The Ontario Securities Commission

OSC Bulletin

March 27, 2014

Volume 37, Issue 13

(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)

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

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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.

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ISSN 0226-9325

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 The Investment Funds Practitioner – March 2014

OSC

THE INVESTMENT FUNDS PRACTITIONER

From the Investment Funds Branch, Ontario Securities Commission

What is the Investment Funds Practitioner?

The Practitioner is an overview of recent issues arising from applications for discretionary relief, prospectuses, and continuous disclosure documents that investment funds file with the OSC. It is intended to assist investment fund managers and their staff or advisors who regularly prepare public disclosure documents and applications for exemptive relief on behalf of investment funds.

The Practitioner is also intended to make you more broadly aware of some of the issues we have raised in connection with our reviews of documents filed with us and how we have resolved them. We hope that fund managers and their advisors will find this information useful and that the Practitioner can serve as a useful resource when preparing applications and disclosure documents.

The information contained in the Practitioner is based on particular factual circumstances. Outcomes may differ as facts change or as regulatory approaches evolve. We will continue to assess each case on its own merits.

The Practitioner has been prepared by staff of the Investment Funds Branch and the views it expresses do not necessarily reflect the views of the Commission or the Canadian Securities Administrators.

Request for Feedback

This is the eleventh edition of the Practitioner. Previous editions of the Practitioner are available on the OSC website www.osc.gov.on.ca under *Investment Funds – Related Information*. We welcome your feedback and any suggestions for topics that you would like us to cover in future editions. Please forward your comments by email to investmentfunds@osc.gov.on.ca.

Reports

Summary Report for Investment Fund Issuers

We recently issued OSC Staff Notice 81-723 – *Summary Report for Investment Fund Issuers* (2013) which provides an overview of the activities and initiatives of the Ontario Securities Commission that relate to investment fund issuers. The report was published in the OSC Bulletin on February 13, 2014 and can be found on the OSC website.[1]

Applications

Performance Fees and Mutual Fund Reorganizations

In a recent application for merger approval of certain public investment funds, staff raised questions about changes in the method of calculating performance fees for some of the funds that were made pursuant to a merger. We also raised questions about how the changes in the method of calculating performance fees for the affected funds were made.

We remind filers to consider whether changes in the method of calculating performance fees, that occur pursuant to a merger transaction, require a separate vote of securityholders under Part 5 of NI 81-102.

Filers and their counsel are encouraged to contact staff at an early stage in the planning of any transaction that may give rise to any questions regarding performance fees in the context of a merger.

[1] At http://www.osc.gov.on.ca/en/SecuritiesLaw_sn_20140213_81-723_summary-rpt-if-issuers-2013.htm.

Pre-Authorized Purchase Plans and Prospectus Delivery Relief

Some filers have been previously granted exemptive relief from the prospectus delivery requirement for pre-authorized purchase plans. Under such pre-authorized purchase plans, an investor purchases a specified amount of mutual fund securities on a regularly scheduled basis.

Filers are reminded that the final amendments implementing Stage 2 of the Point of Sale disclosure initiative, published on June 13, 2013, will cause these exemptive relief orders to terminate no later than June 13, 2014, which is the effective date of the requirement to deliver Fund Facts instead of the prospectus. Filers who intend to seek exemptive relief from the requirement to deliver the Fund Facts for pre-authorized purchase plans after June 13, 2014 are encouraged to submit an application for exemptive relief well in advance of June 13, 2014.

In the CSA Notice and Request for Comment *Implementation of Stage 3 of Point of Sale Disclosure for Mutual Funds – Point of Sale Delivery of Fund Facts* published on March 26, 2014, the CSA contemplates an exception from the proposed pre-sale delivery requirements for pre-authorized purchase plans. Depending on stakeholder feedback, the CSA may codify the relief from the delivery requirement for subsequent purchases under pre-authorized purchase plans. The comment period ends on May 26, 2014.

Prospectuses

Exchange Options

Staff recently reviewed a prospectus for an investment fund which proposed to accept some securities (Exchange Eligible Issuers or EEIs) under an exchange option that were not consistent with the fund's investment objectives.

The list of EEIs in the prospectus included issuers that were not consistent with the investment objectives of the fund and no cap was placed on the amount of non-core EEIs the fund would accept under the exchange option. The fund's investment restrictions, however, capped the value of securities of EEIs that do not operate in the fund's core sectors to 25% of the portfolio (Non-Core Sector EEIs). By not capping the maximum value of securities of the Non-Core Sector EEIs acceptable to the fund, the fund could potentially be offside its investment restrictions on day one. The absence of a cap could also force the fund to bear the cost of disposing Non-Core Sector EEI securities to comply with its investment restrictions.

This issue was resolved by imposing a limit on the total value of the securities of EEIs not operating in the core sectors. The limit would allow the issuer to accept approximately 25% of Non-Core Sector EEIs permitted by the investment restrictions of the fund, and enable the fund to be in compliance with its investment restrictions when it began operating.

Issuers are encouraged to closely review the list of exchange eligible issuers considered acceptable to a fund pursuant to an exchange option, to ensure consistency with the fund's investment restrictions and investment objectives at the outset of the fund's operation.

Bulleted Placeholders in Prospectuses

In the November 2012 edition of the Practitioner, we advised of staff's view that certain material information should be disclosed in preliminary prospectuses filed using Form 41-101F2 for long form prospectuses and Forms 81-101F1 and 81-101F2 for simplified prospectuses. This information, for example, would include the auditor's name in an audit report, the minimum offering amount on the cover page of a long form prospectus, expenses and fees, and the name of the custodian. Implicit in this list is the management fee payable by the investment fund. In recent filings of preliminary prospectuses, staff requested that the management fee be included in the preliminary prospectuses before issuing a preliminary receipt. Staff's view is that a preliminary prospectus should contain all material information before it is receipted at the preliminary stage.

The November 2012 edition of the Practitioner noted that the absence of certain information in the preliminary prospectus may result in staff raising comments at the time of the filing of the final prospectus which may result in a delay in the issuance of the final receipt. Further to this view, we note that the absence of material information in the preliminary prospectus may also result in a preliminary receipt not being issued for the preliminary prospectus until such information is otherwise included.

Flow-Through Limited Partnerships – Past Performance Disclosure

We have observed that recent flow-through limited partnership prospectuses have included annualized after-tax returns but not annualized before-tax returns. We remind filers that, as discussed in the May 2013 edition of the Practitioner, where a flow-through limited partnership prospectus includes annualized after-tax returns of prior flow-through limited partnerships managed by the manager, staff are generally prepared to accept such disclosure provided annualized before-tax returns are also disclosed in the prospectus.

In more recent discussions, filers have indicated that presenting annualized before-tax and after-tax returns for standard performance periods of 1, 3, 5 and 10 year periods is not appropriate since most flow-through limited partnerships exist for less than 3 years before they rollover into mutual funds. Filers also pointed out that 1 year returns may not be relevant or useful to investors given that securities of flow-through limited partnerships cannot generally be redeemed prior to the rollover date.

Upon further consideration of this feedback, staff are now generally prepared to accept annualized before-tax and after-tax returns for the period from the date of inception of the flow-through limited partnership to the date of the rollover of the flow-through limited partnership into a mutual fund. All relevant assumptions should also be clearly disclosed.

Flow-Through Limited Partnerships – Finder's Fees

Staff have reviewed prospectuses for certain flow-through limited partnerships which permit compensation arrangements involving entities related to the fund's manager. These entities are typically paid a fee for sourcing investment opportunities in the securities of resource issuers for the flow-through limited partnership. The fees payable to such related entities are often referred to as 'finder's fees'.

Staff's view is that finder's fee arrangements represent a conflict of interest matter under National Instrument 81-107 *Independent Review Committee for Investment Funds* and should be referred to the fund's Independent Review Committee (IRC) for its recommendation. Staff also expect that appropriate disclosure of these arrangements will be made in the prospectus.[2] Such disclosure should (a) identify the arrangement as a conflict of interest under NI 81-107; (b) indicate that the arrangement has been referred to the fund's IRC for its recommendation; (c) state the fees associated with the arrangement and payable to the related entity; (d) identify who pays the finder's fee and the basis for payment; (e) explain the details of the services provided by the related entity in exchange for the fee; and (f) state any limits on the arrangements, for example, on the amount of fees payable to the related entity or on the percentage of the fund's portfolio investments that may be sourced by the related entity.

