**The Ontario Securities Commission**

# OSC Bulletin

February 27, 2014

Volume 37, Issue 9

(2014), 37 OSCB

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

**The Ontario Securities Commission**
Cadillac Fairview Tower
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

416-593-8314 or Toll Free 1-877-785-1555

Published under the authority of the Commission by:
**Carswell, a Thomson Reuters business**
One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

416-609-3800 or 1-800-387-5164

Contact Centre - Inquiries, Complaints:
Fax: 416-593-8122
TTY: 1-866-827-1295

Office of the Secretary:
Fax: 416-593-2318

THOMSON REUTERS

The OSC Bulletin is published weekly by Carswell, a Thomson Reuters business, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $649 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

| | |
|---|---|
| U.S. | $175 |
| Outside North America | $400 |

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

Carswell also offers every issue of the Bulletin, from 1994 onwards, fully searchable on S*ecuritiesSource*™, Canada's pre-eminent web-based securities resource. *SecuritiesSource*™ also features comprehensive securities legislation, expert analysis, precedents and a weekly Newsletter. For more information on *SecuritiesSource*™, as well as ordering information, please go to:

http://www.westlawecarswell.com/SecuritiesSource/News/default.htm

or call Carswell Customer Relations at 1-800-387-5164 (416-609-3800 Toronto & Outside of Canada).

Claims from *bona fide* subscribers for missing issues will be honoured by Carswell up to one month from publication date.

Space is available in the Ontario Securities Commission Bulletin for advertisements. The publisher will accept advertising aimed at the securities industry or financial community in Canada. Advertisements are limited to tombstone announcements and professional business card announcements by members of, and suppliers to, the financial services industry.


ISSN 0226-9325


THOMSON REUTERS

One Corporate Plaza
2075 Kennedy Road
Toronto, Ontario
M1T 3V4

Customer Relations
Toronto 1-416-609-3800
Elsewhere in Canada/U.S. 1-800-387-5164
Fax 1-416-298-5082
www.carswell.com
Email www.carswell.com/email

# Table of Contents

## 1.1 Notices

### 1.1.1 CSA Staff Notice 31-337 – Cost Disclosure, Performance Reporting and Client Statements – Frequently Asked Questions and Additional Guidance as of February 27, 2014


**CSA Staff Notice 31-337**
***Cost Disclosure, Performance Reporting and Client Statements – Frequently Asked Questions and Additional Guidance as of February 27, 2014***

**February 27, 2014**

**Background**

Amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) and Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**31-103CP** or the **CP**) implementing phase 2 of the client relationship model came into force on July 15, 2013 (the **CRM2 Amendments**). Staff from the Canadian Securities Administrators (**CSA staff** or **we**) have compiled this list of frequently asked questions we have received to date and provide our response and additional guidance (**FAQs**). In this document, we refer to exempt market dealers as "**EMDs**", portfolio managers as "**PMs**" and investment fund managers as "**IFMs**".

**Implementation planning**

The CRM2 Amendments are implemented in stages, with new requirements coming into effect on July 15 in each of 2014, 2015 and 2016. We encourage registrants to plan now so that they can be ready to be in compliance with the new requirements. Here are some things firms should consider including in their CRM2 Amendments implementation planning:

- scheduling, developing, testing and implementing systems changes
- updating policies and procedures
- training staff
- updating compliance oversight practices, and
- communicating with clients about the new information that they will be getting

Firms will also need to compile the information that will form the basis for the new reports on investment performance.

**FAQs**

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| **1.** | **GENERAL QUESTIONS** | When does someone cease to be a client, such that a registrant is no longer required to provide the statements and reports contemplated in the CRM2 Amendments? | It is not possible to provide a bright line test for determining when a client relationship has ended that will apply in all cases. We expect firms to exercise reasonable professional judgement, erring in favour of providing client reporting where there is doubt as to whether there is still a client relationship.<br><br>Some principles that apply to the exercise of that judgement are:<br><br>• A person remains a client of a registered dealer or adviser for so long as the dealer or adviser holds securities owned by the person, or the circumstances described in subsection 14.14.1(1) [*additional statements*] apply.<br><br>• A firm should consider the totality of its dealings with a client and the client's expectations of ongoing services from the firm.<br><br>• Whether a client relationship is ongoing or not depends on the particular facts and circumstances of the relationship.<br><br>Note that a registered dealer or adviser may not avoid the client reporting requirements in NI 31-103 by selectively choosing to cease to be the dealer of record for some of a client's securities. For example, a dealer may not tell the IFM of a client's mutual funds that it is no longer the dealer of record for some of the client's securities (unless those securities have been transferred to an account of the client at another dealer or an adviser), and at the same time, keep an account for the client. See also the guidance in cell 21 [re s.14.15 security holder statements], below. |
| **2.** | | Do EMDs have the same client statement and annual report requirements under the CRM2 Amendments as advisers and other dealers? | Most of the CRM2 Amendments do not distinguish between categories of registered advisers and dealers. All firms must review the requirements in section 14.14 [*account statements*] and section 14.14.1 [*additional statements*] to determine if they are required to deliver account and/or additional statements. Firms also need to consider the totality of their dealings with a client and the client's expectation of ongoing services of the firm.<br><br>An EMD, that does not hold a client's securities, and where the circumstances of subsection 14.14.1(1) do not apply to those securities, should consider the totality of its relationship with the client:<br><br>• Is it doing only one exempt market transaction or does it plan to do other transactions with the client?<br><br>• Is the client expecting that the firm will continue to provide services? |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| | | | • Is the firm also engaged with the client in a different capacity, for example, as a registered adviser managing the client's other investments?<br><br>These factors are not exhaustive. There may be other relevant factors. We expect the EMD to exercise its reasonable professional judgement.<br><br>Where there is only one transaction and the factors suggest there is no ongoing relationship with the client, the EMD would be required to deliver:<br><br>• one account statement with transactional information under subsection 14.14(4) (see further guidance in cell 16 [re s.14.14 account statements], below);<br><br>• no annual report on charges and other compensation; and<br><br>• no annual investment performance report. |
| **3.** | | Do disclosure and reporting requirements in CRM2 Amendments apply to other investments that may not be securities, such as segregated funds? | The jurisdiction of the Canadian Securities Administrators (**CSA**) limits the CRM2 Amendments to securities (including exchange contracts in Alberta, British Columbia, New Brunswick and Saskatchewan). If an investment is not a security or an exchange contract in Alberta, British Columbia, New Brunswick and Saskatchewan within the meaning of those terms in securities legislation, a registered firm will not be subject to any requirement in NI 31-103 for reporting on that investment.<br><br>Nonetheless, we encourage registrants to provide their clients with information that meets the standards set in the CRM2 Amendments in respect of all of their investments. This will enable investors to better understand the relative costs of different investments and their performance.<br><br>Note that requirements imposed by self-regulatory organizations may extend to such investments. |
| **4.** | | Where should switch fees and short-term trading fees be reported? | Switch fees charged by a registered dealer or adviser are considered a transaction charge (see the discussion of the definition of "transaction charge" in the CP. They must be disclosed before the trade (s. 14.2.1), in a trade confirmation (s.14.12(1)(c)) and in the annual report on charges and other compensation (s.14.17(1)(c)). Short-term trading fees paid to an investment fund must be disclosed in a trade confirmation (s.14.12(1)(c)) but are not included in the requirements for the annual report on charges and other compensation. |

<table>
<tr><th></th><th>NI 31-103 SECTION</th><th>QUESTION</th><th>ANSWER</th></tr>
<tr><td></td><td>Division 1<br>Investment fund managers</td><td></td><td></td></tr>
<tr><td></td><td>14.1<br>Application of this Part to investment fund managers</td><td>–</td><td>–</td></tr>
<tr><td>5.</td><td>14.1.1<br>Duty to provide information</td><td>The requirement in section 14.1.1 for investment fund managers to provide a dealer/adviser with the information on trailing commissions that is required by the dealer/adviser in order to comply with 14.17(1)(h) comes into effect on July 15, 2016. Do the CSA expect investment fund managers to be ready on July 15, 2016 to deliver information for the preceding year?</td><td>Dealers and advisers may have various reporting cycles, on a calendar basis or otherwise. We expect investment fund managers to work with dealers and advisers, so that the new required information about charges will be included in clients' reports on charges and other compensation for the period that includes July 15, 2016.<br><br>For greater certainty, this encompasses reports for the periods January 1, 2016 to December 31, 2016 and July 16, 2015 to July 15, 2016. The latest possible 12-month period will be July 15, 2016 to July 14, 2017.<br><br>These are the first reports for different year-ends:<br><br>
<table>
<tr><th>First day of reporting period</th><th>Last day of reporting period (year-end)</th></tr>
<tr><td>August 1, 2015</td><td>July 31, 2016</td></tr>
<tr><td>September 1, 2015</td><td>August 31, 2016</td></tr>
<tr><td>October 1, 2015</td><td>September 30, 2016</td></tr>
<tr><td>November 1, 2015</td><td>October 31, 2016</td></tr>
<tr><td>December 1, 2015</td><td>November 30, 2016</td></tr>
<tr><td>January 1, 2016</td><td>December 31, 2016</td></tr>
<tr><td>February 1, 2016</td><td>January 31, 2017</td></tr>
<tr><td>March 1, 2016</td><td>February 28, 2017</td></tr>
<tr><td>April 1, 2016</td><td>March 31, 2017</td></tr>
<tr><td>May 1, 2016</td><td>April 30, 2017</td></tr>
<tr><td>June 1, 2016</td><td>May 31, 2017</td></tr>
<tr><td>July 1, 2016</td><td>June 30, 2017</td></tr>
</table></td></tr>
</table>

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| | ***Division 2 Disclosure to clients*** | | |
| **6.** | **14.2 Relationship disclosure information** | Before July 15, 2013, there was an exemption in former subsection 14.2(6) from section 14.2 in respect of a permitted client if (a) the client had waived it in writing, and (b) the registrant did not act as an adviser in respect of a managed account of the client. Under the CRM2 Amendments, the exemption was changed to a permitted client that is not an individual. Is the registrant now required to deliver relationship disclosure information to an individual permitted client who had previously waived the section? | Yes. If the individual permitted client had previously waived relationship disclosure information, in light of the CRM2 Amendments, a registered firm must deliver relationship disclosure to all individuals, whether or not they are permitted clients.<br><br>We expect registered firms to act reasonably as to when they next deliver the relationship disclosure information. If there is a significant change in respect of the relationship disclosure information, then the registered firm should act right away. Otherwise, we would expect the relationship disclosure information to be updated the next time the firm is updating client information (for advisers) or before doing a transaction (for dealers). |
| **7.** | | If an individual permitted client has waived the suitability requirement under subsection 13.3(4), how will a firm meet the requirement in paragraph 14.2(2)(k) to deliver a statement that the firm has an obligation to assess whether a purchase or sale of a security is suitable for a client prior to executing the transaction or at any other time? | When there is no obligation to make a suitability determination because of the application of subsection 13.3(4), the firm will have met the requirement in paragraph 14.2(2)(k) by simply informing the client that the firm has no suitability obligation because the client has waived the requirement. |
| **8.** | | If a firm is exempt from certain know your client (KYC) obligations under subsection 13.2(6), how will it meet the requirement in paragraph 14.2(2)(l) to deliver the information a registered firm must collect about the client under section 13.2? | The firm will meet the requirement in paragraph 14.2(2)(l) by delivering the information collected under the KYC obligation in section 13.2. If a firm is exempted from collecting certain KYC information, then the firm is not obligated to deliver that information under paragraph 14.2(2)(l). |
| **9.** | | Will the CSA be providing additional guidance on benchmarks? Are benchmarks optional? If a firm decides to provide benchmarks, what is the expected frequency? | Other than a general discussion as part of the relationship disclosure information requirement in paragraph 14.2(2)(m), there is no requirement for registered firms to provide benchmark information to clients and for greater certainty, we have provided guidance under sections 14.2 [*relationship disclosure information*] and 14.19 [*content of investment performance report*] of the CP.<br><br>Since benchmarks are optional, we did not prescribe any periods or other specifications for provision of benchmark information. However, we have provided guidance on the provision of benchmarks in section 14.19 of the CP, including, importantly, that benchmark information be not misleading. |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| | | | We are not providing specific guidance on benchmarks beyond that already set out in the CP. We expect firms to use their professional judgement when determining which benchmarks are relevant to a client's investments and explain to clients the use of benchmarks in terms they will understand. |
| **10.** | | When does the guidance on the use of benchmarks set out under section 14.19 [*content of investment performance report*] in the CP come into effect? | The guidance in section 14.19 of the CP is relevant to the use of benchmarks today and is consistent with previously published guidance. |
| **11.** | **14.2.1 Pre-trade disclosure of charges** | Can registrants use the Fund Facts document to satisfy the requirements in section 14.2.1 [*pre-trade disclosure of charges*]? The question arises because 31-103CP suggests a mutual fund's management fee should be discussed in the pre-trade disclosure of charges, but the Fund Facts document is not required to include the management fee in all cases (only in the case of a new fund for which the management expense ratio (**MER**) is not available). | If a registrant delivers the Fund Facts document at the point of sale and explains the specific costs of the transaction to the client, then the registrant may use it further to satisfy the requirements of section 14.2.1 for the disclosure of charges related to the transaction. Since the management fee generally constitutes most of the MER of a mutual fund, we think this would be in line with the guidance in the CP. |
| | ***Division 5 Reporting to clients*** | | |
| **12.** | **14.11.1 Determining market value** | Why use last bid/ask price instead of closing price? Is it not misleading sometimes; for example, when there are large bid-ask deviations? | We chose last bid/ask price because not all securities are actively traded on a market and there have been consistent problems with firms using stale data based on old closing prices. That said, we recognize that no one measure will always work best, so the requirement is for the firm to report the amount it reasonably believes to be the market value, after making any adjustments it considers necessary to accurately reflect the market value. |
| **13.** | | What if the net asset value (**NAV**) of an investment fund which is not listed on an exchange is not available on a daily basis? | The most recent NAV provided by the investment fund manager should be used.<br><br>If a registered dealer or adviser reasonably believes the NAV for an investment fund is stale or otherwise inaccurate, it may include an explanatory note to that effect in the statement provided to its client. |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| **14.** | **14.12 Content and delivery of trade confirmation** | The prescribed notification under subparagraph 14.12(1)(c.1)(ii) says remuneration "has" been added or deducted from the price of the security. Can "has been" be replaced with "may have been" where the firm will have difficulty determining which trades had dealer firm remuneration added and which did not? | Yes. Since the requirement is to provide a notification that is "substantially" in the form prescribed, a firm can modify the prescribed text to use "may have" instead of "has been", provided the firm has made reasonable efforts to determine whether it can make the more definitive statement to the client. |
| **15.** | **14.14 Account statements** | Is there any additional guidance on providing electronic statements? | National Policy 11-201 *Electronic Delivery of Documents* provides guidance to securities industry participants who want to use electronic delivery to fulfill delivery requirements in securities legislation.<br><br>Monthly and/or quarterly statements, as applicable can be delivered electronically. All of the content required under section 14.14 and, where applicable, section 14.14.1 must be provided at the required intervals.<br><br>However, if a firm chooses to provide electronic access to account information on a more frequent basis than required in sections 14.14 and 14.14.1, that *supplemental* access does not have to conform with the requirements of those sections. |
| **16.** | | How do the account statement and additional statement requirements in sections 14.14 and 14.14.1 apply where a registered firm does not<br><br>(a) hold or control a client's securities in nominee name, nor<br><br>(b) meet criteria set out in subsection 14.14.1(1)? | Under subsection 14.14(4), the registrant will be required to provide the client with an account statement that sets out transaction information for the reporting period in which a transaction occurred. The account balance information required under subsection 14.14(5) will not be required.<br><br>There will be no requirement to provide an additional statement under section 14.14.1. |
| **17.** | | If securities are transferred to a managed account for passive holding, is the PM responsible for reporting on these "legacy" securities? | Yes, if securities are in an account managed by a PM, that PM is responsible for reporting on them. See also cell 18, immediately below, concerning statements sent by a custodian. |
| **18.** | **14.14.1 Additional statements** | Are statements sent by a custodian acceptable to meet the additional statement requirement? | The requirement to deliver additional statements comes into effect on July 15, 2015. The CSA is considering guidance on PMs' client statement delivery responsibilities where a custodian also provides statements to the same client. |
| **19.** | **14.14.2 Position cost information** | How should short positions be reported? | If using book cost, a short security position should be reported as the total amount received for the security, net of any transaction charges related to the sale, adjusted for any distributions, returns of capital and corporate reorganizations.<br><br>If using original cost, a short security position should be reported as the total amount received for the security, net of any transaction charges related to the sale. |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| **20.** | **14.14.2 Position cost information** | Does "within 10 days after" in paragraph 14.14.2(4)(c) mean within 10 business days or 10 calendar days? | References to "days" in the CRM2 Amendments are to calendar days. |
| **21.** | **14.15 Security holder statements** | Is there any guidance regarding the requirement to send a statement for 'orphaned accounts'? | The requirement for an IFM to send a security holder statement to an account without a dealer of record – an orphaned account – is not new. This is an accommodation of the temporary and very limited circumstance that arises where there ceases to be a registered dealer or adviser serving the client. See also the guidance in cell 1 [re ceasing to be a client], above.<br><br>The CRM2 Amendments in section 14.15 expand the existing requirements for the information that IFMs must send to security holders to include some of the information registered dealers and advisers will be required to deliver to their clients, such as position cost information. |
| | **14.16 Scholarship plan dealer statements** | – | – |
| **22.** | **14.17 Report on charges and other compensation** | The requirement to provide an annual report on charges and other compensation comes into effect on July 15, 2016. For what period will the first annual report be required? | Firms may have various reporting cycles, on a calendar year basis or otherwise. If July 15, 2016 falls within the start and end dates of a 12-month period, an annual report will be required for that period. So if a firm reports or wishes to report on a calendar year basis, the first annual report will be required for a period from January 1, 2016 to December 31, 2016. If a firm reports or wishes to report for a period ending July 15, then the first annual reports will be required for the period beginning July 16, 2015. |
| **23.** | | If there are no charges or other compensation to be disclosed, is a nil report still required to be delivered? | No, nil reports on charges and other compensation are not required. |
| **24.** | | Are the charges levied within an investment fund held by an investor (e.g. management fees) included in operating charges? Do PMs who manage their clients' money through pooled funds have to "look through" to those fees? | No. We would expect this information to be disclosed as part of the relationship disclosure information delivered at account opening or when the investment is made. But, a firm is not required to include the fund management fee in its annual report on charges and other compensation. The definition of operating charge is specific to the account and is not a product related fee. Operating charges (and transaction charges) include only charges paid to the registered firm by the client.<br><br>Nonetheless, if such fees are a significant part of the portfolio manager's compensation model – say if a portfolio manager used in-house funds as the primary investment vehicle for its clients and took much of its compensation in fund management fees instead of the traditional fee based on clients' assets under management – we would expect that the firm would communicate to its clients about the way it is being compensated, consistent with the duty of fairness, honesty and good faith. |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| **25.** | | If a client leaves the firm and transfers out in the middle of the year, does the firm have an obligation to send an annual report on charges and other compensation? | Once the client relationship has ended, there is no longer an obligation to send an annual report on charges and other compensation. We do, however, encourage firms to provide departing clients with information on charges and other compensation received during the year-to-date. |
| **26.** | | Does the requirement to disclose the dollar amount of trailing commissions mean separate disclosures for the amount paid to the firm and the amount paid to the registered representative? | The report on charges and other compensation is at the firm level. This means the dollar amount of trailing commissions disclosed in the report is the total amount received in respect of the client's holdings. That amount is not broken down to show how much the firm retained and how much it passed on to the client's dealing or advising representative. The intention is that the client will see the aggregate amount of trailing commission that was generated by their account. |
| **27.** | | How should typical mutual fund related charges other than trailing commissions be reported in the annual report on charges and other compensation? | If there is an up-front commission charged to the client by the registered dealer or adviser when the securities are purchased, it would be included in the amount reported under paragraph 14.17(1) (c). In the sample annual report in the CP, this appears under "Charges you paid directly to us ... Commissions on purchases of mutual funds with a sales charge".<br><br>If there is a commission or other payment from the IFM or another party other than the client to the registered dealer or adviser when the securities are purchased, that payment is reported under paragraph 14.17(1) (g). In the sample annual report in Appendix D of the CP, this appears under "Compensation we received through third parties ... Commissions from mutual fund managers on purchases of mutual funds (see Note 1)".<br><br>If, when the securities are sold by the client (i.e., redeemed back to the issuer), a deferred sales charge is triggered but no commission or other payment goes to the registered dealer or adviser, there is no requirement to include it in the annual report.<br><br>If, when securities are sold by the client a commission or other payment was received by the registered dealer or adviser, it would be reported under paragraphs 14.17(1)(c) or (g), depending whether it was paid by the client or another party. See also the guidance in cell 4 [re switch fees and short-term trading fees].<br><br>If a registered dealer or adviser is concerned that clients might assume trailing commissions are charged directly to the client, we would have no objection to the firm including in its annual reports a clear explanation of the charges. For example, note 1 in the sample Report on Charges and Other Compensation in Appendix D of the CP could be expanded along the lines of the second paragraph in note 2. |
| **28.** | | If a registered dealer or adviser receives referral fees in relation to registerable services to the client | If the referral fees relate only to one of the client's accounts, they would be included in the annual report for that account alone. If the referral fees relate to more than |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| | | during a reporting period and the client has two or more accounts with the firm, how should the firm disclose the referral fees in the annual reports for the client's accounts? | one of the client's accounts, we expect the firm to present disclosure information in a clear and meaningful manner. For example, the firm could report the full amount in the annual report for each account, or report a pro-rated amount in the annual report for each account, but in either case the firm should include an explanatory note so that the client will not be confused as to the total amount of the referral fees received by the firm during the period. |
| **29.** | **14.18 Investment performance report** | The requirement to provide an annual investment performance report comes into effect on July 15, 2016. For what period will the first annual report be required? | Firms may have various reporting cycles, on a calendar year basis or otherwise. If July 15, 2016 falls within the start and end dates of a 12-month period, an annual report will be required for that period. So if a firm reports or wishes to report on a calendar year basis, the first annual reports will be required for a period from January 1, 2016 to December 31, 2016. If a firm reports or wishes to report for a period ending July 15, then the first annual reports will be required for the 12-month period beginning July 16, 2015. |
| **30.** | **14.19 Content of investment performance report** | Can a registered firm send performance reports to its clients more frequently than once per year? If so, must all of its performance reports include all of the content prescribed for annual reports and be formatted in accordance with subsection 14.19(5)? | So long as a performance report that includes the prescribed content is delivered annually, firms are free to send more frequent reports. Such supplemental reports need not include the prescribed content and need not be formatted in accordance with subsection 14.19(5). |
| **31.** | | If a firm chooses to provide percentage returns calculated using both money-weighted rate of return (MWRR) and time-weighted rate of return (TWRR) methods, what are the requirements for using TWRR? | The CRM2 Amendments do not prescribe periods, accounts or other specifications for the provision of additional percentage return information using TWRR.<br><br>A firm may show returns using TWRR, as long as the firm also provides the return using MWRR in accordance with the requirements in section 14.19. In such cases, in addition to the general explanation in plain language of what the MWRR calculation method takes into account required under paragraph 14.19(1)(j), the firm should similarly explain the TWRR calculation method in plain language and help clients understand the difference between two sets of performance returns. |
| **32.** | | Will the CSA publish an approved formula to calculate MWRR? | No. There are different ways of calculating MWRR and the requirement is that firms use a method that is generally accepted in the securities industry. The CSA does not prescribe any method in particular because standards evolve over time.<br><br>Approximation methods such as Modified Dietz are not acceptable. Approximations can produce misleading results compared to MWRR and advances in computing power make it unnecessary to use them. |
| **33.** | | Is the XIRR function in Microsoft Excel acceptable for MWRR calculations? | Yes. A registered firm may provide performance reports calculated with the XIRR function of Microsoft Excel. Firms should be aware that some versions of this software may have defects that affect these calculations. |

| | NI 31-103 SECTION | QUESTION | ANSWER |
|---|---|---|---|
| **34.** | | Where a client account predates the requirement to collect client information for performance reporting and the firm has legacy data available only manually, can the firm choose a date that is later than the account opening date as the baseline date for an account's investment performance reports? | The baseline date for an account's investment performance reports must be either (a) the account opening date or (b), if the firm reasonably believes it does not have available all of the information that it would need in order to produce performance reports that cover the whole of the period since the account was opened, July 15, 2015. |
| **35.** | **14.20 Delivery of report on charges and other compensation and investment performance report** | Does "within 10 days after" in paragraph 14.20(1)(c) mean within 10 business days or 10 calendar days? | References to "days" in the CRM2 Amendments are to calendar days. |

