located at Riverbank House, 2 Swan Lane, London, United Kingdom, EC4R 3BF.

7. The Sub-Adviser and the Principal Adviser are affiliates, and are indirect subsidiaries of Royal Bank of Canada.

8. The Sub-Adviser is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and in the United States by the U.S. Securities and Exchange Commission, where it is registered as an investment adviser. In the United Kingdom, the Sub-Advisor is authorized and permitted to conduct the Proposed Sub-Advisory Services (as defined below), including the following activities: (i) advising on investments (except on pensions transfers and pension opt outs); (ii) agreeing to carry on a regulated activity; (iii) arranging deals in investments; (iv) dealing in investments as an agent; (v) making arrangements with view to transactions in investments; and (vi) managing investments.

9. The Sub-Adviser is registered or licensed or is entitled to rely on appropriate exemptions from such registrations or licenses to provide advice to the Principal Adviser pursuant to the applicable legislation of its principal jurisdiction.

10. The Sub-Adviser is not resident in any province or territory of Canada.

11. The Sub-Adviser is not registered in any capacity under the CFA or the OSA.

12. In connection with the Principal Adviser acting as an adviser to Clients in respect of the purchase or sale of Contracts, the Principal Adviser, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, has retained the Sub-Adviser to act as a sub-adviser to the Principal Adviser (the **Proposed Sub-Advisory Services**) in respect of, inter alia, Contracts in which the Sub-Adviser has experience and expertise by exercising discretionary authority on behalf of the Principal Adviser, in respect of all or a portion of the assets of the investment portfolio of the respective Client, including discretionary authority to buy or sell Contracts for the Client, provided that:

    (a) in each case, the Contracts must be cleared through an "acceptable clearing corporation" (as defined in National Instrument 81-102 *Mutual Funds*, or any successor thereto (**NI 81-102**)) or a clearing corporation that clears and settles transactions made on a futures exchange listed in Appendix A of NI 81-102, or any successor thereto; and

    (b) such investments are consistent with the investment objectives and strategies of the applicable Client.

13. The written agreement between the Principal Adviser and the Sub-Adviser sets out the obligations and duties of each party in connection with the Proposed Sub-Advisory Services and permits the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Proposed Sub-Advisory Services.

14. If there is any direct contact between a Client and the Sub-Adviser in connection with the Proposed Sub-Advisory Services, a representative of the Principal Adviser, duly registered in accordance with the CFA, will be present at all times either in person or by telephone.

15. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as partner or an officer of a registered adviser and is acting on behalf of a registered adviser.

16. By providing the Proposed Sub-Advisory Services to the Principal Adviser in respect of the Clients, the Sub-Adviser and its Representatives will be engaging in, or holding himself, herself or itself out as engaging in, the business of advising others in respect of Contracts and, in the absence of being granted the requested relief, would be required to register as an adviser, or a representative of an adviser, as the case may be, under the CFA.

17. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA that is similar to the exemption from the adviser registration requirement in section 25(3) of the OSA which is provided under section 7.3 of OSC Rule 35-502 *Non-Resident Advisers* (**OSC Rule 35-502**).

18. The relationship among the Principal Adviser, the Sub-Adviser and any Client satisfies the requirements of section 7.3 of OSC Rule 35-502.

19. The Sub-Adviser will only provide the Proposed Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

20. The Principal Adviser will deliver to the Clients all applicable reports and statements under applicable securities and derivatives legislation.

21. As would be required under section 7.3 of OSC Rule 35-502:

    (a) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

    (b) the Principal Adviser contractually agrees with each Client to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and each Client; or

        (ii) to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances (together with (i), the **Assumed Obligations**); and

    (c) the Principal Adviser cannot be relieved by any of the Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.

22. The prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

23. In circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser and its Representatives are exempt from the adviser registration requirements of paragraph 22(1)(b) of the CFA when acting as a sub-adviser to the Principal Adviser in respect of the Clients in respect of Contracts, provided that at the relevant time that such activities are engaged in:

    (a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

    (b) the Sub-Adviser and its Representatives are appropriately registered or licensed, or are entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the particular Client pursuant to the applicable legislation of their principal jurisdiction;

    (c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

    (d) the Principal Adviser has contractually agreed with the Clients to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

    (e) the Principal Adviser cannot be relieved by any of the Clients from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;

    (f) the prospectus or similar offering document for each Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services will include the following disclosure:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(g) in circumstances where a Client for which the Principal Adviser engages the Sub-Adviser to provide the Proposed Sub-Advisory Services does not prepare a prospectus or similar offering document for delivery to prospective purchasers, all investors of the Client who are Ontario residents will receive written disclosure prior to the purchasing of any Contracts for such Client that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any of its Representatives) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

IT IS FURTHER ORDERED, that this Order will terminate on the earlier of (i) the coming into force of any amendments to section 7.3 of OSC Rule 35-502, (ii) the effective date of the repeal of section 7.3 of OSC Rule 35-502, and (iii) five years from the date hereof.

DATED at Toronto, Ontario this 28 day of January, 2014.

"Edward Kerwin"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

2.2.6 Welcome Place Inc. et al. – ss. 127(1), 127(7) and 127(8)

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

AND

IN THE MATTER OF
WELCOME PLACE INC., DANIEL MAXSOOD also known as
MUHAMMAD M. KHAN, TAO ZHANG, and TALAT ASHRAF

ORDER
(Subsection 127(1), 127(7) and 127(8))

WHEREAS on July 2, 2013, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order"), pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5., as amended (the "Act"), ordering the following:

1. that all trading in any securities by Welcome Place Inc. ("Welcome Place"), Daniel Maxsood also known as Muhammad M. Khan ("Maxsood"), Tao Zhang ("Zhang"), and Talat Ashraf ("Ashraf") shall cease; and

2. that the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf;

AND WHEREAS on July 2, 2013 the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by the Commission;

AND WHEREAS on July 2, 2013 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on July 12, 2013 at 11:30 a.m. (the "Notice of Hearing");

AND WHEREAS Staff of the Commission ("Staff") have served Welcome Place, Maxsood, Zhang, and Ashraf (the "Respondents") with copies of the Temporary Order, the Notice of Hearing, the Hearing Brief, Staff's Written Submissions and Brief of Authorities as evidenced by the sixteen Affidavits of Service contained in the Affidavits of Service Brief filed by Staff in advance of the July 12, 2013 hearing;

AND WHEREAS the Commission held a Hearing on July 12, 2013, at which counsel for Welcome Place and Maxsood attended and no one attended on behalf of Zhang or Ashraf, although properly served. Upon reviewing the evidence, hearing submissions from Staff and counsel for Welcome Place and Maxsood, and upon being advised that Welcome Place and Maxsood consented to the extension of the Temporary Order to January 31, 2014, the Commission ordered:

i) pursuant to subsections 127(7) and 127(8) of the Act that the Temporary Order is extended to January 31, 2014, and specifically:

   (a) that all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;

   (b) that the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

   (c) that this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission; and

ii) that the Hearing is adjourned to Monday, January 27, 2014 at 10:00 a.m.

AND WHEREAS on January 27, 2014, the Commission held a Hearing with respect to the extension of the Temporary Cease Trade Order and Staff appeared and made submissions. No one appeared for the Respondents, but a written consent to the extension of the Temporary Order was filed, which was considered by 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 pursuant to subsections 127(7) and 127(8) of the Act that the Temporary Order is extended until the final disposition of the proceeding resulting from Staff's investigation in this matter, including, if appropriate, any final determination with respect to sanctions and costs, or further Order of the Commission, and specifically:

1. that all trading in any securities by Welcome Place, Maxsood, Zhang, and Ashraf shall cease;

2. that the exemptions contained in Ontario securities law do not apply to any of Welcome Place, Maxsood, Zhang, and Ashraf; and

3. that this Order shall not affect the right of any Respondent to apply to the Commission to clarify, amend, or revoke this Order upon seven days written notice to Staff of the Commission.

DATED at Toronto this 27th day of January, 2014.

"Mary G. Condon"

2.2.7 Northern Securities Inc. et al. – ss. 8.3, 21.7

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

AND

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

AND

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

**ORDER
(Section 21.7 and Subsection 8(3) of the Securities Act)**

WHEREAS on August 20, 2012, the applicants Northern Securities Inc. ("NSI"), Victor Philip Alboini ("Alboini"), Douglas Michael Chornoboy and Frederick Earl Vance (collectively the "Applicants") filed with the Ontario Securities Commission (the "Commission") a notice of application (the "Application"), pursuant to section 21.7 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), for hearing and review of the decision of a hearing panel (the "Hearing Panel") of the Investment Industry Regulatory Organization of Canada ("IIROC") dated July 23, 2012 (the "Initial Decision");

AND WHEREAS on November 10, 2012, the Hearing Panel issued its final decision (the "Final Decision" and together with the Initial Decision, the "Decision");

AND WHEREAS on November 15, 2012, the Applicants brought a motion for an order granting a stay of the sanctions and penalties imposed on the applicants by the IIROC Hearing Panel in the Decision pending the determination of the Application and such further and other relief as counsel may advise and the Commission may determine is appropriate (the "Stay Motion");

AND WHEREAS on November 19, 2012 the Commission held a hearing to consider the Stay Motion;

AND WHEREAS the Commission heard submissions from counsel for the Applicants, counsel for IIROC Staff and counsel for Commission Staff;

AND WHEREAS the Commission received the Applicants' motion record, memorandum of argument, book of authorities and the affidavit of Alboini sworn November 19, 2012, IIROC Staff's motion record, memorandum of argument and authorities, and the supplementary affidavit of Louis Piergeti sworn November 19, 2012, and Commission Staff's submissions and book of authorities;

AND WHEREAS upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission ordered an interim stay, pursuant to section 21.7 and subsection 8(4) of the Act, of the sanctions and penalties imposed by the Decision, to continue until December 18, 2012 (the "Interim Stay");

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed and the Commission ordered that a further hearing should be scheduled for December 17, 2012 at 11:00 a.m., for the purposes of setting a date for hearing of the Application and, if necessary, considering whether the Interim Stay should be continued or a stay pending disposition of the Application should be granted;

AND WHEREAS on December 7, 2012, the Applicants filed with the Commission an Amended Application for Hearing and Review pursuant to section 21.7 of the Act for hearing and review of the Decision (the "Hearing and Review");

AND WHEREAS on December 17, 2012, the Commission heard submissions from counsel for the Applicants, counsel for IIROC Staff and counsel for Commission Staff;

AND WHEREAS the Commission received the affidavit of Alboini sworn December 17, 2012;

AND WHEREAS upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission was of the opinion that it was in the public interest to continue the Interim Stay;

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed that the Hearing and Review would be heard on February 14, 15 and 20, 2013 and the Interim Stay should be continued until the conclusion of the Hearing and Review;

AND WHEREAS on December 17, 2012 the Commission ordered that the Hearing and Review was scheduled for February 14, 15 and 20, 2013 and, pursuant to section 21.7 and subsection 8(4) of the Act, that the sanctions and penalties imposed by the IIROC Hearing Panel were stayed until February 22, 2013, or further order of the Commission;

AND WHEREAS upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission was of the opinion that it was in the public interest to continue the Interim Stay;

AND WHEREAS the Applicants, IIROC Staff and Commission Staff agreed that the Interim Stay should be continued until 30 days after the issuance of the decision and reasons for the Hearing and Review;

AND WHEREAS on February 20, 2013, the Commission ordered that pursuant to section 21.7 and subsection 8(4) of the Act, the sanctions and penalties imposed by the IIROC Hearing Panel be stayed until 30 days after the issuance of the decision and reasons for the

Hearing and Review or until further order of the Commission;

AND WHEREAS the Hearing and Review was heard over three days on February 14, 15, and 20, 2013, and the Commission released its decision and reasons on December 19, 2013, in which *inter alia*, it set aside the sanctions and costs imposed on the Applicants by the IIROC Hearing Panel and ordered that the Commission would hold a hearing *de novo* solely on the question of the appropriate sanctions and costs to be imposed on the Applicants based on the findings of the IIROC Hearing Panel other than its finding with respect to Count 3;

AND WHEREAS in accordance with the Commission's direction, the parties attended at a pre-hearing conference on January 27, 2014;

AND WHEREAS the parties agreed to the following schedule (the "Schedule"):

1. By February 28, 2014, the Applicants will serve and file affidavits, documentary evidence and/or witness statements containing the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence.

2. By March 10, 2014, IIROC Staff will serve and file any motion relating to the new evidence proposed by the Applicants.

3. If IIROC Staff does not request a motion, it will serve and file affidavits, documentary evidence and/or witness statements containing the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence by March 17, 2014.

4. If IIROC Staff requests a motion, it will serve and file any affidavits, documentary evidence and/or witness statements containing the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence 14 days after the disposition of the motion, if applicable.

5. By March 24, 2014, the Applicants will serve and file any motion relating to the new evidence proposed by IIROC Staff.

6. If the Applicants do not request a motion, they will serve and file any reply affidavits, documentary evidence and/or witness statements containing the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence by April 11, 2014.

7. If the Applicants request a motion, they will serve and file affidavits, documentary evidence and/or witness statements the substance of the anticipated evidence and containing reference to the relevant documents from the record of proceeding and any proposed new evidence 14 days after the disposition of the motion, if applicable.

AND WHEREAS upon considering the submissions of the Applicants, IIROC Staff and Commission Staff, the Commission is of the opinion that it is in the public interest to make this order;

IT IS HEREBY ORDERED THAT:

1. the hearing regarding sanctions and costs shall be heard on June 9, 10 and 11, 2014 commencing at 10:00 a.m. each day; and

2. the parties shall adhere to the Schedule, subject to further order of the Commission.

DATED at Toronto this 27th day of January, 2014.