Continuous Disclosure

Review of Exchange-Traded Funds (ETFs)

Staff recently undertook a review of ETFs, focusing on the liquidity of underlying assets and the effectiveness of the market making function by designated brokers. For more information, please refer to OSC Staff Notice 81-723 – *Summary Report for Investment Fund Issuers* (2013).

Portfolio Disclosure of Cash

We received an inquiry as to the appropriate disclosure of cash and money market funds in the management report of fund performance (MRFP), Fund Facts, and quarterly portfolio disclosure. In staff's view, cash is a portfolio holding and must be included in a summary of investment portfolio in order to provide the reader with a complete understanding of the portfolio, especially if the level of cash held is significant.

The summary of investment portfolio in the MRFP is comprised of a listing of the top 25 positions and a portfolio breakdown into subgroups. In the top 25, staff expect cash and cash equivalents to be disclosed on a line separate from an investment in a money market fund. Cash, cash equivalents and money market funds cannot be treated interchangeably because money market funds, as defined in securities legislation,[3] have the ability to invest in short-term debt in addition to cash and cash equivalents. Additionally, presenting a money market fund as a separate holding is consistent with how we expect any investment in another mutual fund to appear in the top 25. In the portfolio breakdown, however, holdings in money market funds can be grouped with cash and cash equivalents into one category. Staff hold this view because the summary nature of the portfolio breakdown allows for flexibility to group money market funds, cash and cash equivalents together.

In the Fund Facts, the same treatment should be applied in the top 10 investments, separating cash and cash equivalents from money market funds. We remind investment funds of the instruction in the Fund Facts form to use subgroups in the investment mix that are consistent with the fund's MRFP disclosure.

The top 25 holdings in the quarterly portfolio disclosure should be exactly the same as the fund's MRFP disclosure because of the requirement to prepare the quarterly portfolio disclosure in accordance with MRFP requirements.

[2] For an example of this disclosure, refer to the prospectus for *Pathway Mining 2011 Flow-Through Limited Partnership* dated January 27, 2011 at page 72.

[3] Item 1.1 of National Instrument 81-102 *Mutual Funds*.

Continuous Disclosure Review – Fixed Income Volatility

Staff have undertaken a review of fixed income funds to assess their processes around portfolio risk management, ability to pursue their investment objectives while meeting redemptions, and disclosure of current risks and market developments. From a portfolio risk management perspective, we note that portfolio managers have taken steps such as shortening fixed income portfolio durations and investing in floating rate instruments while still staying within their investment objectives. We encourage portfolio managers to conduct scenario analysis for conditions such as spiking interest rates, widening spreads and elongated periods of higher volatility in the fixed income markets to assess the impact such conditions may have on their fixed income portfolios.

We note that fund managers generally monitor the liquidity of their portfolios to ensure that they can continue to meet redemption demands. Portfolio liquidity is generally managed through limiting exposure to illiquid securities to certain pre-determined limits. We encourage fund managers and portfolio managers to stress test and assess the sources of liquidity of the funds during normal, as well as times of high redemption demand and/or reduced liquidity over longer periods of time. From a disclosure perspective, our review found that investment funds are generally providing a detailed discussion of market events under the management discussion section of the Management Report of Fund Performance (MRFP) document. This disclosure generally explains fixed income market performance over the recent past, the general market outlook for the future and the strategies undertaken by the portfolio manager to manage the risks that have arisen in the markets. We encourage investment funds to continue providing robust disclosure to investors in the MRFP and other reporting documents around risks that have arisen due to recent events and the potential impacts of steps taken by central governments around the world on fixed income portfolios. Investment funds should also consider increasing the frequency of monitoring their risk ratings given the elevated volatility in fixed income markets.

Fund Facts

Stage 2 of the Point of Sale Disclosure Initiative

Stage 2 of the Point of Sale disclosure initiative was completed with the publication of final amendments (Amendments) on June 13, 2013. The Amendments, which are phased-in, will require delivery of the Fund Facts instead of the simplified prospectus to satisfy the prospectus delivery requirements under securities legislation to deliver a prospectus within two days of buying a mutual fund. The Amendments also include changes to the presentation of risk and performance in the Fund Facts.

Filers are reminded that the amendments to Form 81-101F3 *Contents of Fund Facts Document* are now in effect. As of January 13, 2014, a mutual fund that files a preliminary or pro forma simplified prospectus and annual information form must concurrently file a Fund Facts in the amended form for each class or series of the mutual fund offered under the simplified prospectus on SEDAR under the applicable filing category, i.e. “Preliminary fund facts” or “Pro forma fund facts”. A mutual fund that files an amended Fund Facts must also file the Fund Facts in the amended form.

If a mutual fund has not already done so, the Amendments also require the mutual fund to file a Fund Facts in the amended form for each class or series of the mutual fund by May 13, 2014. In the latter case, the Fund Facts in the amended form should be filed under the SEDAR filing category “Stage 2 Fund Facts”. Fund Facts filed under “Stage 2 Fund Facts” will be made public automatically and do not require a certificate page or a blackline showing changes from the latest Fund Facts previously filed.

For implementation questions related to the Stage 2 final amendments, filers may refer to OSC Staff Notice 81-721 – *Frequently Asked Questions on the Implementation of Stage 2 of Point of Sale Disclosure for Mutual Funds – Delivery of Fund Facts*.

CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts

On December 12, 2013, the CSA published *CSA Notice 81-324 and Request for Comments Proposed CSA Mutual Fund Risk Classification Methodology for Use in Fund Facts* (the Proposed Methodology), which sets out a proposed risk classification methodology for use by mutual fund managers in the Fund Facts. The CSA developed the Proposed Methodology in response to stakeholder feedback that the CSA has received throughout the CSA Point of Sale disclosure initiative, notably that a standardized risk classification methodology proposed by the CSA would be more useful to investors as it would provide a consistent and comparable basis for measuring the risk of different mutual funds.

Prior to the publication of the Proposed Methodology, the CSA held consultations with industry representatives, academics and investor advocates to seek feedback on the CSA's proposed risk classification methodology. The comment period for the Proposed Methodology was open until March 12, 2014. We are also seeking feedback on whether the CSA should mandate the Proposed Methodology or, alternatively, adopt it as guidance for investment fund managers.

Process Matters

Mandatory Electronic Delivery of Documents

OSC Rule 11-501 – *Electronic Delivery of Documents to the Ontario Securities Commission* (Rule 11-501) became effective on February 19, 2014. Rule 11-501 requires all market participants, effective February 19, 2014, to electronically file a number of documents that are currently filed in paper format with the OSC. Electronic filing will facilitate the efficient collection and use of information and streamline the submission process for market participants in Ontario.

Rule 11-501 requires a number of documents to be electronically delivered to the OSC including:

- Form 45-106F1 and Form 45-501F1 – *Reports of Exempt Distributio*n
- Applications for exemptive relief and notice filings
- Pre-files or waiver applications (for prospectuses or applications)
- Forms, notices and other materials required under Ontario's securities rules that are not filed through SEDAR, SEDI and NRD, the CSA national electronic filing systems.

Filers must electronically transmit required documents through the electronic filing portal located on the OSC's website (documents that are required to be filed through SEDAR, SEDI and NRD must continue to be filed through these systems). In addition, applicable fees payable in connection with the filing of documents to the OSC can now be paid electronically using credit or debit card.

For more information, please refer to Rule 11-501 and the OSC's electronic filing portal page.[4]

[4] At http://www.osc.gov.on.ca/en/SecuritiesLaw_forms_index.htm.

1.1.2 Notice of Memorandum of Understanding Concerning Cooperation and the Exchange of Information Related to the Supervision of Cross-Border Covered Entities

NOTICE OF MEMORANDUM OF UNDERSTANDING
CONCERNING COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION OF CROSS-BORDER COVERED ENTITIES

The Ontario Securities Commission, together with the Autorité des marchés financiers, Alberta Securities Commission and British Columbia Securities Commission, recently entered into a Memorandum of Understanding with the United States Commodity Futures Trading Commission concerning regulatory cooperation related to the supervision and oversight of regulated entities that operate in both the United States and Canada (the "Supervisory MOU"). The Supervisory MOU provides a comprehensive framework for consultation, cooperation and information-sharing related to the day-to-day supervision and oversight of cross-border regulated entities and enhances the OSC's ability to supervise these entities.

The Supervisory MOU is subject to the approval of the Minister of Finance. The Supervisory MOU was delivered to the Minister of Finance on March 26, 2014.