**Questions**

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

Christopher Jepson
Senior Legal Counsel
Compliance and Registrant Regulation
Ontario Securities Commission
416-593-2379
cjepson@osc.gov.on.ca

Brian W. Murphy
Deputy Director, Capital Markets
Nova Scotia Securities Commission
902-424-4592
murphybw@gov.ns.ca

Gérard Chagnon
Analyste expert en réglementation
Direction des pratiques de distribution et des OAR
Autorité des marchés financiers
418-525-0337, ext 4815 and
1-877-525-0337
gerard.chagnon@lautorite.qc.ca

Jason Alcorn
Legal Counsel, Securities
Financial and Consumer Services Commission (NB)
Tel: 506-643-7857
jason.alcorn@fcnb.ca

Kate Holzschuh
Senior Legal Counsel
Capital Markets Regulation
British Columbia Securities Commission
604-899-6628 and
1-800-373-6393
kholzschuh@bcsc.bc.ca

Katharine Tummon
Director
Office of the Superintendent
of Securities, P.E.I.
902-368-4542
kptummon@gov.pe.ca

Navdeep Gill
Manager, Registration
Alberta Securities Commission
403-355-9043
navdeep.gill@asc.ca

Craig Whalen
Manager of Licensing, Registration and Compliance
Office of the Superintendent of Securities
Government of Newfoundland and Labrador
709-729-5661
cwhalen@gov.nl.ca

Dean Murrison
Director, Securities Division
Financial and Consumer Affairs Authority of Saskatchewan
306-787-5842
dean.murrison@gov.sk.ca

Chris Besko
Deputy Director, Legal Counsel
The Manitoba Securities Commission
204-945-2561 and 1-800-655-5244
(Toll Free (Manitoba only))
chris.besko@gov.mb.ca

Carla Buchanan
Compliance Auditor
The Manitoba Securities Commission
204-945-2561 and 1-800-655-5244
(Toll Free (Manitoba only))
carla.buchanan@gov.mb.ca

Donn MacDougall
Deputy Superintendent, Legal & Enforcement
Office of the Superintendent of Securities
Government of the Northwest Territories
867-920-8984
Donald_macdougall@gov.nt.ca

Rhonda Horte
Deputy Superintendent
Office of the Yukon Superintendent
of Securities
867-667-5466
rhonda.horte@gov.yk.ca

Louis Arki
Director, Legal Registries
Department of Justice, Government of Nunavut
867-975-6587
larki@gov.nu.ca

## 1.4 Notices from the Office of the Secretary

### 1.4.1 Quadrexx Hedge Capital Management Ltd. et al.

**FOR IMMEDIATE RELEASE**
**February 20, 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 Commission issued an Order in the above noted matter which provides that the hearing is adjourned to April 17, 2014 at 9:30 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate.

A copy of the Order dated February 20, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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

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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

### 1.4.2 Quadrexx Asset Management Inc. et al.

**FOR IMMEDIATE RELEASE**
**February 20, 2014**

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

**AND**

**IN THE MATTER OF**
**QUADREXX ASSET MANAGEMENT INC.,**
**QUADREXX SECURED ASSETS INC.,**
**OFFSHORE OIL VESSEL SUPPLY SERVICES LP,**
**QUIBIK INCOME FUND AND**
**QUIBIK OPPORTUNITIES FUND**

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

1. pursuant to subsection 127(8) of the Act, the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx, QSA and OOVSS is extended to April 22, 2014; and

2. the hearing to consider the need to further extend the portion of the Temporary Order against Quadrexx, QSA and OOVSS is adjourned to April 17, 2014 at 9:45 a.m.

A copy of the Order dated February 20, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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

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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

### 1.4.3 Pro-Financial Asset Management Inc.

**FOR IMMEDIATE RELEASE**
**February 21, 2014**

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

**AND**

**IN THE MATTER OF**
**PRO-FINANCIAL ASSET MANAGEMENT INC.**

**TORONTO** – The Commission issued an Order in the above named matter with certain provisions. The Temporary Order is extended to March 6, 2014. The hearing is adjourned to March 3, 2014 at 11:00 a.m.

The hearing date of February 21, 2014 at 2:00 p.m. is vacated.

A copy of the Order dated February 20, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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

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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

### 1.4.4 TransCap Corporation et al.

**FOR IMMEDIATE RELEASE**
**February 24, 2014**

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

**AND**

**IN THE MATTER OF**
**TRANSCAP CORPORATION,**
**STRATA-TRADE CORPORATION,**
**DALE JOSEPH EDGAR ST. JEAN AND**
**GREGORY DENNIS TINDALL**

**TORONTO** – The Commission issued its Reasons and Decision pursuant to Subsections 127(1) and 127(10) of the Securities Act in the above noted matter.

A copy of the Reasons and Decision and the Order dated February 19, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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

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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

### 1.4.5 Sterling Grace & Co. Ltd. and Graziana Casale

**FOR IMMEDIATE RELEASE**
**February 25, 2014**

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

**AND**

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

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

1. The Stay Order is extended until the determination of the Hearing and Review by the Commission; and

2. Sterling Grace may state on its website and when providing the Director's Decision to clients that "The decision to suspend the registration of Sterling Grace and Casale was stayed pursuant to a decision of the Commission dated November 27, 2013. An application for a hearing and review of the Director's Decision under section 8 of the Act has been made and a decision of a panel of the Commission is pending."

A copy of the Order dated February 20, 2014 is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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

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

Aly Vitunski
Senior Media Relations Specialist
416-593-8263

Alison Ford
Media Relations Specialist
416-593-8307

For investor inquiries:

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

This page intentionally left blank

# Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Davis-Rea Ltd. et al.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from sections 15.3(2), 15.3(4)(c), 15.6(a)(i), 15.6(d), 15.8(2)(a) and 15.8(3)(a) of National Instrument 81-102 Mutual Funds to permit mutual funds, including mutual funds that have not distributed securities under a simplified prospectus in a jurisdiction for 12 consecutive months, to include in their sales communications performance data for the period when the funds were not reporting issuers – relief also granted from section 2.1 of National Instrument 81-101 Mutual Fund Prospectus Disclosure for the purposes of the relief requested from Item 4 of Part 1 of Form 81-101F3 Contents of Fund Facts Document, to permit the Funds to include in their respective fund facts for certain classes, the past performance data for the period when the funds were not reporting issuers.

**Applicable Legislative Provisions**

National Instrument 81-102 Mutual Funds, ss. 15.3(2), 15.3(4)(c), 15.6(a)(i), 15.6(d), 15.8(2)(a), 15.8(3)(a), 19.1.
National Instrument 81-101 Mutual Fund Prospectus Disclosure, s. 2.1.
Item 4 of Part I of Form 81-101F3 Contents of Fund Facts Document.

**February 14, 2014**

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**ONTARIO**

**AND**

**IN THE MATTER OF**
**DAVIS-REA LTD. (the Filer)**

**AND**

**IN THE MATTER OF**
**DAVIS-REA BALANCED FUND (the Balanced Fund),**
**DAVIS-REA EQUITY FUND (the Equity Fund) AND**
**DAVIS-REA FIXED INCOME FUND (the Income Fund)**
**(each a Fund, and collectively, the Funds)**

**DECISION**

**Background**

The Ontario Securities Commission (the **OSC**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of Ontario (the **Legislation**) exempting the class O units of the Funds and the class A units of the Balanced Fund from:

(a) sections 15.3(2), 15.3(4)(c), 15.6(a)(i), 15.6(d), 15.8(2)(a) and 15.8(3)(a) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) to permit the Funds to include past performance data in sales communications of the Funds notwithstanding that:

(i) the Funds have not distributed their securities under a simplified prospectus for 12 consecutive months; and

(ii) the performance data will relate to a period prior to the Funds offering the securities under a simplified prospectus; and

(b) section 2.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**) for the purposes of the relief requested from Form 81-101F3 *Contents of Fund Facts Document* (**Form 81-101F3**);

(c) items 5(2), 5(3) and 5(4), and Instructions (1) and (5), of Part 1 of Form 81-101F3 in respect of the requirement to comply with sections 15.3(2), 15.3(4)(c), 15.6(a)(i), 15.6(d), 15.8(2)(a) and 15.8(3)(a) of NI 81-102 to permit the Funds to include past performance data in the fund facts of the Funds (the **Fund Facts**) notwithstanding that:

(i) the Funds have not distributed their securities under a simplified prospectus for 12 consecutive months; and

(ii) the performance data will relate to a period prior to the Funds offering the securities under a simplified prospectus.

(collectively, the **Requested Relief**).

**Interpretation**

Defined terms contained in NI 81-102, National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) and National Instrument 14-101 *Definitions* have the same meaning 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 a corporation governed by the laws of Ontario and is registered as a portfolio manager in Ontario, Alberta, British Columbia, Manitoba, Nova Scotia and Québec. The Filer is also registered as an exempt market dealer in Ontario and Alberta, and as investment fund manager in Ontario. The Filer's head office is located in Toronto, Ontario.

2. The Filer is the investment fund manager, portfolio manager and promoter of the Funds.

*The Funds*

3. The Balanced Fund (formerly called the Davis-Rea Balanced Pooled Fund) was established on February 7, 2003 and is governed by an amended and restated mutual fund trust agreement dated as of the 12th day of September 2013 (the **Master Trust Agreement**).

4. The Equity Fund (formerly called the Davis-Rea Equity Pooled Fund) and the Income Fund (formerly called the Davis-Rea Fixed Income Pooled Fund) were each established on May 31, 2011 and are also governed by the Master Trust Agreement.

5. Since the inception date of each Fund, until the simplified prospectus and the annual information form for the Funds dated March 18, 2013 (collectively, the **Prospectus**), which were filed pursuant to NI 81-101, were receipted by the OSC on March 20, 2013, class O units of the Funds and class A units of the Balanced Fund (collectively, the Units) were previously distributed to investors across Canada on a prospectus-exempt basis in accordance with the requirements of National Instrument 45-106 *Prospectus and Registration Exemptions*.

6. The Filer and the Funds are not in default of securities legislation in Ontario or any other province or territory of Canada.

7. Upon the issuance of the receipt for the Funds' Prospectus on March 20, 2013, the Funds have been permitted to commence distributing their Units to the public and the Funds have become reporting issuers under the securities laws of Ontario. The Funds became subject to the requirements of NI 81-102 and all aspects of NI 81-106 at that time. Previously, the Funds had distributed their annual audited and semi-annual unaudited financial statements to all holders of its securities in accordance with the requirements of NI 81-106.

8. Since the inception date of each Fund, each Fund has, except as noted in the next sentence, complied with the investment restrictions and practices contained in NI 81-102. From August 30, 2012 until September 21, 2012, the Equity Fund held one security that represented 10.44% of the net asset value of the Equity Fund on the purchase date, and from March 22, 2012 until June 6, 2012, the Equity Fund held one security that represented 12.61% of the net asset value of the Equity Fund on the purchase date.

9. As reporting issuers in Ontario, the Funds are being managed in the same way as they were managed before they became reporting issuers in Ontario. As a result of becoming reporting issuers in Ontario:

   (a) the Funds' investment objectives have not changed, other than to provide additional detail as required by NI 81-101;

   (b) the management fees charged to the holders of the Class O units of the Funds, and the Class A units of the Balanced Fund, which were the only units of the Funds that were offered before the Funds became reporting issuers in Ontario, have not changed;

   (c) the day-to-day administration of the Funds has not changed, other than to comply with the additional regulatory requirements associated with being a reporting issuer in Ontario (none of which will impact the portfolio management of any Fund) and to provide additional features that are available to investors who decide to buy Units of the Funds as described in the Prospectus; and

   (d) the management expense ratio (the **MER**) of the Funds has not increased by more than 0.10%, which the Filer considers to be an immaterial amount.

10. The Filer proposes in Ontario to present the performance data of the class O units of the Funds and the class A units of the Balanced Fund for the time period since the inception of that Fund in sales communications and Fund Facts pertaining to that Fund based on the financial statements (annual and interim) of that Fund. The past performance data of the Manager's composites, which included Units of the Funds, complied with the Global Investment Performance Standards (GIPS), and have been verified by an independent auditor.

11. Without the Requested Relief, sales communications and Fund Facts pertaining to the Funds in Ontario would not be permitted to include performance data until the Funds have distributed Units under the Prospectus for 12 consecutive months, and sales communications and Fund Facts pertaining to the Funds would only be permitted to include performance data for the period commencing after the date on which the Funds commenced distributing Units under the Prospectus.

12. As a reporting issuer in Ontario, each Fund is required under NI 81-101 to prepare and file Fund Facts. The Filer proposes to include in the Fund Facts for the class O units of the Funds and the class A units of the Balanced Fund, past performance data in the chart required by items 5(2), 5(3) and 5(4) under the sub-headings "Year-by-year returns", "Best and worst 3-month returns" and "Average return", respectively, related to periods prior to the Funds becoming reporting issuers in Ontario. Without the Requested Relief, the Fund Facts cannot include performance data of the Funds that relate to a period prior to the Funds becoming reporting issuers in Ontario.

13. As a reporting issuer in Ontario, each Fund is required by NI 81-106 to prepare and send annual and interim management reports of fund performance (each, a **MRFP**) in accordance with NI 81-106. The most recent financial statements prepared by the Funds under NI 81-106 were the unaudited semi-annual financial statements for the period ended June 30, 2013, which did not reflect the Exemption Sought or the NI 81-106 Relief (defined below). The Filer has filed a separate application for exemptive relief from certain provisions of NI 81-106 (the **NI 81-106 Relief**) to enable the Funds to include in their MRFPs the performance data of the class O units of the Funds and the class A units of the Balanced Fund that relate to a period prior to the Funds becoming reporting issuers in Ontario.

14. The performance and other financial data of the Funds for the time periods before they became reporting issuers in Ontario is significant and meaningful information for existing and prospective investors of class O units of the Funds and class A units of the Balanced Fund.

**Decision**

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

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

   (a) any sales communication and any Fund Facts that contains performance data of class O units of the Funds or class A units of the Balanced Fund relating to a period prior to when that Fund was a reporting issuer in Ontario discloses:

      (i) that the Fund was not a reporting issuer in Ontario during such period; and

      (ii) that the expenses of that Fund would have been higher during such period had that Fund been subject to the additional regulatory requirements applicable to a reporting issuer in Ontario;

(b) the information contained under the heading "Fund Expenses Indirectly Borne by Investors" in Part B of the simplified prospectus of the Funds based on the MER for the class O units of the Funds and the class A units of the Balanced Fund for the financial year ended December 31, 2013 be accompanied by disclosure that:

(i) the information is based on the MER of each Fund for its last completed financial year when its class O units and, in the case of the Balanced Fund, its class A units, were offered privately during a period of time in such financial year; and

(ii) the MER of each Fund may increase as a result of each Fund offering its class O units and, in the case of the Balanced Fund, its class A units, under a simplified prospectus; and

(c) the Funds prepare their MRFPs in accordance with the NI 81-106 Relief.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

### 2.1.2 Davis-Rea Ltd. et al.

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from section 4.4 of National Instrument 81-106 Investment Fund Continuous Disclosure for the purposes of the relief requested from Form 81-106F1, Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1, and Items 3(1) and 4 of Part C of Form 81-106F1, to permit mutual funds to include in annual and interim management reports of fund performance the financial highlights and past performance of the funds that are derived from the funds' annual financial statements that pertain to time periods when the funds were not a reporting issuer.

**Applicable Legislative Provisions**

National Instrument 81-106 Mutual Fund Continuous Disclosure, ss. 4.4, 17.1.
Items 3.1(7), 4.1(1), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1 and Items 3(1) and 4 of Part C of Form 81-106F1.

**February 14, 2014**

**IN THE MATTER OF**
**THE SECURITIES LEGISLATION OF**
**ONTARIO**

**AND**

**IN THE MATTER OF**
**DAVIS-REA LTD. (the Filer)**

**AND**

**IN THE MATTER OF**
**DAVIS-REA BALANCED FUND (the Balanced Fund),**
**DAVIS-REA EQUITY FUND (the Equity Fund) AND**
**DAVIS-REA FIXED INCOME FUND (the Income Fund)**
**(each a Fund, and collectively, the Funds)**

**DECISION**

**Background**

The Ontario Securities Commission (the **OSC**) has received an application from the Filer on behalf of the Funds for a decision under the securities legislation of Ontario (the **Legislation**) exempting the class O units of the Funds and the class A units of the Balanced Fund from:

(a) section 4.4 of National Instrument 81-106 *Investment Funds Continuous Disclosure* (**NI 81-106**), for the purposes of the relief requested from Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**); and

(b) items 3.1(7), 4.1(1) in respect of the requirement to comply with sections 15.3(2) and 15.3(4)(c) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**), 4.1(2), 4.2(1), 4.3(1) and 4.3(2) of Part B of Form 81-106F1 and items 3(1) and 4 of Part C of Form 81-106F1, to permit each Fund to include in its annual and interim management reports of fund performance (each, a **MRFP**), the past performance data of that Fund notwithstanding that such performance data relates to a period prior to that Fund offering its securities under a prospectus

(collectively, the **Requested Relief**).

**Interpretation**

Defined terms contained in NI 81-102, NI 81-106 and National Instrument 14-101 *Definitions* have the same meaning 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 a corporation governed by the laws of Ontario and is registered as a portfolio manager in Ontario, Alberta, British Columbia, Manitoba, Nova Scotia and Québec. The Filer is also registered as an exempt market dealer in Ontario and Alberta, and as investment fund manager in Ontario. The Filer's head office is located in Toronto, Ontario.

2. The Filer is the investment fund manager, portfolio manager and promoter of the Funds.

*The Funds*

3. The Balanced Fund (formerly called the Davis-Rea Balanced Pooled Fund) was established on February 7, 2003 and is governed by an amended and restated mutual fund trust agreement dated as of the 12th day of September 2013 (the **Master Trust Agreement**).

4. The Equity Fund (formerly called the Davis-Rea Equity Pooled Fund) and the Income Fund (formerly called the Davis-Rea Fixed Income Pooled Fund) were each established on May 31, 2011 and are also governed by the Master Trust Agreement.

5. Since the inception date of each Fund, until the simplified prospectus and the annual information form for the Funds dated March 18, 2013 (collectively, the **Prospectus**), which were filed pursuant to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**), were receipted by the OSC on March 20, 2013, class O units of the Funds and class A units of the Balanced Fund (collectively, the **Units**) were previously distributed to investors across Canada on a prospectus-exempt basis in accordance with the requirements National Instrument 45-106 *Prospectus and Registration Exemptions*.

6. The Filer and the Funds are not in default of securities legislation in Ontario or any other province or territory of Canada.

7. Upon the issuance of the receipt for the Funds' Prospectus on March 20, 2013, the Funds have been permitted to commence distributing their Units to the public and the Funds have become reporting issuers under the securities laws of Ontario. The Funds became subject to the requirements of NI 81-102 and all aspects of NI 81-106 at that time. Previously, the Funds had distributed their annual audited and semi-annual unaudited financial statements to all holders of its securities in accordance with the requirements of NI 81-106.

8. Since the inception date of each Fund, each Fund has, except as noted in the next sentence, complied with the investment restrictions and practices contained in NI 81-102. From August 30, 2012 until September 21, 2012 the Equity Fund held one security that represented 10.44% of the net asset value of the Equity Fund on the purchase date, and from March 22, 2012 until June 6, 2012 the Equity Fund held one security that represented 12.61% of the net asset value of the Equity Fund on the purchase date.

9. As reporting issuers in Ontario, the Funds are being managed in the same way as they were managed before they became reporting issuers in Ontario. As a result of becoming reporting issuers in Ontario:

   (a) the Funds' investment objectives have not changed, other than to provide additional detail as required by NI 81-101;

   (b) the management fees charged to the holders of the Class O units of the Funds, and the Class A units of the Balanced Fund, which were the only units of the Funds that were offered before the Funds became reporting issuers in Ontario, have not changed;

   (c) the day-to-day administration of the Funds has not changed, other than to comply with the additional regulatory requirements associated with being a reporting issuer in Ontario (none of which will impact the portfolio management of any Fund) and to provide additional features that are available to investors who decide to buy Units as described in the Prospectus; and

   (d) the management expense ratio of the Funds has not increased by more than 0.10%, which the Filer considers to be an immaterial amount.

10. As a reporting issuer in Ontario, each Fund is required by NI 81-106 to prepare and send annual and interim MRFPs to all holders of its securities on an annual and interim basis.

11. The most recent financial statements prepared by the Funds under NI 81-106 were the unaudited semi-annual financial statements for the period ended June 30, 2013, which did not reflect the Exemption Sought or the NI 81-102 and NI 81-101 Relief (defined below).

12. Without the Requested Relief, the MRFPs of the Funds in Ontario cannot include financial highlights and performance data derived from their annual and interim financial statements for the time periods prior to them becoming reporting issuers in Ontario.

13. The Filer proposes in Ontario to present the performance data of the class O units of the Funds and the class A units of the Balanced Fund for the time period since the inception of that Fund in sales communications and Fund Facts pertaining to that Fund based on the financial statements (annual and interim) of that Fund. The past performance data of the Manager's composites, which included Units of the Funds, complied with the Global Investment Performance Standards (**GIPS**), and have been verified by an independent auditor.

14. The Filer has filed a separate application for exemptive relief form certain provisions of NI 81-102 and Form 81-101F3 Contents of Fund Facts Document to permit the Funds in Ontario, in respect of the class O units of the Funds and the class A units of the Balanced Fund, to include their performance data since their inception in their sales communications and fund facts (the **NI 81-102 and NI 81-101 Relief**).

15. The performance and other financial data of the Funds for the time periods before they became reporting issuers in Ontario is significant and meaningful information for existing and prospective of the class O units of the Funds and the class A units of the Balanced Fund.