"James E. A. Turner"

2.2.8 Newer Technologies Limited et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
NEWER TECHNOLOGIES LIMITED,
RYAN PICKERING AND RODGER FREY

ORDER
(Subsection 127(1) and section 127.1)

WHEREAS on December 4, 2012, 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 4, 2012 in respect of Newer Technologies Limited, Ryan Pickering and Rodger Frey (collectively, the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on December 5, 2012;

AND WHEREAS the Notice of Hearing provided that a hearing would be held at the temporary hearing rooms of the Commission on January 11, 2013;

AND WHEREAS at the first attendance on January 11, 2013, Staff and counsel for Newer Technologies Limited and Ryan Pickering attended before the Commission;

AND WHEREAS Rodger Frey did not appear, however Staff indicated that Rodger Frey had contacted Staff to notify them that he was aware of the attendance but would not be present;

AND WHEREAS Staff requested that a confidential pre-hearing conference be scheduled, and counsel agreed;

AND WHEREAS the Commission ordered that a confidential pre-hearing conference take place on March 18, 2013 at 9:00 a.m.;

AND WHEREAS at the confidential pre-hearing conference on March 18, 2013, Staff and counsel for Newer Technologies Limited and Ryan Pickering, and counsel for Rodger Frey, attended and Staff requested that a further confidential pre-hearing conference be scheduled, and counsel agreed;

AND WHEREAS the Commission ordered that a confidential pre-hearing conference take place on July 9, 2013 at 10:00 a.m.;

AND WHEREAS at the confidential pre-hearing conference on July 9, 2013, Staff and counsel for Newer Technologies Limited and Ryan Pickering, and counsel for Rodger Frey, attended and Staff requested that dates for the hearing on the merits be scheduled, and counsel agreed, and the Commission ordered that a confidential pre-hearing conference take place on January 30, 2014 at 10:00 a.m. and the hearing on the merits in this matter commence on March 17, 2014 at 10:00 a.m. and continue on March 18, 19, 20, 21, 24, and 26, 2014 at 10:00 a.m.;

AND WHEREAS on January 24, 2014, on the consent of the parties, the Commission ordered that the date of January 30, 2014 at 10:00 a.m. set for the confidential pre-hearing conference be vacated;

AND WHEREAS on January 30, 2014, Staff and counsel for Newer Technologies Limited and Ryan Pickering, and counsel for Rodger Frey, attended before the Commission by telephone conference to address a request by Newer Technologies Limited and Ryan Pickering to adjourn the commencement of the hearing on the merits to dates mutually agreeable to all the parties, and the Commission heard submissions of the parties;

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

AND WHEREAS the parties consent to the making of this order;

IT IS HEREBY ORDERED that:

1. The dates of March 17, 18, 19, 20, 21, 24, and 26, 2014 set for the hearing on the merits be vacated;

2. The hearing on the merits in this matter will commence on September 8, 2014, and will continue thereafter on September 10, 11, 12, and 15, 2014; and

3. A prehearing conference will be held on June 2, 2013 at 10:00 a.m.

DATED at Toronto this 30th day of January, 2014.

"Alan J. Lenczner"

2.2.9 North American Financial Group Inc. et al. – Rule 1.7.4 of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
NORTH AMERICAN FINANCIAL GROUP INC.,
NORTH AMERICAN CAPITAL INC.,
ALEXANDER FLAVIO ARCONTI AND
LUIGINO ARCONTI

ORDER
(Rule 1.7.4 of the Commission's Rules of Procedure (2012), 35 O.S.C.B. 10071)

WHEREAS on December 28, 2011, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing (the "**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**"), accompanied by a Statement of Allegations dated December 28, 2011 filed by Staff of the Commission ("**Staff**") with respect to North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti and Luigino Arconti (collectively, the "**Respondents**");

AND WHEREAS a hearing on the merits in this matter was held before the Commission on April 29 and 30, May 1-3, 6, 8-10, 22 and 23 and September 11, 2013;

AND WHEREAS following the hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits on December 11, 2013;

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

(a) Staff shall file and serve written submissions on sanctions and costs by February 14, 2014;

(b) the Respondents shall file and serve written submissions on sanctions and costs by March 7, 2014;

(c) Staff shall file and serve written reply submissions on sanctions and costs by March 14, 2014; and

(d) the hearing to determine sanctions and costs will be held at the offices of the Commission at 20 Queen Street West, Toronto, commencing on March 24, 2014 at 10:00 a.m.;

AND WHEREAS on January 22, 2014, counsel for the Respondents, Ian R. Smith ("**Smith**"), served and filed a Notice of Motion for leave to withdraw as representative for the Respondents, pursuant to Rule 1.7.4 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "**Notice of Motion**"), along with the supporting Affidavit of Donna Ranieri sworn January 22, 2014;

AND WHEREAS Staff advised the Commission that it takes no position on this motion;

AND WHEREAS Smith served and filed the Affidavit of Donna Ranieri sworn January 30, 2014 attesting to the service of the Notice of Motion on Staff and the Respondents on January 22, 2014;

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

IT IS ORDERED that Smith is granted leave to withdraw as counsel of record for the Respondents.

DATED at Toronto this 31st day of January, 2014.

"James D. Carnwath"

2.2.10 Innovative Gifting Inc. et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
INNOVATIVE GIFTING INC., TERENCE LUSHINGTON,
Z2A CORP. AND CHRISTINE HEWITT

ORDER
(Subsection 127(1) and section 127.1 of the Act)

WHEREAS on March 2, 2010, 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"), accompanied by a Statement of Allegations dated March 2, 2010 filed by Staff of the Commission ("Staff"), in respect of Innovative Gifting Inc., Terence Lushington, Z2A Corp. and Christine Hewitt;

AND WHEREAS on March 29, 2011, the Commission issued an order approving a Settlement Agreement between Staff and Innovative Gifting Inc. and Terence Lushington;

AND WHEREAS a hearing on the merits with respect to the allegations against Christine Hewitt and Z2A Corp. (the "Respondents") was held before the Commission on October 3, 4, 5, 6, 12 and 24, November 8 and December 21, 2011 (the "Merits Hearing");

AND WHEREAS on July 25, 2013, the Commission issued its Reasons and Decision with respect to the merits and ordered Staff and the Respondents to appear before the Commission on August 12, 2013 at 10:00 a.m. for the purposes of scheduling the sanctions and costs hearing;

AND WHEREAS the sanctions and costs hearing was ultimately held on October 23, 2013;

AND WHEREAS Staff filed written submissions and appeared on October 23, 2013 to make oral submissions; the Respondents did not appear and did not file any materials;

AND WHEREAS I am satisfied that the Respondents were served with all of the relevant materials related to the sanctions and costs hearing;

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

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by the Respondents shall cease for a period of five years;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents be prohibited for a period of five years;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to the Respondents for a period of five years;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, Z2A and Hewitt be reprimanded;

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Hewitt resign all of the positions that she may hold as a director or officer of any issuer, registrant or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Hewitt be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of five years;

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Z2A and Hewitt be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of five years;

(h) pursuant to paragraph 9 of subsection 127(1) of the Act, Z2A and Hewitt each be required to pay to the Commission an administrative penalty of $15,000 for their failure to comply with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(i) pursuant to paragraph 10 of subsection 127(1) of the Act, Z2A and Hewitt disgorge to the Commission on a joint and several basis $229,453.10, being the amount obtained by them as a result of their non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(j) pursuant to subsections 127.1 of the Act, Z2A and Hewitt be ordered to pay to the Commission, on a joint and several

basis, costs of the Merits Hearing in the amount of $50,000.00.

DATED at Toronto this 30th day of January, 2014.

"James E. A. Turner"

2.2.11 RBC 1-5 Year Laddered ETF et al. – s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

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

Rules Cited

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

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

AND

IN THE MATTER OF
RBC 1-5 YEAR LADDERED CORPORATE BOND ETF,
RBC QUANT CANADIAN DIVIDEND LEADERS ETF,
RBC QUANT U.S. DIVIDEND LEADERS ETF,
RBC QUANT EAFE DIVIDEND LEADERS ETF
(the Funds)

DESIGNATION ORDER
Section 1.1

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

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

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

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

Dated January 9, 2014

"Susan Greenglass"
Director, Market Regulation

2.2.12 First Trust AlphaDEX European Dividend Index ETF (CAD-Hedged) – s. 1.1 of OSC Rule 48-501 Trading During Distributions, Formal Bids and Share Exchange Transactions

Headnote

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

Rules Cited

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

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

AND

IN THE MATTER OF
FIRST TRUST ALPHADEX EUROPEAN DIVIDEND
INDEX ETF (CAD-HEDGED)
(the Fund)

DESIGNATION ORDER
Section 1.1

WHEREAS the Fund is or will be listed on the Toronto Stock Exchange;

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

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

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

Dated January 30, 2014

"Susan Greenglass"
Director, Market Regulation

2.2.13 Tricoastal Capital Partners LLC et al. – ss. 127(1), 127(8)

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

AND

IN THE MATTER OF
TRICOASTAL CAPITAL PARTNERS LLC,
TRICOASTAL CAPITAL MANAGEMENT LTD. and
KEITH MACDONALD SUMMERS

TEMPORARY ORDER
(Subsections 127(1) & 127(8))

WHEREAS on July 25, 2013, the Ontario Securities Commission (the "Commission") issued a temporary cease trade order (the "Temporary Order") pursuant to subsections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") ordering the following:

1. pursuant to clause 2 of subsection 127(1) and subsection 127(5) of the Act that all trading in any securities by Keith MacDonald Summers ("Summers"), Tricoastal Capital Partners LLC ("Tricoastal Partners") and Tricoastal Capital Management Ltd. ("Tricoastal Capital") (collectively, the "Respondents") or their agents shall cease; and

2. pursuant to clause 3 of subsection 127(1) and subsection 127(5) of the Act that the exemptions contained in Ontario securities law do not apply to the Respondents or their agents;

AND WHEREAS on August 6, 2013, the Commission ordered pursuant to subsection 127(8) of the Act, that the Temporary Order is extended until February 5, 2014, or until further order of the Commission;

AND WHEREAS Staff seeks to further extend the Temporary Order until August 8, 2014;

AND WHEREAS counsel for the Respondents advised Staff that they consent to a six month extension of the Temporary Order;

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

IT IS HEREBY ORDERED that the Temporary Order is extended until August 8, 2014, or until further order of the Commission;

IT IS FURTHER ORDERED that the hearing of this matter is adjourned to August 6, 2014 at 10:00 a.m. or to such other date or time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto this 3rd day of February, 2014

"Christopher Portner"

2.2.14 Samco Gold Limited – s. 9.1 of MI 61-101 Protection of Minority Security Holders in Special Transactions

Headnote

Related party transaction under Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – exemption from holding shareholders' meeting and from sending an information circular granted – issuer entered into an agreement with one of its directors, constituting a related party transaction subject to minority approval requirement under MI 61-101 – issuer disclosed the details of the transaction in a material change report and in a disclosure document filed on SEDAR – disinterested shareholders holding a majority of the common shares of the issuer eligible to be counted in determining minority approval under Part 8 of MI 61-101 provided signed written consents approving the proposed related party transaction – disclosure document was provided to each shareholder from whom consent was sought – disclosure document and material change report filed on SEDAR more than 14 days before closing.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 5.3, 5.6, 8.1, 9.1(2).

Companion Policy 61-101CP to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, s. 3.1.

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

AND

IN THE MATTER OF
MULTILATERAL INSTRUMENT 61-101 –
PROTECTION OF MINORITY SECURITY HOLDERS
IN SPECIAL TRANSACTIONS ("MI 61-101")

AND

IN THE MATTER OF
SAMCO GOLD LIMITED
(the "Filer")

ORDER
(Section 9.1 of MI 61-101)

UPON the application (the "**Application**") of the Filer to the Ontario Securities Commission (the "**Commission**") for a decision pursuant to section 9.1(2) of MI 61-101 for discretionary relief from the requirements in MI 61-101 that the Filer call a shareholders' meeting to consider a proposed related party transaction (the Transaction, as defined below) and send an information circular to shareholders in connection with such meeting (the "**Requested Relief**");

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

AND WHEREAS the Filer has represented to the Commission that:

1. The Filer is a corporation existing under the laws of the British Virgin Islands. The principal executive offices of the Filer are located at 2 - 4 Noel Street, London, England, W1F 8GB.

2. The Filer is a reporting issuer in the provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island, and Newfoundland and Labrador and is not in default of securities legislation in any such jurisdiction.

3. The authorized capital of the Filer consists of an unlimited number of common shares (the "**Common Shares**"). Each Common Share carries the right to one vote at all meetings of shareholders of the Filer. As of the date hereof, a total of 65,076,075

4. Common Shares are issued and outstanding. The Common Shares are listed and posted for trading on the TSX Venture Exchange (the "**Exchange**") under the symbol "SGA".

5. Pursuant to a participation and option agreement (the "**Agreement**") dated January 10, 2014 among the Filer and Ricardo A. Auriemma (the "**Grantor**"), a director of the Filer, the Filer has agreed to acquire the right to participate on a sliding scale basis in the benefits arising from the enforcement of an Argentinean court judgment (the "**Argentinean Court Awarded Rights**") relating to the breach of a regional alliance agreement between the Grantor and Northern Orion Resources Inc. (since acquired by Yamana Gold Inc. and renamed 0805346 B.C. Ltd.), which regional alliance agreement provides the Grantor with a right (the "**Priority Right**") to participate equally in certain mining opportunities (collectively, the "**Transaction**").

6. Under the Agreement, the Filer is to pay the Grantor US$1,400,000 (the "**Option Payment**") within three (3) business days from when the Filer obtains the necessary approvals for the Agreement and the transactions contemplated therein.

7. The Filer also has a right under the Agreement to acquire from the Grantor the sole and exclusive right to the Argentinean Court Awarded Rights and the Priority Right by paying the Grantor US$50 million (the "**Buy-out**"), provided these purchase funds are not raised through the issue of shares or convertible securities of the Filer or its affiliates.

8. The Exchange requested that the Filer provide an undertaking to obtain prior Exchange acceptance if the Filer chooses to exercise the Buy-out or if the Grantor chooses to pay the sliding scale award payment under the Agreement in a form of consideration other than cash, and the Filer provided such undertaking to the Exchange on January 30, 2014.

9. The material terms of the Transaction were disclosed in the press release (the "**Press Release**") and material change report (the "**Material Change Report**") of the Filer each dated January 10, 2014 and publicly filed on SEDAR on January 10, 2014.

10. The contents of the Material Change Report comply with the disclosure requirements contained in Section 5.2 of MI 61-101.

11. The Transaction will not require the issuance of any Common Shares of the Filer.

12. The Filer's board of directors consists of a total of five directors, four of whom are "independent directors" as defined in MI 61-101, being Charles Koppel, Kevin Tomlinson, Michel Marier and Estanislao Auriemma. On November 27, 2013, the board of directors of the Filer appointed Kevin Tomlinson and Michel Marier to form a special committee of directors (the "**Special Committee**") to review the Agreement and report to the Filer's board of directors. Approval of the Agreement and the terms of the Transaction by the Special Committee and the Filer's board of directors, including unanimous approval of the independent directors, was received on January 9, 2014 and January 10, 2014, respectively.

13. Pursuant to the terms of the Agreement, completion of the Transaction is subject to certain conditions, including receipt of necessary Exchange and regulatory approvals (including the exemptive relief hereby granted) and the disinterested minority shareholder approval required by Section 5.6 of MI 61-101. Subject to the satisfaction of such conditions, the Transaction is scheduled to close on or about January 31, 2014.

14. The Transaction falls within the definition of "related party transaction", as set out in MI 61-101, as, at the date that the Transaction was agreed to, the Grantor was and remains a director, and thus a "related party", of the Filer.

15. Pursuant to section 5.5(b) of MI 61-101, the Transaction is exempt from the requirement to obtain a formal valuation set out in Section 5.4 of MI 61-101; however, there are no exemptions available in respect of the Transaction from the disinterested minority approval requirement of Section 5.6 of MI 61-101.