Questions may be referred to:

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Office of Domestic and International Affairs
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MEMORANDUM OF UNDERSTANDING

United States Commodity Futures Trading Commission

And

Alberta Securities Commission

British Columbia Securities Commission

Ontario Securities Commission

Autorité des marchés financiers

COOPERATION AND THE EXCHANGE OF INFORMATION
RELATED TO THE SUPERVISION OF CROSS-BORDER COVERED ENTITIES

March 25, 2014

MEMORANDUM OF UNDERSTANDING CONCERNING COOPERATION AND THE EXCHANGE OF INFORMATION RELATED TO THE SUPERVISION OF CROSS-BORDER COVERED ENTITIES

In view of the growing globalization of the world's financial markets and the increase in cross-border operations and activities of regulated entities, the United States Commodity Futures Trading Commission, the Alberta Securities Commission, the British Columbia Securities Commission, the Ontario Securities Commission, and the Autorité des marchés financiers (collectively, the "Authorities") have reached this Memorandum of Understanding ("MOU") regarding cooperation and the exchange of information in the supervision and oversight of regulated entities that operate on a cross-border basis in both (i) the United States and (ii) Alberta, British Columbia, Ontario, or Québec. This MOU does not preclude information sharing or cooperation with respect to persons that are not specifically defined as covered by this MOU but that nonetheless may be subject to regulatory requirements in the United States or in Alberta, British Columbia, Ontario, or Québec. The Authorities express, through this MOU, their willingness to cooperate with each other in the interest of fulfilling their respective regulatory mandates regarding derivatives and/or securities markets particularly in the areas of: protecting investors and customers; fostering the integrity of and maintaining confidence in financial markets; and reducing systemic risk.

ARTICLE ONE: DEFINITIONS

For purposes of this MOU:

1. "Authority" means:

    a. In the United States, the Commodity Futures Trading Commission ("CFTC"); or

    b. In Canada, the Alberta Securities Commission ("ASC"), the British Columbia Securities Commission ("BCSC"), the Ontario Securities Commission ("OSC"), the Autorité des marchés financiers ("AMF"), or any other Canadian securities regulatory authority or Canadian derivatives authority that may become a party to the MOU in the manner set out in Article Eight (individually, a "Canadian Authority", or collectively, the "Canadian Authorities").

2. "Requesting Authority" means an Authority making a request under this MOU.

3. "Requested Authority" means:

    a. Where the Requesting Authority is the CFTC, the Canadian Authority to which a request is made under this MOU; or

    b. Where the Requesting Authority is a Canadian Authority, the CFTC.

4. "Laws and Regulations" means the Commodity Exchange Act, Dodd-Frank Wall Street Reform and Consumer Protection Act, CFTC regulations, and other relevant requirements in the United States, and the securities acts and regulations applicable in the jurisdiction of each Canadian Authority, the Commodity Futures Act (Ontario) and related regulations, the Derivatives Act (Québec) and related regulations, and other relevant requirements in Canada and the jurisdiction of each Canadian Authority.

5. "Person" means a natural person, unincorporated association, partnership, trust, investment company, or corporation, and may be a Covered Entity or Cross-Border Covered Entity.

6. "Covered Entity" means a Person that is, or that has applied to be, authorized, designated, recognized, qualified, registered, supervised, or overseen by one or more of the Authorities pursuant to Laws and Regulations, and may include regulated markets and organized trading platforms, central counterparties, trade repositories, and intermediaries, dealers, or other market participants.

7. "Cross-Border Covered Entity" means:

    a. A Covered Entity of both the CFTC and any one or more of the Canadian Authorities;

    b. A Covered Entity in one jurisdiction that has been exempted from authorization, designation, recognition, qualification, or registration by an Authority in the other jurisdiction;

    c. A Covered Entity in one jurisdiction that controls or is controlled by a Covered Entity located in the other jurisdiction; or

d. A Covered Entity in one jurisdiction that is physically located in the other jurisdiction.

For purposes of this MOU, references to jurisdiction will be determined as either the jurisdiction of the CFTC or the jurisdiction of one of the Canadian Authorities.

8. "Books and Records" means documents, electronic media, and books and records within the possession, custody, and control of, and other information about, a Cross-Border Covered Entity.

9. "Emergency Situation" means the occurrence of an event that could materially impair the financial or operational condition of a Cross-Border Covered Entity.

10. "On-Site Visit" means any regulatory visit to the premises of a Cross-Border Covered Entity for the purposes of ongoing supervision and oversight including the inspection of Books and Records.

11. "Local Authority" means the Authority in whose jurisdiction a Cross-Border Covered Entity that is the subject of an On-Site Visit is physically located.

12. "Visiting Authority" means the Authority conducting an On-Site Visit.

13. "Governmental Entity" means:

a. The U.S. Department of the Treasury or the U.S. Board of Governors of the Federal Reserve System, if the Requesting Authority is the CFTC;

b. The Federal Ministry of Finance, if the Requesting Authority is the ASC, BCSC, or OSC;

c. The Alberta Ministry of Treasury and Finance, if the Requesting Authority is the ASC;

d. The British Columbia Ministry of Finance, if the Requesting Authority is the BCSC;

e. The Ontario Ministry of Finance, if the Requesting Authority is the OSC;

f. The Québec ministère des Finances, if the Requesting Authority is the AMF; and

g. Such other entity, as agreed to in writing by the signatories, as may be responsible for any other Canadian Authority which may become a party to this MOU in the manner set out in Article Eight.

ARTICLE TWO: GENERAL PROVISIONS

14. This MOU is a statement of intent to consult, cooperate, and exchange information in connection with the supervision and oversight of Cross-Border Covered Entities. The cooperation and information sharing arrangements under this MOU should be interpreted and implemented in a manner that is permitted by, and consistent with, the legal requirements applicable to each Authority. With respect to cooperation pursuant to this MOU, no domestic secrecy or blocking laws or regulations should prevent an Authority from providing assistance to another Authority. The Authorities anticipate that cooperation primarily will be achieved through ongoing informal consultations, supplemented as needed by more formal cooperation, including through mutual assistance in obtaining information related to Cross-Border Covered Entities. The provisions of this MOU are intended to support both informal consultations and formal cooperation, as well as to facilitate the written exchange of non-public information in accordance with applicable laws.

15. This MOU does not create any legally binding obligations, confer any rights, or supersede domestic laws. This MOU does not confer upon any Person the right or ability directly or indirectly to obtain, suppress, or exclude any information or to challenge the execution of a request for assistance under this MOU.

16. This MOU is not intended to limit or condition the discretion of an Authority in any way in the discharge of its regulatory responsibilities or to prejudice the individual responsibilities or autonomy of any Authority. This MOU does not limit an Authority to taking solely those measures described herein in fulfillment of its supervisory functions. In particular, this MOU does not affect any right of any Authority to communicate with, conduct an On-Site Visit of (subject to the procedures described in Article Five), or obtain information or documents from any Person subject to its jurisdiction that is physically located in the jurisdiction of another Authority.

17. This MOU is intended to complement but does not alter, except where explicitly noted, the terms and conditions of the following existing arrangements:

    a. The *IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information* (revised May 2012) ("IOSCO MMOU"), to which the Authorities are signatories, which covers primarily information sharing in the context of enforcement matters;

    b. The *Declaration on Cooperation and Supervision of International Futures Markets and Clearing Organizations* (as amended March 1998) ("Declaration"), to which the CFTC, OSC, and Commission des valeurs mobilières du Québec ("CVMQ") are signatories;

    c. The *Memorandum of Understanding* between the CFTC and the OSC (July 7, 1992) ("CFTC-OSC MOU");

    d. The *Memorandum of Understanding* between the CFTC and the CVMQ (July 7, 1992) ("CFTC-CVMQ MOU"); and

    e. The *Financial Information Sharing Memorandum of Understanding* between the CFTC and the OSC, CVMQ, and others (September 23, 1991) ("FISMOU").[1]

    This MOU supersedes the *Memorandum of Understanding Concerning Cooperation and the Exchange of Information Related to the Supervision of Cross-Border Clearing Organizations* between the CFTC and the ASC (June 10, 2010) ("CFTC-ASC Clearing MOU"), and execution of this MOU serves as notice of termination of the CFTC-ASC Clearing MOU.

18. To facilitate cooperation under this MOU, the Authorities hereby designate contact persons as set forth in Appendix A, which may be amended from time to time by an Authority transmitting revised contact information to the other Authorities.