**Decision**

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

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

(a) any MRFP that includes performance data of the class O units of the Funds and the class A units of the Balanced Fund relating to a period prior to when that Fund was a reporting issuer in Ontario discloses:

  (i) that the Fund was not a reporting issuer in Ontario during such period;

  (ii) that the expenses of that Fund would have been higher during such period had that Fund been subject to the additional regulatory requirements applicable to a reporting issuer in Ontario; and

  (iii) that the financial statements of that Fund for such period are posted on that Fund's website and are available to investors upon request;

(b) the Filer posts the financial statements of each Fund for the past 10 years, or since that Fund's inception, whichever period is lesser, on that Fund's website and makes those financial statements available to investors upon request; and

(c) the Funds prepare their simplified prospectus, fund facts and sales communications in accordance with the NI 81-102 and NI 81-101 Relief.

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

### 2.1.3 Channel Resources Ltd.

**Headnote**

Subsection 1(10) of the Securities Act – Application by a reporting issuer for a Decision that it is not a reporting issuer. The Applicant is in default of its obligation to file and deliver its annual financial statements and management's discussion and analysis and the related certifications as required under NI 52-109.

**Applicable Legislative Provisions**

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

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

**AND**

**IN THE MATTER OF**
**THE PROCESS FOR EXEMPTIVE RELIEF**
**APPLICATIONS IN MULTIPLE JURIDICTIONS**

**AND**

**IN THE MATTER OF**
**CHANNEL RESOURCES LTD.**
**(THE FILER)**

**DECISION**

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer under the securities legislation of the Jurisdictions (the **Legislation**) for an order that the Filer has ceased to be a reporting issuer in the Jurisdictions (the **Requested Relief**).

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

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

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

**Interpretation**

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

**Representations**

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

1. The Filer was formed on November 1, 1989 by way of amalgamation and is a corporation governed by the *Business Corporations Act* (British Columbia) and is a reporting issuer in the provinces of Alberta, Saskatchewan and Ontario. Prior to the Arrangement (as defined below), the Filer's head office was located at Suite 404 – 999 Canada Place, Vancouver, British Columbia.

2. Effective January 17, 2014, West African Resources Limited, a company incorporated under the laws of Australia, acquired all of the issued and outstanding common shares in the capital of the Filer (the **Channel Shares**) by way of a statutory plan of arrangement under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia).

3. As a result of the Arrangement, the Filer is now a wholly owned subsidiary of West African and the Filer's share capital consists entirely of common shares, which are solely held by West African. The Filer has no other outstanding securities, including debt securities.

4. The British Columbia Securities Commission granted the Filer non-reporting status in British Columbia effective February 3, 2014 pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status*.

5. The outstanding securities of the Filer, 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.

6. Following completion of the plan of arrangement, the Channel Shares were delisted from the TSX Venture Exchange effective January 23, 2014, as such no securities of the Filer including any 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.

7. The Filer has no intention to seek public financing by way of an offering of securities.

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

9. The Filer is applying for a decision that it is not a reporting issuer in all of the Jurisdictions.

10. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, other than an obligation (arising after the Arrangement) to file on or before January 28, 2014 its annual financial statements and its management discussion and analysis in respect of such statements for the year ended September 30, 2013, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and the related certificates as required under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (collectively, the **Filings**).

11. The Filer was not eligible to use the simplified procedure under CSA Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* as it is in default for failure to file the Filings.

12. The Filer will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the granting of the Requested Relief.

**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 Requested Relief is granted.

Dated this 21st day of February, 2014.

"Anne Marie Ryan"
Commissioner
Ontario Securities Commission

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

### 2.1.4 CI Investments Inc. and Lawrence Park Strategic Income Fund

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted to mutual fund for extension of lapse date of prospectus for 37 days – Lapse date extended to permit updating of the disclosure across the fund family – Extension of lapse date will not affect the currency or accuracy of the information contained in the prospectus – Securities Act (Ontario).

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

**February 20, 2014**

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

**AND**

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

**AND**

**IN THE MATTER OF**
**CI INVESTMENTS INC.**
**(the Manager)**

**AND**

**IN THE MATTER OF**
**LAWRENCE PARK STRATEGIC INCOME FUND**
**(the Fund, and together with the Manager, the Filers)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption that the time limits pertaining to filing the renewal prospectus of the Fund be extended as if the lapse date of the simplified prospectus and annual information form dated June 20, 2014 of the Funds (collectively, the **Renewal Prospectus**) is July 27, 2014 (the **Requested Relief**).

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

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

(b) the 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 all of the provinces and territories of Canada other than the Jurisdiction.

**Interpretation**

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

**Representations**

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

1. The Fund is a reporting issuer (or the equivalent) as defined in the securities legislation of each of the Jurisdictions.

2. The Filers are not in default of securities legislation in Ontario or any other province or territory of Canada.

3. The Fund currently distributes its securities in all the Jurisdictions pursuant to a prospectus dated June 20, 2013 (the **Prospectus**).

4. The lapse date of the Prospectus under the Legislation is June 20, 2014. Accordingly, under the Legislation, the distribution of units of the Fund would have to cease on June 20, 2014 unless (i) the Fund files a pro-forma simplified prospectus at least 30 days prior to June 20, 2014; (ii) the final simplified prospectus is filed no later than 10 days after June 20, 2014; and (iii) a receipt for the final simplified prospectus is obtained within 20 days of June 20, 2014.

5. The Manager is the manager of the Fund and approximately 200 mutual funds (the **Affiliated Funds**) and is registered under the *Securities Act* (Ontario) as an investment fund manager and in other categories.

6. The Affiliated Funds currently distribute their securities to the public under two sets of simplified prospectuses and annual information forms (filed on SEDAR under Project Nos. 2069145 and 2069090), which have July 26, 2014 as their lapse dates under the Legislation.

7. The Affiliated Funds share many common operational and administrative features with the Fund and combining them in the same prospectus booklet will allow investors to more easily compare the features of the Affiliated Funds and the Fund.

8. The Manager may make minor changes to the features of the Affiliated Funds as part of the process of renewing the Affiliated Funds' prospectuses in July 2014. The ability to file the Renewal Prospectus with those of the Affiliated Funds will ensure that the Manager can make the operational and administrative features of the Fund and the Affiliated Funds consistent with each other.

9. There have been no material changes in the affairs of the Fund since the date of the Prospectus. Accordingly, the Prospectus represents current information regarding the Fund.

10. The Requested Relief will not affect the accuracy of the information in the Prospectus and therefore will not be prejudicial to the public interest.

**Decision**

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

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

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

### 2.1.5 Sirocco Mining Inc. – 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).

February 21, 2014

Sirocco Mining Inc.
2000, 885 West Georgia Street
Vancouver, BC V6C 3E8

**Re: Sirocco Mining Inc. (the Applicant) – Application for a decision under the securities legislation of Alberta and Ontario (the Jurisdictions) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

"Tom Graham, CA"
Director, Corporate Finance
Alberta Securities Commission

### 2.1.6 Compagnie de Saint-Gobain

**Headnote**

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from prospectus and dealer registration requirements in respect of certain trades in units made in connection with an employee share offering by a French issuer – Relief from prospectus and dealer registration requirements upon the redemption of units for shares of the issuer – The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) – The Filer cannot rely on the employee prospectus exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions and the Manager cannot rely on the plan administrator exemption in section 8.16 of National Instrument 31-103 Registration Requirements and Exemptions as the shares are not being offered to Canadian employees directly by the issuer but through the FCPEs – Canadian employees will receive disclosure documents – The FCPEs are subject to the supervision of the French Autorité des marchés financiers – Relief granted, subject to conditions.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).
National Instrument 31-103 Registration Requirements and Exemptions.
National Instrument 45-102 Resale of Securities.
National Instrument 45-106 Prospectus and Registration Exemptions.

**February 21, 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**
**COMPAGNIE DE SAINT-GOBAIN**
**(the "Filer")**

**DECISION**

**Background**

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

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in:

      (i) units (the "**Principal Classic Units**") of Saint-Gobain Avenir Monde (the "**Principal Classic Compartment**"), a compartment of an FCPE named Saint-Gobain PEG Monde, which is a *fonds commun de placement d'entreprise* or "FCPE," a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors; and

      (ii) units (together with the Principal Classic Units, the "**Units**") of a temporary FCPE named Saint-Gobain Relais 2014 Monde (the "**Temporary Classic FCPE**"), which will merge with the Principal Classic Compartment following the Employee Share Offering (as defined below), such transaction being referred to as the "**Merger**", as further described below (the term "**Classic Compartment**" used herein means, prior to the Merger, the Temporary Classic FCPE, and following the Merger, the **Principal Classic Compartment**);

made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdiction or in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia (collectively, the "**Canadian Employees**," and Canadian Employees who subscribe for Units, the "**Canadian Participants**"); and

(b) trades of ordinary shares of the Filer (the "**Shares**") by the Classic Compartment to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the Saint-Gobain Group (as defined below and which, for greater clarity, includes the Filer and the Canadian Affiliates (as defined below)), the Temporary Classic FCPE, the Principal Classic Compartment and Amundi (the "**Management Company**") in respect of:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares by the Classic Compartment to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief**")

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Nova Scotia (together with the Jurisdiction, the "**Jurisdictions**").

**Interpretation**

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning as 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 formed under the laws of France. It is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions. The head office of the Filer is located in France and the Shares are listed on NYSE Euronext Paris. The Filer is not in default under the Legislation or the securities legislation of the other Jurisdictions.

2. The Filer carries on business in Canada through certain affiliated companies including CertainTeed Gypsum Canada Inc., CertainTeed Canada, Inc., Saint-Gobain Abrasives, Inc., SG Abrasives Canada, SG Ceramics Materials Canada, St-Gobain Adfors America, Inc. and St-Gobain ADFORS Canada, LTD. (collectively, the "**Canadian Affiliates**," and together with the Filer and other affiliates of the Filer, the "**Saint-Gobain Group**"). Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions. None of the Canadian Affiliates is in default under the Legislation or the securities legislation of the other Jurisdictions.

3. The Filer has established a global employee share offering for employees of the Saint-Gobain Group (the "**Employee Share Offering**"). As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Classic Compartment on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

4. The Employee Share Offering is comprised of one subscription option, being an offering of Shares to be subscribed through the Temporary Classic FCPE, which Temporary Classic FCPE will be merged with the Principal Classic Compartment after completion of the Employee Share Offering, subject to the decision of the supervisory boards of the FCPEs and the approval of the French AMF (defined below) (the "**Classic Plan**").

5. Only persons who are employees of a member of the Saint-Gobain Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

6. The Principal Classic Compartment and the Temporary Classic FCPE were established for the purposes of implementing employee share offerings and plans of the Filer. There is no current intention for these FCPEs to become reporting issuers under the Legislation or the securities legislation of the other Jurisdictions.

7. FCPEs are a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors. The Principal Classic Compartment and the Temporary Classic FCPE have been registered with the French Autorité des marchés financiers (the "**French AMF**"). Only Qualifying Employees will be allowed to hold Units issued pursuant to the Employee Share Offering.

8. All Units acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of approximately five years (the "**Lock-Up Period**"), subject to certain exceptions prescribed by French law and adopted under the Classic Plan in Canada (such as a release on death or termination of employment).

9. Under the Classic Plan, the subscription price will be the Canadian dollar equivalent of the average of the opening price of the Shares on NYSE Euronext Paris (expressed in Euros) on the 20 trading days preceding the date of the fixing of the subscription price by the Chief Executive Officer of the Filer, less a 20% discount.

10. Canadian Participants who wish to subscribe will make a contribution to the Classic Plan (such contribution, the **"Employee Contribution**"). For each Canadian Participant who contributes, the Canadian Affiliate employing such Canadian Participant will make a contribution to the Classic Plan, for the benefit of, and at no cost to, the Canadian Participant, of an amount equal to 15% of such Employee Contribution up to a maximum amount of $1,500 per Canadian Participant (the "**Employer Contribution**").

11. The Temporary Classic FCPE will apply the cash received from the Employee Contributions and the Employer Contributions to subscribe for Shares from the Filer.

12. Initially, the Shares subscribed for will be held in the Temporary Classic FCPE and the Canadian Participants will receive Units in the Temporary Classic FCPE. Following the completion of the Employee Share Offering, the Temporary Classic FCPE will be merged with the Principal Classic Compartment (subject to the approval of the supervisory board of the FCPEs and the French AMF). Units of the Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the Principal Classic Compartment on a *pro rata* basis and the Shares subscribed for under the Employee Share Offering will be held in the Principal Classic Compartment (such transaction being referred to as the "**Merger**").

13. At the end of the Lock-Up Period a Canadian Participant may

    (a) request the redemption of Units in the Classic Compartment in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares, or

    (b) continue to hold Units in the Classic Compartment and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment equal to the then market value of the Shares.

14. In the event of an early unwind resulting from a Canadian Participant exercising one of the exceptions to the Lock-Up Period and meeting the applicable criteria, the Canadian Participant may request the redemption of Units in the Classic Compartment in consideration for a cash payment equal to the then market value of the underlying Shares.

15. Dividends paid on the Shares held in the Classic Compartment will be contributed to the Classic Compartment and used to purchase additional Shares. To reflect this reinvestment, new Units (or fractions thereof) will be issued. The declaration of dividends on the Shares is determined by the board of directors of the Filer.

16. An FCPE is a limited liability entity under French law. The Classic Compartment's portfolio will consist almost entirely of Shares and may, from time to time, also include cash in respect of dividends paid on the Shares which will be reinvested in Shares and cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions.

17. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF as an investment manager and complies with the rules of the French AMF. To the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the other Jurisdictions.

18. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Classic Compartment are limited to purchasing Shares from the Filer, selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.

19. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of the Classic Compartment. The Management Company's activities do not affect the underlying value of the Shares. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of the other Jurisdictions.

20. Shares issued in the Employee Share Offering will be deposited in the Principal Classic Compartment and/or the Temporary Classic FCPE, as applicable, through CACEIS Bank France (the "**Depositary**"), a large French commercial bank subject to French banking legislation. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each of the Principal Classic Compartment and the Temporary Classic FCPE to exercise the rights relating to the securities held in its respective portfolio.

21. The value of Units will be calculated and reported to the French AMF on a regular basis, based on the net assets of the Classic Compartment divided by the number of Units outstanding. The value of Units will be based on the value of the Shares.

22. All management charges relating to the Classic Compartment will be paid from the assets of the Classic Compartment or by the Filer, as provided in the regulations of the Classic Compartment.

23. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

24. The total amount invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her gross annual compensation. The Employer Contribution will not be factored into the maximum amount that a Canadian Employee may contribute.

25. None of the Filer, the Management Company, the Canadian Affiliates or any of their employees, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.

26. The Shares are not currently listed for trading on any stock exchange in Canada and the Filer has no intention to have the Shares so listed. As there is no market for the Shares in Canada, and none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with the rules and regulations of, a foreign stock exchange outside of Canada.

27. Canadian Employees will receive, or will be notified of their ability to request, an information package on the Employee Share Offering in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering and a description of Canadian income tax consequences of subscribing for and holding the Units and redeeming Units at the end of the Lock-Up Period.

28. Canadian Employees will have access to or may request a copy of the Filer's French *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the rules of the Temporary Classic FCPE and the Principal Classic Compartment. The Canadian Employees will also have access to the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares generally.

29. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement at least once per year.

30. There are approximately 1,231 Canadian Employees resident in Canada, with the greatest number resident in Ontario (719), and the remainder in the other Jurisdictions who represent, in the aggregate, less than 1% of the number of employees in the Saint-Gobain Group worldwide.

**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 Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless the following conditions are met:

(a) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

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

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

(i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

(ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and

(c) the first trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

“Edward Kerwin”

“Chris Portner”

### 2.1.7 Sun Life Global Investments (Canada) Inc. and Sun Life Investment Management Inc.

**Headnote**

Under paragraph 4.1(1)(b) of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations a registered firm must not permit an individual to act as a dealing, advising or associate advising representative of the registered firm if the individual is registered as a dealing, advising or associate advising representative of another registered firm. The Filers are affiliated entities and have valid business reasons for the individuals to be registered with both firms. The Filers have policies in place to handle potential conflicts of interest. The Filers are exempted from the prohibition.

**Applicable Legislative Provisions**

Multilateral Instrument 11-102 Passport System, s. 4.7.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 4.1, 15.1.

**February 14, 2014**

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

**AND**

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

**AND**

**IN THE MATTER OF**
**SUN LIFE GLOBAL INVESTMENTS (CANADA) INC.**
**(SLGI) AND**
**SUN LIFE INVESTMENT MANAGEMENT INC.**
**(SUN LIFE IM, and together with SLGI, the Filers)**

**DECISION**

**Background**

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the restriction under paragraph 4.1(1)(b) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) (the **Dual-Registration Restriction**), pursuant to section 15.1 of NI 31-103, to permit the individuals identified in Schedule "A" (currently registered with SLGI) and any future advising representatives, associate advising representatives, and/or dealing representatives (collectively, the **Representatives**) to each be registered as an advising representative, associate advising representative, and/or dealing representative, as the case may be, of each of SLGI and Sun Life IM (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 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 by the Filers in each jurisdiction of Canada outside of Ontario (together with Ontario, the **Jurisdictions**).

**Interpretation**

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

**Representations**

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

1. SLGI is registered as an investment fund manager, commodity trading manager, mutual fund dealer and portfolio manager in Ontario; as an investment fund manager and mutual fund dealer in each of Newfoundland and Labrador and Québec; and as a mutual fund dealer in each of Alberta, British Columbia, Manitoba, New Brunswick, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Saskatchewan and Yukon. The head office of SLGI is located in Toronto, Ontario.

2. Sun Life IM is registered as an investment fund manager, exempt market dealer and portfolio manager in each of the Jurisdictions. Sun Life IM has applied for registration as a commodity trading manager in Ontario. Sun Life IM currently intends to name Douglas James Gardiner, one of the Representatives listed in Schedule "A", as one of its Supervisory Procedures Persons in respect of commodity futures and register Douglas James Gardiner with the Ontario Securities Commission under the Commodity Futures Act (Ontario). The head office of Sun Life IM is located in Toronto, Ontario.

3. Sun Life Financial Inc. (**SLF Inc.**) is a publicly-listed company that trades on the Toronto, New York and Philippine stock exchanges and wholly-owns, indirectly, SLGI and Sun Life IM.

4. Sun Life Assurance Company of Canada (**Sun Life Assurance**) is wholly-owned by SLF Inc. and

is an operating life insurance company that is regulated by the Office of the Superintendent of Financial Institutions. As part of its insurance operations, Sun Life Assurance invests monies that account for its general fund into various asset classes, including mortgages, real estate, private fixed income, derivatives, equities and bonds. The team that manages the general fund of Sun Life Assurance consists of over 200 investment professionals (the **Investments Team**).

5. Since each of Sun Life Assurance, SLGI and Sun Life IM are under SLF Inc.'s common control, each such entity is an affiliate of the other.

6. SLGI and Sun Life IM obtain the services of Sun Life Assurance for administrative matters, including finance, accounting and legal work. In this respect, some of their operations may be considered to have a significant level of common infrastructure.

7. Each of the current Representatives listed in Schedule "A" is registered as an advising representative of SLGI in Ontario and is a resident of Ontario. Each current Representative is employed by Sun Life Assurance in the Investments Team and provides services to SLGI pursuant to an administrative services agreement between Sun Life Assurance and SLGI.

8. SLGI is the investment fund manager and portfolio manager of prospectus-qualified mutual funds that are sold primarily to retail investors in Canada (the **SLGI Funds**). SLGI also provides portfolio management services to portfolios and accounts of other entities in the Sun Life Financial group of companies.

9. Sun Life IM was incorporated with the intention of establishing an asset management business offering the investment capabilities of Sun Life Assurance's Investments Team to institutional clients. It is anticipated that Sun Life IM will act as investment fund manager, portfolio manager and exempt market dealer of pooled funds consisting of real estate assets, commercial mortgages, private fixed income assets and public bonds and derivatives, or a combination thereof, that will be sold primarily to institutional clients (and may also be sold to certain high net worth clients that qualify as "accredited investors" as defined in National Instrument 45-106 Prospectus and Registration Exemptions) in each of the Jurisdictions (the **Pooled Funds**). It is also anticipated that Sun Life IM will act as portfolio manager to third-party managed accounts of institutional clients.

10. The current Representatives provide portfolio management services in respect of various portfolios and accounts of entities within the Sun Life Financial group of companies. It is proposed that the Representatives will also provide portfolio management and/or distribution services in respect of the Pooled Funds and third-party managed accounts in their capacities as advising representatives, associate advising representatives and/or dealing representatives of Sun Life IM (the **Dual Registration**).

11. There are valid business reasons for the Representatives to be registered with each of the Filers. Specifically, the Dual Registration is being requested to permit the Representatives, who provide portfolio management services in respect of various portfolios and accounts of entities within the Sun Life Financial group of companies in their capacities as advising, associate advising and/or dealing representatives of SLGI, to provide portfolio management and/or distribution services in respect of the Pooled Funds and third party managed accounts of institutional clients in their capacities as advising, associate advising and/or dealing representatives of Sun Life IM.

12. Since the Representatives will be dealing with a different client base in their respective roles with SLGI and Sun Life IM, there is minimal potential for conflicts of interest or client confusion in this respect. In addition, the Filers are affiliates and, accordingly, the Dual Registration will not give rise to the conflicts of interest present in a similar arrangement involving unrelated, arm's length firms. The interests of the Filers are aligned, and as the Representatives' role is to support the business activities and interests of the Sun Life Financial group of companies (including SLGI and Sun Life IM), the potential for conflicts of interest is remote.

13. The Filers each have adequate policies and procedures in place to address any potential conflicts of interest that may arise as a result of the Dual Registration of the Representatives and will be able to appropriately deal with any such conflicts.

14. The Representatives will be subject to supervision by, and the applicable compliance requirements and policies and procedures of, both Filers and Sun Life Assurance. Existing compliance and supervisory structures will apply to the Representatives, including in respect of the Dual Registration, depending on with which regulated entity the client assets are held.

15. The Filers' respective Chief Compliance Officers will ensure that each Representative has sufficient time and resources to adequately serve each Filer and its clients.

16. In order to minimize client confusion, the relationship between SLGI and Sun Life IM, and the fact that the Representatives are dually registered with both SLGI and Sun Life IM, will be

fully disclosed to clients of each of SLGI and Sun Life IM that deal with those Representatives.

17. The Representatives shall act in the best interest of all clients of the Filers and will deal fairly, honestly and in good faith with those clients.

18. The Filers are not in default of any requirement of securities, commodity futures or derivatives legislation in any of the Jurisdictions.

19. In the absence of the Exemption Sought, the Filers would be prohibited by the Dual-Registration Restriction from permitting a Representative to act as an advising representative, associate advising representative, and/or dealing representative, as the case may be, of each of the Filers, even though the Filers are affiliates.

**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 the circumstances described above in paragraphs 13, 14, 15, 16 and 17 remain in place.