16. The Filer sought minority approval for the Transaction, as that term is defined in MI 61-101, and calculated in accordance with the terms of Part 8 of MI 61-101 ("**Minority Approval**"), albeit not a shareholder's meeting, but by way of written consent.

17. None of the shareholders of the Filer from whom written consent for the Transaction was sought are (i) the Filer, (ii) an "interested party", as such term is defined in MI 61-101, (iii) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of the Filer, or (iv) a joint actor with a person or company referred to in (ii) or (iii) in respect of the Transaction.

18. The Filer provided each shareholder from whom written consent for the Transaction was sought a disclosure document, including the Press Release and Agreement, pertaining to the Transaction (the "**Disclosure Document**"), the contents of which comply with the disclosure requirements set out in Section 5.3(3) of MI 61-101, along with a form of written consent (the "**Consent**") seeking approval of the Transaction. The Disclosure Document and Consent provide all relevant details of the Transaction and include an acknowledgement that the Disclosure Document describes the Transaction in sufficient detail to allow shareholders to make an informed decision regarding approval of the Transaction.

19. The form of Consent and Disclosure Document were filed publicly on SEDAR on January 10, 2014.

20. On January 21, 2014, the Exchange requested that the form of Consent be updated to include acknowledgements that (i) satisfactory evidence of value for the Transaction was not provided to the Exchange and, as such, disinterested shareholder approval is being sought in connection with the Option Payment to the Grantor under the Agreement, and (ii) there is no security or other interest provided by the Grantor to the Filer to secure repayment of the US$1.4 million in the case that the award payment under the Agreement is less than US$50 million (the "**Updated Consent**"). The Filer made these changes and provided the form of Updated Consent to each shareholder from whom written consent for the Transaction was sought.

21. The form of Updated Consent was filed publicly on SEDAR on January 30, 2014.

22. The Filer has received signed Updated Consents from shareholders representing approximately 68.4% of Common Shares held by shareholders eligible to provide the Minority Approval required

for the Transaction under Part 8 of MI 61-101, which exceeds the simple majority requirement set out in MI 61-101 for such approval.

23. A copy of the Disclosure Document will be sent to any shareholder of the Filer who requests a copy.

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

IT IS ORDERED pursuant to section 9.1(2) of MI 61-101 that the Requested Relief is hereby granted.

DATED at Toronto this 31st day of January, 2014.

"Naizam Kanji"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.2.15 Crown Hill Capital Corporation and Wayne Lawrence Pushka

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

AND

IN THE MATTER OF
CROWN HILL CAPITAL CORPORATION and
WAYNE LAWRENCE PUSHKA

ORDER

WHEREAS on July 7, 2011, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Act*") in connection with a Statement of Allegations filed by Staff of the Commission ("Staff") on July 7, 2011 in respect of Crown Hill Capital Corporation and Wayne Lawrence Pushka (collectively, the "Respondents");

AND WHEREAS the Respondents were served with the Notice of Hearing and Statement of Allegations on July 7, 2011;

AND WHEREAS the hearing on the merits in this matter commenced on May 9, 2012 and continued on May 10, 14-17, 24, 25, July 18-20, August 13 and 15, and September 18, 2012;

AND WHEREAS the Commission released its reasons and decision with respect to the hearing on the merits on August 23, 2013;

AND WHEREAS Staff and counsel for the Respondents attended at a case conference on October 15, 2013 to discuss the scheduling of the sanctions hearing and related procedural matters;

AND WHEREAS the Commission ordered that a case conference be scheduled for December 12, 2013 at 2:00 p.m. for the purpose of addressing various procedural matters or for such other purposes as the Panel hearing the matter may determine;

AND WHEREAS the Respondents requested on December 9, 2013 that a half day motion be scheduled for leave to appeal the decision with respect to the hearing on the merits prior to the Commission hearing evidence and submissions in relation to sanctions or, in the alternative, for the Commission to exercise its discretion to reopen the hearing on the merits to hear certain further submissions (the "Motion");

AND WHEREAS Staff and counsel for the Respondents attended at the Motion hearing and made submissions and the Commission dismissed the Motion and ordered that a further case conference be held on January 31, 2014 at 10:00 a.m. for the purpose of addressing various procedural matters;

AND WHEREAS Staff and counsel for the Respondents attended at the case conference on January 31, 2014 to discuss the scheduling of the sanctions hearing and related procedural matters;

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 sanctions hearing shall commence on February 24, 2014 and continue on February 26, 27 and 28, 2014, as may be necessary.

DATED at Toronto this 31st day of January, 2014.

"James E. A. Turner"

"Judith N. Robertson"

2.2.16 Sino-Forest Corporation et al.

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

AND

IN THE MATTER OF
SINO-FOREST CORPORATION, ALLEN CHAN, ALBERT IP, ALFRED C.T. HUNG,
GEORGE HO, SIMON YEUNG and DAVID HORSLEY

ORDER

WHEREAS the Ontario Securities Commission ("the Commission") issued a Notice of Hearing (the "Notice of Hearing") and Statement of Allegations in this matter dated May 22, 2012 pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended in respect of Sino-Forest Corporation ("Sino-Forest"), Allen Chan ("Chan"), Albert Ip ("Ip"), Alfred C.T. Hung ("Hung"), George Ho ("Ho"), Simon Yeung ("Yeung") and David Horsley ("Horsley");

AND WHEREAS on May 22, 2012, the Notice of Hearing gave notice that a hearing would be held on July 12, 2012 at 10:00 a.m. before the Commission;

AND WHEREAS on July 12, 2012, counsel for Staff, counsel for Sino-Forest, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared before the Commission and consented to the hearing being adjourned to October 10, 2012;

AND WHEREAS on July 12, 2012 the hearing in this matter was adjourned to October 10, 2012 at 10:00 a.m.;

AND WHEREAS on October 10, 2012 the hearing in this matter was adjourned to January 17, 2013;

AND WHEREAS on January 17, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared before the Commission and requested that the hearing be adjourned to May 13, 2013 for the purpose of conducting a pre-hearing conference;

AND WHEREAS on January 17, 2013 the Commission ordered that a pre-hearing conference be held on May 13, 2013;

AND WHEREAS on May 13, 2013 a pre-hearing conference was commenced before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the May 13, 2013 pre-hearing conference;

AND WHEREAS on May 13, 2013 the Commission ordered that the pre-hearing conference in this matter continue on July 19, 2013;

AND WHEREAS on July 19, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the July 19, 2013 pre-hearing conference;

AND WHEREAS on July 19, 2013 the Commission ordered that the pre-hearing conference in this matter continue on August 13, 2013;

AND WHEREAS on August 13, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the August 13, 2013 pre-hearing conference;

AND WHEREAS on August 13, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley all made submissions regarding the scheduling of the hearing on the merits (the "Merits Hearing");

AND WHEREAS on August 13, 2013 counsel for Ip, Hung, Ho and Yeung requested that a motion for particulars and further disclosure be scheduled (the "Particulars Motion");

AND WHEREAS on August 13, 2013 the Commission ordered that:

1. the Merits Hearing shall commence on June 2, 2014 at 10:00 a.m., and continue as follows:

   a) Staff's case in the Merits Hearing shall be held on the following dates: June 2, 2014; June 4 to June 6, 2014; June 10 to June 13, 2014; June 16, 2014; June 18 to June 20, 2014; June 24 to June 27, 2014; June 30, 2014; July 3 to 4, 2014; July 8 to 11, 2014; July 14, 2014; July 16 to 18, 2014; July 22 to 25, 2014; August 11, 2014; August 13 to 15, 2014; August 19 to 22, 2014; August 25, 2014; August 27 to 29, 2014; September 2 to 5, 2014; September 8, 2014; September 10 to 12, 2014, and September 15, 2014 or on such other dates as ordered by the Commission;

   b) the Respondents' case in the Merits Hearing be held October 15 to 17, 2014; October 20, 2014; October 22 to 24, 2014; October 28 to 31, 2014; November 3, 2014; November 5 to 7, 2014; November 11, 2014; November 19 to 21, 2014; November 25 to 28, 2014; December 1, 2014; December 3 to 5, 2014; December 9 to 12, 2014; December 15, 2014; December 17 to 19, 2014; January 7 to 9, 2015; January 12, 2015; January 14 to 16, 2015; January 20 to 23, 2015; January 26, 2015; January 28 to 30, 2015; February 3 to 6, 2015; February 9, 2015; and February 11 to 13, 2015 or on such other dates as ordered by the Commission;

2. the Particulars Motion be held on October 16, 2013 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

3. the pre-hearing conference in this matter be continued on September 10, 2013, at 2:00 p.m., or such other date and time as ordered by the Commission.

AND WHEREAS on September 10, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on September 10, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley all made submissions with respect to the timetable for service of Staff's hearing briefs in connection with the Merits Hearing;

AND WHEREAS on September 10, 2013 the Commission ordered that (i) Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before February 3, 2014; and (ii) the pre-hearing conference in this matter be continued on October 10, 2013 at 10:00 a.m. (the "September 10 Order");

AND WHEREAS on October 10, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on October 10, 2013 counsel for Ip, Hung, Ho and Yeung requested that the hearing date scheduled for the Particulars Motion be vacated;

AND WHEREAS on October 10, 2013 counsel for Ip, Hung, Ho and Yeung further requested that the Commission vacate the dates scheduled for the Merits Hearing on October 20 and 22 to 24, 2014 to accommodate a scheduling conflict;

AND WHEREAS on October 10, 2013 the Commission ordered that:

1. the hearing date scheduled for the Particulars Motion, namely October 16, 2013, is vacated;

2. the hearing dates scheduled for October 20 and 22 to 24, 2014 for the Respondents' case in the Merits Hearing are vacated and further hearing dates are hereby scheduled for February 17 to 20, 2015; and

3. the pre-hearing conference in this matter be continued on November 21, 2013 at 11:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary.

AND WHEREAS on November 21, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on November 21, 2013, the Commission ordered that the pre-hearing conference in this matter be continued on December 2, 2013 at 10:00 a.m.;

AND WHEREAS on December 2, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on December 2, 2013, counsel for Chan requested that a motion in connection with certain translated documents be scheduled (the "Translation Motion");

AND WHEREAS on December 2, 2013 counsel for Ip, Hung, Ho and Yeung requested that certain dates scheduled for the Merits Hearing be vacated and counsel for Chan and counsel for Horsley joined in the request;

AND WHEREAS Staff opposed the request to vacate the hearing dates;

AND WHEREAS on December 2, 2103 the Commission ordered that:

1. the hearing dates scheduled for June 2, 2014; June 4 to June 6, 2014; June 10 to June 13, 2014; June 16, 2014; June 18 to June 20, 2014; June 24 to June 27, 2014; June 30, 2014; July 3 to 4, 2014; July 8 to 11, 2014; July 14, 2014; July 16 to 18, 2014; July 22 to 25, 2014; August 11, 2014; August 13 to 15, 2014; August 19 to 22, 2014; August 25, 2014; August 27 to 29, 2014 are vacated;

2. the Merits Hearing shall commence on September 2, 2014 and continue on the dates previously agreed to by the parties and ordered by the Commission;

3. the parties shall discuss their availability for further hearing dates in advance of the next pre-hearing conference and further dates for the Merits Hearing shall be set at the next pre-hearing conference;

4. the September 10 Order is varied such that Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before April 1, 2014;

5. the Translation Motion shall be held on January 31, 2014 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

6. the pre-hearing conference in this matter be continued on January 31, 2014 at 10:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary;

AND WHEREAS by email to the Secretary's Office on January 24, 2014, counsel for Chan requested that the date scheduled for the Translation Motion be vacated;

AND WHEREAS on January 31, 2014 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on January 31, 2014, the parties requested that a further Translation Motion be scheduled (the "Revised Translation Motion");

AND WHEREAS on January 31, 2014, the parties provided the Panel with their availability for further hearing dates for the Merits Hearing;

IT IS HEREBY ORDERED that:

1. additional hearing dates for the Merits Hearing are hereby added on September 16-19, 2014; September 22 , 2014; September 24-26, 2014; September 30; 2014; October 1-3, 2014; October 6, 2014; October 8-10, 2014; October 14, 2014; November 12-14, 2014; November 17, 2014; February 23, 2015; February 25 to 27, 2015; March 3 to 6, 2015; March 9, 2015; March 11 to 13, 2015; March 17 to 20, 2015; March 23, 2015; March 25 to 27, 2015; March 31, 2015; April 1 to 2, 2015; April 8 to 10, 2015; April 14 to 17, 2015; April 20, 2015; April 22 to 24, 2015; April 28 to 30, 2015; May 1, 2015; May 4, 2015; May 6 to 8, 2015; May 12 to 15, 2015; May 20 to 22, 2015; May 26 to 29, 2015; June 3 to 5, 2015; and June 9, 2015;

2. the hearing dates scheduled for January 7 to 9, 2015; January 12, 2015; January 14 to 16, 2015; January 20 to 23, 2015; January 26, 2015; January 28 to 30, 2015; February 3 to 6, 2015; February 9, 2015; February 11 to 13, 2015; and February 17 to 20, 2015 are hereby vacated;

3. for clarity, Staff's case shall commence on September 2, 2014 and continue on all scheduled Merits Hearing dates up to and including December 19, 2014 and the Respondents' case shall commence on February 23, 2015 and continue on all scheduled Merits Hearing dates up to and including June 9, 2015;

4. the Revised Translations Motion shall be held on June 23, 2014 commencing at 10:00 a.m. and shall continue on June 24 and 25, 2014, or such other dates and times as ordered by the Commission; and

5. the pre-hearing conference in this matter shall be continued on February 18, 2014 at 10:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary.

DATED at Toronto this 31st day of January, 2014.

"Mary G. Condon"

2.3 Rulings

2.3.1 BMO Harris Investment Management Inc.

Headnote

Relief granted from the Dealer Registration Requirement to permit trades in units of prospectus-qualified funds managed by affiliate entities to clients under a discretionary managed account agreement.

Subsection 74(1) of the Securities Act (Ontario) (the Act) – relief from the requirement to register as a dealer in the category of mutual fund dealer – granted to a firm registered as an exempt market dealer, portfolio manager and investment manager – exemption is limited to the sale of prospectus-qualified mutual funds managed by specified affiliates to clients' managed accounts where registration in category of exempt market dealer under subsection 26(2) of the Act insufficient to satisfy dealer registration requirement under subsection 25() of the Act.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 25(1), 26(2), 74(1).