ARTICLE THREE: SCOPE OF SUPERVISORY CONSULTATION, COOPERATION, AND EXCHANGE OF INFORMATION

General

19. The Authorities recognize the importance of close communication concerning Cross-Border Covered Entities and intend to consult regularly, as appropriate, regarding:

    a. General supervisory issues, including regulatory, oversight, or other related developments;

    b. Issues relevant to the operations, activities, and regulation of Cross-Border Covered Entities; and

    c. Any other areas of mutual supervisory interest.

20. The Authorities recognize in particular the importance of close cooperation in the event that a Cross-Border Covered Entity, particularly one whose failure likely would be systemically important to an Authority, experiences, or is threatened by, a potential financial crisis or other Emergency Situation.

21. Cooperation will be most useful in, but is not limited to, the following circumstances where issues of common regulatory concern may arise:

    a. The initial application with the CFTC or a Canadian Authority for authorization, designation, recognition, qualification, or registration, or exemption therefrom, by a Covered Entity that is authorized, designated, recognized, qualified, or registered by an Authority in the other jurisdiction;

    b. The ongoing supervision and oversight of a Cross-Border Covered Entity, including compliance with statutory and regulatory requirements in either jurisdiction or with international standards;

    c. Regulatory or supervisory actions or approvals taken in relation to a Cross-Border Covered Entity by the CFTC or a Canadian Authority that may impact the operations of the entity in the jurisdiction of the other Authority; and

[1] The AMF replaced the CVMQ, acquired the CVMQ's rights, and assumed the CVMQ's obligations under the Declaration, the CFTC-CVMQ MOU, and the FISMOU.

d. The provision and maintenance of direct access to information and data stored in Covered Entities that are trade repositories, where such information and data is provided by a Covered Entity and maintained pursuant to Laws and Regulations.

Event-Triggered Notification

22. As appropriate in the particular circumstances, the CFTC or the relevant Canadian Authority will endeavor to inform, respectively, the relevant Canadian Authority (or Authorities) or the CFTC promptly, and where practicable in advance, of:

a. Pending regulatory changes that may have a significant impact on the operations, activities, or reputation of a Cross-Border Covered Entity, including those that may affect the rules or procedures of a Cross-Border Covered Entity;

b. Any material event of which the Authority is aware that could adversely impact the financial or operational stability of a Cross-Border Covered Entity. Such events include any known adverse material change in the ownership, operating environment, operations, financial resources, management, or systems and controls of a Cross-Border Covered Entity, and the failure of a Cross-Border Covered Entity to satisfy any of its requirements for continued authorization, designation, recognition, qualification, or registration, or exemption therefrom, where that failure could have a material adverse effect in the jurisdiction of the other Authority. For a Cross-Border Covered Entity that is a central counterparty, such events also include a default or potential default of a clearing member firm or participant and market or settlement bank difficulties that might adversely affect the central counterparty;

c. The status of efforts to address any material financial or operating difficulties experienced by a Cross-Border Covered Entity as described in Subparagraph b; and

d. Enforcement actions or sanctions or significant regulatory actions, including the revocation, suspension, or modification of relevant authorization, designation, recognition, qualification, or registration, or exemption therefrom, concerning a Cross-Border Covered Entity.

23. The determination of what constitutes “significant impact”, “material event”, “adversely impact”, “adverse material change”, “material adverse effect”, “market or settlement bank difficulties”, “adversely affect”, “material financial or operating difficulties”, or “significant regulatory actions” for purposes of Paragraph 22 shall be left to the reasonable discretion of the relevant Authority that determines to notify the other Authority.

Request-Based Information Sharing

24. To the extent appropriate to supplement informal consultations, upon written request, the Requested Authority intends to provide the Requesting Authority the fullest possible cooperation subject to the terms in this MOU in assisting the Requesting Authority’s supervision and oversight of Cross-Border Covered Entities, including assistance in obtaining and interpreting information that is relevant to ensuring compliance with the Laws and Regulations of the Requesting Authority and that is not otherwise available to the Requesting Authority. Such requests shall be made pursuant to Article Four of this MOU, and the Authorities anticipate that such requests will be made in a manner that is consistent with the goal of minimizing administrative burdens.

25. The information covered by Paragraph 24 includes:

a. Information relevant to the financial and operational condition of a Cross-Border Covered Entity, including, for example, financial resources, risk management, and internal control procedures;

b. Relevant regulatory information and filings that a Cross-Border Covered Entity is required to submit to an Authority including, for example, interim and annual financial statements and early warning notices; and

c. Regulatory reports prepared by an Authority, including, for example, examination reports, findings, or information contained in such reports regarding Cross-Border Covered Entities.

Periodic Meetings

26. Representatives of the Authorities intend to meet periodically, as appropriate, to update each other on their respective functions and regulatory oversight programs and to discuss issues of common interest relating to

the supervision of Cross-Border Covered Entities, including: contingency planning and crisis management, systemic risk concerns, default procedures, the adequacy of existing cooperative arrangements, and the possible improvement of cooperation and coordination among Authorities. Such meetings may be conducted by conference call or on a face-to-face basis, as appropriate.

ARTICLE FOUR: EXECUTION OF REQUESTS FOR INFORMATION

27. To the extent possible, a request for information pursuant to Article Three should be made in writing (which may be transmitted electronically), and addressed to the relevant contact person identified in Appendix A. A request generally should specify the following:

    a. The information sought by the Requesting Authority;

    b. A general description of the matter that is the subject of the request;

    c. The purpose for which the information is sought; and

    d. The desired time period for reply and, where appropriate, the urgency thereof.

    Information responsive to the request, as well as any subsequent communication among Authorities, may be transmitted electronically. Any electronic transmission should use means that are appropriately secure in light of the confidentiality of the information being transmitted.

28. In an Emergency Situation, the CFTC and the relevant Canadian Authority or Authorities will endeavor to notify the other(s) as soon as possible of the Emergency Situation and communicate information as appropriate in the particular circumstances, taking into account all relevant factors, including the status of efforts to address the Emergency Situation. During an Emergency Situation, requests for information may be made in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification.

ARTICLE FIVE: ON-SITE VISITS

29. In fulfilling its supervision and oversight responsibilities and to ensure compliance with its Laws and Regulations, the CFTC may need to conduct On-Site Visits to a Cross-Border Covered Entity located in Alberta, British Columbia, Ontario, or Québec, and a Canadian Authority may need to conduct On-Site Visits to a Cross-Border Covered Entity located in the United States. Each Authority will consult and work collaboratively with the Local Authority in conducting an On-Site Visit.

30. An On-Site Visit by an Authority will be conducted in accordance with the following procedure:

    a. The Visiting Authority intends to provide advance notice to the Local Authority of its intent to conduct an On-Site Visit and the intended timeframe for, and scope of, the On-Site Visit. Other than in exceptional circumstances, the Visiting Authority will notify the Local Authority prior to notifying the Cross-Border Covered Entity.

    b. The Local Authority will endeavor to share any relevant reports, or information contained therein, related to examinations it may have undertaken of the Cross-Border Covered Entity.

    c. The Authorities intend to assist each other regarding On-Site Visits, including providing information that is available prior to the On-Site Visit; cooperating and consulting in reviewing, interpreting, and analyzing the contents of public and non-public Books and Records; and obtaining information from directors and senior management of a Cross-Border Covered Entity.

    d. The Authorities will consult with each other, and the Local Authority may in its discretion accompany or assist the other Authority during the On-Site Visit, or the Authorities may conduct joint visits where appropriate.

ARTICLE SIX: PERMISSIBLE USES OF INFORMATION

31. The Requesting Authority may use non-public information obtained under this MOU solely for the supervision and oversight of Cross-Border Covered Entities and seeking to ensure compliance with the Laws and Regulations of the Requesting Authority.

32. The Authorities recognize that, while this MOU is not intended to gather information for enforcement purposes, subsequently the Authorities may want to use the non-public information provided pursuant to this MOU for enforcement purposes. In cases where a Requesting Authority seeks to use non-public information obtained pursuant to this MOU for enforcement purposes, including in conducting investigations or taking enforcement action, treatment of the non-public information will be in accordance with the use and confidentiality provisions of the IOSCO MMOU.

33. Before using non-public information furnished under this MOU for any purpose other than those stated in Paragraphs 31 and 32, the Requesting Authority must first consult with and obtain the consent of the Requested Authority for the intended use. If consent is denied by the Requested Authority, the Authorities will consult to discuss the reasons for withholding approval of such use and the circumstances, if any, under which the intended use by the Requesting Authority might be allowed.