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

**Schedule "A"**

**List of Representatives**

| Name | NRD Number |
|---|---|
| Kathryn Ruth Fric | 2613431 |
| Douglas James Gardiner | 2226061 |
| Jonathan Marc Hurley | 2760621 |
| Randy Paul Leo Malcolm | 384421 |
| Todd Jeffrey Williamson | 1313881 |
| Alexandra Andriyivna Zvarych | 2869001 |

## 2.2 Orders

### 2.2.1 Mountainstar Gold Inc. – s. 144

**Headnote**

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

**Applicable Legislative Provisions**

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

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

**AND**

**IN THE MATTER OF**
**MOUNTAINSTAR GOLD INC.**

**ORDER**
**(Section 144)**

**WHEREAS** the securities of Mountainstar Gold Inc. (**Mountainstar**) are subject to a temporary cease trade order dated September 30, 2013 and a further cease trade order dated October 11, 2013 issued by the Director of the Ontario Securities Commission (the **Commission**) pursuant to paragraph 2 of subsections 127(1) of the Act (the **Cease Trade Order**) directing that all trading in the securities of Mountainstar cease until the order is revoked by the Director;

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

**AND WHEREAS** Mountainstar has applied to the Commission for an order pursuant to section 144 of the Act to revoke the Cease Trade Order;

**AND UPON** Mountainstar having represented to the Commission that:

1. Mountainstar was incorporated under the *Company Act* (British Columbia) under the name Cobre Exploration Limited on the 28th day of December, 1971. Mountainstar changed its name from Cobre Exploration Limited to Mountain West Resources Inc. effective the 14th day of December, 1983. Mountainstar changed its name from Mountain West Resources Inc. to Mountainstar Gold Inc. on the 5th day of April, 2011. Mountainstar changed its name from Mountainstar Gold Inc. to Mountain-West Resources Inc. on the 6th day of April, 2011. Mountainstar changed its name from Mountain-West Resources Inc. to Mountainstar Gold Inc. on the 29th day of March, 2012. The location of Mountainstar's head office is at 1500 – 701 West Georgia Street, Vancouver, BC, V7Y 1C6.

2. Mountainstar is a reporting issuer in British Columbia, Alberta and Ontario (the "**Reporting Jurisdiction**s"), and is not a reporting issuer in any other jurisdiction.

3. Mountainstar's authorized capital structure consists of 400,000,000 common shares without nominal or par value of which 69,686,034 shares are issued and outstanding. Other than the common shares, Mountainstar has no other securities issued and outstanding.

4. The common shares of Mountainstar are listed on the Canadian Securities Exchange (**CSE**) under the symbol MSX-C but are currently suspended from trading. Mountainstar is only listed on the CSE at this time and is not listed on any other exchange, marketplace or facility.

5. The Commission made the decision ordering that trading cease in respect of the securities of Mountainstar because Mountainstar failed to file its audited annual financial statements, the related management's discussion and analysis (**MD&A**) and certification of filings as required by National Instrument 52-109 *Certification of Disclosure in Issuer's Annual and Interim Filings* for the year ended April 30, 2013.

6. Mountainstar was also subject to a similar cease trade order issued by the British Columbia Securities Commission as a result of its failure to make the filings described in the Cease Trade Order which was revoked on October 16, 2013.

7. Since the issuance of the Cease Trade Order, Mountainstar has filed the following continuous disclosure documents with the Reporting Jurisdictions:

   a. the comparative annual audited financial statements, MD&A and NI 52-109 certificates of Mountainstar for the year ended April 30, 2013;

   b. the comparative interim unaudited financial statements, MD&A and certificates of Mountainstar for the quarter ended July 31, 2013; and

   c. the comparative interim unaudited financial statements, MD&A and certificates of Mountainstar for the quarter ended October 31, 2013.

8. Mountainstar has paid all outstanding activity, participation and late filing fees required to be paid to the Ontario Securities Commission and has filed all forms associated with such payments.

9. Mountainstar's SEDAR profile and SEDI issuer profile supplement are current and accurate.

10. Mountainstar (i) is up-to-date with all of its other continuous disclosure obligations; (ii) is not in default of any of its obligations under the Cease Trade Order; and (iii) is not in default of any requirements under the Act or the rules and regulations made pursuant thereto.

11. Since the issuance of the Cease Trade Order, there have been no material changes in the business, operations or affairs of Mountainstar.

12. Mountainstar is in compliance with the annual meeting requirements and held its most recent annual meeting of shareholders on February 1, 2013. Under the Company Act (British Columbia) the Company must hold its annual meeting within 15 months of the date of the previous annual meeting. Mountainstar intends to hold its next annual meeting of shareholders prior to May 1, 2014.

13. Mountainstar is not considering nor is it involved in any discussions related to a reverse take-over, merger, amalgamation or other form of combination or transaction similar to any of the foregoing.

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

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

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

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

**DATED** at Toronto on this 18th day of February, 2014.

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

### 2.2.2 Minfocus Exploration Corp. – s. 1(11)(b)

**Headnote**

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

**Statutes Cited**

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

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

**AND**

**IN THE MATTER OF**
**MINFOCUS EXPLORATION CORP.**
**(the "Applicant")**

**ORDER**
**(Clause 1(11)(b))**

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

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

**AND UPON** the Applicant representing to the Commission as follows:

1. The Applicant is a corporation governed by the *Business Corporations Act* (British Columbia).

2. The head office of the Applicant is located at 300 New Toronto Street, Unit 2, Toronto, Ontario, Canada M8V 2E8. The registered office of the Applicant is located at Suite 400, 570 Granville Street, Vancouver, BC, V6C 3P1.

3. As a result of its initial public offering on the TSX Venture Exchange (the "**TSX-V**") as a capital pool company, the Corporation (at the time named Pembroke Capital Corp.), became a reporting issuer under the *Securities Act* (Alberta) and the *Securities Act* (British Columbia) on August 25, 2010. The Applicant's common shares are listed on the TSX–V and currently trade under the trading symbol "MFX".

4. The Applicant is not currently a reporting issuer or equivalent in any jurisdiction in Canada other than Alberta and British Columbia.

5. The Applicant is not on the list of defaulting reporting issuers maintained pursuant to the Alberta Act and the BC Act and is not in default of any requirement of either the Alberta Act or the BC Act or the rules and regulations made thereunder.

6. The Applicant is not in default of any of the rules, regulations or policies of the TSX-V.

7. The continuous disclosure materials filed by the Applicant under the Alberta Act and the BC Act are available on the System for Electronic Document Analysis and Retrieval.

8. The continuous disclosure requirements of the Alberta Act and the BC Act are substantially the same as the requirements under the Act.

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

10. The Applicant has determined that it has a "significant connection to Ontario" as registered and beneficial shareholders of the Applicant known to the Applicant to be resident in Ontario beneficially own in excess of 20% of the issued and outstanding shares of the Applicant.

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

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

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

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

12. Other than as disclosed below, neither the Applicant nor any of its officers, directors, nor, to the knowledge of the Applicant or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been subject to:

    (a) any known or ongoing or concluded investigations by:

        (i) a Canadian securities regulatory authority; or

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

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

13. The statement in paragraph 12, is qualified by the following disclosure:

    In November 2008, while Gavin Cooper, the Applicant's Chief Financial Officer, was the Chief Financial Officer of VRB Power Systems Inc. ("**VRB**"), the board of directors of VRB resigned and pursuant to an application made by VRB, the Supreme Court of British Columbia appointed an Interim Receiver to manage the affairs of VRB. At the same time, VRB filed a Notice of Intention to make a Proposal in accordance with the Bankruptcy and Insolvency Act (Canada). A new board of directors was appointed by shareholders at VRB's annual general meeting in June 2009 and the Interim Receiver, having fulfilled its mandate, including the settlement of all liabilities of VRB, was granted a discharge from its position by the Supreme Court of British Columbia on July 16, 2009.

14. None of the officers or directors of the Applicant, nor, to the knowledge of the Applicant, or its officers and directors, any shareholder holding sufficient securities of the Applicant to affect materially the control of the Applicant, is or has been at the time of such event an officer or director of any other issuer which is or has been subject to:

    (a) any cease trade order or similar order, or order that denied access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, within the preceding 10 years; or

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

15. As of the date thereof, the Applicant has 40,720,592 common shares and no other shares issued and outstanding.

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

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

**DATED** at Toronto on this 18th day of February, 2014.

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

### 2.2.3 Quadrexx Hedge Capital Management Ltd. et al. – s. 127

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

**AND**

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

**ORDER**
**(Section 127)**

**WHEREAS** on January 31, 2014, 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 January 30, 2014 with respect to Quadrexx Hedge Capital Management Ltd. ("QHCM"), Quadrexx Secured Assets Inc. ("QSA"), Miklos Nagy ("Nagy") and Tony Sanfelice ("Sanfelice") (collectively, the "Respondents");

**AND WHEREAS** on February 20, 2014, Staff of the Commission ("Staff"), counsel for QHCM, QSA and Nagy and counsel for Sanfelice attended before the Commission;

**AND WHEREAS** Staff filed an affidavit of Sharon Nicholaides sworn February 19, 2014 setting out Staff's service of the Notice of Hearing dated January 31, 2014 and Staff's Statement of Allegations dated January 30, 2014 on counsel for the Respondents;

**AND WHEREAS** on February 20, 2014, Staff advised that Staff sent out the initial electronic disclosure of approximately 14,000 documents to counsel for the Respondents on February 10, 2014;

**AND WHEREAS** the Respondents consent to the terms of this 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 hearing is adjourned to April 17, 2014 at 9:30 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate.

**DATED** at Toronto this 20th day of February, 2014.

"Christopher Portner"

### 2.2.4 Quadrexx Asset Management Inc. et al. – ss. 127(1) and (8)

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

**AND**

**IN THE MATTER OF**
**QUADREXX ASSET MANAGEMENT INC.,**
**QUADREXX SECURED ASSETS INC.,**
**OFFSHORE OIL VESSEL SUPPLY SERVICES LP,**
**QUIBIK INCOME FUND AND**
**QUIBIK OPPORTUNITIES FUND**

**ORDER**
**(Subsections 127(1) and (8) of the Act)**

**WHEREAS** on February 6, 2013, the Ontario Securities Commission (the "Commission") issued a temporary order (the "Temporary Order") pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") with respect to Quadrexx Asset Management Inc. ("Quadrexx") and with respect to Quadrexx Secured Assets Inc. ("QSA"), Offshore Oil Vessel Supply Services LP ("OOVSS"), Quibik Income Fund ("QIF") and Quibik Opportunity Fund ("QOF"), (collectively, the "Quadrexx Related Securities") ordering that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act that all trading in the securities of Quadrexx and Quadrexx Related Securities shall cease;

2. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms and conditions apply to the registration of Quadrexx as an exempt market dealer ("EMD"):

   (a) Quadrexx shall be entitled to trade only in securities that are not Quadrexx and Quadrexx Related Securities;

   (b) before trading with or on behalf of any client after the date hereof, Quadrexx and any dealing representative shall (i) advise such client that Quadrexx has a working capital deficiency as at December 31, 2012, and (ii) deliver a copy of this Order to such client; and

   (c) Quadrexx and any dealing representatives shall not accept any new clients or open any new client accounts of any kind;

3. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms and conditions apply to the registration of Quadrexx as a portfolio manager ("PM") and as an investment fund manager ("IFM"):

(a) Quadrexx's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Quadrexx Funds, as both are defined in the Temporary Order; and

(b) Quadrexx shall not accept any new clients or open any new client accounts of any kind; and

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

**AND WHEREAS** on February 19, 2013, counsel for the Respondents advised the Commission that the Respondents are not opposed to the suspension of the registration of Quadrexx as an EMD and requested fourteen days before the suspension of Quadrexx as a PM and as an IFM in order to deal with the transfer of the Managed Accounts for which Quadrexx is the PM to another registrant and to consider options for the Quadrexx Related Securities which are currently subject to the Temporary Order;

**AND WHEREAS** on February 19, 2013, the Commission ordered:

1. the registration of Quadrexx as an EMD be suspended immediately;

2. the portion of the Temporary Order attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM be extended to March 7, 2013;

3. the portion of the Temporary Order ordering all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to March 7, 2013;

4. notice of the ongoing Commission proceeding, the two Commission orders, and the status of the clients' accounts be sent to all Quadrexx clients; and

5. the hearing be adjourned to March 6, 2013 at 10:00 a.m.;

**AND WHEREAS** on March 4, 2013, Quadrexx provided notice of these proceedings to its EMD and PM clients in a form of letter approved by Staff;

**AND WHEREAS** on March 7, 2013, the Commission ordered:

1. the portion of the Temporary Order attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM be extended to March 29, 2013;

2. the portion of the Temporary Order ordering all trading in the securities of Quadrexx and Quadrexx Related Securities be extended to March 29, 2013;

3. the name of QOF in the Temporary Order be changed to "Quibik Opportunities Fund"; and

4. the hearing be adjourned to March 28, 2013 at 2:00 p.m.;

**AND WHEREAS** on March 28, 2013, Staff filed: (i) Quadrexx's proposal to appoint a Receiver for Quadrexx and QSA; (ii) Quadrexx's plans to wind up QSA and OOVSS; (iii) Quadrexx's plan to transfer the Managed Accounts, QIF and QOF to Matco Financial Inc. ("Matco"); and (iv) Quadrexx's plan to appoint Robson Capital Management Inc. as the new PM and IFM of Diversified Assets LP and Property Values Income Fund Common Shares LP;

**AND WHEREAS** on March 28, 2013, the Commission ordered:

1. the portion of the Temporary Order issued under paragraph 1 of subsection 127(1) attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM be extended to May 16, 2013;

2. the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to May 16, 2013; and

3. the hearing to consider whether to vary any of the terms of the Temporary Order proceed on May 15, 2013 at 10:00 a.m.;

**AND WHEREAS** it appeared to the Commission that Quadrexx had a capital deficiency contrary to subsection 12.1(2) of NI 31-103 and may have engaged in conduct that is contrary to the Act;

**AND WHEREAS** on May 15, 2013, Staff filed the affidavit of Michael Ho sworn May 14, 2013 which sets out the steps taken by the Respondents to transfer the Managed Accounts to Matco and wind down Quadrexx, QSA, OOVSS, Canadian Hedge Watch Index Plus LP ("CHWIP") and HFI Limited Partnership ("HFI");

**AND WHEREAS** on May 15, 2013, the Commission ordered:

1. the registration of Quadrexx as a PM and as an IFM be suspended immediately;

2. the portion of the Temporary Order that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to August 15, 2013, other than as may be required to facilitate the dissolutions of Quadrexx and/or Quadrexx Related Securities; and

3. the hearing be adjourned to August 14, 2013 at 10:00 a.m.;

**AND WHEREAS** Staff has been advised that the Managed Accounts were transferred to Matco on May 16, 2013;

**AND WHEREAS** 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, and Schonfeld Inc. was appointed as trustee;

**AND WHEREAS** on August 12, 2013, the Commission ordered:

1. the portion of the Temporary Order that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities be extended to September 23, 2013, other than as may be required to facilitate the dissolutions or wind ups of Quadrexx, QSA, OOVSS, QIF and QOF; and

2. the hearing be adjourned to September 19, 2013 at 10:00 a.m.;

**AND WHEREAS** on September 19, 2013, the Commission ordered:

1. the portion of the Temporary Order that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to February, 2014, other than as may be required to facilitate the dissolutions or wind-ups of Quadrexx, QSA, OOVSS, QIF and QOF; and

2. the hearing is adjourned to December 5, 2013 at 10:00 a.m.;

**AND WHEREAS** on December 4, 2013, the Commission ordered:

1. the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to February 24, 2014, other than as may be required to facilitate the dissolutions or wind ups of Quadrexx, QSA, OOVSS, QIF and QOF;

2. the hearing to consider: (i) the need to further extend the Temporary Order; and (ii) for the Commission to receive an update on the wind ups or dissolutions of Quadrexx, QSA, OOVSS, QIF, QOF, CHWIP and HFI, will proceed on February 20, 2014 at 10:00 a.m.; and

3. the hearing date of December 5, 2013 at 10:00 a.m. is vacated;

**AND WHEREAS** Staff has filed an affidavit of Yvonne Lo sworn February 18, 2014 and advised that counsel for OOVSS and QSA consents to the terms of this Order;

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

**IT IS HEREBY ORDERED** that:

1. pursuant to subsection 127(8) of the Act, the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) that ordered all trading to cease in the securities of Quadrexx, QSA and OOVSS is extended to April 22, 2014; and

2. the hearing to consider the need to further extend the portion of the Temporary Order against Quadrexx, QSA and OOVSS is adjourned to April 17, 2014 at 9:45 a.m.

**DATED** at Toronto this 20th day of February, 2014.

"Christopher Portner"

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

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

**AND**

**IN THE MATTER OF**
**PRO-FINANCIAL ASSET MANAGEMENT INC.**

**ORDER**
**(Subsections 127(1), (2) and (8))**

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

(i) pursuant to paragraph 1 of subsection 127(1) of the Act, the registration of PFAM as a dealer in the category of exempt market dealer is suspended and the following terms and conditions apply to the registration of PFAM as an adviser in the category of portfolio manager ("PM") and to its operation as an investment fund manager ("IFM"):

a. PFAM's activities as a PM and IFM shall be applied exclusively to the Managed Accounts and to the Pro-Hedge Funds and Pro-Index Funds; and

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

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

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

**AND WHEREAS** on June 26, 2013, the Commission ordered that: (i) the Temporary Order be extended to July 15, 2013; and (ii) the affidavit of Michael Denyszyn sworn May 24, 2013 not be marked as an exhibit until the next appearance in the absence of a Commission order to the contrary; and the hearing to consider this matter proceed on July 12, 2012;

**AND WHEREAS** on July 11, 2013, the Commission ordered that: (i) the Temporary Order be extended to July 22, 2013; (ii) the hearing be adjourned to July 18, 2013 at 11:00 a.m.; and (iii) the hearing date of July 12, 2013 at 10:00 a.m. be vacated;

**AND WHEREAS** on July 18, 2013, PFAM brought a motion (the "First PFAM Motion") that the hearing be held *in camera* and that the affidavits of Michael Denyszyn sworn May 24 and June 24, 2013 and the affidavit of Michael Ho sworn July 17, 2013 (collectively the "Staff Affidavits") either not be admitted as evidence or else be treated as confidential documents and the parties agreed that the motion should be heard *in camera*;

**AND WHEREAS** on July 18, 2013, PFAM's counsel filed supporting documents (the "PFAM Materials") in support of the First PFAM Motion and counsel for PFAM and Staff made oral submissions and filed written submissions;

**AND WHEREAS** on July 22, 2013, the Commission ordered:

(i) the Temporary Order be extended to August 26, 2013;

(ii) leave be granted to the parties to file written submissions in respect of the First PFAM Motion;

(iii) the Staff Affidavits, the transcript of the PFAM motion, the PFAM Materials, written submissions filed by Staff and PFAM and other documents presented during the course of the First PFAM Motion shall be treated as confidential documents until further direction or order of the Commission; and

(iv) the hearing be adjourned to August 23, 2013 at 10:00 a.m.;

**AND WHEREAS** on August 23, 2013, Staff filed with the Commission the affidavit of Michael Ho sworn August 22, 2013 and PFAM's counsel filed the affidavit of Stuart McKinnon dated August 23, 2013 but the parties did not seek to mark these affidavits as exhibits;

**AND WHEREAS** on August 23, 2013, Staff and counsel for PFAM advised the Commission that the parties had agreed on the terms of a draft order;

**AND WHEREAS** on August 23, 2013, PFAM requested that the hearing be held *in camera* so PFAM's submissions on certain confidentiality issues could be heard and Staff did not oppose PFAM's request;

**AND WHEREAS** on August 27, 2013, the Commission ordered:

(i) the Temporary Order be extended to October 11, 2013;

(ii) the affidavit of Michael Ho sworn August 22, 2013 and the affidavit of Stuart McKinnon sworn August 23, 2013 be treated as confidential documents until further order of the Commission;

(iii) PFAM will deliver to Staff the final PPN reconciliation report by 4:30 p.m. on September 30, 2013; and

(iv) the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, proceed on October 9, 2013 at 11:00 a.m.;

**AND WHEREAS** on October 9, 2013, PFAM brought a second motion (the "Second PFAM Motion") for an order that the hearing be held *in camera* and for a confidentiality order treating as confidential documents: (i) the Staff and PFAM affidavits; (ii) all facta and correspondence exchanged by Staff and PFAM; and (iii) any transcript of this and prior *in camera* proceedings;

**AND WHEREAS** on October 9, 2013, PFAM's counsel filed written submissions dated October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013 and the affidavit of Kenneth White sworn October 7, 2013 in support of the Second PFAM Motion and Staff filed written submissions dated October 9, 2013 and the affidavit of Michael Ho sworn October 8, 2013 and opposed the request for an *in camera* hearing and for the confidentiality order;

**AND WHEREAS** on October 9, 2013, the Commission heard submissions from counsel on the Second PFAM Motion *in camera* and the Commission requested the parties to prepare a draft order that, among other matters, addressed the confidentiality of documents filed with the Commission and permitted BNP Paribas Canada and Société Générale Canada (the "Banks") to review certain documents attached to Staff affidavits dealing substantively with the PPN reconciliation process, provided the Banks treated such documents as confidential;

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

(i) the Temporary Order be extended to December 15, 2013;

(ii) the affidavit of Michael Ho sworn October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the written submissions of the parties dated October 8 and 9, 2013 shall be treated as confidential documents until further order of the Commission; and

(iii) the hearing to consider whether to: (i) make any further order as to PFAM's registration as an adviser in the category of PM or in respect of its operation as an IFM, as a result of PFAM's ongoing capital deficiency; and/or (ii) otherwise vary or extend the terms of the Temporary Order, shall proceed on December 12, 2013 at 10:00 a.m.;

**AND WHEREAS** on October 17, 2013, the Commission ordered (the "October 17, 2013 Order") that:

(i) the affidavit of Michael Ho sworn October 8, 2013, the affidavit of Stuart McKinnon sworn October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the written submissions of the parties dated October 8 and 9, 2013 shall be treated as confidential documents until further order of the Commission;

(ii) the previous orders as to confidentiality made by the Commission on July 22, 2013 and August 27, 2013 shall remain in force until further order or direction of the Commission; and

(iii) documents related to the PPN reconciliation process listed on Schedule "A" to the October 17, 2013 Order be provided to counsel for the Banks on condition that the Banks treat those documents as confidential documents and not provide copies to any third party without further direction or order of the Commission;

**AND WHEREAS** on September 30, 2013, PFAM agreed to sell to another portfolio manager (the "Purchaser") PFAM's interest in all of the investment management contracts for the Pro-Index funds and the Managed Accounts (the "First Transaction"). In a second transaction, an investor has agreed to purchase through a corporation (the "Investor") all of the shares of the Purchaser (the "Second Transaction").:

**AND WHEREAS** on October 22, 2013, the Purchaser and PFAM filed a notification letter providing Compliance and Registrant Regulation Branch ("CRR Branch") Staff with notice ("Notice") of the application filed under section 11.9 and 11.10 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") relating to the First Transaction and the Second Transaction (collectively, the "Transactions");

**AND WHEREAS** on November 5, 2013, the staff member of the CRR Branch conducting the review of the Notice requested copies of the affidavits of Michael Denyszyn sworn May 24 and June 24, 2013, the affidavits of Michael Ho sworn July 17, August 22 and October 8, 2013, the affidavits of Stuart McKinnon sworn July 17, August 23 and October 7, 2013, the affidavit of Kenneth White sworn October 7, 2013 and the submissions of Staff and Pro-Financial Asset Management Inc. ("PFAM") (collectively, the "Confidential Documents");