IN THE MATTER OF
THE SECURITIES ACT, ONTARIO
(the Act)

AND

IN THE MATTER OF
BMO HARRIS INVESTMENT MANAGEMENT INC.
(the Filer)

RULING

Background

The Ontario Securities Commission (the **Commission**) has received an application from the Filer for a ruling under subsection 74(1) of the Act that the Filer be exempted from the requirements in sections 25(1) and 26(2) of the Act that would otherwise require the Filer to be registered as a dealer in the category of mutual fund dealer in order to trade in securities of investment funds that are

(a) qualified for sale by a prospectus, and

(b) managed and/or advised by Affiliates of the Filer (as defined below),

on behalf of fully managed accounts that it manages where its clients are not accredited investors (the **Requested Relief**).

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meanings if used in this decision unless they are defined in this decision.

Representations

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

1. The Filer is incorporated under the laws of Canada and is an indirect, wholly owned subsidiary of Bank of Montreal with its head office in Toronto, Ontario.

2. The Filer is not in default of the securities legislation in Ontario.

3. In its capacity as a registered portfolio manager, the Filer provides discretionary portfolio management services in all provinces and territories of Canada. In addition, the Filer is registered as an exempt market dealer in all provinces and territories of Canada, as an investment fund manager in Ontario, Québec and Newfoundland and Labrador, as a derivatives portfolio manager and financial planner in Québec, as a commodity trading manager and commodity trading counsel in Ontario, and as an investment adviser in the United States.

4. The Filer provides its services to individuals and related non-personal entities for which a managed account is appropriate (**Clients**) pursuant to investment management agreements (**Managed Account Agreements**) which authorize the Filer to, in accordance with each Client's investment objectives, make investment decisions for each Client's account (**Managed Account**).

5. Although most Clients are high net worth individuals who are accredited investors, from time to time, the Filer may accept certain Clients for Managed Accounts who are not accredited investors due to their relationship with Clients who are accredited investors.

6. Each Managed Account Agreement provides the Filer with full discretionary authority to trade securities for such Managed Account without obtaining the specific consent of the relevant Client. Each Managed Account Agreement is completed by the Client working with the Filer's registered representative (**Investment Counsellor**). The Managed Account Agreement sets out how the Managed Account operates and informs the Client of the various terms and conditions applicable to the Managed Account and discloses all fees charged to the Managed Account for the discretionary portfolio management services.

7. At the initial meeting between a new Client and an Investment Counsellor, an Investment Policy Statement (**IPS**) is established for the Client. The IPS provides the general investment goals and objectives of a Client and describes the strategies that the Filer shall employ to meet these

objectives and assist the Filer in ensuring that the Managed Account is operated in a manner that is consistent with the Filer's suitability obligations to the Client. By signing the IPS, the Client agrees to the specific information on matters such as asset allocation, risk tolerance, income requirements and liquidity requirements.

8. Clients are provided with a quarterly portfolio statement showing all transactions carried out in their account during the quarter, all assets held and provides certain performance reporting. The Investment Counsellor is available to review and discuss with a Client any quarterly portfolio statement as well as any subsequent portfolio statement or reporting specifically requested, as applicable, that is prepared for that Client. The Filer's Investment Counsellors meet at least annually with their Clients to review the performance of their Managed Account and their investment goals. The Investment Counsellors may meet more frequently with Clients or provide monthly or other supplementary portfolio statements at a Client's request.

9. Portfolio management fees paid by each Client in connection with the Filer's provision of discretionary portfolio management services are based upon the assets under management within the Managed Account.

10. The Filer is also the manager and portfolio manager of certain mutual funds (the **BMO Harris Private Portfolios**) and the Filer may cause its Clients' Managed Accounts to invest in units of the BMO Harris Private Portfolios,

11. Filer believes it is in the best interests of its Clients to expand and diversify the investment opportunities available to them by enabling the Managed Accounts to achieve their investment objectives through the purchase of securities of investment funds that are managed and/or advised by one or more of BMO Investments Inc., BMO Asset Management Inc., BMO Asset Management Corp., Pyrford International Limited, Monegy, Inc., Taplin Canida Habacht, LLC, Lloyd George Investment Company PLC, Lloyd George Managmenet (Europe) Ltd. or LGM (Bermuda) Limited (the Filer's **Affiliates**) (the **Funds**).

12. Each of the Funds is or will be an investment fund established under the laws of the Province of Ontario or of another jurisdiction, and is or will be qualified for sale under a prospectus.

13. The Funds will be used as tools to provide certain asset allocation and diversification benefits to Clients in a cost effective manner as part of the investment management services offered by the Filer.

14. When the Filer invests the Managed Accounts in securities of the Funds, none of the Clients will pay, directly or indirectly, a management fee or incentive fee that, to a reasonable person, would duplicate a fee payable by the Filer's Clients under the Managed Account Agreements. Where the Filer invests on behalf of a Managed Account in Funds that would otherwise pay a management fee and/or incentive fee, the necessary steps will be taken to ensure that there will be no duplication of fees between a Managed Account and the Funds, including by investing the Managed Account in an institutional series of such Funds. Terms of the fee arrangements with a Client are fully disclosed in the Managed Account Agreement.

15. None of the Clients will pay, directly or indirectly, a sales commission or redemption fee in respect of trades in securities of the Funds that, to a reasonable person, would duplicate a fee payable by a Client under the Managed Account Agreements.

16. The Filer discloses, in writing, to each Client that the Filer may purchase securities of related or connected issuers for the Managed Accounts and the Filer complies with all applicable conflict of interest provisions in such regard.

17. The Filer is able to rely upon the dealer registration exemption in section 8.6 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) in order to trade in securities of the BMO Harris Private Portfolios in the circumstances described above on behalf of Managed Accounts of all of its clients.

18. The Filer is able to rely on its registration as an exempt market dealer in order to trade in securities of the Funds in the circumstances described above on behalf of Managed Accounts of Clients who are accredited investors or invest a minimum of $150,000 in a Fund.

19. However, unless the Requested Relief is granted, the Filer will be prohibited from trading in securities of the Funds in the circumstances described above on behalf of Managed Accounts of Clients in Ontario that are not accredited investors and do not invest a minimum of $150,000 in a Fund because:

    (a) paragraph (q) of the definition of "accredited investor" in section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions*, which otherwise extends to trades on behalf of fully managed accounts, excludes purchases of securities of investment funds in Ontario; and

(b) the dealer registration exemption in section 8.6 of NI 31-103 is available only in respect of a trade in a security of an investment fund where the adviser to a managed account is also the adviser and investment fund manager of the investment fund.

20. Without the Requested Relief, the Filer will be required to register as a mutual fund dealer solely for the purpose of trading in the Funds on behalf of Clients that are not accredited investors in Ontario. Registration as a mutual fund dealer would also require the Filer to join the Mutual Fund Dealer's Association ("**MFDA**"), which is not desirable or feasible since the Filer's business is the management of accounts on a discretionary basis, which is prohibited by the MFDA under Rule 2.3.1 (a).

21. The Filer is not seeking broader relief from the requirement to register as a dealer in respect of its trades in Funds to Managed Accounts because it wishes to retain its exempt market dealer registration for other business purposes.

Ruling

The Commission is satisfied that granting the Requested Relief would not be prejudicial to the public interest.

The decision of the Commission is that the Requested Relief is granted.

Dated: January 31, 2014

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissionner
Ontario Securities Commission

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Innovative Gifting Inc. et al. – ss. 127(1), 127.1

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

AND

IN THE MATTER OF
INNOVATIVE GIFTING INC., TERENCE LUSHINGTON, Z2A CORP. AND CHRISTINE HEWITT

REASONS AND DECISION ON SANCTIONS AND COSTS
(Subsection 127(1) and section 127.1 of the Act)

Hearing:	October 23, 2013		
Decision:	January 30, 2014		
Panel:	James E. A. Turner	–	Vice-Chair
Counsel:	Michelle Vaillancourt	–	For Staff of the Commission

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REASONS FOR DECISION ON SANCTIONS AND COSTS

I. OVERVIEW

[1] This was a hearing (the "**Hearing**") before the Ontario Securities Commission (the "**Commission**") pursuant to subsection 127(1) and section 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 imposing sanctions against Z2A Corp. ("**Z2A**") and Christine Hewitt ("**Hewitt**").

[2] On March 2, 2010, Staff of the Commission ("**Staff**") issued a Notice of Hearing accompanied by a Statement of Allegations dated March 2, 2010 in respect of Innovative Gifting Inc. ("**IGI**"), Terence Lushington ("**Lushington**"), Z2A and Hewitt.

[3] On March 29, 2011, the Commission issued an order approving a settlement agreement between Staff and IGI and Lushington (the "**IGI Settlement Agreement**").

[4] A hearing on the merits with respect to the allegations against Hewitt and Z2A (the "**Respondents**") was held before the Commission on October 3, 4, 5, 6, 12 and 24, November 8 and December 21, 2011 (the "**Merits Hearing**"). Hewitt participated and was represented by legal counsel.

[5] On July 25, 2013, the Commission issued its Reasons and Decision with respect to the Merits Hearing.

[6] On August 27, 2013, a date for a hearing with respect to sanctions and costs (the "**Sanctions Hearing**") was scheduled for October 23, 2013. A schedule was also set for the submission of materials. The Commission encouraged Hewitt to retain legal counsel in advance of the Sanctions Hearing.

[7] On October 10, 2013, Hewitt wrote to the Secretary of the Commission and requested an extension of the Sanctions Hearing for the purpose of retaining legal counsel to make written submissions. In response, the Registrar of the Commission requested particulars from Hewitt regarding her attempts to retain legal counsel.

[8] On October 16, 2013, counsel for Hewitt by letter confirmed his retainer by Hewitt but did not request additional time to make written submissions.

[9] On October 17, 2013, the Commission informed Hewitt that she could make her request for an extension of the dates for the Sanctions Hearing at the outset of the Sanctions Hearing on October 23, 2013.

[10] Staff appeared on October 23, 2013 to make oral submissions and filed written submissions, a hearing brief and a brief of authorities. The Respondent did not appear and did not file any materials. The Panel was satisfied that Hewitt had been served with all of the relevant materials for the Sanctions Hearing. The Panel concluded that the sanctions and costs hearing should proceed as scheduled.

II. FINDINGS OF THE MERITS PANEL

[11] The panel on the Merits Hearing (the "**Merits Panel**") held that during the Material Time (defined in the Statement of Allegations as being September 2008 to January 2009), Z2A and Hewitt breached the Act as follows:

(a) Hewitt and Z2A engaged in acts in furtherance of trades in shares of RCT Global Networks Inc. ("**RCT**") without being registered to trade, contrary to subsection 25(1)(a) of the Act and contrary to the public interest;

(b) Z2A's trades in RCT shares were trades in securities that were not previously issued and were therefore distributions. No preliminary prospectus or prospectus was filed and no receipt was issued in connection with these distributions; accordingly, those distributions breached subsection 53(1) of the Act and were contrary to the public interest; and

(c) As an officer and director of Z2A, Hewitt authorized, permitted and acquiesced in Z2A's breaches of Ontario securities law and therefore breached subsections 25(1)(a) and 53(1) of the Act and acted contrary to the public interest.

The IGI Program

[12] The findings of breaches of the Act and conduct contrary to the public interest by Hewitt and Z2A in this matter centered around their involvement in what was referred to as the "IGI Program".

[13] Under the IGI Program, investors/donors would contribute money to charities and receive in exchange shares of a company with a purported value of a multiple (six to eight times) of the value of the contribution to the charity; approximately $2.3 million was raised in this manner from donors.

[14] Donors were led to believe that the shares they were issued were provided by a "non-resident Swiss philanthropist".

[15] Donors had the choice of donating the shares received to the charity or keeping the shares, in which case, the donor would be required to hold the shares for a number of years. If the donor chose to donate the shares, the donor would receive a charitable receipt for the cash donation plus the purported value of the shares donated. In that case, for example, a person making a $1,000 cash donation to the charity would receive a charitable receipt for $7,000, representing the $1,000 cash donation and the $6,000 value of the shares donated.

[16] Peter Black, a representative of one of the participating charities, Furry World Rescue Mission ("**Furry World**"), testified that 90% of the cash donated to Furry World was paid to IGI. Once the donor cheques received by Furry World cleared, Furry World would make the payments to IGI.

[17] The shares that were donated as part of the IGI Program were shares in RCT, an Ontario corporation that became listed on the Frankfurt Stock Exchange in June 2008.

[18] The Panel found that Hewitt and Z2A with the assistance of Drew Reid ("Reid") provided the RCT shares that were issued to donors in the IGI Program and that they were compensated at a high rate for this role.

[19] Hewitt testified at the Merits Hearing that she began work with IGI in the first week of December 2008 and that the last transaction she worked on for IGI was during the first week of January 2009.

[20] The Panel found that Hewitt and Z2A paid Reid, through his company Mobiliare Argenti Ltd. ("Mobiliare"), for the RCT shares issued to donors in the IGI Program and that Reid was working under Hewitt's direction.

A. SANCTIONS SOUGHT

[21] Staff requests the following sanctions against the Respondents:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, that Z2A and Hewitt cease trading in any securities for a period of five years;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, that the acquisition of any securities by Z2A and Hewitt be prohibited for a period of five years;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Z2A and Hewitt for a period of five years;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, that Z2A and Hewitt be reprimanded;

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, that Hewitt resign one or more positions that she holds as a director or officer of any issuer, registrant or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, that Z2A and Hewitt be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of five years;

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, that Z2A and Hewitt be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of five years;

(h) pursuant to paragraph 9 of subsection 127(1) of the Act, that Z2A and Hewitt each be required to pay an administrative penalty of $15,000 for their failure to comply with Ontario securities law;

(i) pursuant to paragraph 10 of subsection 127(1) of the Act, that Z2A and Hewitt disgorge to the Commission, on a joint and several basis, $229,453.10, being the amounted obtained by them as a result of their non-compliance with Ontario securities law; and

(j) pursuant to subsections 127.1(1) and (2) of the Act, that Z2A and Hewitt be ordered to pay, on a joint and several basis, the costs of the Merits Hearing in the amount of $55,960.00.

B. SHOULD SANCTIONS BE IMPOSED?

[22] When exercising the Commission's public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. Those purposes, set out in subsection 1.1 of the Act, are:

(a) to protect investors from unfair, improper or fraudulent practices; and

(b) to foster fair and efficient capital markets and confidence in capital markets.

[23] In pursuing these purposes, I must have regard for the fundamental principles described in subsection 2.1 of the Act. That section provides that one of the primary means for achieving the purposes of the Act is restrictions on fraudulent and unfair market practices and procedures.

[24] The Divisional Court in *Erikson v. Ontario (Securities Commission)* acknowledged that when considering imposing sanctions, it should be remembered that "participation in the capital markets is a privilege and not a right" (*Erikson v. Ontario (Securities Commission)*, [2003] O.J. No. 593 (Div. Ct.) at para. 55).

[25] An order under section 127 of the Act is protective and preventative in nature. As stated in *Re Mithras Management Ltd.* (1990), 13 OSCB 1600 at 1610-1611:

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

[26] I find that it is necessary to protect Ontario investors and the integrity of Ontario's capital markets to make a sanctions order against the Respondents in the public interest.