34. The restrictions in this Article do not apply to an Authority's use of information it obtains directly from a Cross-Border Covered Entity, whether during an On-Site Visit or otherwise. However, where non-public information is provided to the Requesting Authority pursuant to an information-sharing request pursuant to Article Four of this MOU, the restrictions in this MOU apply to the use of the information by that Requesting Authority.

ARTICLE SEVEN: CONFIDENTIALITY OF INFORMATION AND ONWARD SHARING

35. Except as provided in Paragraphs 36 and 37, each Authority will keep confidential, to the extent permitted by law, non-public information shared under this MOU, requests made under this MOU, the contents of such requests, and any other matters arising under this MOU.

36. As required by law, it may become necessary for a Requesting Authority to share non-public information obtained under this MOU with a Governmental Entity in its jurisdiction. In such circumstances and to the extent permitted by law:

    a. The Requesting Authority intends to notify the Requested Authority; and

    b. Prior to the Requesting Authority sharing the non-public information, the Requesting Authority will provide adequate assurances to the Requested Authority concerning the Governmental Entity's use and confidential treatment of the information, including, as necessary, assurances that:

        i. The Governmental Entity has confirmed that it requires the information for a purpose within the scope of its jurisdiction; and

        ii. The information will not be shared by the Governmental Entity with other parties without getting the prior written consent of the Requested Authority.

37. Except as provided in Paragraph 36, the Requesting Authority must obtain the prior written consent of the Requested Authority before disclosing non-public information received under this MOU to any non-signatory to this MOU. The Requested Authority will take into account the level of urgency of the request and respond in a timely manner. During an Emergency Situation, consent may be obtained in any form, including orally, provided such communication is confirmed in writing as promptly as possible following such notification. If consent is denied by the Requested Authority, the Requesting and Requested Authorities will consult to discuss the reasons for withholding approval of such disclosure and the circumstances, if any, under which the intended disclosure by the Requesting Authority might be allowed.

38. To the extent possible, the Requesting Authority intends to notify the Requested Authority of any legally enforceable demand for non-public information furnished under this MOU. When complying with the demand, the Requesting Authority intends to assert all appropriate legal exemptions or privileges with respect to such information as may be available.

39. The Authorities intend that the sharing or disclosure of non-public information, including deliberative and consultative materials, such as written analysis, opinions, or recommendations relating to non-public information that is prepared by or on behalf of an Authority, pursuant to the terms of this MOU, will not constitute a waiver of privilege or confidentiality of such non-public information.

ARTICLE EIGHT: AMENDMENTS

40. The Authorities will periodically review the functioning and effectiveness of the cooperation arrangements between the CFTC and the Canadian Authorities with a view, *inter alia,* to expanding or altering the scope or

operation of this MOU should that be judged necessary. This MOU may be amended with the written consent of all of the Authorities referred to in Paragraph 1.

41. Any Canadian Authority may become a party to this MOU by executing a counterpart hereof together with the CFTC and providing notice of such execution to the other Canadian Authorities that are signatories to this MOU.

ARTICLE NINE: EXECUTION OF MOU

42. Cooperation in accordance with this MOU will become effective on the date this MOU is signed by the Authorities and on the date determined in accordance with applicable legislation in the case of the OSC and on the date signed after ministry approval in the case of the ASC.

ARTICLE TEN: TERMINATION

43. Cooperation in accordance with this MOU will continue until the expiration of 30 days after any Authority gives written notice to the other Authorities of its intention to terminate the MOU. If an Authority gives such notice, the parties will consult concerning the disposition of any pending requests. If an agreement cannot be reached through consultation, cooperation will continue with respect to all requests for assistance that were made under the MOU before the expiration of the 30-day period until all requests are fulfilled or the Requesting Authority withdraws such request(s) for assistance. In the event of termination of this MOU, information obtained under this MOU will continue to be treated in the manner prescribed under Articles Six and Seven.

44. If any Canadian Authority terminates the MOU in accordance with this Article, the MOU shall remain effective between the CFTC and the remaining Canadian Authorities.

This MOU is executed in quintuplicate, this 25th day of March 2014.

"Mark Wetjen"
Mark Wetjen
Acting Chairman
For the U.S. Commodity Futures Trading Commission
Date: March 20, 2014

"Howard Wetston"
Howard I. Wetston, Q.C.
Chair
For the Ontario Securities Commission
Date: March 25, 2014

"William Rice"
William S. Rice, Q.C.
Chair and Chief Executive Officer
For the Alberta Securities Commission
Date: March 24, 2014

"Louis Morisset"
Louis Morisset
President and Chief Executive Officer
For the Autorité des marchés financiers
Date: March 24, 2014

"Brenda Leong"
Brenda Leong
Chair and Chief Executive Officer
For the British Columbia Securities Commission
Date: March 19, 2014

Appendix A

CONTACT PERSONS

In addition to the following contact information, the CFTC and Canadian Authorities will exchange confidential emergency contact telephone information.

COMMODITY FUTURES TRADING COMMISSION
1155 21st Street, N.W.
Washington, DC

Attention: Director, Office of International Affairs

Telephone: 202-418-5645
Fax: 202-418-5548
Email: sjosephson@cftc.gov

ALBERTA SECURITIES COMMISSION
Suite 600, 250-5th Street SW
Calgary, Alberta
T2P OR4
Canada

Attention: General Counsel

Telephone: 403 297 4698
Fax: 403 355 4479
Email: kari.horn@asc.ca

BRITISH COLUMBIA SECURITIES COMMISSION
P.O. Box 10142, Pacific Centre
701 West Georgia
Vancouver, BC
V7Y 1L2
Canada

Attention: Secretary to the Commission, and
Executive Director

Telephone: 604 899 6534
604 899 6727

Fax: 604 899 6506
Email: commsec@bcsc.bc.ca
pbourque@bcsc.bc.ca

ONTARIO SECURITIES COMMISSION
20 Queen Street West
22nd Floor, Box C.P. 55
Toronto, ON M5H 3S8

Attention: Director (Acting), Office of Domestic and International Affairs

Telephone: (416) 593-8131
Email: jbureaud@osc.gov.on

AUTORITÉ DES MARCHÉS FINANCIERS
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montréal (Québec) H4Z 1G3

Attention: Corporate Secretary

Telephone: (514) 395-0337 ext. 2517
Fax: (514) 864-6381
Email: anne-marie.beaudoin@lautorite.qc.ca

1.2 Notices of Hearing

1.2.1 Ground Wealth Inc. et al. – ss. 127, 127.1

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE ONTARIO SECURITIES COMMISSION and
GROUND WEALTH INC., MICHELLE DUNK, DOUGLAS DEBOER and JOEL WEBSTER

NOTICE OF HEARING
(Subsections 127 & 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O., 1990 c. S.5, as amended (the "Act") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario, commencing on March 24, 2014, at 9:30 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated March 11, 2014, between Staff of the Commission and Ground Wealth Inc., Michelle Dunk, Douglas DeBoer and Joel Webster;

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

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

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

DATED at Toronto this 18th day of March, 2014.

"Daisy G. Aranha"
Per: Josée Turcotte
Acting Secretary to the Commission

1.2.2 Bank Leumi Le Israel B.M. – s. 127

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

AND

IN THE MATTER OF
BANK LEUMI LE ISRAEL B.M.

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission"), will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, located at 20 Queen St. West, Toronto, Ontario, in a Hearing Room, 17th Floor, on March 24, 2014 at 11:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing will be for the Commission to consider whether to approve the proposed settlement of the proceeding entered into between Staff of the Commission ("Staff') and Bank Leumi Le Israel B.M. (the "Respondent") pursuant to section 127 of the Act, which approval will be sought by Staff and the Respondent;

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated March 19, 2014;

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

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

DATED at Toronto this 19th day of March 2014

"Daisy G. Aranha"
Per: Josée Turcotte
Acting Secretary to the Commission

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

AND

IN THE MATTER OF
BANK LEUMI LE ISRAEL B.M.

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

1. The Respondent is an integrated commercial bank licensed in the State of Israel to carry on a range of financial services, including banking services and services relating to securities.

2. The Respondent formerly maintained a representative office in North York, Ontario, which was registered as a "Foreign Bank Representative Office" pursuant to the laws of Canada.

3. The Respondent is not, and has not been, registered with the Commission to trade or advise in securities in Ontario in any capacity.