**AND WHEREAS** on November 12, 2013, PFAM filed an application with the Investment Funds Branch ("IF Branch") of the Commission for an order under section 5.5 of National Instrument 81-102 – *Mutual Funds* ("NI 81-102") for approval of the Purchaser as investment fund manager of the Pro-Index Funds and the Purchaser applied on October 24, 2013 for registration in the investment fund manager category for this purpose;

**AND WHEREAS** on November 13, 2013, Staff filed a Notice of Motion returnable on a date to be determined by the Secretary's office seeking an Order that Staff of the Enforcement Branch be permitted to provide some or all of the Confidential Documents to certain staff members of the CRR Branch and the IF Branch;

**AND WHEREAS** on November 25, 2013, the Commission ordered that:

(i) Staff of the Enforcement Branch be permitted to provide the Confidential Documents to the following persons:

a. the staff members of the CRR Branch assigned to review the Notice;

b. the staff member who has been designated to act in the capacity of the Director on behalf of the CRR Branch for the purposes of deciding whether to object to the Notice;

c. the staff members of the IF Branch who have been assigned to review the application made by PFAM or the Purchaser under section 5.5 of NI 81-102; and

d. the staff member who has been designated to act in the capacity of the "Director" for the purposes of deciding whether to approve the application under section 5.5 of NI 81-102;

(ii) The CRR staff members assigned to review the Notice be permitted to provide relevant information derived from the Confidential Documents ("Relevant Information") to PFAM, the Purchaser and their counsel involved in the Notice as part of the CRR staff members' review and analysis of the Notice on condition that the recipients of such information treat it as confidential and not provide it to any third party without further direction or order of the Commission;

(iii) The IF staff members assigned to review the application for change of fund manager be permitted to provide Relevant Information to PFAM, the Purchaser and their counsel involved in the application filed under NI 81-102 as part of the Investment Funds staff members' review and analysis of the application on condition that the recipients of such information treat it as confidential and not provide it to any third party without further direction or order of the Commission;

(iv) The CRR staff members assigned to review the Notice be permitted to provide Relevant Information to the Investor or its counsel with the consent of PFAM; and

(v) The parties may seek direction from the Commission in the event that the CRR staff members and PFAM cannot agree on whether Relevant Information should be provided to the Investor or its counsel;

**AND WHEREAS** Staff has filed an affidavit of Michael Ho sworn December 10, 2013 attaching a letter from counsel to Investment Administration Solution Inc. ("IAS"), PFAM's recordkeeper for the PPNs, requesting a copy of the PPN reconciliation report submitted by PFAM to Staff;

**AND WHEREAS** PFAM's counsel provided to Staff and to the Commission and made submissions based on an affidavit of Stuart McKinnon sworn December 11, 2013;

**AND WHEREAS** on December 12, 2013, Staff and counsel for PFAM appeared before the Commission and made submissions on: (i) the appropriate form of order to govern the provision of the Confidential Documents to other members of Staff of the Commission; and (ii) whether IAS should receive copies of the PPN reconciliation reports submitted by PFAM to Staff;

**AND WHEREAS** by Commission Order dated December 13, 2013, the Commission ordered that:

(i) the Confidential Documents may be provided to any member of Staff of the Commission, as necessary in the course of their duties;

(ii) the Temporary Order is extended to January 24, 2014;

(iii) the hearing is adjourned to January 21, 2014 at 11:00 a.m.; and

(iv) Staff shall be entitled to provide a copy of each document relating to the PPN reconciliation process listed on Schedule "A" of the October 13, 2013 order to counsel for IAS on the conditions that: (a) IAS treat those documents as confidential and does not provide them to any third party without further direction or order of the Commission; and (b) IAS may use the documents for the purpose of assisting Staff in resolving the PPN discrepancy, and for no other purpose;

**AND WHEREAS** on January 15, 2014, PFAM's counsel advised Staff that PFAM's Pro- Index Funds ("Pro-Index Funds") passed their lapse date on January 14, 2013 and PFAM's counsel requested a lapse date extension of 40 days from Staff;

**AND WHEREAS** on January 17, 2014, PFAM's counsel filed a pre-hearing conference memorandum ("PFAM's Pre-Hearing Memorandum") with the Secretary's office to discuss various issues and seek an Order granting an extension to the lapse date for the Pro-Index Funds under subsection 62(5) of the Act (the "Lapse Date Relief");

**AND WHEREAS** PFAM filed the affidavit of Stuart McKinnon sworn January 19, 2014 with the Secretary's office and Staff filed the affidavit of Susan Thomas sworn January 20, 2014 with the Secretary's office but neither party marked either affidavit as an exhibit at the appearance on January 21, 2014;

**AND WHEREAS** on January 21, 2014, Staff and PFAM's counsel appeared before the Commission and Staff advised the Commission that: (i) Staff's review of the Notice is expected to take another three to four weeks; (ii) the parties have agreed that the prior confidentiality orders should be revised to permit Staff to provide the Confidential Documents or excerpts therefrom to the Purchaser, the Investor and their counsel as Staff determines necessary in the course of their duties and on the condition that the recipients treat such documents as confidential and not disclose them to any third party without further direction or order of the Commission; and (iii) the parties have agreed that the Temporary Order should be extended;

**AND WHEREAS** on January 21, 2014, PFAM's counsel requested that submissions relating to the issues raised in PFAM's Pre-Hearing Memorandum be made *in camera* pursuant to Rule 6 of the Commission's *Rules of Procedure,* Staff opposed PFAM's request, and the Commission directed and the parties made submissions *in camera* on the Lapse Date Relief;

**AND WHEREAS** on January 21, 2014, the Commission ordered that: (i) the Temporary Order is extended to February 24, 2014; (ii) the hearing is adjourned to February 21, 2014 at 2:00 p.m.; (iii) Staff who have received the Confidential Documents may provide the Confidential Documents or an excerpt of the Confidential Documents to the Purchaser, the Investor and their counsel as set out in the Order; and (iv) PFAM is granted the Lapse Date Relief under subsection 62(5) of the Act to extend the lapse date for the Pro-Index Funds to February 24, 2014 on the conditions set out in the Order;

**AND WHEREAS** PFAM's counsel has requested a short adjournment;

**AND WHEREAS** on February 14, 2014, PFAM's counsel served on Staff and filed a pre-hearing conference memorandum with the Secretary's office and requested a confidential pre-hearing conference during the week of February 24, 2014;

**AND WHEREAS** the Secretary's office has scheduled a confidential pre-hearing conference on February 25, 2014 at 3:30 p.m.;

**AND WHEREAS** the parties have agreed to extend the Temporary Order to March 6, 2014 and to adjourn the hearing to March 3, 2014 at 11:00 a.m.;

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

**IT IS HEREBY ORDERED** that:

1. The Temporary Order is extended to March 6, 2014.

2. The hearing is adjourned to March 3, 2014 at 11:00 a.m.

3. The hearing date of February 21, 2014 at 2:00 p.m. is vacated.

**DATED** at Toronto this 20th day of February, 2014.

"James E. A. Turner"

### 2.2.6 TransCap Corporation et al. – ss. 127(1), 127(10)

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

**AND**

**IN THE MATTER OF**
**TRANSCAP CORPORATION, STRATA-TRADE CORPORATION,**
**DALE JOSEPH EDGAR ST. JEAN AND GREGORY DENNIS TINDALL**

**ORDER**
**(Subsections 127(1) and 127(10))**

**WHEREAS** on November 21, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of TransCap Corporation ("TCC"), Strata-Trade Corporation ("STC"), Dale Joseph Edgar St. Jean ("St. Jean") and Gregory Dennis Tindall ("Tindall") (together, the "Respondents");

**AND WHEREAS** on the same day, Staff of the Commission ("Staff") filed a Statement of Allegations in this matter;

**AND WHEREAS** the Respondents are subject to an order dated July 29, 2013 made by the Alberta Securities Commission (the "ASC") that imposes sanctions, conditions, restrictions or requirements upon them within the meaning of paragraph 4 of subsection 127(10) of the Act (the "ASC Order");

**AND WHEREAS** on December 13, 2013, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

**AND WHEREAS** Staff filed written submissions, a hearing brief and a brief of authorities;

**AND WHEREAS** the Respondents did not file any written materials or make any submissions;

**AND WHEREAS** I find that that it is in the public interest to issue this Order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

**IT IS HEREBY ORDERED:**

(a) against TCC that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities of TCC shall cease permanently;

(ii) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities by TCC shall cease permanently;

(iii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by TCC shall be prohibited permanently;

(iv) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to TCC permanently; and

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

(b) against STC that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities of STC shall cease permanently;

(ii) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities by STC shall cease permanently;

(iii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by STC shall be prohibited permanently;

(iv) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to STC permanently; and

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

(c) against St. Jean that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by St. Jean shall cease permanently;

(ii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by St. Jean shall cease permanently;

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to St. Jean permanently;

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

(v) pursuant to paragraph 8 of subsection 127(1) of the Act, St. Jean shall be prohibited permanently from becoming or acting as a director or officer of an issuer;

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

(vii) pursuant to paragraph 8.2 of subsection 127(1) of the Act, St. Jean shall be prohibited permanently from becoming or acting as a director or officer of a registrant;

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

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

(d) against Tindall that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Tindall shall cease permanently;

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

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Tindall permanently;

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

(v) pursuant to paragraph 8 of subsection 127(1) of the Act, Tindall shall be prohibited permanently from becoming or acting as a director or officer of an issuer;

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

(vii) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Tindall shall be prohibited permanently from becoming or acting as a director or officer of a registrant;

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

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

**DATED** at Toronto this 19th day of February, 2014.

"James E. A. Turner"

### 2.2.7 Apollo International Management (Canada) ULC – s. 74(1)

**Headnote**

Investment advice by a U.S. investment adviser recognized by the SEC as a "relying adviser" exempted from the requirements of paragraph 25(3) of the Act, subject to certain conditions – investment advice is with respect to securities of Canadian issuers – advice only provided to funds of foreign affiliate advisers – supervisory memorandum of understanding between the Ontario Securities Commission and the Filer's principal regulator – relief subject to five year sunset clause.

**Applicable Legislative Provisions**

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

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

**AND**

**IN THE MATTER OF**
**APOLLO INTERNATIONAL MANAGEMENT (CANADA) ULC**

**ORDER**
**(Subsection 74(1) of the Act)**

**UPON** the application (the **Application**) of Apollo International Management (Canada) ULC (**Apollo Canada**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to subsection 74(1) of the Act, that Apollo Canada (including its directors, officers and employees) be exempt from the requirements of subsection 25(3) of the Act, in respect of acting as a sub-adviser to (a) an investment adviser registered with the U.S. Securities and Exchange Commission (**SEC**), (b) an investment adviser that is a "relying adviser" to an investment adviser registered with the SEC as defined in SEC Staff Letter dated January 18, 2012 (the **Staff Letter**), or (c) an investment adviser authorized by and regulated by the U.K. Prudential Regulatory Authority (**PRA**) (collectively, the **Apollo Investment Advisers**), in each case if such entity is a subsidiary of Apollo Global Management, LLC (**Apollo**) and acts as the investment adviser of an investment fund or managed account offered by Apollo;

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

A**ND UPON** Apollo Canada having represented to the Commission that:

1. Apollo Canada is an unlimited liability corporation established under the laws of British Columbia of which Apollo indirectly holds one hundred percent of the voting interests. Apollo Canada will initially employ a single investment professional, who will be based in Apollo Canada's office in Toronto and may employ additional professionals in the future;

2. Apollo is a Delaware limited liability company whose shares are traded on the New York Stock Exchange. Apollo is a global alternative investment manager, whose primary business is to raise, invest and manage private equity, credit and real estate funds as well as managed accounts (collectively, **Apollo Funds**) on behalf of pension, endowment and sovereign wealth funds, as well as other institutional and individual investors;

3. Apollo Canada is a relying adviser with the SEC that satisfies its obligation to register through the registration of an affiliate adviser, namely, Apollo Capital Management L.P. ;

4. As a relying adviser, Apollo Canada is subject to all of the provisions of the United States Investment Advisers Act of 1940 and the rules thereunder. In addition, Apollo Canada must comply with the code of ethics and written policies and procedures of Apollo Capital Management L.P. ;

5. The Commission has a supervisory memorandum of understanding (**MOU**) in place with the SEC for mutual cooperation and information sharing. The MOU would include oversight of relying advisers, such as Apollo Canada;

6. The purpose of the creation of Apollo Canada is to permit the Apollo organization to source investment opportunities in Canada for the benefit of the Apollo Funds and to provide sub-advisory services to the applicable investment adviser of the Apollo Funds. Such arrangements will be structured so that Apollo Canada will act as a sub-adviser to the Apollo

Investment Advisers in respect of the Apollo Funds (the **Advisory Services**). All final investment decisions will be made by the Apollo Investment Advisers;

7. Apollo owns indirectly one hundred percent of the voting securities or general partner interests of the Apollo Investment Advisers;

8. Each of the Apollo Investment Advisers is (a) an investment adviser registered with the SEC, (b) an investment adviser that is a "relying adviser" of an investment adviser registered with the SEC as defined in the Staff Letter, or (c) an investment adviser authorized by and regulated by the PRA;

9. The Apollo Funds are currently domiciled outside of Canada;

10. Apollo and the Apollo Investment Advisers have no current plans to become registered in any jurisdiction in Canada or to conduct any activity requiring registration in any jurisdiction in Canada;

11. Apollo Canada will source investment opportunities only for the Apollo Funds and provide sub-advisory services only to the Apollo Investment Advisers and only in respect of the Apollo Funds;

12. In providing sub-advisory services to Apollo in respect of the Apollo Funds, Apollo Canada will comply with all applicable registration and other requirements of U.S. securities law and, if applicable, securities laws of other foreign jurisdictions;

13. Apollo Canada (including its directors, officers and employees) will not at any time advise a person or company resident in Ontario or any other Canadian jurisdiction;

14. Apollo Canada will become a "market participant" as defined under subsection 1(1) of the Act as a consequence of this decision. As a market participant, among other requirements, Apollo Canada is required to comply with the record keeping and provision of information provisions under section 19 of the Act, which includes the requirement to keep such books, records and other documents as are necessary for the proper recording of its business transactions and financial affairs and to deliver such records to the Commission if required;

**AND UPON** being satisfied that to make this order would not be prejudicial to the public interest;

**IT IS ORDERED THAT**, pursuant to subsection 74(1) of the Act, Apollo Canada (including its principals, employees and directors) is exempted from the requirements of subsection 25(3) of the Act in respect of the Advisory Services, provided that:

(a) Apollo Canada (including its directors, officers, employees, and no more than five advising representatives) complies with all applicable registration and other requirements of the securities legislation of the United States and, if applicable, the securities laws of other foreign jurisdictions;

(b) the obligations and duties of Apollo Canada are set out in a written agreement with the affiliate of Apollo that is the adviser responsible for the Apollo Fund (the "**Responsible Apollo Entity**");

(c) Apollo Canada provides advice only to a Responsible Apollo Entity;

(d) The Responsible Apollo Entity will be responsible for any loss that arises out of the failure of Apollo Canada

i) to exercise the powers and discharge the duties of its office honestly, in good faith and in accordance with its fiduciary duties to the Apollo Funds, 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**);

(e) The Responsible Apollo Entity cannot be relieved from its responsibility for any loss that arises out of the failure of Apollo Canada to meet the Assumed Obligations;

(f) Apollo Canada and each of its representatives notifies the Commission of any regulatory action initiated with respect to Apollo Canada, or any predecessors or specified affiliates, or its representatives by completing and filing Appendix "A" – Notice of Regulatory Action for Firms, or Appendix "B" – Notice of Regulatory Action for Individuals, as applicable, within 10 days of the commencement of such action;

(g) Apollo Canada and each of 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; and

(h) prior to purchasing any securities in one or more of the Apollo Funds, all investors who are Ontario residents received written disclosure that includes:

i) a statement that the Responsible Apollo Entity is responsible for any loss that arises out of the failure of Apollo Canada to meet the Assumed Obligations; and

ii) a statement that Apollo Canada is not, or will not be, registered as an adviser under the Act and, accordingly, the protections available to clients of a registered adviser under the Act will not be available to purchasers of units of the relevant Apollo Fund.

**IT IS FURTHER ORDERED THAT**, this order shall expire on the date that is the earlier of:

(a) any change in the recognition, supervision or oversight of a relying adviser firm by the SEC; or

(b) five years from the date of this order.

February 21, 2014

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"Christopher Portner"
Commissioner
Ontario Securities Commission

## APPENDIX A
## NOTICE OF REGULATORY ACTION – FIRM

1. Has the firm, or any predecessors or specified affiliates[1] of the firm entered into a settlement agreement with any financial services regulator, securities or derivatives exchange, SRO or similar agreement with any financial services regulator, securities or derivatives exchange, SRO or similar organization?

Yes _____ No _____

If yes, provide the following information for each settlement agreement:

| |
|---|
| Name of entity |
| Regulator/organization |
| Date of settlement (yyyy/mm/dd) |
| Details of settlement |
| Jurisdiction |

2. Has any financial services regulator, securities or derivatives exchange, SRO or similar organization:

| | Yes | No |
|---|---|---|
| (a) Determined that the firm, or any predecessors or specified affiliates of the firm violated any securities regulations or any rules of a securities or derivatives exchange, SRO or similar organization? | | |
| (b) Determined that the firm, or any predecessors or specified affiliates of the firm made a false statement or omission? | | |
| (c) Issued a warning or requested an undertaking by the firm, or any predecessors or specified affiliates of the firm? | | |
| (d) Suspended or terminated any registration, licensing or membership of the firm, or any predecessors or specified affiliates of the firm? | | |
| (e) Imposed terms or conditions on any registration or membership of the firm, or predecessors or specified affiliates of the firm? | | |
| (f) Conducted a proceeding or investigation involving the firm, or any predecessors or specified affiliates of the firm? | | |
| (g) Issued an order (other than en exemption order) or a sanction to the firm, or any predecessors or specified affiliates of the firm for securities or derivatives-related activity (e.g. cease trade order)? | | |

[1] In this Appendix, the term "specified affiliate" has the meaning ascribed to that term in Form 33-109F6 to National Instrument 33-109 – *Registration Information.*

If yes, provide the following information for each action:

| Name of Entity |
|---|
| Type of Action |

| Regulator/organization | |
|---|---|
| Date of action (yyyy/mm/dd) | Reason for action |
| Jurisdiction | |

3. Is the firm aware of any ongoing investigation of which the firm or any of its specified affiliate is the subject?

Yes _____ No _____

If yes, provide the following information for each investigation:

| Name of entity |
|---|
| Reason or purpose of investigation |
| Regulator/organization |
| Date investigation commenced (yyyy/mm/dd) |
| Jurisdiction |

| Name of firm |
|---|
| Name of firm's authorized signing officer or partner |
| Title of firm's authorized signing officer or partner |
| Signature |
| Date (yyyy/mm/dd) |

***Witness***

The witness must be a lawyer, notary public or commissioner of oaths.

| |
|---|
| Name of witness |
| Title of witness |
| Signature |
| Date (yyyy/mm/dd) |

This form is to be submitted to the following address:

Ontario Securities Commission
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

**2.2.8 Sterling Grace & Co. Ltd. and Graziana Casale – s. 8(4)**

**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**

**ORDER
(Subsection 8(4) of the Act)**

**WHEREAS** on November 18, 2013, a Deputy Director of the Compliance and Registrant Regulation branch of the Ontario Securities Commission (the "Commission") issued a decision with respect to the registrations of Sterling Grace & Co. Ltd. ("Sterling Grace") and Graziana Casale ("Casale") that:

(a) the registration of Sterling Grace be suspended permanently;

(b) the registration of Casale as ultimate designated person and chief compliance officer be suspended permanently;

(c) the registration of Casale as a dealing representative be suspended, and that she not be permitted to apply for reinstatement for a period of two years;

(d) Casale successfully complete the *Conduct and Practices Handbook Course* before applying for reinstatement of registration;

(e) Casale be subject to one year of strict supervision in the event her registration is reinstated; and

(f) Casale shall not be a permitted individual of a registered firm for a period of five years;

(*Re Sterling Grace & Co. Ltd. and Graziana Casale* (2013), 36 O.S.C.B. 11243 (the "Director's Decision"))

**WHEREAS** Sterling Grace and Casale (together, the "Applicants") requested a hearing and review of the Director's Decision by the Commission pursuant to s.8(2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") (the "Hearing and Review") and pursuant to s.8(4) of the Act, the Applicants requested a stay of the Director's Decision pending the disposition of the Hearing and Review (the "Stay Motion");

**WHEREAS** on November 27, 2013, the Commission released its Reasons and Decision on the Stay Motion (the "Stay Decision") and ordered at paragraph 34 of the Stay Decision that the Director's Decision be stayed, subject to the following conditions:

1. The stay order shall continue in force until the parties have the opportunity at the Hearing and Review to address the issuance of a further stay order by the Panel presiding over the Hearing and Review, and in any event shall continue in force no later than February 20, 2014;

2. The Applicants shall post a link to the Director's Decision on the Sterling Grace website forthwith; and

3. The Applicants shall provide a copy of the Director's Decision to all new and existing clients;

(*Re Sterling Grace & Co. Ltd. and Graziana Casale* (2013), 36 O.S.C.B. 11637 (the "Stay Order"))

**WHEREAS** the Commission also directed at paragraph 35 of the Stay Decision that Sterling Grace may state on its website and when providing the Director's Decision to clients that "The decision to suspend the registration of Sterling Grace and Casale was stayed pursuant to the decision of the Commission dated November 27, 2013. An application for a hearing and review of the Director's Decision under section 8 of the Act has been requested and will be scheduled to be heard by a panel of the Commission in early 2014";

**WHEREAS** the Hearing and Review was heard on February 19 and 20, 2014 and a decision of the panel of the Commission is pending;

**WHEREAS** on February 20, 2014, Staff of the Commission and the Applicants consented to an extension of the Stay Order until the determination of the Hearing and Review by the Commission;

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

**IT IS HEREBY ORDERED THAT:**

1. The Stay Order is extended until the determination of the Hearing and Review by the Commission; and

2. Sterling Grace may state on its website and when providing the Director's Decision to clients that "The decision to suspend the registration of Sterling Grace and Casale was stayed pursuant to a decision of the Commission dated November 27, 2013. An application for a hearing and review of the Director's Decision under section 8 of the Act has

been made and a decision of a panel of the Commission is pending."

**DATED** at Toronto, this 20th day of February, 2014.

"Mary G. Condon"

"Judith N. Robertson"

"Deborah Leckman"

### 2.2.9 Telus Corporation – s. 104(2)(c)

**Headnote**

Clause 104(2)(c) – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to a total of 5,332,000 common shares from three of its shareholders – due to discounted purchase price, proposed purchases cannot be made through TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on or prejudice to issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

**Applicable Legislative Provisions**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 94 to 94.8, 97 to 98.7, 104(2)(c).