C. THE APPROPRIATE SANCTIONS

[27] In determining the nature and duration of the appropriate sanctions, I must consider the relevant facts and circumstances, including:

(a) the seriousness of the respondent's conduct and breaches of the Act;

(b) the respondent's experience and level of activity in the capital markets;

(c) the harm to investors;

(d) the benefits received by the respondents as a result of the improper activity;

(e) whether or not the sanctions imposed may serve to deter the respondents from engaging in similar abuses of the Ontario capital markets;

(f) the effect any sanctions may have on the ability of the respondents to participate without check in Ontario capital markets;

(g) any mitigating factors; and

(h) previous decisions made in similar circumstances.

(See, for instance, *Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 ("***Belteco***") at paras. 25 and 26.)

[28] The following facts and circumstances are particularly relevant in determining the sanctions that should be ordered against the Respondents:

(a) Staff submit that the conduct of Z2A and Hewitt was serious – they played a key role in a program that purported to be a "gifting program" when in fact:

  (i) to Hewitt's knowledge, 90% of the money "donated" was retained by IGI; and

  (ii) shares were not gifted by a "Swiss philanthropist" as participants were led to believe in IGI's promotional materials. Rather, RCT shares were supplied by Hewitt, and Hewitt knew that the CEO of RCT was not a non-resident Swiss philanthropist;

(b) Staff submit that Z2A's website and Hewitt's evidence confirm that they were experienced in the capital markets;

(c) the Respondents derived significant benefit from their breaches of the Act. In particular, the Merits Panel found that Z2A received $229,453.10 as a result of Z2A's non-compliance with Ontario securities law. The Merits Panel further found that Hewitt authorized, permitted and acquiesced in Z2A's contraventions of Ontario securities law as Z2A's sole director;

(d) the Commission has previously held that five year market bans are appropriate where the respondents engaged in unregistered trading and illegal distributions of securities but were not involved in a fraud (Re New Found Freedom Financial (2013), 36 OSCB 6758 at para. 35 and Re Simply Wealth Financial Group Inc. (2013), 36 OSCB 5099 at para. 47); and

(e) the proposed sanctions will convey the message that unregistered trading in securities and the illegal distribution of securities without a receipted prospectus under the guise of a questionable scheme will not be tolerated in Ontario's capital markets and significant sanctions will be imposed for such behaviour.

[29] In my view, there are no mitigating factors or circumstances.

[30] I have reviewed the following decisions referred to me by Staff in assessing the sanctions appropriate in this case: *Re Innovative Gifting Inc.* (2013), 36 OSCB 7775, *Re Innovative Gifting Inc.* (2011), 34 OSCB 3793, *Re Delta 3 Capital Corporation Inc.*, 2010 ABASC 465, *Re Lamoureux*, [2002] ASCD No 125, *Re White* (2010), 33 OSCB 8893, *Re New Found Freedom Financial* (2013), 36 OSCB 6758, *Re Simply Wealth Financial Group Inc.* (2013), 36 OSCB 5099, *Re Cornwall* (2008), 31 OSCB 4840, *Re Axcess Automation LLC* (2010), 33 OSCB 7384, *Re Mega-C Power Corp.* (2011), 34 OSCB 1279, *Re Sabourin* (2010), 33 OSCB 5299, *Re Rowan* (2010), 33 OSCB 91 and *Re XI Biofuels Inc.* (2010), 33 OSCB 10963.

[31] In reviewing these decisions, I note that each case depends upon its particular facts and circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 OSCB 1133 at paras. 9 and 10 and *Belteco*, *supra*, at para. 26).

[32] Staff submits that the sanctions requested are appropriate to the misconduct of the Respondents and would serve as both specific and general deterrence.

[33] The allegations proven by Staff are serious. The Merits Panel found that the Respondents breached key provisions of the Act and that Hewitt was directly and actively involved in the IGI Program.

[34] The Commission found that the actions of Hewitt and Z2A constituted acts in furtherance of trades in RCT shares. The Merits Panel stated that:

> The Respondents' services went well beyond simple office services or delivery. The Respondents facilitated the issuance of shares to individual donors and hence facilitated the entire IGI Program. Their actions in providing this intermediary service between IGI and RCT and physically ensuring that share certificates were provided in accordance with the lists of donors supplied by IGI constituted acts in furtherance of trades in RCT.
>
> Merits Reasons, at para. 248.

[35] The Merits Panel also found that Hewitt played an integral role in the IGI Program:

> Hewitt's actions in connection to the IGI Program were with knowledge of and in furtherance of the objectives of the IGI Program. Hewitt played an integral role in the IGI Program and, with Reid, provided IGI with access to the RCT securities that are at issue in this proceeding. Absent this connection to RCT, or "the philanthropist" as donors and charities were led to believe, the IGI Program would be missing a key element, issuances of shares to donors.
>
> Merits Reasons, at para. 248.

[36] As neither Hewitt nor Z2A was registered to trade in securities during the Material Time, the Commission found that Z2A and Hewitt's acts in furtherance of trades in RCT were contrary to subsection 25(1)(a) of the Act and contrary to the public interest.

[37] The Merits Panel also found that during the Material Time, RCT treasury shares were issued to individuals named on the lists provided by IGI to Hewitt. These shares were not previously issued. No preliminary prospectus or prospectus was filed and no receipt was issued in connection with the distribution of these shares. The Merits Panel found that Z2A's trades involving RCT treasury shares were therefore distributions in contravention of the requirements of subsection 53(1) of the Act.

[38] The Merits Panel concluded that as an officer and director of Z2A, Hewitt authorized, permitted and acquiesced in Z2A's breaches of Ontario securities law and was therefore deemed to have breached subsections 25(1)(a) and 53(1) of the Act.

The IGI Settlement Agreement

[39] I reviewed the IGI Settlement Agreement. There are two differences between the sanctions requested by Staff and the sanctions imposed under the IGI Settlement Agreement.

[40] First, there was no order for disgorgement under the IGI Settlement Agreement, whereas Staff requests disgorgement in this case.

[41] Second, there was a permanent trading and acquisition ban and a permanent removal of exemptions imposed on IGI under the IGI Settlement Agreement. The bans imposed on Lushington were for a period of five years. The bans requested by Staff for Z2A and Hewitt are for a period of five years. It appears to me that the bans under the IGI Settlement Agreement were permanent, at least in part, because IGI was found to be the directing mind of the IGI Program.

[42] An administrative penalty of $15,000 each was imposed against IGI and Lushington under the IGI Settlement Agreement.

Sanctions in this Case

[43] The Commission may order a person or company who has not complied with Ontario securities law to disgorge to the Commission "any amounts obtained as a result of the non-compliance." (Subsection 127(1)10 of the Act)

[44] The Merits Panel found that the $229,453.10 received by Z2A from IGI (and reflected in bank account records) was obtained as a result of Z2A's non-compliance with Ontario securities law and that Hewitt authorized, permitted and acquiesced in Z2A's contravention of Ontario securities law as Z2A's sole director. In imposing an order for disgorgement, I apply the principle that no one should be permitted to benefit financially from their contraventions of the Act.

[45] I note that the misconduct of Z2A and Hewitt was serious and that approximately $2.3 million was raised from investors in contravention of the Act.

[46] Based on the foregoing considerations, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing the sanctions requested by Staff. Accordingly, I impose the following sanctions on the Respondents:

(a) trading in any securities by the Respondents shall cease for a period of five years;

(b) the acquisition of any securities by the Respondents shall be prohibited for a period of five years;

(c) any exemptions contained in Ontario securities law shall not apply to the Respondents for a period of five years;

(d) the Respondents shall be reprimanded;

(e) Hewitt shall resign any positions that she holds as director or officer of any issuer, registrant or investment fund manager;

(f) Hewitt shall be prohibited from becoming or acting as an officer or director of any issuer, registrant or investment fund manager for a period of five years;

(g) Z2A and Hewitt shall be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of five years;

(h) Z2A and Hewitt shall each be required to pay an administrative penalty of $15,000 for their failure to comply with Ontario securities law; and

(i) Z2A and Hewitt shall disgorge to the Commission, on a joint and several basis, $229,453.10, being the amount obtained by them as a result of their non-compliance with Ontario securities law.

D. COSTS

[47] Section 127.1 of the Act gives the Commission discretion to order a person or company to pay the costs of a hearing if the Commission is satisfied that the person or company has not complied with the Act or has not acted in the public interest.

[48] Staff seeks an order that the Respondents pay costs to the Commission in the amount of $55,960.00 on a joint and several basis. Staff submits that many individual Staff members assisted with the assessment, investigation and litigation of this matter. Staff, however, seeks only costs related to the time of two Staff members and only for the time period after March 29, 2011. March 29, 2011 was the date that the IGI Settlement Agreement was approved by the Commission.

[49] Applying the factors from *Re Ochnik* (2006), 29 OSCB 5917 and those set out in Rule 18.2 of the Commission's *Rules of Procedure*, Staff submits that it would be reasonable in the circumstances for the Commission to award the costs requested by Staff for the following reasons:

(a) the Respondents received early notice through their receipt of the Notice of Hearing that Staff would be seeking costs in this matter;

(b) the allegations made by Staff were serious, involving contraventions of the Act in which approximately $2.3 million was raised from investors; and

(c) the amount of costs sought is reasonable, particularly since investigation costs prior to March 30, 2011 and assistant investigator time are not included in that amount.

[50] The costs requested are attributed only to the proceeding against Z2A and Hewitt and relate only to costs incurred after March 29, 2011, the date of the IGI Settlement Agreement. Further, Staff was successful in the Merits Hearing in proving all of its allegations in this matter. In the circumstances, I order Z2A and Hewitt to pay to the Commission, on a joint and several basis, costs of the Merits Hearing in the amount of $50,000.00.

CONCLUSION

[51] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule "A" to these reasons.

DATED at Toronto this 30th day of January, 2014.

"James E. A. Turner"

Schedule "A"

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

AND

IN THE MATTER OF
INNOVATIVE GIFTING INC., TERENCE LUSHINGTON, Z2A CORP. AND CHRISTINE HEWITT

ORDER
(Subsection 127(1) and section 127.1 of the Act)

WHEREAS on March 2, 2010, 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"), accompanied by a Statement of Allegations dated March 2, 2010 filed by Staff of the Commission ("Staff"), in respect of Innovative Gifting Inc., Terence Lushington, Z2A Corp. and Christine Hewitt;

AND WHEREAS on March 29, 2011, the Commission issued an order approving a Settlement Agreement between Staff and Innovative Gifting Inc. and Terence Lushington;

AND WHEREAS a hearing on the merits with respect to the allegations against Christine Hewitt and Z2A Corp. (the "Respondents") was held before the Commission on October 3, 4, 5, 6, 12 and 24, November 8 and December 21, 2011 (the "Merits Hearing");

AND WHEREAS on July 25, 2013, the Commission issued its Reasons and Decision with respect to the merits and ordered Staff and the Respondents to appear before the Commission on August 12, 2013 at 10:00 a.m. for the purposes of scheduling the sanctions and costs hearing;

AND WHEREAS the sanctions and costs hearing was ultimately held on October 23, 2013;

AND WHEREAS Staff filed written submissions and appeared on October 23, 2013 to make oral submissions; the Respondents did not appear and did not file any materials;

AND WHEREAS I am satisfied that the Respondents were served with all of the relevant materials related to the sanctions and costs hearing;

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

IT IS HEREBY ORDERED THAT:

(a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by the Respondents shall cease for a period of five years;

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by the Respondents be prohibited for a period of five years;

(c) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to the Respondents for a period of five years;

(d) pursuant to paragraph 6 of subsection 127(1) of the Act, Z2A and Hewitt be reprimanded;

(e) pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Hewitt resign all of the positions that she may hold as a director or officer of any issuer, registrant or investment fund manager;

(f) pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Hewitt be prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager for a period of five years;

(g) pursuant to paragraph 8.5 of subsection 127(1) of the Act, Z2A and Hewitt be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter for a period of five years;

(h) pursuant to paragraph 9 of subsection 127(1) of the Act, Z2A and Hewitt each be required to pay to the Commission an administrative penalty of $15,000 for their failure to comply with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act;

(i) pursuant to paragraph 10 of subsection 127(1) of the Act, Z2A and Hewitt disgorge to the Commission on a joint and several basis $229,453.10, being the amount obtained by them as a result of their non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b) of the Act; and

(j) pursuant to subsections 127.1 of the Act, Z2A and Hewitt be ordered to pay to the Commission, on a joint and several basis, costs of the Merits Hearing in the amount of $50,000.00.

DATED at Toronto this 30th day of January, 2014.

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James E. A. Turner

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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
BluMetric Environmental Inc.	30 Jan 14	11 Feb 14			
Stans Energy Corp.	30 Jan 14	11 Feb 14			

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
BluMetric Environmental Inc.	30 Jan 14	11 Feb 14			
Stans Energy Corp.	09 Dec 13	20 Dec 13	20 Dec 13		
Stans Energy Corp.[1]	30 Jan 14	11 Feb 14			
Strike Minerals Inc.	19 Sept 13	01 Oct 13	01 Oct 13		
Strike Minerals Inc.[2]	18 Nov 13	29 Nov 13	29 Nov 13		

Note:

[1] New respondent was added to the MCTO against Stans Energy Corp.