4. Prior to making the filings necessary to rely on the international dealer exemption in section 8.18 of National Instrument 31-103 on November 21, 2011, the Respondent opened accounts for Ontario residents and engaged in trading and advising in securities in respect of those accounts without registration or reliance on a valid exemption.

5. The conduct alleged above contravenes Ontario securities law and is contrary to the public interest.

Dated: March 19, 2014

1.2.3 James Barnett (also known as John David) – ss. 127, 127.1

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

AND

IN THE MATTER OF
JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)

NOTICE OF HEARING
(Pursuant to sections 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, commencing on April 1, 2014 at 2:00 p.m. or soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve a settlement agreement dated March 21, 2014 entered into between Staff of the Commission ("Staff") and James Barnett (also known as John David) pursuant to sections 127 and 127.1 of the Act;

BY REASON OF the allegations set out in the Statement of Allegations of Staff dated March 21, 2014 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this March 21st, 2014

"Daisy G. Aranha"
Per: Josee Turcotte
Acting Secretary of the Commission

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

AND

IN THE MATTER OF
JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

A. Background

1. During the period between 2002 and October 12, 2012, Barnett was a *de facto* officer of MineralFields Management Inc. ("MFMI"), Limited Market Dealer Inc. ("LMDI") and Pathway Investment Counsel Inc. ("Pathway") which comprised a group of companies, the MineralFields Group.

2. The MineralFields Group was involved in the distribution and management of flow-through limited partnerships. These limited partnerships invested primarily in flow-through shares of junior Canadian resource issuers through private placement issues.

3. MFMI was registered in the category of investment fund manager. It acted as the investment fund manager for flow-through limited partnerships the units of which were sold to investors through prospectuses and offering memoranda under the branding of "MineralFields", "Pathway", and "EnergyFields LPs" (the "MineralFields LPs").

4. LMDI was registered as a dealer in the category of exempt market dealer. LMDI sourced private placement issues of resource companies for the MineralFields LPs to invest in, and received a finder's fee (in cash and/or warrants) from these resource issuers for its services as an agent/finder. LMDI was also involved in negotiating the terms of the private placement issues on behalf of the MineralFields LPs with management of the resource issuers in connection with the purchase of securities by the MineralFields LPs.

5. Pathway was registered as an adviser in the category of portfolio manager. It was retained by MFMI to provide portfolio management services to the MineralFields LPs.

6. Between April 28, 2011 and August 31, 2011, Staff conducted reviews of MFMI, LMDI and Pathway (the "Compliance Reviews") for the period between April 1, 2010 and March 31, 2011 (the "Review Period"). During the course of the Compliance Reviews, certain matters came to the attention of Staff respecting Barnett.

7. The Compliance Reviews conducted by Staff revealed that Barnett breached Ontario securities law and acted contrary to the public interest. In particular:

B. Omissions to the Commission

8. During the Compliance Reviews, it was revealed that commencing in 2002 and continuing until 2011, there was a consistent failure to disclose in regulatory filings with the Commission that Barnett had beneficial interest in 49.99% of the non-voting shares of MFMI and LMDI since inception of these firms in 2002 and 2004, respectively, until after the Compliance Reviews. Barnett had an understanding with the individual who eventually became the Ultimate Designated Person (the "UDP") of the firms of the MineralFields Group that Barnett would have a 49.9% interest and the UDP would have a 50.1% interest in the companies from the date each company was incorporated. Between 2002 and 2011:

(a) a document dated March 25, 2002 and signed by the UDP was filed with the Commission certifying that the UDP owned 100% of the shares of LMDI;

(b) in 2005, a limited market dealer survey questionnaire was signed by the UDP as president of LMDI and submitted to the Commission. It stated that the UDP was the sole director, officer and shareholder of LMDI;

(c) during a compliance field review conducted by Staff in November 2005 of LMDI, Staff were told by LMDI's Chief Compliance Officer ("CCO") that the UDP was the sole shareholder of LMDI;

(d) in 2010, the Commission was provided with an ownership chart of MFMI signed by the UDP which stated that the UDP "owns 100% of the shares of MineralFields Fund Management Inc."; and

(e) during the compliance reviews of the MineralFields Group that commenced with the compliance review of MFMI on April 28, 2011, Staff sent a books and records request that included a request "for a copy of the Registrant's current organization chart and employee list with telephone numbers." In response to this request, Staff received from the CCO and Chief Financial Officer of LMDI an organizational chart showing that the UDP (directly and through his companies) as the 100% owner of MFMI and LMDI.

9. Barnett was not registered under the Act in any capacity and was not disclosed as a "permitted individual" within the meaning of National Instrument 33-109 – *Registration Information*.

10. Barnett's failure to disclose his ownership of non-voting shares constituted conduct contrary to the public interest.

C. Barnett engaged in trading and advising without registration

11. During the Review Period and until August 2011, Barnett engaged in registerable activities on behalf of LMDI and Pathway without registration. His activities included:

(a) soliciting private placement deals from resource issuers for investment by the flow-through MineralFields LPs managed by MFMI;

(b) negotiating deal terms with resource issuers regarding such private placement issues;

(c) making investment recommendations on behalf of and/or to Pathway;

(d) determining the subscription price and subscription amount based on the recommendation made by LMDI's in-house mining analysis. Barnett did not act based on instructions from Pathway's registered advising representative. Instead, Barnett made the investment decisions; and

(e) sending out engagement letters to resource issuers which were signed by himself or the UDP, although even where the UDP's "signature" appears on the engagement letters, the UDP did not actually sign the engagement letters as Barnett simply sent the letters out in the UDP's name. The engagement letters include the relevant subscription amount and were sent out before Pathway's registered adviser approved the investments.

12. By engaging in the trading and advising activity without being registered, Barnett acted contrary to Ontario securities law.

13. Staff allege that by engaging in the conduct described above, Barnett acted contrary to the public interest and contrary to Ontario securities law.

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

Dated at Toronto, this March 21, 2014

1.2.4 Alka Singh and Mine2Capital Inc. – s. 127(1)

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

AND

IN THE MATTER OF
ALKA SINGH AND MINE2CAPITAL INC.

NOTICE OF HEARING
(Subsections 127(1))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended (the "Act") at its offices at 20 Queen Street West, 17th Floor, Toronto, Ontario on March 27, 2014 at 10:00 a.m. or as soon thereafter as the hearing can be held;

AND TAKE NOTICE that the purpose of the hearing is for the Commission to consider whether it is in the public interest to approve the Settlement Agreement dated March 24, 2014 between Staff of the Commission and Alka Singh and Mine2Capital Inc. (the "Respondents");

BY REASON OF the allegations set out in the Statement of Allegations dated March 25, 2014 and such additional allegations as counsel may advise and the Commission may permit;

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

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

DATED at Toronto this 25th day of March, 2014.

"Josée Turcotte"
Acting Secretary

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

AND

IN THE MATTER OF
ALKA SINGH AND MINE2CAPITAL INC.

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

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

A. The Respondent(s)

1. Mine2Capital Inc. ("Mine2Capital") is a federally incorporated company with offices in Toronto, Ontario which made available for sale research reports and provided other consulting services between May 2012 and December 2013 (the "Material Time").

2. Alka Singh ("Singh") is an equity research analyst who resides in Toronto, Ontario. She was one of two directors and principals of Mine2Capital and its primary directing mind during the Material Time.

3. Neither Singh nor Mine2Capital are, or ever have been, registered with the Ontario Securities Commission (the "Commission") in any capacity.

B. Background to Allegations

4. During the Material Time, the Respondents made available for sale to the public research reports in which they made recommendations to buy certain securities.

5. When making the reports available for sale to the public, the Respondents relied on the exemptions from the requirement to register with the Commission as an advisor. However, during the Material Time, Singh had financial or other interests in the some of the recommended securities which the Respondents failed to disclose in accordance with the requirements for an exemption set out in s. 34(3) of the of the Securities Act, R.S.O. 1990, c.S.5 as amended (the "Act").

6. The Respondents were not registered as advisors with the Commission during the Material Time and did not otherwise qualify for an exemption from the requirement to register.

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

7. The specific allegations advanced by Staff are:

   a) During the Material Time, the Respondents engaged in the business of advising, or held themselves out as being in the business of advising, in circumstances where they were not registered to do so and did not meet the requirements for an exemption under section 34(3) of the Act, contrary to section 25(3) of the Act;

   b) Singh authorised, permitted or acquiesced in Mine2Capital's breaches of the Act and is responsible for same pursuant to s. 129.2 of the Act; and

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

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

DATED at Toronto, March 25, 2014.