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

**AND**

**IN THE MATTER OF**
**TELUS CORPORATION**

**ORDER**
**(Clause 104(2)(c))**

**UPON** the application (the **Application**) of TELUS Corporation (the **Issuer**) to the Ontario Securities Commission (the **Commission**) for an order pursuant to clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8 and 97 to 98.7 of the Act (the **Issuer Bid Requirements**) in respect of the proposed purchases by the Issuer of: (i) up to 1,445,000 (the **BMO Subject Shares**) of its Common Shares (the **Common Shares**) in one or more trades from BMO Nesbitt Burns Inc. (the **BMO Selling Shareholder**), (ii) up to 3,400,000 (the **Royal Bank Subject Shares**) of its Common Shares in one or more trades from Royal Bank of Canada (the **Royal Bank Selling Shareholder**), and (iii) up to 487,000 (the **National Bank Subject Shares**, and collectively with the BMO Subject Shares and the Royal Bank Subject Shares, the **Subject Shares**) of its Common Shares in one or more trades from National Bank of Canada (the **National Bank Selling Shareholder**, and collectively with the BMO Selling Shareholder and the

Royal Bank Selling Shareholder, the **Selling Shareholders**, and each a **Selling Shareholder**).

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

**AND UPON** the Issuer (and (i) the BMO Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 12, 26 and 27, as they relate to the BMO Selling Shareholder, (ii) the Royal Bank Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 13, 26 and 28, as they relate to the Royal Bank Selling Shareholder, and (iii) the National Bank Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 14, 26 and 29, as they relate to the National Bank Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation governed by the *Business Corporations Act* (British Columbia).

2. The Issuer maintains its registered office at Floor 5, 3777 Kingsway, Burnaby, British Columbia and its executive office at Floor 8, 555 Robson, Vancouver, British Columbia.

3. The Issuer is a reporting issuer in each of the provinces of Canada and the Common Shares of the Issuer are listed for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**). The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.

4. The authorized share capital of the Issuer consists of 4,000,000,000 shares, divided into: (i) 2,000,000,000 Common Shares without par value; (ii) 1,000,000,000 First Preferred shares without par value; and (iii) 1,000,000,000 Second Preferred shares without par value. As at January 29, 2014, 623,048,532 Common Shares, no First Preferred Shares and no Second Preferred Shares were issued and outstanding.

5. The corporate headquarters of each of the Royal Bank Selling Shareholder and the BMO Selling Shareholder are located in the Province of Ontario. The corporate headquarters of the National Bank Selling Shareholder are located in the Province of Quebec. The trades contemplated by this application will be executed and settled in the Province of Ontario. The Issuer has been advised that the National Bank Selling Shareholder's Toronto branch office located in the Province of Ontario intends to undertake the negotiation, execution and delivery of the National Bank Agreement (defined below) and the execution and settlement of trades contemplated thereunder.

6. Each Selling Shareholder has advised the Issuer that it does not directly or indirectly own more than 5% of the issued and outstanding Common Shares.

7. Each of the BMO Selling Shareholder, the Royal Bank Selling Shareholder and the National Bank Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 1,445,000 Common Shares, 3,400,000 Common Shares and 487,000 Common Shares, respectively, and that the BMO Subject Shares, the Royal Bank Subject Shares and the National Bank Subject Shares, respectively, were not acquired in anticipation of resale to the Issuer pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory authority (**Off-Exchange Block Purchases**).

8. Each Selling Shareholder is at arm's length to the Issuer and is not an "insider" of the Issuer or an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act. Each Selling Shareholder is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**).

9. Pursuant to a "Notice of Intention to Make a Normal Course Issuer Bid" filed with the TSX as of December 11, 2013 (the **Notice**), the Issuer is permitted to make normal course issuer bid (the **Normal Course Issuer Bid**) purchases for up to 16,000,000 Common Shares subject to a maximum aggregate purchase price consideration of $500.0 million. In accordance with the Notice, the Normal Course Issuer Bid is conducted through the facilities of the TSX, the NYSE or alternative Canadian trading platforms, or such other means as may be permitted by the TSX or a securities regulatory authority, in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the **TSX NCIB Rules**), including, private agreements under an issuer bid exemption order issued by a securities regulatory authority.

10. On December 31, 2013 the Issuer entered into an automatic repurchase plan (**ARP**) with a broker providing for automatic purchases of Common Shares to be conducted by the broker on the TSX or alternative Canadian trading platforms within pre-determined parameters as part of the Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its shares during internal blackout periods, including regularly scheduled quarterly blackout periods. Under the ARP, at times it is not subject to blackout restrictions, the Issuer may, but is not required to, instruct the designated broker to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases will be determined by the broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with TSX rules, applicable securities laws (including this Order) and the terms of the

agreement between the broker and TELUS. The ARP has been approved by the TSX and has been implemented on January 2, 2014.

11. Assuming completion of the purchase of the Subject Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 5,332,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 33.325% of the 16,000,000 Common Shares authorized to be purchased under the Normal Course Issuer Bid.

12. The Issuer and the BMO Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, a **BMO Agreement**) pursuant to which the Issuer will agree to acquire some or all of the BMO Subject Shares from the BMO Selling Shareholder by one or more purchases each occurring on or before September 30, 2014 (each such purchase, a **BMO Proposed Purchase**) for a purchase price (each, a **BMO Purchase Price**) that will be negotiated at arm's length between the Issuer and the BMO Selling Shareholder. The BMO Purchase Price will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares at the time of each BMO Proposed Purchase.

13. The Issuer and the Royal Bank Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, a **Royal Bank Agreement**) pursuant to which the Issuer will agree to acquire some or all of the Royal Bank Subject Shares from the Royal Bank Selling Shareholder by one or more purchases each occurring on or before September 30, 2014 (each such purchase, a **Royal Bank Proposed Purchase**) for a purchase price (each, a **Royal Bank Purchase Price**) that will be negotiated at arm's length between the Issuer and the Royal Bank Selling Shareholder. The Royal Bank Purchase Price will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares at the time of each Royal Bank Proposed Purchase.

14. The Issuer and the National Bank Selling Shareholder intend to enter into one or more agreements of purchase and sale (each, a **National Bank Agreement**, and each of a BMO Agreement, a Royal Bank Agreement and a National Bank Agreement, an **Agreement**) pursuant to which the Issuer will agree to acquire some or all of the National Bank Subject Shares from the National Bank Selling Shareholder by one or more purchases each occurring on or before September 30, 2014 (each such purchase, a **National Bank Proposed Purchase**, and each of a BMO Proposed Purchase, a Royal Bank Proposed Purchase and a National Bank Proposed Purchase, a **Proposed Purchase**) for a purchase price (each, a **National Bank Purchase Price**, and each of a BMO Purchase Price, a Royal Bank Purchase Price and a National Bank Purchase Price, a **Purchase Price**) that will be negotiated at arm's length between the Issuer and the National Bank Selling Shareholder. The National Bank Purchase Price will be at a discount to the prevailing market price of the Common Shares on the TSX and below the bid-ask price for the Common Shares at the time of each National Bank Proposed Purchase.

15. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX NCIB Rules.

16. The purchase of the Subject Shares by the Issuer pursuant to each Agreement will constitute an "issuer bid" for purposes of the Act to which the Issuer Bid Requirements would apply.

17. Because the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares at the time of each Proposed Purchase, each Proposed Purchase cannot be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire the Subject Shares from the Selling Shareholders in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

18. But for the fact that the Purchase Price will be at a discount to the prevailing market price and below the bid-ask price for the Common Shares at the time of each Proposed Purchase, the Issuer could otherwise acquire the Subject Shares as a "block purchase" (a **Block Purchase**) in accordance with the block purchase exception in section 629(l)7 of the TSX NCIB Rules and the exemption from the Issuer Bid Requirements that is available pursuant to section 101.2(1) of the Act.

19. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).

20. The Notice contemplates that purchases under the Normal Course Issuer Bid may be made by such other means as may be permitted by the TSX or a securities regulatory authority, including, private agreements under an issuer bid exemption order issued by a securities regulatory authority.

21. For each Proposed Purchase, the Issuer will be able to acquire the Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.

22. The Issuer is of the view that it will be able to purchase the Subject Shares at a lower price than the price at which it would be able to purchase the Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and the Issuer is of the view that this is an appropriate use of the Issuer's funds on hand.

23. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other shareholders of the Issuer to otherwise sell Common Shares in the open market at the prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.

24. To the best of the Issuer's knowledge, as of January 29, 2014, the "public float" for the Common Shares represented more than 99.65% of all issued and outstanding Common Shares for purposes of the TSX NCIB Rules.

25. The Common Shares are "highly liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading During Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.

26. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.

27. At the time that each BMO Agreement is entered into by the Issuer and the BMO Selling Shareholder and at the time of each BMO Proposed Purchase, neither the Issuer nor the trading group of, nor personnel of, the BMO Selling Shareholder that have negotiated the BMO Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the BMO Agreement and sell the BMO Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

28. At the time that each Royal Bank Agreement is entered into by the Issuer and the Royal Bank Selling Shareholder and at the time of each Royal Bank Proposed Purchase, neither the Issuer nor the trading group of, nor personnel of, the Royal Bank Selling Shareholder that have negotiated the Royal Bank Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Royal Bank Agreement and sell the Royal Bank Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

29. At the time that each National Bank Agreement is entered into by the Issuer and the National Bank Selling Shareholder and at the time of each National Bank Proposed Purchase, neither the Issuer nor the trading group of, nor personnel of, the National Bank Selling Shareholder that have negotiated the National Bank Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the National Bank Agreement and sell the National Bank Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.

30. The issuer will not purchase, pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority, in the aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid.

31. The Issuer will not purchase Common Shares pursuant to the Proposed Purchases during designated blackout periods administered in accordance with the Issuer's corporate policies.

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

**IT IS ORDERED** pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with each Proposed Purchase, provided that:

a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX NCIB Rules;

b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX NCIB Rules during the calendar week that it completes each Proposed Purchase and may not make any further purchases under the Normal Course Issuer Bid for the remainder of that calendar day on which it completes each Proposed Purchase;

c) the Purchase Price is not higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX NCIB Rules) of a board lot of Common Shares immediately prior to the execution of each Proposed Purchase;

d) the Issuer will otherwise acquire any additional Common Shares pursuant to the Normal Course Issuer Bid in

accordance with the Notice and the TSX NCIB Rules, as applicable;

e) immediately following each Proposed Purchase of the Subject Shares from a Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;

f) at the time that each Agreement is entered into by the Issuer and a Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the trading group of, nor personnel of, that Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or any "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;

g) the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases; and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic Document Analysis and Retrieval (SEDAR) following the completion of each Proposed Purchase;

h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase; and

i) the Issuer does not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate, more than one-third of the maximum number of Common Shares the Issuer can purchase under the Normal Course Issuer Bid.

**DATED** at Toronto this 14th day of February, 2014.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"AnneMarie Ryan"
Commissioner
Ontario Securities Commission

# Chapter 3

# Reasons: Decisions, Orders and Rulings

## 3.1 OSC Decisions, Orders and Rulings

### 3.1.1 TransCap Corporation et al. – ss. 127(1), 127(10)

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

**AND**

**IN THE MATTER OF**
**TRANSCAP CORPORATION, STRATA-TRADE CORPORATION,**
**DALE JOSEPH EDGAR ST. JEAN AND GREGORY DENNIS TINDALL**

**REASONS AND DECISION**
**(Subsections 127(1) and 127(10) of the Act)**

**Decision:** February 19, 2014

**Panel:** James E. A. Turner – Vice-Chair

**Counsel:** Brooke Shulman – For Staff of the Commission

**TABLE OF CONTENTS**



**REASONS FOR DECISION**

## I. OVERVIEW

[1] This was a hearing (the "**Hearing**") conducted in writing before the Ontario Securities Commission (the "**Commission**") pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") to consider whether it is in the public interest to make an order imposing market conduct restrictions against Transcap Corporation ("**TCC**"), Strata-Trade Corporation ("**STC**"), Dale Joseph Edgar St. Jean ("**St. Jean**") and Gregory Dennis Tindall ("**Tindall**") (together, the "**Respondents**").

[2] A Notice of Hearing in this matter was issued by the Commission on November 21, 2013 and a Statement of Allegations was filed by Staff of the Commission ("**Staff**") on the same date. Both the Notice of Hearing and the Statement of Allegations were duly served on the Respondents.

[3] On December 13, 2013, the Commission heard an application by Staff to convert this matter to a written hearing in accordance with Rule 11.5 of the Commission's *Rules of Procedure* (2012), 35 OSCB 10071, and section 5.1(2) of the *Statutory*

*Powers Procedure Act*, R.S.O. 1990, c. S. 22, as amended. The Respondents were duly served with that application but did not appear at the application hearing or make any submissions.

[4] The Commission granted Staff's application to proceed by way of written hearing and set a schedule for submission of materials by the parties.

[5] Staff filed written submissions, a hearing brief and a brief of authorities. The Respondents did not file any materials or make any submissions.

***Facts***

[6] The Respondents are subject to an order made by the Alberta Securities Commission (the "**ASC**") dated July 29, 2013 (the "**ASC Order**") that imposes sanctions, conditions, restrictions or requirements on them.

[7] In its findings on liability dated May 9, 2013, a panel of the ASC (the "**ASC Panel**") found that St. Jean and Tindall each made materially misleading or untrue statements, contrary to subsection 92(4.1) of the Alberta *Securities Act*, R.S.A. 2000, c. S-4 (the "**ASA**"). The ASC Panel also found that the Respondents perpetrated a fraud, contrary to subsection 93(b) of the ASA.

[8] The ASC Panel further found that STC and St. Jean breached filing requirements, contrary to sections 2.9(16) and (17) and 6.1 of National Instrument 45-106 (*Prospectus and Registration Exemptions*) ("**NI 45-106**") and that Tindall concealed or withheld information reasonably required for an investigation, contrary to subsection 93.4(1) of the ASA.

[9] The conduct for which the Respondents were sanctioned occurred between March 1, 2005 and December 10, 2009 (the "**Material Time**").

[10] TCC and STC were both incorporated in Alberta.

[11] St. Jean was a cofounder, director and officer, and the guiding mind of TCC and STC. Tindall was also a cofounder, director and officer of TCC and STC, but played a secondary role to St. Jean in the business of both TCC and STC.

***The Investment Scheme***

[12] During the Material Time, the Respondents raised approximately $52 million from investors through interest bearing bonds or promissory notes issued by TCC and STC. The Respondents represented TCC and STC to be bond trading and bridge financing firms. Investors testified that they were promised safe investments with lucrative returns of 15% to 22% per annum. Further, the Respondents held themselves out to be knowledgeable and experienced in the industry.

[13] For a time, interest payments were made to investors as promised, which in turn, lured new investors to invest and provided some assurance to existing investors that their investments were sound. Upon receiving these initial interest payments, a few investors were also prompted to reinvest, or to add to their investments. In reality, however, TCC and STC earned little or nothing from bond trading, bridge financing or from any other revenue-generating business. Payments of "returns" made to TCC and STC investors were, in fact, funded from their own and their fellow investors' money, in what the ASC Panel deemed "an unsustainable Ponzi scheme."

[14] Staff relies on subsection 127(10)4 of the Act, which permits the Commission to make an order under subsections 127(1) or 127(5) of the Act in respect of a person or company who is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company (see paragraph 25 of these reasons).

[15] These are my reasons for the market conduct restrictions I impose on the Respondents pursuant to subsections 127(1) of the Act in reliance on subsection 127(10) of the Act.

## II. FINDINGS OF THE ALBERTA SECURITIES COMMISSION

[16] In its reasons, the ASC Panel found that:

(a) TCC made material misleading or untrue statements to Alberta investors and perpetrated a fraud on such investors, contrary to subsection 92(4.1) and subsection 93(b) (and its predecessor subsection 93(c)) of the ASA, respectively, and contrary to the public interest;

(b) STC made material misleading or untrue statements to investors, breached filing requirements and perpetrated a fraud on Alberta investors, contrary to subsections 92(4.1) of the ASA, 2.9(16) or (17) and 6.1 of

NI 45-106 and 93(b) (and its predecessor subsection 93(c)) of the ASA, respectively, and contrary to the public interest;

(c) St. Jean made material misleading or untrue statements to investors, breached filing requirements and perpetrated a fraud on Alberta investors, contrary to subsections 92(4.1) of the ASA, 2.9(16) or (17) and 6.1 of NI 45-106 and 93(b) (and its predecessor 93(c)) of the ASA, respectively, and contrary to the public interest; and St. Jean authorized, permitted or acquiesced in TCC's and STC's breaches of Alberta securities laws; and

(d) Tindall made material misleading or untrue statements to investors, concealed or withheld information reasonably required for an investigation and perpetrated a fraud on Alberta investors, contrary to subsections 92(4.1), 93.4(1) and 93(b) (and its predecessor 93(c)) of the ASA, respectively, and contrary to the public interest; and Tindall authorized, permitted or acquiesced in TCC's and STC's breaches of Alberta securities laws.

***The ASC Order***

[17] The ASC Order imposed the following sanctions, conditions, restrictions or requirements on the Respondents:

(a) against TTC and STC:

(i) pursuant to subsection 198(l)(a) of the ASA, all trading in or purchasing must cease permanently in respect of any securities of TCC or STC;

(ii) pursuant to subsection 198(l)(b) of the ASA, TCC and STC must each cease permanently trading in or purchasing any securities;

(iii) pursuant to subsection 198(l)(c) of the ASA, all of the exemptions contained in Alberta securities laws do not apply to TCC or STC, permanently;

(iv) pursuant to subsection 198(l)(e.2) of the ASA, TCC and STC are each prohibited permanently from becoming or acting as a registrant, investment fund manager or promoter; and

(v) pursuant to subsection 198(l)(e.3) of the ASA, TCC and STC are each prohibited permanently from acting in a management or consultative capacity in connection with activities in the securities market;

(b) against St. Jean:

(i) pursuant to subsections 198(l)(b) and (c) of the ASA, St. Jean must cease trading in or purchasing any securities permanently, and all of the exemptions contained in Alberta securities laws do not apply to him permanently;

(ii) pursuant to subsections 198(l)(d) and (e) of the ASA, St. Jean must resign any position that he currently holds as a director or officer of any issuer, registrant or investment fund manager, and he is prohibited permanently from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager;

(iii) pursuant to subsection 198(l)(e.3) of the ASA, St. Jean is prohibited permanently from acting in a management or consultative capacity in connection with activities in the securities market;

(iv) pursuant to subsection 198(l)(i) of the ASA, St. Jean must, jointly and severally with Tindall, pay to the Alberta Securities Commission $9.6 million obtained as a result of his non-compliance with Alberta securities laws;

(v) pursuant to section 199 of the ASA, St. Jean must pay an administrative penalty of $1.2 million; and

(vi) pursuant to section 202 of the ASA, St. Jean must pay $30,000 of the costs of the investigation and hearing;

(c) against Tindall:

(i) pursuant to subsections 198(l)(b) and (c) of the ASA, Tindall must cease trading in or purchasing any securities permanently, and all of the exemptions contained in Alberta securities laws do not apply to him permanently;

(ii) pursuant to subsections 198(l)(d) and (e) of the ASA, Tindall must resign any position that he currently holds as a director or officer of any issuer, registrant or investment fund manager, and he is prohibited permanently from becoming or acting as a director or officer (or both) of any issuer, registrant or investment fund manager;

(iii) pursuant to subsection 198(l)(e.3) of the ASA, Tindall is prohibited permanently from acting in a management or consultative capacity in connection with activities in the securities market;

(iv) pursuant to subsection 198(l)(i) of the ASA, Tindall must, jointly and severally with St. Jean, pay to the Alberta Securities Commission $9.6 million obtained as a result of his non-compliance with Alberta securities laws;

(v) pursuant to section 199 of the ASA, Tindall must pay an administrative penalty of $750,000; and

(vi) pursuant to section 202 of the ASA, Tindall must pay $35,000 of the costs of the investigation and hearing.

**A. SUBMISSIONS OF STAFF**

[18] Staff submits that in order to protect Ontario investors and the integrity of Ontario capital markets it is in the public interest for the Commission to impose market conduct restrictions on the Respondents consistent with the sanctions imposed by the ASC pursuant to the ASC Order.

[19] Staff requests the following market conduct restrictions against TCC:

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

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

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

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

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

[20] Staff requests the following market conduct restrictions against STC:

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

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

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

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

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

[21] Staff requests the following market conduct restrictions against St. Jean:

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

(b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by St. Jean cease permanently;

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

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

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

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

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

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

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

[22] Staff requests the following market conduct restrictions against Tindall:

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

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

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

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

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

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

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

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

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

[23] Staff does not request the imposition of administrative penalties or other monetary order against the Respondents.

[24] Staff submits that I am entitled to issue an order imposing these market conduct restrictions based on the evidence before me, which consists of the ASC Order and the ASC Panel's reasons for issuing the ASC Order.

## III. ANALYSIS

### *(a) Subsection 127(10) of the Act*

[25] Subsection 127(10) of the Act provides as follows:

> **127 (10) Inter-jurisdictional enforcement** – Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:
>
> …
>
> 4. The person or company is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company.

[26] The ASC Order makes the Respondents subject to an order of the ASC that imposes sanctions, conditions, restrictions or requirements on them, within the meaning of paragraph 4 of subsection 127(10) of the Act.

[27] In *Re Euston Capital Corp.* (2009), 32 OSCB 6313 ("***Euston Capital***"), the Commission concluded that subsection 127(10) can be the grounds for an order in the public interest under subsection 127(1) of the Act, based on a decision and order made in another jurisdiction:

> … we conclude that we can make an order against the Respondents pursuant to our public interest jurisdiction under section 127 of the Act on the basis of decisions and orders made in other jurisdictions, if we find it necessary in order to protect investors in Ontario and the integrity of Ontario's capital markets.
>
> (*Euston Capital*, *supra*, at para. 26)

[28] I therefore find that I have the authority to make a public interest order against the Respondents under subsection 127(1) of the Act, in reliance on subsection 127(10) of the Act, based on the ASC Order. To do so, I must conclude that such an order is in the public interest because it is necessary to protect Ontario investors or the integrity of Ontario capital markets. An important consideration is that the Respondents' conduct would have constituted a breach of the Act and/or would have been considered to be contrary to the public interest if that conduct had occurred in Ontario (*JV Raleigh Superior Holdings Inc., Re* (2013), 36 OSCB 4639 at para. 16 ("***JV Raleigh***")).

[29] I must also determine whether, based on the ASC Order, the market conduct restrictions proposed by Staff are appropriate in the circumstances.

### *(b) Exercising the Commission's Public Interest Discretion in Reliance on the ASC Order*

[30] The ASC Panel imposed permanent market conduct sanctions against the Respondents based on its findings that the Respondents breached the ASA and engaged in a course of conduct that they knew would perpetrate a fraud. The Commission has consistently held that an act of fraud in connection with the issue of or trading in securities is one of the most serious securities violations. Staff submit that in order to prevent possible future harm to Ontario investors and to protect the integrity of Ontario capital markets, the Commission should exercise its jurisdiction to impose market conduct restrictions in the public interest that are substantially identical to those imposed under the ASC Order.