[2] New respondent was added to the MCTO against Strike Minerals Inc.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	5	18 Asset Management All Cap Canadian Equity Fund Class F - Units	380,000.00	37,059.49
01/01/2013 to 12/31/2013	1	18 Asset Management All Cap Canadian Equity Fund Class O - Units	750,000.00	75,002.25
01/01/2013 to 12/31/2013	2	18 Asset Management All Cap Canadian Equity Fund Class A - Units	105,000.00	9,602.19
01/08/2014	1	Ainslie Oil Corp. - Units	25,200.00	84,000.00
01/13/2014 to 01/14/2014	190	Alexander Energy Ltd. - Special Warrants	77,499,380.00	153,062,000.00
07/24/2013 to 12/17/2013	12	Alignvest Income Fund LP - Limited Partnership Units	19,085,000.00	190,850.00
07/24/2013 to 12/20/2013	15	Alignvest Opportunities Fund LP - Limited Partnership Units	29,840,000.00	298,400.00
12/30/2013	35	Antibe Therapeutics Inc. - Units	899,444.70	1,635,364.00
12/31/2013	1	Arrow V Relative Value Fund - Units	15,000.00	98,425.20
01/15/2014	69	Aurora Spine Corporation - Common Shares	10,377,473.40	3,173,936.00
09/01/2013 to 10/01/2013	2	Ballast Healthcare Partners (Canada) LP - Limited Partnership Interest	25,040,150.00	250,040,150.00
04/25/2013	1	Banro Corporation - Common Shares	30,582,000.00	1,200,000.00
01/01/2013 to 12/31/2013	56	BCMI Private Portfolio Series Inc. - Common Shares	830,891.45	N/A
01/16/2014	8	BlackBerry Limited - Debentures	273,150,000.00	250,000.00
01/01/2013 to 12/31/2013	3	BluMont Hirsch Performance Fund - Units	62,970.00	2,278.21
12/31/2013	7	BR Capital Limited Partnership - Limited Partnership Units	716,000.00	71.00
01/21/2014	3	CardioComm Solutions, Inc. - Units	109,499.99	1,622,222.00
12/31/2013	8	Carrick Petroleum Inc. - Units	580,000.00	237,000.00
10/25/2013 to 10/29/2013	15	Centurion Minerals Ltd. - Units	205,100.00	2,930,000.00
01/15/2014	2	Champion Diversified Bond Inc. - Debentures	1,004,000.00	1,004.00
01/31/2012 to 12/31/2012	3	Core Canadian Equity Fund - Units	285,000.00	24,283.71
01/20/2014	1	Coronation Global Emerging Markets Equity Fund - Units	24,112,000.00	1,803,855.33

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
10/18/2013	3	Coventry Resources Inc. - Common Shares	0.00	37,695.00
01/01/2013 to 12/31/2013	2	Crusader Equity Income Fund Class F - Units	25,012.84	2,312.76
01/01/2013 to 12/31/2013	1	Crusader Equity Income Fund Class O - Units	2,000,000.00	177,544.01
01/03/2013 to 12/31/2013	485	Cumberland Capital Appreciation Fund - Units	22,426,415.00	1,644,530.40
01/03/2013 to 12/27/2013	663	Cumberland Income Fund - Units	52,396,242.00	4,353,226.00
01/16/2013 to 12/27/2013	258	Cumberland International Fund - Units	9,436,280.00	1,050,509.00
01/03/2013 to 04/17/2013	2	Cumberland Opportunities Fund - Units	15,000.00	1,519.95
01/07/2014	17	CVET Power Corp. - Common Shares	583,499.20	1,146,285.00
04/30/2012	1	Discovery Fund - Units	45,000.00	1,711.68
01/02/2013 to 12/02/2013	218	DKAM Capital Ideas Fund - Limited Partnership Units	35,849,930.79	118,121.15
01/02/2013 to 12/02/2013	550	DKAM Capital Ideas Trust - Trust Units	13,340,054.52	1,154,456.26
07/01/2013 to 12/01/2013	10	East Coast Credit Opportunities Fund LP - Limited Partnership Units	24,120,000.00	N/A
01/01/2013 to 11/01/2013	14	East Coast Performance Fund LP - Limited Partnership Units	7,000,000.00	N/A
01/14/2014	4	EDP Finance B.V. - Notes	5,703,898.78	5,250.00
12/14/2013	20	Energizer Resources Inc. - Receipts	7,344,488.00	61,204,067.00
01/01/2013	3	Epic Closed-End Fund LP - Limited Partnership Interest	850,000.00	N/A
07/31/2013	1	Equilibrium Commodity Fund Limited Partnership - Units	50,000.00	N/A
01/14/2014	11	Essex Angel Capital Inc. - Units	600,250.00	8,033,000.00
11/01/2013	1	Estrella International Energy Services Ltd. - Preferred Shares	123,322,570.00	24,664,514.00
01/01/2013 to 12/31/2013	3	ExxonMobil Canada Master Trust - Units	66,733,108.18	4,608,592.28
01/15/2014	1	Falcon Strategic Partners IV LP - Limited Partnership Interest	109,330,000.00	N/A
01/13/2014	1	FaxXchange Limited - Common Shares	100,000.00	50,000.00
01/09/2014	1	FedEx Corporation - Note	3,250,742.58	1.00
01/09/2014	14	Fortis Inc. - Debentures	206,000,000.00	206,000.00
01/16/2014	1	Forum Uranium Corp. - Flow-Through Units	49,950.00	135,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	5	GEM Balanced Pool - Units	5,105,590.32	453,870.82
01/01/2013 to 12/31/2013	5	GEM Canadian Equity Pool - Units	2,562,824.61	213,846.75
01/01/2013 to 12/31/2013	5	GEM Fixed Income Pool - Units	8,398,088.03	840,552.10
01/01/2013 to 12/31/2013	5	GEM Global Equity Pool - Units	1,580,556.39	155,095.50
01/02/2013 to 12/31/2013	10	GIIC Global Fund - Units	55,376,184.59	4,210,891.25
05/01/2013	1	Glenview Capital Partners (Cayman) Ltd. - Units	3,024,299.99	2,087.69
01/08/2014	15	Gold Jubilee Capital Corp. - Common Shares	235,000.00	2,350,000.00
01/01/2013 to 12/31/2013	18	Goodwood Fund - Units	18,318,877.96	1,877,911.64
01/07/2014	8	Great Quest Metals Ltd. - Common Shares	466,000.00	776,666.00
01/01/2014	4	Groupon, Inc. - Common Shares	64,410.30	5,000.00
01/01/2013 to 12/31/2013	47	GS+A Canadian Equity Trust - Trust Units	9,316,889.11	4,135,484.83
01/01/2013 to 12/31/2013	516	GS+A Credit Arbitrage Fund - Trust Units	136,668,602.76	1,161,277.95
01/01/2013 to 12/31/2013	238	GS+A Enhanced Bond Fund - Trust Units	107,876,121.20	965,333.31
01/01/2013 to 12/31/2013	60	GS+A Enhanced Credit Arbitrage Fund - Trust Units	11,060,447.60	64,919.32
01/01/2013 to 12/31/2013	32	GS+A Enhanced Yield Fund - Trust Units	13,929,211.82	61,055.07
01/01/2013 to 12/31/2013	26	GS+A Equity Long/Short Fund - Trust Units	7,891,103.21	60,510.23
01/01/2013 to 12/31/2013	255	GS+A Focused Long/Short Fund - Trust Units	121,848,735.85	910,431.16
01/01/2013 to 12/31/2013	195	GS+A Focused Long/Short Trust - Trust Units	63,705,560.65	605,710.81
01/01/2013 to 12/31/2013	125	GS+A Income Long/Short Fund - Trust Units	25,316,488.38	10,879.89
01/01/2013 to 12/31/2013	161	GS+A Income Long/Short Trust - Trust Units	28,714,750.66	281,745.82
01/01/2013 to 12/31/2013	1028	GS+A International Fund - Trust Units	160,310,083.32	1,533,452.98
01/01/2013 to 12/31/2013	271	GS+A Multi-Strategy Fund - Trust Units	63,152,623.06	543,715.86
01/01/2013 to 12/31/2013	302	GS+A Multi-Strategy Trust - Trust Units	70,749,710.55	637,754.36

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	455	GS+A Premium Income Trust - Trust Units	82,296,797.68	645,756.17
01/01/2013 to 12/31/2013	130	GS+A Resource Fund - Trust Units	12,667,283.25	140,659.95
01/01/2013 to 12/31/2013	198	GS+A Short Term Bond Fund - Trust Units	118,301,447.66	1,290,415.87
01/01/2013 to 12/31/2013	917	GS+A Tactical Fixed Income Fund - Trust Units	569,482,922.00	5,683,278.22
01/01/2013 to 12/31/2013	595	GS+A Tactical Fixed Income Fund II - Trust Units	144,973,845.35	1,439,610.08
01/01/2013 to 12/31/2013	488	GS+A U.S. Equity Fund - Trust Units	52,482,344.10	438,504.41
01/01/2013 to 12/31/2013	1142	GS+A U.S. Premium Income Fund - Trust Units	272,666,170.00	2,211,929.09
12/16/2013	98	Harbour Equity JV Limited Partnership - Units	8,312,500.00	1,662.50
01/24/2014	1	HedgeForum Metacapital Ltd. - Units	276,275.00	N/A
12/24/2013 to 12/31/2013	52	Highstreet Emerald Hills (2013) Limited Partnership - Units	3,026,855.00	357.68
01/15/2013 to 12/15/2013	50	HughesLittle Balanced Fund - Units	7,068,867.00	557,125.00
01/15/2013 to 12/15/2013	60	HughesLittle Value Fund - Units	19,908,063.00	1,187,432.00
12/31/2013	29	Imperial Capital Partners Ltd. - Capital Commitment	25,550,000.00	25,550,000.00
12/31/2013	67	Indico Resources Ltd. - Units	2,655,700.00	26,557,000.00
12/31/2013	8	Integra Gold Corp. - Units	498,959.80	18,676,119.00
01/14/2014	4	Intesa Sanpaola S.p..A. - Notes	111,764,022.00	N/A
11/07/2013	5	iSign Media Solutions Inc. - Units	2,850,000.00	9,499,999.00
01/01/2013 to 12/31/2013	56	Jarislowsky Fraser Balanced Fund - Units	97,792,291.93	6,576,940.35
01/01/2013 to 12/31/2013	15	Jarislowsky Fraser Bond Fund - Units	25,138,699.83	2,337,517.22
01/01/2013 to 12/31/2013	33	Jarislowsky Fraser Canadian Equity Fund - Units	247,778,582.14	7,264,748.39
01/01/2013 to 12/31/2013	14	Jarislowsky Fraser Global Balanced Fund - Units	11,684,350.37	973,969.91
01/01/2013 to 12/31/2013	7	Jarislowsky Fraser Global Equity Fund - Units	590,110.07	56,067.34
01/01/2013 to 12/31/2013	5	Jarislowsky Fraser Global Equity (All Country) Fund - Units	207,500.00	19,615.26
01/01/2013 to 12/31/2013	5	Jarislowsky Fraser International Equity (All Country Ex-US) Fund - Units	207,500.00	19,615.26

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	394	Jarislowsky Fraser Money Market Fund - Units	193,698,110.00	19,369,811.00
01/01/2013 to 12/31/2013	203	Jarislowsky Fraser US Money Market Fund - Units	61,430,270.96	5,956,959.00
01/01/2013 to 12/31/2013	8	Jarislowsky Fraser U.S. Equity Fund - Units	29,248,154.60	3,069,757.79
01/01/2013 to 12/31/2013	34	Jarislowsky International Equity Fund - Units	41,673,984.93	1,719,824.18
01/01/2013 to 12/31/2013	60	Jarislowsky Special Equity Fund - Units	73,341,550.00	3,622,170.28
01/02/2013 to 12/02/2013	157	Kensington Global Private Equity Fund - Trust Units	10,860,989.25	584,512.12
01/02/2013 to 12/02/2013	169	Kensington Hedge Fund 1 - Trust Units	28,161,994.92	2,582,851.89
01/02/2013 to 12/02/2013	247	Kensington Power Income Fund LP - Limited Partnership Units	23,635,773.00	236,357.73
12/02/2013	17	KFL Partners' Fund LP - Limited Partnership Units	1,711,954.91	1,711.95
01/09/2014	100	Klondex Mines Ltd. - Receipts	42,630,000.00	29,400,000.00
12/09/2013	1	KWG Resources Inc. - Common Shares	14,125.00	282,500.00
11/01/2013 to 11/06/2013	8	KWG Resources Inc. - Warrants	840,000.00	16,800,000.00
10/23/2013	6	KWG Resources Inc. - Warrants	488,000.00	9,760,000.00
11/18/2013	8	KWG Resources Inc. - Warrants	520,000.00	10,400,000.00
01/10/2014	4	K. Hovnanian Enterprises, Inc. - Notes	10,627,500.00	9,750.00
01/17/2014	2	LCP VIII (Offshore) L.P. - Limited Partnership Units	274,025,000.00	N/A
01/22/2014	2	Legg Mason Inc. - Notes	5,447,885.08	N/A
01/04/2013 to 12/31/2013	452	Letko Brosseau Balanced Fund - Units	61,534,782.66	5,075,231.10
01/18/2013 to 12/31/2013	66	Letko Brosseau Bond Fund - Units	4,776,110.76	466,757.14
01/04/2013 to 12/31/2013	1017	Letko Brosseau Emerging Markets Equity Fund - Units	350,524,267.36	38,173,426.29
01/04/2013 to 12/31/2013	310	Letko Brosseau Equity Fund - Units	40,654,716.60	3,068,854.34
01/11/2013 to 12/31/2013	11	Letko Brosseau ESG Balanced Fund - Units	1,405,499.98	117,420.87
01/11/2013 to 12/31/2013	95	Letko Brosseau International Equity Fund - Units	21,857,976.18	2,077,081.13
01/04/2013 to 12/31/2013	461	Letko Brosseau RSP Balanced Fund - Units	133,131,265.77	11,249,813.81