1.3 News Releases

Most news releases will no longer be printed in the Bulletin as of February 20, 2014. All news releases can be found on the OSC website at http://www.osc.gov.on.ca/en/NewsEvents_notices-newsreleases_index.htm.

1.3.1 OSC Proposes Four New Capital Raising Prospectus Exemptions

FOR IMMEDIATE RELEASE
March 20, 2014

OSC PROPOSES FOUR NEW CAPITAL RAISING PROSPECTUS EXEMPTIONS

Toronto - The Ontario Securities Commission (OSC) published today for a 90-day public comment period four new prospectus exemptions. These exemptions are intended to facilitate capital raising by businesses at different stages in their development, while maintaining an appropriate level of investor protection.

The exemptions are:

- an offering memorandum exemption that would allow businesses to raise capital based on a comprehensive disclosure document being made available to investors,
- a family, friends and business associates exemption that is intended to enable start-ups and early stage businesses to raise capital from investors within the personal networks of the principals of the business,
- an existing security holder exemption that would allow public companies listed on the Toronto Stock Exchange, TSX Venture Exchange or Canadian Securities Exchange to raise capital from their existing security holders based on their public disclosure record,
- a crowdfunding exemption that would allow businesses, particularly start-ups and early stage businesses, to raise capital from a potentially large number of investors through an online platform registered with the securities regulators.

The publication of these proposals follows a comprehensive review by the OSC of the exempt market. As part of that review, Staff considered the written comments received on earlier proposals. Staff also conducted extensive consultations with a broad range of stakeholders through a series of one-on-one meetings and town hall meetings, and an online survey designed to gauge the views of retail investors on investing in start-ups and small and medium-sized enterprises.

“Today we have proposed new tools, which will transform Ontario's exempt market by providing greater access to capital for businesses and expanding investment opportunities for investors,” said Howard Wetston, Q.C., Chair and CEO of the OSC. “We have done so in a balanced and responsible manner that is intended to facilitate capital raising while maintaining an appropriate level of investor protection. We look forward to receiving input on these proposals, which are tailored to address the needs of Ontario’s capital markets.”

The Notice and Request for Comment is available on the OSC website www.osc.gov.on.ca and the comment period runs until June 18, 2014.

In developing these proposals, OSC Staff have coordinated their efforts to achieve substantial harmonization with the current initiatives and existing exemptions of other members of the Canadian Securities Administrators.

For further information please see Backgrounder.

The OSC is the regulatory body responsible for overseeing Ontario’s capital markets. The OSC administers and enforces Ontario’s securities and commodity futures laws. Its mandate is to provide protection to investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets and confidence in capital markets.

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1.3.2 Backgrounder – Exempt Market Review

The *Backgrounder on Exempt Market Review* is reproduced on the following internally numbered pages. Bulletin pagination resumes at the end of the Staff Notice.

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Backgrounder

Ontario

Ontario Securities Commission

Commission des valeurs mobilières de l'Ontario

20 Queen Street West
22nd Floor
Toronto, ON M5H 3S8

FOR IMMEDIATE RELEASE

March 20, 2014

EXEMPT MARKET REVIEW

1. Request for comment – proposed prospectus exemptions and reports

The Ontario Securities Commission (the OSC or we) published today for a 90-day public comment period:

- **Prospectus exemptions** – proposed rules for four new capital raising prospectus exemptions. The exemptions are intended to greatly facilitate capital raising by businesses at different stages of development, including start-ups and small and medium-sized enterprises (SMEs), while maintaining an appropriate level of investor protection.

- **Reports of exempt distribution** – two new reports of exempt distribution, one for investment funds and the other for all other issuers. The proposed reports would enable the OSC to obtain better information on exempt market activity than is presently reported.

Please see the OSC notice and request for comment accompanying the proposed exemptions and reports. The comment period is open until June 18, 2014.

2. Proposed prospectus exemptions

The four proposed capital raising prospectus exemptions published for comment today are as follows:

Exemption	Description
Offering memorandum (OM) prospectus exemption	• **Key capital raising concept** – The proposed exemption would allow businesses to raise capital based on an offering memorandum being made available to investors. The exemption would be available for a wide range of businesses at different stages of development. • **Key investor protection measures** – The proposed exemption incorporates important investor protection measures, including: o a requirement that a comprehensive disclosure document, that is subject to statutory liability if it contains a misrepresentation, be delivered to investors at the point of sale, o investment limits for individual investors who do not qualify as accredited investors ($10,000 or $30,000 under the exemption in a calendar year depending on the circumstances of the investor),

Exemption	Description
	○ requirements to provide investors with certain limited disclosures on an ongoing basis, and ○ a requirement for investors to be given a risk acknowledgement form highlighting the key risks associated with the investment. • **Coordination with the Canadian Securities Administrators (CSA)** – The securities regulatory authorities in the other CSA jurisdictions currently have a form of OM prospectus exemption. The securities regulatory authorities in Alberta, New Brunswick, Quebec and Saskatchewan are concurrently publishing amendments to the OM prospectus exemption available in those jurisdictions. Those proposed amendments are substantially harmonized with our proposed exemption.
Family, friends and business associates prospectus exemption	• **Key capital raising concept** – The proposed exemption would allow businesses to raise capital from investors within the personal networks of the principals of the business. It is is intended to enable start-ups and early stage businesses to access capital. • **Key investor protection measures –** ○ The proposed exemption identifies the relationship an investor must have with a principal of the business to qualify to invest under the exemption. Further guidance is provided with respect to determining whether an investor qualifies as a close personal friend or close business associate. ○ In addition, there is a requirement for investors to be given a risk acknowledgement form highlighting the key risks associated with the investment. • **Coordination with the CSA** – The proposed exemption is substantially harmonized with the existing family, friends and business associates exemption available in other CSA jurisdictions.
Existing security holder prospectus exemption	• **Key capital raising concept** – The proposed exemption would allow public companies listed on the Toronto Stock Exchange, TSX Venture Exchange and Canadian Securities Exchange to raise capital on a cost effective basis from existing investors in reliance on a company's public disclosure record. • **Key investor protection measures** – The proposed exemption incorporates important investor protection measures, including: ○ an investment limit of $15,000 in the previous 12 months under the exemption, if advice regarding the suitability of the investment has not been obtained, and ○ a requirement for a pro rata distribution of securities to existing security holders. • **Coordination with the CSA** – The proposed exemption is substantially harmonized with a similar exemption adopted by certain other CSA jurisdictions. Please see "Related initiatives of other CSA jurisdictions" below for further information.

Exemption	Description
Crowdfunding prospectus exemption along with regulatory requirements applicable to an online crowdfunding portal	• **Key capital raising concept** – The proposed exemption would allow businesses to raise capital from a potentially large number of investors through an online portal registered with securities regulatory authorities. Businesses could raise up to $1.5 million during a 12 month period. The proposed exemption is aimed primarily at start-ups and SMEs based in Canada. • **Key investor protection measures** – The proposed exemption incorporates important investor protection measures, including: o relatively small investment limits ($2,500 in a single investment and $10,000 under the exemption in a calendar year), o requirements to provide investors with certain limited disclosures at the point of sale and on an ongoing basis, o a requirement for investors to be given a risk acknowledgement form highlighting the key risks associated with the investment, and o a requirement that all investments be made through a registered crowdfunding portal. • **Coordination with the CSA** – The securities regulatory authorities in New Brunswick, Manitoba, Nova Scotia, Quebec and Saskatchewan are concurrently publishing the proposed exemption.

3. Proposed reports of exempt distribution

The proposed new reports of exempt distribution published for comment today are as follows:

Report	Additional information contemplated
New report for investment funds and increase in alternative filing frequency	• **Proposed form** – A new report of exempt distribution for investment funds is proposed (Form 45-106F10 *Report of Exempt Distribution For Investment Fund Issuers (Alberta, New Brunswick, Ontario and Saskatchewan)*). • **Additional information to be reported** – The proposed report contemplates investment funds providing additional information such as: o the exemptions relied on and the type of investor, o the reporting of redemptions, o the size and general category of the fund, and o additional profile information about the fund and its key service providers. • **Increase in alternative filing frequency** – Currently, investment funds may report distributions under certain prospectus exemptions (including the accredited investor and minimum amount investment prospectus exemptions) annually within 30 days after their financial year-end instead of within 10 days after a distribution. We are proposing to increase the alternative filing frequency for investment funds from annually to quarterly within 30 days after each calendar quarter in which a distribution was made.