[31] In *McLean v. British Columbia (Securities Commission*) 2013 SCC 67 ("***McLean***"), the Supreme Court of Canada held that, given the reality of inter-provincial capital markets, there can be no disputing the indispensable nature of inter-jurisdictional co-operation among securities regulators in Canada. The Supreme Court observed in *McLean* that as a consequence of the "twin orders" of the Ontario and British Columbia Securities Commissions in that case, the appellant in question was prohibited from engaging in "substantially identical conduct" in both Ontario and British Columbia for identical periods of time (*McLean*, *supra*, at paras. 15, 51 and 67). Accordingly, the Court upheld the issue of the reciprocal order by the British Columbia Securities Commission.

[32] The Commission has held that a transactional nexus to Ontario is not a necessary pre-condition to the exercise of the Commission's public interest jurisdiction. Rather, a connection to Ontario is only one of a number of factors to be considered in the exercise of the Commission's public interest discretion under section 127 of the Act (*Euston Capital*, *supra*, at para. 42). Further, Staff is not required in this proceeding to establish that investors in Ontario were harmed by the Respondents' previous conduct. The question is whether Ontario market conduct restrictions should be imposed on the Respondents to prevent

possible future harm to Ontario investors or Ontario capital markets. The only evidence of the possibility of such harm is the ASC Order and the reasons of the ASC Panel sanctioning the Respondents for their past conduct in Alberta.

## A. SHOULD MARKET CONDUCT RESTRICTIONS BE IMPOSED?

### *The Commission's Public Interest Jurisdiction*

[33] In 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.

[34] In pursuing these purposes, I must have regard for the fundamental principles described in section 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.

[35] Further, the Divisional Court in *Erikson v. Ontario (Securities Commission)* [2003] O.J. No. 593 (Div. Ct.) at para. 55 acknowledged that "participation in the capital markets is a privilege and not a right."

[36] The Supreme Court of Canada has held that the purpose of the Commission's public interest jurisdiction is neither remedial nor punitive; it is protective and preventative, intended to be exercised to prevent likely future harm to Ontario's capital markets (*Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, [2001] 2 SCR 132 ("***Asbestos***") at paras. 42 to 43). 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.

[37] Accordingly, the Commission's public interest jurisdiction may be exercised to prevent possible future harm to Ontario investors and capital markets (see *Asbestos*, *supra*, at para. 42).

[38] While the Commission must make its own determination of what is in the public interest, it is important that the Commission recognize the increasingly complex and cross-jurisdictional nature of securities markets. (See *McLean*, *supra*, at para. 31 of these reasons, *JV Raleigh*, *supra*, at paras. 21 to 26, and *New Futures Trading International Corp.* (2013), 36 OSCB 5713 at paras. 22 to 27)

### *Reliance on Subsection 127(10) of the Act*

[39] The Commission held in *Elliott, Re* (2009), 23 OSCB 6931 at para. 24 ("***Elliott***") that "subsection 127(10) ... allows the Commission to consider any convictions or orders made against an individual in other jurisdictions, when deciding whether or not to make an order under subsection 127(1) or (5) in the public interest."

[40] While the Commission may rely on the findings in another jurisdiction, it must satisfy itself that any order it makes is in the public interest:

> The applicability of subsection 127(10) to the BCSC Order and the Settlement Agreement does not automatically lead to the conclusion that this Panel must make an order similar to that made by the BCSC against Elliott. Rather, we must first consider whether or not sanctions are necessary to protect the public interest, before exercising any powers granted to us under subsections 127(1) and (5), and second, if necessary, consider what the appropriate sanctions should be.
>
> (*Elliott*, *supra*, at para. 27)

[41] As discussed above at paragraph 32 of these reasons, in issuing a public interest order made in reliance on subsection 127(10), the Commission can rely upon the findings made in other jurisdictions and does not require a

direct connection between the misconduct that occurred and Ontario capital markets (*McLean* and *Euston Capita*l, *supra*, *Weeres, Re* (2013), 36 OSCB 3608 and *Shantz (Re)* (2013), 36 OSCB 5993).

***Reliance on the ASC Order***

[42] In considering the imposition of market conduct restrictions in this matter, I am relying on the ASC Order and the reasons of the ASC Panel. In my view, it is not appropriate in doing so to revisit or second-guess the ASC Panel's findings.

[43] The ASC's findings are set out in paragraph 16 of these reasons. Had the relevant conduct of the Respondents occurred in Ontario, that conduct would have contravened Ontario securities law and would have been harmful to investors and the Ontario capital markets. The Respondents' conduct involved perpetrating a fraud on investors. Both Respondents by their conduct have demonstrated that they should not be permitted to freely participate in the Ontario capital markets. That was the conclusion of the ASC Panel with respect to participation by the Respondents in the Alberta capital markets.

[44] I find that imposing market conduct restrictions on the Respondents is necessary and in the public interest to protect Ontario investors and the Ontario capital markets from possible future harm.

**B. THE APPROPRIATE MARKET CONDUCT RESTRICTIONS**

[45] Staff submits that the market conduct restrictions imposed in the ASC Order are appropriate to the misconduct of the Respondents and serve as both specific and general deterrence. Staff further submits that a protective order imposing market conduct restrictions on the Respondents, substantially identical to those imposed by the ASC Order, are appropriate to protect Ontario investors and Ontario capital markets from similar misconduct by the Respondents.

[46] In determining the nature and duration of the appropriate market conduct restrictions in these circumstances, I must consider the relevant facts and circumstances before me, including:

(a) the seriousness of the Respondents' conduct and breaches of the ASC Act;

(b) the harm to investors in Alberta;

(c) whether or not the restrictions I impose will serve to deter the Respondents from engaging in similar abuses of Ontario investors and Ontario capital markets; and

(d) the terms of the ASC Order.

[47] The most compelling facts in these circumstances are that the Respondents were found by the ASC Panel to have breached Alberta securities law and were found to have perpetuated a fraud on Alberta investors.

[48] The ASC Panel found that the Respondents perpetrated a fraud on investors and stated that:

> Significant and direct financial harm was done to the investors in this Ponzi scheme. Having invested money, they were deprived both of promised income (interest payments having stopped) and the return of their principal. The amounts were large, both in the aggregate and (as we learned from investor witnesses) as a proportion of the assets of affected individuals and families from or about whom we heard. Investors' losses are real and probably unrecoverable ... no money remains in TCC and STC.
>
> This widespread direct financial harm will foreseeably have indirect, but not insignificant, ramifications in the form of diminished confidence in the Alberta capital market and a decreased willingness – on the part of the investor victims and others who learn of their plight – to invest again, particularly in the prospectus-exempt portion of that market. That in turn impairs the ability of legitimate businesses to raise money there.
>
> (ASC Order at paras. 24 to 25)

[49] The ASC Panel further found that Tindall concealed or withheld information from ASC investigators required for their investigation. The ASC Panel considered Tindall's lying under oath to ASC Staff to be serious misconduct, and an aggravating factor, and noted his misconduct "epitomized dishonesty."

[50] The ASC Panel found that St. Jean's previous experience and working knowledge of the securities and financial industries, as well as his role as the guiding mind of TCC and STC, to be aggravating factors against him.

[51] The ASC Panel identified no mitigating factors. While acknowledging that certain interest payments were made by TCC and STC to various investors, the ASC Panel stated that:

> The payments, however, do not amount to mitigation. If anything, the contrary might be posited. As stated, this was a Ponzi scheme. Investors were enticed to part with their money based on false promises, including descriptions of a supposedly sound business. To the extent that investors received payments, those came from their own or others' investments, not from an operating business. But the very existence of such payments presented a false picture of a genuine and sustainable business. The investments were bound to fail, given that absence of a real, underlying operating business – but so long as payments kept being made, new investors could still be lured.
>
> (ASC Order at paras. 37, 39 and 40)

[52] In the absence of any evidence to show that investors' funds were used in the manner promised to them by the Respondents, the ASC Panel concluded that the Respondents were enriched by their misconduct, stating:

> [I]t is clear – and we find – that TCC, St. Jean and Tindall intended to, and did, benefit financially from the materially untrue or misleading statements made to investors and the overall fraudulent scheme.
>
> (ASC Order at para. 22)

[53] The ASC Panel noted the scale of the Respondents' dishonesty, and concluded that without significant sanctions, they present a serious risk of future harm to investors and to Alberta capital markets.

[54] Based on the foregoing, I have concluded that it is in the public interest to make an order under subsection 127(1) of the Act imposing on the Respondents the market conduct restrictions set out below. Those market conduct restrictions are substantially identical to those imposed under the ASC Order and are for the same duration.

[55] I therefore impose the following market conduct restrictions on TCC:

(a) trading in securities of TCC shall cease permanently;

(b) trading in any securities by TCC shall cease permanently;

(c) the acquisition of any securities by TCC shall cease permanently;

(d) any exemptions contained in Ontario securities law shall not apply to TCC permanently; and

(e) TCC shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

[56] I impose the following market conduct restrictions on STC:

(a) trading in securities of STC shall cease permanently;

(b) trading in any securities by STC shall cease permanently;

(c) the acquisition of any securities by STC shall cease permanently;

(d) any exemptions contained in Ontario securities law shall not apply to STC permanently; and

(e) TCC shall be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter;

[57] I impose the following market conduct restrictions on St. Jean:

(a) trading in any securities by St. Jean shall cease permanently;

(b) the acquisition of any securities by St. Jean shall cease permanently;

(c) any exemptions contained in Ontario securities law shall not apply to St. Jean permanently;

(d) St. Jean shall resign any positions that he holds as a director or officer of an issuer;

(e) St. Jean shall be prohibited permanently from becoming or acting as a director or officer of an issuer;

(f) St. Jean shall resign any positions that he holds as a director or officer of a registrant;

(g) St. Jean shall be prohibited permanently from becoming or acting as a director or officer of a registrant;

(h) St. Jean shall resign any positions that he holds as a director or officer of an investment fund manager; and

(i) St. Jean shall be prohibited permanently from becoming or acting as a director or officer of an investment fund manager;

[58] I impose the following market conduct restrictions on Tindall:

(a) trading in any securities by Tindall shall cease permanently;

(b) the acquisition of any securities by Tindall shall cease permanently;

(c) any exemptions contained in Ontario securities law shall not apply to Tindall permanently;

(d) Tindall shall resign any positions that he holds as a director or officer of an issuer;

(e) Tindall shall be prohibited permanently from becoming or acting as a director or officer of an issuer;

(f) Tindall shall resign any positions that he holds as a director or officer of a registrant;

(g) Tindall shall be prohibited permanently from becoming or acting as a director or officer of a registrant;

(h) Tindall shall resign any positions that he holds as a director or officer of an investment fund manager; and

(i) Tindall shall be prohibited permanently from becoming or acting as a director or officer of an investment fund manager.

## IV. CONCLUSION

[59] Accordingly, I find that it is in the public interest to issue an order in the form attached as Schedule “A” hereto.

**DATED** at Toronto this 19th day of February, 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**
**TRANSCAP CORPORATION, STRATA-TRADE CORPORATION,**
**DALE JOSEPH EDGAR ST. JEAN AND GREGORY DENNIS TINDALL**

**ORDER**
**(Subsections 127(1) and 127(10))**

**WHEREAS** on November 21, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in this matter pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of TransCap Corporation ("TCC"), Strata-Trade Corporation ("STC"), Dale Joseph Edgar St. Jean ("St. Jean") and Gregory Dennis Tindall ("Tindall") (together, the "Respondents");

**AND WHEREAS** on the same day, Staff of the Commission ("Staff") filed a Statement of Allegations in this matter;

**AND WHEREAS** the Respondents are subject to an order dated July 29, 2013 made by the Alberta Securities Commission (the "ASC") that imposes sanctions, conditions, restrictions or requirements upon them within the meaning of paragraph 4 of subsection 127(10) of the Act (the "ASC Order");

**AND WHEREAS** on December 13, 2013, the Commission granted Staff's application to convert this matter to a written hearing in accordance with Rule 11.5 of Commission's *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

**AND WHEREAS** Staff filed written submissions, a hearing brief and a brief of authorities;

**AND WHEREAS** the Respondents did not file any written materials or make any submissions;

**AND WHEREAS** I find that that it is in the public interest to issue this Order pursuant to subsection 127(1) of the Act in reliance upon subsection 127(10) of the Act;

**IT IS HEREBY ORDERED:**

(a) against TCC that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities of TCC shall cease permanently;

(ii) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities by TCC shall cease permanently;

(iii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by TCC shall be prohibited permanently;

(iv) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to TCC permanently; and

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

(b) against STC that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities of STC shall cease permanently;

(ii) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in securities by STC shall cease permanently;

(iii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by STC shall be prohibited permanently;

(iv) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to STC permanently; and

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

(c) against St. Jean that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by St. Jean shall cease permanently;

(ii) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by St. Jean shall cease permanently;

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to St. Jean permanently;

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

(v) pursuant to paragraph 8 of subsection 127(1) of the Act, St. Jean shall be prohibited permanently from becoming or acting as a director or officer of an issuer;

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

(vii) pursuant to paragraph 8.2 of subsection 127(1) of the Act, St. Jean shall be prohibited permanently from becoming or acting as a director or officer of a registrant;

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

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

(d) against Tindall that:

(i) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Tindall shall cease permanently;

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

(iii) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Tindall permanently;

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

(v) pursuant to paragraph 8 of subsection 127(1) of the Act, Tindall shall be prohibited permanently from becoming or acting as a director or officer of an issuer;

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

(vii) pursuant to paragraph 8.2 of subsection 127(1) of the Act, Tindall shall be prohibited permanently from becoming or acting as a director or officer of a registrant;

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

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

**DATED** at Toronto this 19th day of February, 2014.

"James E. A. Turner"
James E. A. Turner

This page intentionally left blank

# 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 |
|---|---|---|---|---|
| Algae Biosciences Corporation | 07 Feb 14 | 19 Feb 14 | 19 Feb 14 | |
| Hanfeng Evergreen Inc. | 19 Feb 14 | 03 Mar 14 | | |
| MountainStar Gold Inc. | 30 Sept 13 | 11 Oct 13 | 11 Oct 13 | 18 Feb 14 |

### 4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

**THERE ARE NO ITEMS FOR THIS WEEK.**

### 4.2.2 Outstanding Management & Insider Cease Trading Orders

| Company Name | Date of Order or Temporary Order | Date of Hearing | Date of Permanent Order | Date of Lapse/ Expire | Date of Issuer Temporary Order |
|---|---|---|---|---|---|
| Innovative Composites International Inc. | 07 Feb 14 | 19 Feb 14 | | 21 Feb 14 | |
| NTG Clarity Networks Inc. | 14 Feb 14 | 26 Feb 14 | | | |
| Penfold Capital Acquisition IV Corporation | 05 Feb 14 | 18 Feb 14 | 18 Feb 14 | | |
| Stans Energy Corp. | 09 Dec 13 | 20 Dec 13 | 20 Dec 13 | | |
| Stans Energy Corp.[1] | 30 Jan 14 | 11 Feb 14 | 11 Feb 14 | | |
| Strike Minerals Inc. | 19 Sept 13 | 01 Oct 13 | 01 Oct 13 | 12 Feb 14 | |
| Strike Minerals Inc.[2] | 18 Nov 13 | 29 Nov 13 | 29 Nov 13 | 12 Feb 14 | |

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.

This page intentionally left blank

## 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 |
|---|---|---|---|---|
| 01/31/2014 | 14 | Ackroo Inc. - Units | 562,299.95 | 3,748,666.00 |
| 01/31/2014 | 30 | Alabama Graphite Corp. - Units | 715,449.98 | 10,220,714.00 |
| 03/18/2013 | 2 | All Weather @12% Ltd. - Common Shares | 510,850,000.00 | 500,000.00 |
| 01/27/2014 | 4 | Ally Financial Inc. - Notes | 14,846,710.19 | 13,500.00 |
| 04/01/2013 | 1 | Anchorage Capital Partners Offshore Ltd. - Common Shares | 3,050,100.00 | N/A |
| 12/05/2013 | 136 | Avagenesis Corp. - Common Shares | 3,750,000.00 | 7,500,000.00 |
| 05/01/2013 | 1 | Axiom Global Equity Fund - Units | 693,933.65 | 44,118.33 |
| 02/07/2014 | 1 | Bank of Montreal - Note | 2,057,000.00 | 1.00 |
| 01/28/2014 | 4 | Biosenta inc. - Units | 1,119,230.40 | 7,461,536.00 |
| 02/05/2014 | 2 | Bison Gold Resources Inc. - Common Shares | 61,000.00 | 1,220,000.00 |
| 01/01/2013 to 12/31/2013 | 29 | Bissett Core Equity Trust - Units | 15,238,101.73 | N/A |
| 06/03/2013 to 07/01/2013 | 2 | Bridgewater All Weather Portfolio II Ltd. - Common Shares | 53,261,787.95 | 35,792.22 |
| 01/02/2013 to 12/02/2013 | 1 | Bridgewater Pure Alpha Fund II Ltd. - Common Shares | 45,772,580.23 | 24,305.80 |
| 01/02/2013 | 1 | Bridgewater Pure Alpha Funds Ltd. - Common Shares | 886,770.83 | 290.79 |
| 02/01/2013 to 12/02/2013 | 2 | Bridgewater Pure Alpha Major Markets II Ltd. - Common Shares | 40,931,453.01 | 26,721.56 |
| 12/31/2013 | 1 | BTG Pactual Global Emerging Markets and Macro Fund Limited - Units | 547,012.86 | 251.86 |
| 03/01/2013 to 12/01/2013 | 3 | Capula Global Relative Fund Limited - Common Shares | 5,351,142.50 | 28,124.00 |
| 01/31/2014 | 1 | Century Iron Mines Corporation - Units | 1,020,000.00 | 2,000,000.00 |
| 01/11/2013 to 12/19/2013 | 31 | Davis Rea Balanced Fund - Units | 2,588,467.46 | N/A |
| 01/31/2013 to 12/31/2013 | 53 | Davis Rea Enhanced Income Fund - Units | 18,857,853.49 | N/A |
| 01/04/2013 to 12/24/2013 | 80 | Davis Rea Equity Fund - Units | 8,183,913.88 | N/A |
| 01/04/2013 to 09/30/2013 | 20 | Davis Rea Fixed Income Fund - Units | 2,675,980.00 | N/A |

| Transaction Date | No. of Purchasers | Issuer/Security | Total Purchase Price ($) | No. of Securities Distributed |
|---|---|---|---|---|
| 01/31/2013 to 12/31/2013 | 24 | Davis Rea Partners Fund - Units | 4,523,835.00 | 423,857.82 |
| 02/01/2013 to 12/02/2013 | 220 | Dixon Mitchell Small Cap Fund - Units | 17,109,886.63 | 1,441,159.07 |
| 01/31/2014 | 4 | Energizer Resources Inc. - Receipts | 141,600.00 | 1,180,000.00 |
| 01/30/2014 | 121 | Engagement Labs Inc. - Debentures | 6,070,000.00 | 6,070.00 |
| 01/27/2014 | 35 | Erin Ventures Inc. - Units | 693,000.00 | 9,900,000.00 |
| 02/05/2014 | 4 | First Reliance Real Estate Investment Trust - Units | 252,000.00 | 20,566.73 |
| 01/01/2013 to 12/31/2013 | 27 | Fonds Hexavest Actions Canadiennes - Units | 137,121,549.00 | 418,025.00 |
| 01/01/2013 to 12/31/2013 | 125 | Fonds Hexavest Mondial - Units | 1,126,901,542.00 | 2,967,928.00 |
| 01/01/2013 to 12/31/2013 | 24 | Fonds Hexavest Mondial Tous les Pays (ACWI) - Units | 142,503,619.00 | 561,126.00 |
| 02/03/2014 to 02/13/2014 | 6 | Foremost Mortgage Trust - Mortgage | 247,842.00 | 247,842.00 |
| 01/29/2014 | 19 | Forest Energy Ltd. - Flow-Through Shares | 485,000.00 | 1,240,000.00 |
| 01/31/2014 | 2 | Forests Pacific Biochemicals Corporation - Preferred Shares | 50,000.00 | 66,666.00 |
| 01/31/2013 to 11/29/2013 | 5 | Formula Growth Global Opportunities Fund - Units | 265,000.00 | 21,998.48 |
| 01/31/2013 to 11/29/2013 | 6 | Formula Growth Global Opportunities Fund - Units | 2,982,956.32 | 215,097.45 |
| 01/31/2013 to 11/29/2013 | 23 | Formula Growth Global Opportunities Fund - Units | 12,063,117.39 | 1,168,858.87 |
| 01/31/2014 | 7 | Formulating Change Inc. - Common Shares | 293,400.00 | 282,117.00 |
| 01/01/2013 to 12/31/2013 | 23 | Franklin Templeton Institutional Balanced Trust (formerly, Bissett Institutional Balanced Trust) - Units | 121,702,141.37 | N/A |
| 02/03/2014 | 1 | Garfoid Inc. - Common Shares | 1,500,000.00 | 3,000,000.00 |
| 01/31/2013 to 12/31/2013 | 67 | Good Opportunities Fund - Units | 5,715,326.22 | 437,741.52 |
| 10/01/2013 | 1 | Greenlight Capital Offshore Ltd. - Common Shares | 31,750,021.91 | 192.81 |
| 10/01/2013 | 1 | Greenlight Capital Qualified L.P. - Limited Partnership Interest | 13,220,193.11 | 1.00 |
| 01/03/2013 to 12/27/2013 | 187 | Highstreet Balanced Fund - Units | 25,236,908.58 | 1,632,741.94 |
| 01/02/2013 to 12/27/2013 | 10 | Highstreet Canadian Bond Fund - Units | 7,187,840.19 | 654,726.27 |
| 01/02/2013 to 12/31/2013 | 32 | Highstreet Canadian Equity Fund - Units | 20,692,188.70 | 803,471.31 |