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/11/2013 to 12/31/2013	99	Letko Brosseau RSP Bond Fund - Units	8,784,935.92	850,189.53
01/25/2013 to 12/31/2013	80	Letko Brosseau RSP International Equity Fund - Units	30,242,607.69	2,837,958.88
01/25/2013 to 12/31/2013	6	Letko Brosseau Social Integrity Fund - Units	79,343,849.97	7,267,457.33
02/01/2013 to 12/02/2013	9	Macnicol 360 Degree US Realty Inc. Fund - Limited Partnership Units	4,145,000.00	37,348.61
02/01/2013 to 12/02/2013	30	Macnicol 360 Degree US Realty Inc. Fund II - Limited Partnership Units	4,788,430.36	47,602.96
04/01/2013 to 09/03/2013	3	Macnicol Absolute Return Fund - Limited Partnership Units	185,000.00	1,618.65
04/01/2013 to 12/02/2013	8	Macnicol Conservative Income Fund - Limited Partnership Units	41,850.00	310.37
01/02/2013 to 10/01/2013	5	Macnicol Macnicol Emergence Fund - Limited Partnership Units	1,628,000.00	13,585.62
01/06/2014	1	Macquarie Infrastructure Partners III L.P. - Capital Commitment	10,659,000.00	N/A
01/15/2014	1	Marengo Mining Limited - Debenture	29,140,941.00	1.00
01/17/2014	6	Marksmen Energy Inc. - Units	123,125.00	985,000.00
01/21/2014	6	Mason Graphite Corp. - Common Shares	700,000.00	875,000.00
01/16/2014	14	Masonite International Corporation - Notes	1,638,900.00	14.00
01/01/2013 to 12/31/2013	3468	McLean & Partners Tactical Monthly Income Pool - Trust Units	55,485,199.66	5,244,356.50
01/08/2013 to 12/06/2013	201	McNicol Alternative Asset Trust - Units	3,686,450.65	32,343.64
01/07/2014 to 01/14/2014	1	Miraculins Inc. - Common Shares	141,203.00	2,824,060.00
01/07/2014 to 01/14/2014	1	Miraculins Inc. - Notes	250,000.00	1.00
01/10/2014 to 01/13/2014	19	Nevada Sunrise Gold Corporation - Units	620,000.00	6,200,000.00
01/10/2014	2	New Gold Inc. - Common Shares	130,220.00	17,000.00
01/08/2014 to 01/17/2014	49	NovX21 Inc. - Common Shares	2,040,500.00	20,405,000.00
01/10/2014 to 01/17/2014	85	OneRoof Energy (Canada) ULC - Receipts	50,000,400.00	20,833,500.00
12/31/2013	1	Parkside Resources Corporation - Flow-Through Units	25,020.00	417,000.00
12/31/2013	1	Parkside Resources Corporation - Units	10,000.00	200,000.00
12/27/2013	1	Pele Mountain Resources Inc. - Flow-Through Units	15,750.00	225,000.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 09/01/2013	5	Periscope Fund LP - Units	1,150,000.00	N/A
11/15/2013 to 11/19/2013	2	Petaquilia Minerals Ltd. - Common Shares	4,999,999.90	14,285,714.00
09/30/2013	5	Platinex Inc. - Units	21,000.00	1,050,000.00
11/01/2013	1	Presima Global Real Estate Securities Concentrated Fund - Common Shares	8,108,229.62	7,439.29
01/21/2014	3	Profound Medical Inc. - Preferred Shares	1,750,000.00	2,187,500.00
01/16/2014	14	REBgold Corporation - Common Shares	4,849,035.05	37,300,385.00
02/05/2013 to 10/30/2013	6	REDF VIII Limited Partnership - Units	12,724,750.00	12,724.75
11/29/2013	11	Renforth Resources Inc. - Units	137,000.00	137.00
01/01/2013 to 12/31/2013	107	Richmond Equity Fund - Units	42,946,052.76	N/A
01/02/2014	2	Rockport Networks Inc. - Common Shares	600,000.00	1,186,322.00
01/07/2014	2	ROI Capital - Limited Partnership Units	24,307.40	12,153.70
12/01/2013 to 12/10/2013	3	Ross Smith Opportunities Fund - Units	245,961.60	N/A
01/01/2013 to 12/31/2013	11	Rosseau Limited Partnership - Limited Partnership Units	2,338,747.42	234.00
01/08/2014	1	Royal Bank of Canada - Notes	5,000,000.00	50,000.00
01/07/2014	22	Royal Bank of Canada - N/A	6,070,058.73	41,499.00
01/21/2014	1	Sage Gold Inc. - Common Shares	18,000.00	360,000.00
01/01/2013 to 12/01/2013		Sherpa Diversified Returns Fund (SDRF) - Units		N/A
12/31/2013	5	Shield Gold Inc. - Units	475,999.96	4,008,333.00
10/17/2013	4	Silver Bear Resources Inc. - Units	506,004.00	3,892,308.00
01/10/2013 to 12/31/2013	12	Sionna Canadian All Cap Pooled Fund - Units	113,993,731.65	10,333,937.89
07/23/2013 to 08/01/2013	1	Sky Harbor Short Duration High Yield Partners L.P. - Limited Partnership Interest	1,033,741.00	1.00
01/15/2014	39	Skyline Apartment Real Estate Investment Trust - Units	3,225,599.24	243,441.45
01/15/2014	16	Skyline Retail Real Estate Investment Trust - Units	1,168,500.00	116,850.00
12/31/2013	2	Sokoman Iron Corp. - Flow-Through Shares	43,000.00	860,000.00
11/08/2013 to 12/31/2013	59	Spartan Bioscience Inc. - Common Shares	2,616,967.00	2,691,218.00
01/02/2013 to 12/16/2013	393	Steinberg High Yield Fund - Trust Units	8,733,011.52	896,906.66
01/02/2013 to 12/16/2013	310	Steinberg Value Equity Fund - Trust Units	5,649,902.79	510,106.15

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
12/31/2013	1	Stratus Feeder LLC - Units	716,468,585.67	N/A
03/28/2013 to 06/28/2013	3	Successful Investor American Fund - Trust Units	541,102.12	23,111.89
02/28/2013 to 07/31/2013	10	Successful Investor Canadian Fund - Trust Units	665,235.81	14,187.64
11/29/2013	1	Successful Investor China Plus Fund - Trust Units	271,155.23	25,014.32
01/31/2013 to 12/31/2013	22	Successful Investor Growth & Income Fund - Trust Units	3,110,527.37	109,525.79
01/31/2013 to 11/29/2013	14	Successful Investor Stock Picker Fund - Trust Units	1,352,649.88	40,162.56
01/10/2014	1	Sumitomo Mitsui Banking Corporation - Notes	16,367,967.27	1.00
01/15/2014	1	Tandem Fund III L.P. - Limited Partnership Interest	546,650.00	N/A
12/31/2013	1	Taranis Resources Inc. - Units	50,000.00	625,000.00
01/13/2014	3	Temex Resources Corp. - Common Shares	18,000.00	100,000.00
01/16/2014	2	The Commonwealth of The Bahamas - Notes	10,926,000.00	10,000.00
01/09/2013 to 11/14/2013	6	The North Growth US Equity Fund - Units	469,329.40	14,586.24
06/18/2013 to 12/30/2013	2	Timbercreek Global Real Estate Income and Growth Fund - Units	164,083.83	N/A
01/08/2014	2	TimePlay Inc. - Units	200,000.00	200.00
12/31/2013	9	TomaGold Corporation - Units	190,300.00	173.00
12/31/2013	2	Tricor Automotice Group Inc. - Common Shares	272,000.00	200.00
12/27/2013	43	Tweed Inc. - Common Shares	3,000,300.00	21,900.00
01/10/2014	1	UBS AG, Zurich - Certificate	127,353.00	1.00
01/16/2014	3	UBS (Canada) Global Allocation Fund - Units	250,000.00	26,221.40
01/13/2014 to 01/16/2014	4	UBS (Canada) High Yield Debt Fund - Units	37,294.00	3,290.10
11/30/2013	2	Valuie Partners Group Inc. - Common Shares	30,000.00	30,000.00
03/01/2013 to 12/02/2013	62	Vision Opportunity Fund Limited Partnership - Limited Partnership Units	48,888,797.00	N/A
01/02/2013 to 08/01/2013	15	Vision Opportunity Fund Limited Partnership III - Limited Partnership Units	4,400,000.00	N/A
01/02/2013 to 12/02/2013	7	Vision Opportunity Fund Trust - Trust Units	1,625,990.05	N/A
01/02/2013 to 11/01/2013	4	Vision Opportunity Non-Resident Fund Limited Partnership - Limited Partnership Units	1,945,549.06	N/A
01/09/2014	18	Walton CA Tuscan Hills Investment Corporation - Common Shares	398,980.00	39,898.00
01/16/2014	32	Walton Georgia Land Acquisition Investment Corporation - Common Shares	705,200.00	70,520.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/09/2014	27	Walton Georgia Land Acquisition Investment Corporation - Common Shares	733,150.00	73,315.00
01/16/2014	12	Walton Georgia Land Acquisition LP - Limited Partnership Units	1,160,363.98	105,834.00
01/09/2014	11	Walton Georgia Land Acquisition LP - Limited Partnership Units	1,063,479.98	98,763.00
01/16/2014	30	Walton Income 9 Investment Corporation - Common Shares	2,017,000.00	3,000.00
09/19/2013	12	Windfire Capital Corp. - Units	250,000.00	5,000,000.00
07/01/2013	1	Windhorse Partners LP - Limited Partnership Interest	1,313,973.72	N/A
12/30/2013	3	WTH Car Rental ULC - Notes	450,000,000.00	3.00
01/10/2014	1	XPV Water Fund II (Canada) Limited Partnership - Limited Partnership Units	32,751,092.00	N/A
01/13/2014	5	Z-Gold Exploration Inc. - Common Shares	32,000.00	457,142.86
01/16/2014	1	ZoomMed Inc. - Common Shares	230,389.76	4,607,795.00
01/08/2014	12	Zymeworks Inc. - Common Shares	5,615,035.02	1,155,357.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Alexander Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 28, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
$75,000,380.00 -153,062,000 Common Shares issuable on deemed exercise of 153,062,000 outstanding Special Warrants Price: $0.49 per Special Warrant
Underwriter(s) or Distributor(s):
Peters & Co. Limited
Clarus Securities Inc.
GMP Securities L.P.
TD Securities Inc.
Dundee Securities Ltd.
AltaCorp Capital Inc.
Desjardins Securities Inc.
Scotia Capital Inc.
Promoter(s):
-
Project #2158719

Issuer Name:
Algonquin Power & Utilities Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
$1,000,000,000.00
Subscription Receipt
Common Shares
Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2159069

Issuer Name:
Canadian Select Universe Bond ETF
Horizons FTSE Europe Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 30, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
Class A Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Horizons ETFs Management (Canada) Inc.
Project #2160163

Issuer Name:
Cardiome Pharma Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
U.S.$250,000,000.00
Common Shares
Preferred Shares
Debt Securities
Warrants
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2159244

Issuer Name:
Desjardins American Equity Growth Corporate Class
Desjardins Canadian Equity Growth Corporate Class
Desjardins Canadian Equity Income Corporate Class
Desjardins Canadian Equity Value Corporate Class
Desjardins Dividend Growth Corporate Class
Desjardins Emerging Markets Opportunities Corporate Class
Desjardins Global Small Cap Equity Corporate Class
Desjardins Overseas Equity Growth Corporate Class
Melodia Conservative Income Portfolio
Melodia Diversified Income Portfolio
Melodia Moderate Income Portfolio
Melodia Very Conservative Income Portfolio
SocieTerra Balanced Portfolio
SocieTerra Growth Plus Portfolio
SocieTerra Growth Portfolio
SocieTerra Secure Market Portfolio
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectuses and Annual Information Form dated January 30, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
R4-, S4-, R5-, S5-, R6-, S6- and Class I Units; and Series A and C Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Desjardins Management Inc.
Project #2159700

Issuer Name:
Dalradian Resources Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 31, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
$12,075,000.00 - 17,250,000 Units
Price: $0.70 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CLARUS SECURITIES INC.
BEACON SECURITIES LIMITED
BMO NESBITT BURNS INC.
CORMARK SECURITIES INC.
DUNDEE SECURITIES LTD.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2159305

Issuer Name:
Euro Banc Capital Securities Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
Maximum: $ * - * Class A Units and/or Class F Units
Price: $10.00 per Class A Unit and $10.00 per Class F Unit
Minimum purchase: 100 Class A Units or Class F Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
GMP Securities L.P.
National Bank Financial Inc.
Canaccord Genuity Corp.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Inc.
Promoter(s):
Aston Hill Capital Markets Inc.
Project #2159643

Issuer Name:
Europe Blue-Chip Dividend & Growth Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
Maximum: $ * - * Units
Price: $10.00 per Unit
Minimum Purchase: $1,000 (100 Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Burgeonvest Bick Securities Limited
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
Scotia Managed Companies Administration Inc.
Project #2159651

Issuer Name:
Exchange Income Corporation
Principal Regulator - Manitoba
Type and Date:
Preliminary Short Form Prospectus dated January 28, 2014
NP 11-202 Receipt dated January 28, 2014
Offering Price and Description:
$40,000,000.00 -7 YEAR 6.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
Price: $1,000.00 per Debenture
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
LAURENTIAN BANK SECURITIES INC.
RAYMOND JAMES LTD.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
CANACCORD GENUITY CORP.
ALTACORP CAPITAL INC.
STONECAP SECURITIES INC.
Promoter(s):
-
Project #2156856

Issuer Name:
Global Convertibles Short Duration Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
Maximum: $100,000,000.00 - 10,000,000 Units
Price: $10.00 per Unit
Minimum Purchase: 100 Units
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
BMO NESBITT BURNS INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
MANULIFE SECURITIES INCORPORATED
Promoter(s):
PROPEL CAPITAL CORPORATION
Project #2158987

Issuer Name:
Greater Toronto Airports Authority
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated January 31, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
$1,500,000,000.00
Medium-Term Notes (Secured)
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #2160052

Issuer Name:
Madalena Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 28, 2014
NP 11-202 Receipt dated January 28, 2014
Offering Price and Description:
$20,000,050.00 - 28,571,500 Common Shares
Price: $0.70 per Common Share
Underwriter(s) or Distributor(s):
HAYWOOD SECURITIES INC.
MACKIE RESEARCH CAPITAL CORPORATION
RBC DOMINION SECURITIES INC.
BEACON SECURITIES LIMITED
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2158319

Issuer Name:
Opsens Inc.
Principal Regulator - Quebec
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated February 3, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
Maximum Offering: approximately $8,000,000.00
A maximum of 10,666,700 Units or 10,959,000 Common Shares
or any combination thereof up to approximately $8,000,000 at a price of $0.75 per Unit and $0.73 per Common Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
Paradigm Capital Inc.
Promoter(s):
-
Project #2157791

Issuer Name:
PIMCO Global Income Opportunities Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated January 31, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
Maximum: $ * - * Class A Units
Price: $10.00 per Class A Unit
Minimum Purchase: 100 Class A Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Manulife Securities Incorporated
Raymond James Ltd.
Desjardins Securities Inc.
Mackie Research Capital Corporation
Promoter(s):
PIMCO Canada Corp.
Project #2160059

Issuer Name:
Sandvine Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated January 28, 2014
NP 11-202 Receipt dated January 28, 2014
Offering Price and Description:
$33,000,000.00 -10,000,000 Common Shares
Price: $3.30 per Common Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2158272

Issuer Name:
Storm Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
$29,725,000.00 - 7,250,000 Common Shares
Price: $4.10 per Common Share
Underwriter(s) or Distributor(s):
FIRSTENERGY CAPITAL CORP.
PETERS & CO. LIMITED
NATIONAL BANK FINANCIAL INC.
CLARUS SECURITIES INC.
RBC DOMINION SECURITIES INC.
CORMARK SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #2159034

Issuer Name:
Tamarack Valley Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated February 3, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
$60,200,000.00 - 14,000,000 Common Shares
Price: $4.30 per Common Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Clarus Securities Inc.
GMP Securities L.P.
National Bank Financial Inc.
Paradigm Capital Inc.
Peters & Co. Limited
Altacorp Capital Inc.
RBC Dominion Securities Inc.
Promoter(s):
-
Project #2160451

Issuer Name:
Timmins Gold Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated January 28, 2014
NP 11-202 Receipt dated January 28, 2014
Offering Price and Description:
$25,005,000.00 - 16,670,000 Common Shares
Price: $1.50 per Common Share
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #2158496

Issuer Name:
TransGaming Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated February 3, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
Minimum Offering: $ * - * Units
Maximum Offering: $ * - * Units
Price: $ * per Unit
Underwriter(s) or Distributor(s):
GLOBAL MAXFIN CAPTIAL INC.
JACOB SECURITIES INC.
Promoter(s):
-
Project #2160392