| Transaction Date | No. of Purchasers | Issuer/Security | Total Purchase Price ($) | No. of Securities Distributed |
|---|---|---|---|---|
| 02/26/2013 to 12/23/2013 | 8 | Highstreet Canadian Low Volatility Fund (formerly, Highstreet Canadian Growth Fund) - Units | 818,085.16 | 63,417.61 |
| 01/02/2013 to 12/27/2013 | 26 | Highstreet Canadian Short Term Bond Fund - Units | 29,938,759.64 | N/A |
| 01/15/2013 to 12/16/2013 | 31 | Highstreet Conservative Balanced Fund - Units | 7,432,117.65 | 685,932.31 |
| 01/02/2013 to 12/23/2013 | 97 | Highstreet Dividend Income Fund - Units | 21,512,106.82 | 1,710,031.88 |
| 01/02/2013 to 12/27/2013 | 23 | Highstreet Global Equity Fund - Units | 14,721,371.11 | 1,330,026.48 |
| 01/02/2013 to 12/16/2013 | 13 | Highstreet International Equity Fund A - Units | 11,903,176.42 | 1,604,177.59 |
| 01/02/2013 to 12/16/2013 | 35 | Highstreet Money Market Fund - Units | 29,560,113.10 | 2,956,011.31 |
| 01/02/2013 to 12/23/2013 | 25 | Highstreet U.S. Equity Fund - Units | 7,116,778.60 | N/A |
| 01/29/2014 | 1 | HK Electric Investments/HK Electric Investments Limited - Units | 78,249,465.00 | 100,000,000.00 |
| 02/07/2014 | 2 | Hulic Reit, Inc. - Units | 5,815,850.00 | 5,000.00 |
| 01/31/2014 | 6 | Innovative Composites International Inc. - Debentures | 258,000.00 | 6.00 |
| 01/29/2014 | 2 | Intrepid Aviation Group Holdings, LLC and Intrepid Finance Co. - Notes | 3,344,400.00 | 3,000.00 |
| 01/31/2014 | 7 | James Bay Resources Limited - Units | 1,930,424.00 | 1,930,424.00 |
| 02/07/2014 | 3 | Jurassic Holdings III, Inc. - Notes | 4,407,200.00 | 4,000.00 |
| 01/23/2014 | 1 | Laredo Petroleum, Inc. - Notes | 111,300.00 | 1,000.00 |
| 01/30/2014 | 13 | Las Vegas From Home.com Entertainment Inc. - Units | 1,150,000.00 | 14,375,000.00 |
| 01/02/2013 to 12/31/2013 | 89 | Majestic Global Diversified Fund - Units | 1,900,771.52 | 466,473.57 |
| 01/01/2013 to 12/31/2013 | 75 | Manitou Canadian Equity Fund - Units | 2,191,205.87 | 18,790.12 |
| 01/01/2013 to 12/31/2013 | 67 | Manitou Dividend Growth Fund - Units | 7,846,769.66 | 64,748.89 |
| 01/01/2013 to 12/31/2013 | 166 | Manitou Equity Fund - Units | 9,202,323.13 | 58,052.42 |
| 01/01/2013 to 12/31/2013 | 82 | Manitou Income Fund - Units | 6,637,816.31 | 63,799.28 |
| 11/29/2013 | 1 | Morgan Stanley Institutional Fund Inc. Select Global Infrastructure Portfolio - Common Shares | 5,299,500.00 | N/A |
| 12/10/2013 | 1 | M&G Real Estate Debt Fund II Feeder L.P. - Limited Partnership Interest | 7,830,000.00 | N/A |
| 01/31/2014 to 02/03/2014 | 47 | Napier Ventures Inc. - Common Shares | 206,425.00 | 1,795,000.00 |

| Transaction Date | No. of Purchasers | Issuer/Security | Total Purchase Price ($) | No. of Securities Distributed |
|---|---|---|---|---|
| 01/01/2013 to 12/31/2013 | 173 | NEXUS North American Balanced Fund - Units | 10,893,623.94 | 688,697.62 |
| 01/01/2013 to 12/31/2013 | 215 | NEXUS North American Income Fund - Units | 61,262,997.94 | 5,250,116.55 |
| 01/30/2014 | 1 | Northern Star Resources Limited - Common Shares | 5,190,672.74 | 6,160,100.00 |
| 01/27/2014 | 3 | NRG Energy, Inc. - Notes | 13,317,600.00 | N/A |
| 01/01/2013 to 12/31/2013 | 3 | Optima Discretionary Macro Fund Limited - Units | 1,208,480.00 | 113,447.53 |
| 01/30/2014 | 1 | Ply Gem Indutries, Inc. - Notes | 558,550.00 | 5,000.00 |
| 01/11/2013 to 03/01/2013 | 20 | REDF VII Limited Partnership - Units | 95,000,000.00 | N/A |
| 01/31/2013 to 12/31/2013 | 24 | Rival North American Growth Fund L.P. - Limited Partnership Units | 534,981.33 | 54,074.41 |
| 01/31/2013 to 07/31/2013 | 11 | Rival North American RRSP Growth Fund - Trust Units | 301,116.84 | 37,054.07 |
| 01/29/2014 | 1 | Roadmap ASP LP - Limited Partnership Units | 1,518,750.00 | 1,500,000.00 |
| 01/02/2013 to 12/31/2013 | 13 | Roadmap Innovation Fund I - Limited Partnership Units | 3,600,000.00 | 3,600.00 |
| 01/31/2014 | 61 | Rockspring Capital Texas Real Estate Trust - Trust Units | 1,731,842.00 | 1,731,842.00 |
| 01/22/2013 | 1 | Schroder International Selection Fund - Common Shares | 183,679.70 | 1,325.29 |
| 01/31/2014 | 4 | Spire Real Estate Limited Partnership - Units | 6,602,500.00 | 57,901.43 |
| 01/27/2014 | 6 | SQI Diagonstics Inc. - Units | 1,482,500.00 | 29,650,000.00 |
| 01/01/2013 to 12/31/2013 | 1 | SSgA MA Canadian Dividend Tilted Fund - Units | 799,467.06 | 76,754.22 |
| 01/01/2013 to 12/31/2013 | 4 | SSgA MA Canadian Equity Index Plus Fund - Units | 76,226,244.28 | 6,475,523.90 |
| 01/01/2013 to 12/31/2013 | 5 | SSgA MA Canadian Long Term Bond Index Fund - Units | 174,237,184.39 | 15,827,258.67 |
| 01/01/2013 to 12/31/2013 | 1 | SSgA MA Global Managed volatility Fund - Units | 35,282,499.56 | 3,433,475.70 |
| 01/01/2013 to 12/31/2013 | 5 | SSgA MA S&P/TSX Capped Composite Index Fund - Units | 136,743,389.76 | 14,291,787.12 |
| 05/21/2013 to 12/31/2013 | 145 | Standard Life Global Absolute Return Strategies Fund - Units | 14,538,966.77 | N/A |
| 01/02/2013 to 12/31/2013 | 3 | State Street Institutional US Government Money Market Fund - Common Shares | 39,765,012.41 | 38,374,894.31 |
| 12/20/2013 to 01/13/2014 | 5 | Tanager Energy Inc. - Units | 250,000.00 | 3,300,000.00 |
| 01/01/2013 to 12/31/2013 | 29 | Tapestry Balanced Growth Private Portfolio Corporate Class - Units | 5,894,976.11 | N/A |

| Transaction Date | No. of Purchasers | Issuer/Security | Total Purchase Price ($) | No. of Securities Distributed |
|---|---|---|---|---|
| 01/01/2013 to 12/31/2013 | 6 | Tapestry Global Balanced Private Portfolio Corporate Class - Units | 292,931.03 | N/A |
| 01/01/2013 to 12/31/2013 | 7 | Tapestry Global Growth Private Portfolio Corporate Class - Units | 931,304.97 | N/A |
| 01/01/2013 to 12/31/2013 | 2 | Tapestry Growth Private Portfolio Corporat - Units | 180,309.00 | N/A |
| 01/01/2013 to 12/31/2013 | 37 | Templeton Master Trust, Series 8- Bissett Canadian Core Bond Trust - Units | 54,459,250.27 | N/A |
| 01/31/2014 | 3 | The Goldman Sachs Group, Inc. - Notes | 40,219,335.48 | 3.00 |
| 01/31/2014 | 4 | The Goldman Sachs Group, Inc. - Note | 58,744,478.99 | 1.00 |
| 08/01/2013 to 12/01/2013 | 3 | Tricadia Credit Strategies Ltd. - Common Shares | 13,243,190.00 | 12,600.00 |
| 01/02/2013 to 12/02/2013 | 527 | Turtle Creek Equity Fund - Trust Units | 95,943,090.38 | 3,339,520.37 |
| 01/02/2013 to 12/02/2013 | 39 | Turtle Creek Investment Fund - Trust Units | 7,944,860.36 | 882,203.96 |
| 01/30/2014 to 02/05/2014 | 55 | Tweed Inc. - Common Shares | 2,441,751.00 | 17,823.00 |
| 02/04/2014 | 1 | VersaPay Corporation - Units | 107,985.00 | 93,900.00 |
| 01/30/2014 to 02/05/2014 | 6 | Victory Nickel Inc. - Notes | 866,170.00 | 3.00 |
| 01/31/2014 | 3 | Waterjet holdings, Inc. - Notes | 1,779,040.00 | 3.00 |
| 01/01/2013 to 12/31/2013 | 1 | WMP (Luxembourg) IV SICAV-FIS (Global total Return Portfolio IV) - Common Shares | 20,000,000.00 | 1,773,921.37 |
| 01/14/2014 to 01/31/2014 | 30 | Ximen Mining Corp. - Units | 720,000.00 | 2,880,000.00 |

This page intentionally left blank

## Chapter 11

# IPOs, New Issues and Secondary Financings

**Issuer Name:**
AEterna Zentaris Inc.
Principal Regulator - Quebec
**Type and Date:**
Preliminary Base Shelf Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
US$250,000,000.00
Common Shares
Preferred Shares
Debt Securities
Subscription Receipts
Warrants
Units
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2166317

---

**Issuer Name:**
ARTISAN ENERGY CORPORATION
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated February 24, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
$15,000,000 Minimum Offering and up to $25,000,000 Maximum Offering comprised of:
Up to a maximum of $25,000,000 - * Common Shares
Up to a maximum of $1,200,000 - * CEE Flow-Through Shares
Up to a maximum of $9,800,000 - * CDE Flow-Through Shares
Price: $ * per Common Share
$ * per CEE Flow-Through Share
$ * per CDE Flow-Through Share
**Underwriter(s) or Distributor(s):**
Clarus Securities Inc.
**Promoter(s):**
-
**Project** #2166634

---

**Issuer Name:**
Canadian Banc Corp.
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Prospectus dated February 19, 2014
NP 11-202 Receipt dated February 20, 2014
**Offering Price and Description:**
Maximum: $* - * Preferred Shares and * Class A Shares
Prices: $* per Preferred Share $* per Class A Share
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Mackie Reseach Capital Corporation
Manulife Securities Incorporated
Raymond James Ltd.
**Project** #2165392

---

**Issuer Name:**
Cluny Capital Corp.
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Preliminary CPC Prospectus dated February 20, 2014
NP 11-202 Receipt dated February 20, 2014
**Offering Price and Description:**
MINIMUM OFFERING: $425,000 - 2,125,000 Common Shares
MAXIMUM OFFERING: $1,200,000 - 6,000,000 Common Shares
PRICE: $0.20 per Common Share
**Underwriter(s) or Distributor(s):**
Hampton Securities Limited
**Promoter(s):**
Simon Yakubowicz
**Project** #2135897

---

**Issuer Name:**
Concordia Healthcare Corp.
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Prospectus dated February 24, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
$58,750,000.00 - 5,000,000 Common Shares
Price: $11.75 per Share
**Underwriter(s) or Distributor(s):**
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
BARCLAYS CAPITAL CANADA INC.
BEACON SECURITIES LIMITED
CORMARK SECURITIES INC.
**Promoter(s):**
Mark Thompson
**Project** #2166548

---

**Issuer Name:**
Detour Gold Corporation
Principal Regulator - Ontario
**Type and Date:**
Preliminary Short Form Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 21, 2014
**Offering Price and Description:**
$150,035,000.00 - 16,220,000 Common Shares
Price: $9.25 per Common Share
**Underwriter(s) or Distributor(s):**
BMO NESBITT BURNS INC.
RBC DOMINION SECURITIES INC.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
RAYMOND JAMES LTD.
CREDIT SUISSE SECURITIES (CANADA), INC.
HAYWOOD SECURITIES INC.
SCOTIA CAPITAL INC.
BEACON SECURITIES LIMITED
CORMARK SECURITIES INC.
DESJARDINS SECURITIES INC.
GMP SECURITIES L.P.
LAURENTIAN BANK SECURITIES INC.
MACQUARIE CAPITAL MARKETS CANADA LTD.
PARADIGM CAPITAL INC.
**Promoter(s):**
-
**Project** #2166100

---

**Issuer Name:**
Global Dividend Growers Income Fund
Principal Regulator - Alberta
**Type and Date:**
Preliminary Long Form Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 21, 2014
**Offering Price and Description:**
Maximum: $* - * Offered Units
Price: $* Per Offered Unit
Minimum Purchase: 100 Offered Units
**Underwriter(s) or Distributor(s):**
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
GMP SECURITIES L.P.
CANACCORD GENUITY CORP.
RAYMOND JAMES LTD.
MIDDLEFIELD CAPITAL CORPORATION
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
MANULIFE SECURITIES INCORPORATED
**Promoter(s):**
MIDDLEFIELD LIMITED
**Project** #2166328

---

**Issuer Name:**
Gran Colombia Gold Corp.
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Preliminary Short Form Prospectus dated February 18, 2014
NP 11-202 Receipt dated February 18, 2014
**Offering Price and Description:**
Maximum Offering: C$15,000,000 - * Unites
Minimum Offering: C$7,000,000 - * Units
Price: C$* per Unit
**Underwriter(s) or Distributor(s):**
GMP Securities L.P.
**Promoter(s):**
-
**Project** #2134822

---

**Issuer Name:**
Great Northern Gold Exploration Corporation
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Long Form Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
Up to CDN$10,000,000 - 40,000,000 Post-Consolidation Shares
Price: CDN$0.25 per Post-Consolidation Share
**Underwriter(s) or Distributor(s):**
Canaccord Genuity Corp.
Mackie Research Capital Corporation
**Promoter(s):**
Peter Macy
Daniel Davila
Matthew Dickson
**Project** #2166421

---

**Issuer Name:**
Great Northern Gold Exploration Corporation
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Long Form Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
Up to US$10,000,000.00 - 11% Unsecured Convertible Debentures
Price: US$1,000.00 per Debenture
**Underwriter(s) or Distributor(s):**
Global Securities Corporation
Mackie Research Capital Corporation
**Promoter(s):**
Peter Macy
Daniel Davila
Matthew Dickson
**Project** #2166422

---

**Issuer Name:**
Heritage Global Inc.
Principal Regulator - Ontario
**Type and Date:**
Preliminary Long Form Prospectus dated February 24, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
dividend in kind to holders of its common shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2166569

---

**Issuer Name:**
Rubicon Minerals Corporation
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Short Form Prospectus dated February 19, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
$ * - * Units
Price: $ * per Unit
**Underwriter(s) or Distributor(s):**
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
MACKIE RESEARCH CAPITAL CORPORATION
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
**Promoter(s):**
-
**Project** #2165280

---

**Issuer Name:**
Rubicon Minerals Corporation
Principal Regulator - British Columbia
**Type and Date:**
Amended and Restated Preliminary Short Form Prospectus dated February 20, 2014
NP 11-202 Receipt dated February 20, 2014
**Offering Price and Description:**
$100,130,000 - 64,600,000 Units
Price: $1.55 per Unit
**Underwriter(s) or Distributor(s):**
TD SECURITIES INC.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
MACKIE RESEARCH CAPITAL CORPORATION
CANACCORD GENUITY CORP.
DESJARDINS SECURITIES INC.
**Promoter(s):**
-
**Project** #2165280

---

**Issuer Name:**
Redwood Global Equity Class
Principal Regulator - Ontario
**Type and Date:**
Preliminary Simplified dated February 17, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
X, Y, A and F Shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
Redwood Asset Management Inc.
**Project** #2164884

---

**Issuer Name:**
Santacruz Silver Mining Ltd.
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Short Form Prospectus dated February 18, 2014
NP 11-202 Receipt dated February 18, 2014
**Offering Price and Description:**
$10,750,000.00 - 10,750,000 Common Shares
Price: $1.00 per Common Share
**Underwriter(s) or Distributor(s):**
Canaccord Genuity Corp.
Raymond James Ltd.
**Promoter(s):**
-
**Project** #2164784

---

**Issuer Name:**
Sherritt International Corporation
Principal Regulator - Ontario
**Type and Date:**
Preliminary Base Shelf Prospectus dated February 19, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
$500,000,000.00
Debt Securities
Common Shares
Subscription Receipts
Warrants
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2165118

---

**Issuer Name:**
Tekmira Pharmaceuticals Corporation
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Base Shelf Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 21, 2014
**Offering Price and Description:**
US$150,000,000.00
Common Shares
Warrants
Units
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2166106

---

**Issuer Name:**
TitanStar Properties Inc.
Principal Regulator - British Columbia
**Type and Date:**
Preliminary Short Form Prospectus dated February 24, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
Mimimum $20,000,000.00 Maximum $45,000,000.00 - * Subscription Receipts
Price: $ * per Subscription Receipt
**Underwriter(s) or Distributor(s):**
Mackie Research Capital Corporation
**Promoter(s):**
-
**Project** #2166739

---

**Issuer Name:**
Rockefeller Hughes Corporation
Principal Regulator - Ontario
**Type and Date:**
Amended and Restated Preliminary Long Form Prospectus dated February 18, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
Minimum Offering of $1,500,000.00 - 8,333,333 Units
Maximum Offering of $2,500,000.00 - 13,888,888 Units
Price: $0.18 per Unit
**Underwriter(s) or Distributor(s):**
Clarus Securities Inc.
PI Financial Corp.
**Promoter(s):**
Zoran Arandjelovic
**Project** #2126408

---

**Issuer Name:**
Traverse Energy Ltd.
Principal Regulator - Alberta
**Type and Date:**
Preliminary Short Form Prospectus dated February 24, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
$10,000,000.00 - 12,500,000 Common Shares
Price: $0.80 per Common Share
**Underwriter(s) or Distributor(s):**
Acumen Capital Finance Partners Limited
**Promoter(s):**
-
**Project** #2166684

---

**Issuer Name:**
Alexander Energy Ltd.
Principal Regulator - Alberta
**Type and Date:**
Final Short Form Prospectus dated February 19, 2014
NP 11-202 Receipt dated February 20, 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:**
Final Base Shelf Prospectus dated February 18, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
$1,000,000,000.00
Subscription Receipts
Common Shares
Preferred Shares
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2159069

---

**Issuer Name:**
Atrium Mortgage Investment Corporation
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Prospectus dated February 19, 2014
NP 11-202 Receipt dated February 20, 2014
**Offering Price and Description:**
$30,000,000.00
6.25% Convertible Unsecured Subordinated Debentures due March 31, 2019
**Underwriter(s) or Distributor(s):**
TD Securities Inc.
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Industrial Alliance Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
**Promoter(s):**
-
**Project** #2161599

---

**Issuer Name:**
Brompton 2014 Flow-Through Limited Partnership
Principal Regulator - Ontario
**Type and Date:**
Final Long Form Prospectus dated February 20, 2014
NP 11-202 Receipt dated February 21, 2014
**Offering Price and Description:**
Maximum: $35,000,000 - 1,400,000 Limited Partnership Units @ $25 per Unit:
Minimum: $5,000,000 - 200,000 Limited Partnership Units @ $25 per Unit
**Underwriter(s) or Distributor(s):**
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
National Bank Financial Inc.
Scotia Capital Inc.
Raymond James Ltd.
Canaccord Genuity Corp.
Burgeonvest Bick Securities Limited
Desjardins Securities Inc.
Dundee Securities Ltd.
Mackie Research Capital Corporation
**Promoter(s):**
Brompton Flow-Through Management Ltd.
Brompton Funds Limited
**Project** #2148145

---

**Issuer Name:**
Cortex Business Solutions Inc.
Principal Regulator - Alberta
**Type and Date:**
Final Short Form Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 21, 2014
**Offering Price and Description:**
$10,000,000.00
100,000,000 Common Shares
Price: $0.10 per Common Share
**Underwriter(s) or Distributor(s):**
Cormark Securities Inc.
Wolverton Securities Ltd.
**Promoter(s):**
-
**Project** #2163445

---

**Issuer Name:**
Dynamic Venture Opportunities Fund Ltd.
**Type and Date:**
Final Long Form Prospectus dated February 13, 2014
Receipted on February 18, 2014
**Offering Price and Description:**
Class A Shares, Series II
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2147566

---

**Issuer Name:**
Horizons Auspice Broad Commodity Index ETF
Horizons Auspice Managed Futures Index ETF
Principal Regulator - Ontario
**Type and Date:**
Final Long Form Prospectus dated February 13, 2014
NP 11-202 Receipt dated February 20, 2014
**Offering Price and Description:**
Class E Units and Advisor Class Units @ Net Asset Value
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
ALPHAPRO MANAGEMENT INC.
**Project** #2154854

---

**Issuer Name:**
JFT Strategies Fund
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 21, 2014
**Offering Price and Description:**
Maximum $50,000,000.00
$12.35 per Class A Unit and $12.44 per Class F Unit
**Underwriter(s) or Distributor(s):**
CIBC World Markets Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Desjardins Securities Inc.
**Promoter(s):**
First Asset Investment Management Inc.
**Project** #2162970

---

**Issuer Name:**
Longview Oil Corp.
Principal Regulator - Alberta
**Type and Date:**
Final Short Form Prospectus dated February 19, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
$94,117,544.50
21,150,010 Common Shares
Price: $4.45 per Common Share
**Underwriter(s) or Distributor(s):**
RBC Dominion Securities Inc.
Firstenergy Capital Corp.
Scotia Capital Inc.
National Bank Financial Inc.
CIBC World Markets Inc.
TD Securities Inc.
**Promoter(s):**
-
**Project** #2161002

---

**Issuer Name:**
Rogers Communications Inc.
**Type and Date:**
Final Base Shelf Prospectus dated February 21, 2014
Receipted on February 24, 2014
**Offering Price and Description:**
US$4,000,000,000.00
Debt Securities
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2164015

---

**Issuer Name:**
Rogers Communications Inc.
Principal Regulator - Ontario
**Type and Date:**
Final Base Shelf Prospectus dated February 21, 2014
NP 11-202 Receipt dated February 24, 2014
**Offering Price and Description:**
$4,000,000,000.00
Debt Securities
**Underwriter(s) or Distributor(s):**
-
**Promoter(s):**
-
**Project** #2164014

---

**Issuer Name:**
Timbercreek Mortgage Investment Corporation
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Prospectus dated February 18, 2014
NP 11-202 Receipt dated February 18, 2014
**Offering Price and Description:**
$30,000,000.00 - 6.35% Convertible Unsecured Subordinated Debentures due March 31, 2019
**Underwriter(s) or Distributor(s):**
TD SECURITIES INC.
CIBC WORLD MARKETS INC.
RAYMOND JAMES LTD.
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
GMP SECURITIES L.P.
NATIONAL BANK FINANCIAL INC.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
**Promoter(s):**
-
**Project** #2161704

---

**Issuer Name:**
TransGaming Inc.
Principal Regulator - Ontario
**Type and Date:**
Final Short Form Prospectus dated February 18, 2014
NP 11-202 Receipt dated February 19, 2014
**Offering Price and Description:**
Minimum Offering: $2,500,000 or 11,904,762 Units
Maximum Offering: $4,000,000 or 19,047,619 Units
$0.21 per Unit
**Underwriter(s) or Distributor(s):**
GLOBAL MAXFIN CAPTIAL INC.
JACOB SECURITIES INC.
**Promoter(s):**
-
**Project** #2160392

---

This page intentionally left blank

# Chapter 12

# Registrations

### 12.1.1 Registrants

| Type | Company | Category of Registration | Effective Date |
|---|---|---|---|
| Change in Registration Category | J. Priest Investment Management Inc. | From: Portfolio Manager<br><br>To: Portfolio Manager, Exempt Marker Dealer and Investment Fund Manager | February 11, 2014 |
| New Registration | DICEMARK CAPITAL Markets Inc. | Exempt Market Dealer | February 18, 2014 |
| New Registration | R.E.G.A.R. Gestion Privee Inc. | Portfolio Manager and Investment Fund Manager | February 18, 2014 |
| Voluntary Surrender | Radiant Investment Management Ltd. | Investment Fund Manager, Exempt Market Dealer and Portfolio Manager | February 21, 2014 |
| New Registration | Oakpoint Asset Management Inc. | Portfolio Manager | February 24, 2014 |

This page intentionally left blank

# Index