Issuer Name:
True Gold Mining Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated February 4, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
$36,560,000.00 - 91,400,000 Units
Price $0.40 per Unit
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
HAYWOOD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
CLARUS SECURITIES INC.
SCOTIA CAPITAL INC.
CORMARK SECURITIES INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #2158379

Issuer Name:
Wells Fargo Canada Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 28, 2014
Offering Price and Description:
$7,000,000,000.00 - Medium Term Notes (unsecured)
Unconditionally guaranteed as to payment of principal, premium (if any), and interest by Wells Fargo & Company
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Promoter(s):
-
Project #2157809

Issuer Name:
BSM Technologies Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 31, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
$22,000,002.00 - 7,333,334 Common Shares\
Price: $3.00 per Common Share
Underwriter(s) or Distributor(s):
CLARUS SECURITIES INC.
PARADIGM CAPITAL INC.
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
TD SECURITIES INC.
Promoter(s):
-
Project #2156663

Issuer Name:
Canadian Western Bank
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated January 30, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
Debt Securities (subordinated indebtedness)
Common Shares
First Preferred Shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2157197

Issuer Name:
Canexus Corporation
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
26,800,000 Common Shares
Price: $5.60 per Common Share
Underwriter(s) or Distributor(s):
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
HSBC SECURITIES (CANADA) INC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
RAYMOND JAMES LTD.
Promoter(s):
-
Project #2155370

Issuer Name:
Capital Preservation Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated January 29, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
Series A and F units
Underwriter(s) or Distributor(s):
Global Prosperata Funds Inc.l
Promoter(s):
-
Project #2146842

Issuer Name:
CMP 2014 Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 30, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
$100,000,000 (Maximum)
100,000 Limited Partnership Units
Price per Unit: $1,000
Minimum Subscription: $5,000 (Five Units)
Underwriter(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Dundee Securities Ltd.
TD Securities Inc.
Burgeonvest Bick Securities Limited
Canaccord Genuity Corp.
Desjardins Securities Inc.
GMP Securities L.P.
Raymond James Ltd.
Promoter(s):
Goodman GP Ltd.
Goodman & Company, Investments Counsel Inc.
Project #2148912

Issuer Name:
Dividend Growth Split Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
Maximum: $100,076,000 - Up to 5,080,000 Preferred Shares and 5,080,000 Class A Shares
Prices: $10.10 per Preferred Share and $9.60 per Class A Share
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
-
Project #2156627

Issuer Name:
Common Units and Advisor Class Units of
First Asset MSCI Canada Low Risk Weighted ETF
First Asset MSCI USA Low Risk Weighted ETF
(also Unhedged Common Units and Unhedged Advisor Class Units)
First Asset MSCI Europe Low Risk Weighted ETF
(also Unhedged Common Units and Unhedged Advisor Class Units)
First Asset MSCI World Low Risk Weighted ETF
(also Unhedged Common Units and Unhedged Advisor Class Units)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
Common Units and Advisor Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FIRST ASSET INVESTMENT MANAGEMENT INC.
Project #2149365

Issuer Name:
First Trust AlphaDEX European Dividend Index ETF (CAD-Hedged)
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
Common Units and Advisor Class Units @ Net Asset Value
Underwriter(s) or Distributor(s):
-
Promoter(s):
FT Portfolios Canada Co.
Project #2127756

Issuer Name:
First Trust Global DividendSeeker Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 30, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
Maximum: $100,000,000 - 10,000,000 Class A Units and/or Class F Units
Minimum: $20,000,000 - 2,000,000 Class A Units
Price: $10.00 per Unit.
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Burgeonvest Bick Securities Limited
Desjardins Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
BMO Nesbitt Burns Inc.
Project #2151116

Issuer Name:
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I National CDE Class
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I National CEE Class
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I Québec CEE Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FSC GP I Corp.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES, INC.
MANULIFE SECURITIES INCORPORATED
SHERBROOKE STREET CAPITAL (SSC) INC.
TUSCARORA CAPITAL INC.
Project #2149564

Issuer Name:
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I National CEE Class
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I Québec CEE Class
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I National CDE Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FSC GP I Corp.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES, INC.
MANULIFE SECURITIES INCORPORATED
SHERBROOKE STREET CAPITAL (SSC) INC.
TUSCARORA CAPITAL INC.
Project #2149612

Issuer Name:
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I Québec CEE Class
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I National CDE Class
Front Street Flow-Through 2014-I Limited Partnership - FSFT 2014-I National CEE Class
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FSC GP I Corp.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
DESJARDINS SECURITIES INC.
LAURENTIAN BANK SECURITIES, INC.
MANULIFE SECURITIES INCORPORATED
SHERBROOKE STREET CAPITAL (SSC) INC.
TUSCARORA CAPITAL INC.
Project #2149623

Issuer Name:
Lithium Americas Corp.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 31, 2014
NP 11-202 Receipt dated February 3, 2014
Offering Price and Description:
OFFERING OF 77,308,481 RIGHTS TO SUBSCRIBE FOR 77,308,481 COMMON SHARES
AT A PRICE OF $0.24 PER COMMON SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2155829

Issuer Name:
MRF 2014 Resource Limited Partnership
Principal Regulator - Alberta
Type and Date:
Final Long Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
Maximum: $75,000,000 - 3,000,000 Units
Minimum $5,000,000 – 200,000 Units
Underwriter(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
TD Securities Inc.
Manulife Securities Incorporated
Canaccord Genuity Corp.
GMP Securities L.P.
Middlefield Capital Corporation
Dundee Securities Ltd.
Raymond James Ltd.
Promoter(s):
Middlefield Resouce Corporation
Project #2148977

Issuer Name:
NCE Diversified Flow-Through (14) Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
$75,000,000 (Maximum Offering)
$5,000,000 (Minimum Offering)
A maximum of 3,000,000 and a minimum of 200,000
Limited Partnership Units
Subscription Price: $25.00 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Manulife Securities Incorporated
Desjardins Securities Inc.
Raymond James Ltd.
Burgeonvest Bick Securities Ltd.
Dundee Securities Ltd.
Laurentian Bank Securities, Inc.
Mackie Research Capital Corporation
Promoter(s):
Petro Assets Inc.
Project #2147901

Issuer Name:
Oryx Petroleum Corporation Limited
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated January 27, 2014
NP 11-202 Receipt dated January 28, 2014
Offering Price and Description:
$1,000,000,000,00 Common Shares - Preferred Shares
Debt Securities - Warrants
Subscription Receipts
Underwriter(s) or Distributor(s):
-
Promoter(s):
The Addax and Oryx Group Limited
Project #2149770

Issuer Name:
Peyto Exploration & Development Corp.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 29, 2014
Offering Price and Description:
4,420,000 Common Shares
Price: $34.00 per Common Share
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
FirstEnergy Capital Corp.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Peters & Co. Limited
Scotia Capital Inc.
TD Securities Inc.
Acumen Capital Finance Partners Limited
Canaccord Genuity Corp.
Haywood Securities Inc.
Promoter(s):
-
Project #2155373

Issuer Name:
Sprott 2014 Flow-Through Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated January 30, 2014
NP 11-202 Receipt dated January 31, 2014
Offering Price and Description:
Maximum: $50,000,000.00 - 2,000,000 Units
Minimum: $5,000.00 - 200 Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Desjardins Securities Inc.
Manulife Securities Incorporated
Raymond James Ltd.
Sprott Private Wealth L.P.
Promoter(s):
Sprott 2014 Corporation
Project #2148702

Issuer Name:
Uranium Participation Corporation
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated January 29, 2014
NP 11-202 Receipt dated January 30, 2014
Offering Price and Description:
$50,050,500.00 Common Shares
Price: $5.47 per Common Share
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
RAYMOND JAMES LTD.
CANTOR FITZGERALD CANADA CORPORATION
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
-
Project #2156433

Issuer Name:
Resverlogix Corp.
Principal Jurisdiction - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated October 28, 2013
Closed on January 28, 2014
Offering Price and Description:
$50,000,000
Common Shares
Preferred Shares
Debt Securities
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2124295

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Consent to Suspension (Pending Surrender)	Stone & Co. Corporate Funds Limited	Restricted Dealer	January 29, 2014
Voluntary Surrender of Registration	Sheridan Brothers Limited Partnership	Investment Dealer	January 30, 2014
Voluntary Surrender of Registration	Stifel Nicolaus Canada Inc.	Investment Dealer	January 30, 2014
Suspended (Regulatory Action)	Casimir Capital Ltd.	Investment Dealer	January 30, 2014
Consent to Suspension (Pending Surrender)	Noumena Capital Partners Ltd.	Portfolio Manager	January 31, 2014

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.3 Clearing Agencies

13.3.1 Notice of Commission Approval – Material Amendments to CDS Rules – Multi-Classification of Limited Purpose Participants

CDS CLEARING AND DEPOSITORY SERVICES INC.

MATERIAL AMENDMENTS TO CDS RULES

MULTI-CLASSIFICATION OF LIMITED PURPOSE PARTICIPANTS

NOTICE OF COMMISSION APPROVAL

In accordance with the Rule Protocol between the Ontario Securities Commission (Commission) and CDS Clearing and Depository Services Inc. (CDS), the Commission approved on January 21, 2014, amendments filed by CDS to its rules, to make it possible for its limited purpose participants to be classified in multiple categories. The amendments to the rules are meant to correct the existing unintended restriction which prohibits limited purpose participants to be classified in multiple categories.

A copy and description of the procedural amendments were published for comment on December 13, 2012 at (2012) 35 OSCB 11436. No comments were received.

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Chapter 25

Other Information

25.1 Consents

25.1.1 Canada Lithium Corp. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (Canada).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.
Securities Act, R.S.O. 1990, c. S.5, as am.

Regulations Cited

Regulation made under the Business Corporations Act, O. Reg. 289/00, as am., s. 4(b).

IN THE MATTER OF
R.R.O. 1990, REGULATION 289/00, AS AMENDED
(the "Regulation") MADE UNDER
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the "OBCA")

AND

IN THE MATTER OF
CANADA LITHIUM CORP.

CONSENT
(Subsection 4(b) of the Regulation)

UPON the application of Canada Lithium Corp. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent from the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue in another jurisdiction pursuant to Section 181 of the OBCA (the "**Continuance**");

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

AND UPON the Applicant representing to the Commission that:

1. The Applicant was organized under the OBCA by articles of amalgamation effective July 21, 1995.

2. The Applicant's registered and head office is located at 401 Bay Street, Suite 2010, Toronto, Ontario, M5H 2Y4.

3. The Applicant intends to apply to the Director under the OBCA pursuant to Section 181 of the OBCA for authorization to continue as a corporation under the *Canada Business Corporations Act* (the "**CBCA**").

4. Pursuant to subsection 4(b) of the Regulation, an application for authorization to continue in another jurisdiction under Section 181 of the OBCA must, in the case of an "offering corporation" (as that term is defined in the OBCA), be accompanied by a consent from the Commission.

5. The Applicant is an "offering corporation" under the OBCA and is a reporting issuer under the *Securities Act* (Ontario), R.S.O. 1990, c. S.5, as amended (the "**Securities Act**"), and the securities legislation of each of the other provinces of Canada.

6. The authorized capital of the Applicant consists of an unlimited number of common shares ("**Common Shares**"), of which 398,429,158 were issued and outstanding as of December 23, 2013. All of the issued and outstanding Common Shares are listed for trading on the Toronto Stock Exchange under the symbol "CLQ".

7. The Applicant is not in default of any of the provisions of the OBCA, the Securities Act and the securities legislation of all other jurisdictions in which it is a reporting issuer, and the regulations and rules made thereunder (collectively, the "**Legislation**").

8. The Applicant is not a party to any proceeding or, to the best of its information, knowledge and belief, any pending proceeding under the Legislation, other than a class action lawsuit certified, on consent, by the Ontario Superior Court of Justice (the "**Court**") on August 6, 2013. This lawsuit alleges misrepresentation in primary and secondary market disclosure documents. This lawsuit has been publicly disclosed by the Applicant in accordance with the applicable Legislation and none of the allegations thereunder have been assessed or determined by the Court.

9. A summary of the material provisions respecting the proposed Continuance was provided to the shareholders of the Applicant in the management information circular of the Applicant dated December 24, 2013 (the "**Circular**") in respect of the Applicant's special meeting of shareholders held on January 28, 2014 (the "**Meeting**"). The Circular was mailed on January 2, 2014 to shareholders of record at the close of business on

December 23, 2013, was filed on December 30, 2013 on the System for Electronic Document Analysis and Retrieval and included full disclosure of the reasons for, and the implications of, the proposed Continuance and a summary of the material differences between the OBCA and the CBCA.

10. In accordance with the OBCA and the Applicant's constating documents, the special resolution of shareholders (the "**Continuance Resolution**") to be obtained at the Meeting in connection with the proposed Continuance required the approval of not less than two-thirds of the aggregate votes cast by the shareholders present in person or represented by proxy at the Meeting. Each shareholder was entitled to one vote for each Common Share held.

11. The Continuance Resolution was approved at the Meeting by 97.5% of the aggregate votes cast by shareholders of the Applicant in respect of the Continuance Resolution.

12. The Applicant's shareholders had the right to dissent with respect to the proposed Continuance pursuant to Section 185 of the OBCA, and the Circular disclosed full particulars of this right in accordance with applicable law.

13. The Continuance is proposed to be made in order to enable the Applicant to be amalgamated with Sirocco Mining Inc. ("**Sirocco**"), a corporation organized under the CBCA, by way of a plan of arrangement and for the amalgamated company to thereafter conduct its business and affairs in accordance with the provisions of the CBCA. The arrangement transaction to which the proposed Continuance relates was disclosed in the Circular and in the management information circular of Sirocco dated December 24, 2013.

14. Following the Continuance, the Applicant intends to remain a reporting issuer in Ontario and in each of the other jurisdictions where it is currently a reporting issuer.

15. The material rights, duties and obligations of a corporation governed by the CBCA are substantially similar to those of a corporation governed by the OBCA.

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

THE COMMISSION HEREBY CONSENTS to the continuance of the Applicant as a corporation under the CBCA.

DATED at Toronto, Ontario on this 28th day of January, 2014.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Vern Krishna"
Commissioner
Ontario Securities Commission

25.2 Approvals

25.2.1 GreensKeeper Asset Management Inc. – s. 213(3)(b) of the LTCA

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – application by manager, with prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be 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).

January 17, 2014

GreensKeeper Asset Management Inc.
2020 Winston Park Drive
Suite 100
Oakville, ON L6H 6X7

Attention: Michael McCloskey

Dear Sirs/Mesdames:

Re: GreensKeeper Asset Management Inc. (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. 2013/00759

Further to your application dated September 10, 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 GreensKeeper Value Fund (the "Fund") and any other future pooled funds 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 Fund and any other future pooled funds 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,

"Sarah B. Kavanaugh"
Commissioner
Ontario Securities Commission

"Deborah Leckman"
Commissioner
Ontario Securities Commission

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