Report	Additional information contemplated
New report for all other issuers	• **Proposed form** – A new report of exempt distribution for issuers other than investment funds is proposed (Form 45-106F11 *Report of Exempt Distribution For Issuers Other Than Investment Funds (Alberta, New Brunswick, Ontario and Saskatchewan)*). • **Additional information to be reported** – The proposed report contemplates businesses providing additional information such as: o the size of the business and the industry it operates in, o where the issuer's securities are listed or traded, o the identification of the principals of the business, o more detailed information about the securities offered, o aggregated and specific details regarding the prospectus exemptions relied on, on a per investor basis, and o details regarding the involvement of registrants, finders and insiders, including compensation paid to them.

To facilitate harmonization, we have worked closely with the securities regulatory authorities in Alberta, New Brunswick and Saskatchewan to develop harmonized reports.

4. Background to proposals published today

The following is a high-level summary of our exempt market review.

- **Initial scope of review** – On November 10, 2011, CSA staff published CSA Staff Consultation Note 45-401 *Review of Minimum Amount and Accredited Investor Exemptions*. This review largely originated out of investor protection concerns associated with these two prospectus exemptions that came to light during the 2007-2008 financial crisis.

- **Broadening of scope of review** – On June 7, 2012, we published OSC Staff Notice 45-707 *OSC Broadening Scope of Review of Prospectus Exemptions.* We indicated that, in light of feedback from stakeholders, we were broadening the scope of our review to consider whether the OSC should introduce any new prospectus exemptions that would assist capital raising for business enterprises, particularly start-ups and SMEs, while protecting the interests of investors.

- **Consultation and other steps taken in broader review** – Since June 7, 2012, we have undertaken the following:

  - Creation of advisory committee – We established an ad hoc committee, the OSC Exempt Market Advisory Committee, to advise us on possible regulatory approaches to the exempt market.

  - Publication of concept ideas for new prospectus exemptions – On December 14, 2012, OSC staff published OSC Staff Consultation Paper 45-710 *Considerations for New Capital Raising Prospectus Exemptions.* The consultation paper described four concept ideas for possible new prospectus exemptions. The comment period on the consultation paper ended on March 8, 2013 and we received 102 comment letters.

  - Stakeholder consultations and investor survey – Following release of the consultation paper, OSC staff conducted extensive public consultations and stakeholder outreach, including: holding 46 one-on-one meetings with stakeholders, hosting five town hall meetings, and participating in various other discussion panels and stakeholder forums.

- Investor survey – We engaged a third-party service provider to conduct an investor survey to gain insight into retail investors' views on investing in start-ups and SMEs.

- **Updates on progress** – On August 28, 2013, we published OSC Notice 45-712 *Progress Report on Review of Prospectus Exemptions to Facilitate Capital Raising.* The progress report stated that the OSC was directing staff to undertake further work on developing the proposed prospectus exemptions and the proposed reports published for comment today. On December 4, 2013, we issued a news release announcing our commitment to publish the proposed prospectus exemptions in the first quarter of 2014.

5. Related initiatives of other CSA jurisdictions

- **Local existing security holder exemptions –** On March 13, 2014, certain CSA jurisdictions published Multilateral CSA Notice 45-313 *Prospectus Exemption for Distributions to Existing Security Holders* announcing that each participating jurisdiction will introduce an existing security holder exemption as described in that notice. As noted above, our proposed existing security holder exemption that was published for comment today is substantially harmonized with the CSA version of the exemption.

- **Local crowdfunding proposals** – The securities regulatory authorities in Manitoba, New Brunswick, Nova Scotia, Quebec and Saskatchewan published today a multilateral CSA notice of publication and request for comment related to both the crowdfunding prospectus exemption discussed above as well as local blanket or general orders creating an alternative form of crowdfunding prospectus exemption targeted at start-ups. The proposed local general orders are similar to General Order 45-925 *Saskatchewan Equity Crowdfunding Exemption* published on December 6, 2013. The comment period on the local blanket or general orders is open until June 18, 2014. In addition, the British Columbia Securities Commission has published BC Notice 2014/03 *Start-Up Crowdfunding* pursuant to which it is requesting comment on introducing a crowdfunding regime similar to the regime set out in General Order 45-925 *Saskatchewan Equity Crowdfunding Exemption*.

Please see CSA Staff Notice 45-314 *Consolidated List of Current CSA Exempt Market Initiatives*, published on March 20, 2014, for further information.

6. Other exempt market initiatives

In addition, in conjunction with the other CSA jurisdictions, the OSC is currently consulting on the following:

Proposal	Description	Deadline for comments
Proposed amendments to existing short-term debt prospectus exemption relating to distributions of commercial paper	• The proposed amendments would modify the credit rating requirements of the exemption in order to: o remove the regulatory disincentive for some commercial paper issuers to obtain an additional credit rating, o provide consistent treatment of commercial paper issuers with similar credit risk, and o maintain the current credit quality of commercial paper distributed under the exemption.	**April 23, 2014**

Proposal	Description	Deadline for comments
Proposed short-term securitized products prospectus exemption	• The proposed amendments would limit the use of the existing short-term debt prospectus exemption and certain other prospectus exemptions to issue asset-backed commercial paper (ABCP) and other short-term securitized products. • The proposed amendments would introduce a new prospectus exemption that would be limited to conventional or traditional ABCP. The new exemption would have conditions relating to credit ratings, liquidity, underlying asset pools and initial and ongoing disclosure.	**April 23, 2014**
Proposed amendments to existing accredited investor prospectus exemption - general	• The proposed amendments would require persons relying on the exemption to obtain a signed risk acknowledgment in the prescribed form from individual accredited investors who are not permitted clients and would provide additional guidance on steps issuers should take to verify an investor's accredited investor status. The proposed amendments are intended to address investor protection concerns as well as concerns regarding compliance. • The proposed amendments do not include changes to the net income, net financial asset or net asset thresholds that must be satisfied for an individual to qualify as an accredited investor.	**May 28, 2014**
Proposed amendments to existing accredited investor prospectus exemption – managed accounts	• The proposed amendments would amend the definition of accredited investor in Ontario to allow fully managed accounts to purchase investment fund securities using the managed account category of the exemption, as is currently permitted in other CSA jurisdictions.	**May 28, 2014**
Proposed amendments to existing minimum amount investment prospectus exemption	• The proposed amendments would restrict the exemption to distributions to non-individual investors to address investor protection concerns associated with individuals investing under the exemption.	**May 28, 2014**
Proposed amendments to existing report of exempt distribution	• The proposed amendments would amend Form 45-106F1 *Report of Exempt Distribution* to enable the CSA to obtain additional information on distributions made in reliance on the accredited investor and other prospectus exemptions.	**May 28, 2014**

Please see CSA Staff Notice 45-314 *Consolidated List of Current CSA Exempt Market Initiatives*, published on March 20, 2014, for further information.

1.4 Notices from the Office of the Secretary

1.4.1 Ronald James Ovenden et al.

FOR IMMEDIATE RELEASE
March 19, 2014

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

AND

IN THE MATTER OF
RONALD JAMES OVENDEN,
NEW SOLUTIONS CAPITAL INC.,
NEW SOLUTIONS FINANCIAL CORPORATION AND
NEW SOLUTIONS FINANCIAL (II) CORPORATION

TORONTO – The Commission issued an Order in the above named matter which provides that the Merits Hearing scheduled to commence on March 31, 2014 is adjourned and shall commence on April 7, 2014 at 10:00 a.m., and continue, as required, on April 9-11, April 14-17, May 5, May 7-9 and May 12-16, 2014.

A copy of the Order dated March 18, 2014 is available at www.osc.gov.on.ca.

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1.4.2 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
March 20, 2014

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN STAFF OF
THE ONTARIO SECURITIES COMMISSION and
GROUND WEALTH INC., MICHELLE DUNK,
DOUGLAS DEBOER and JOEL WEBSTER

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Ground Wealth Inc., Michelle Dunk, Douglas DeBoer and Joel Webster.

The hearing will be held on March 24, 2014 at 9:30 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 18, 2014 is available at www.osc.gov.on.ca.

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1.4.3 David De Gouveia

FOR IMMEDIATE RELEASE
March 20, 2014

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

AND

IN THE MATTER OF
DAVID DE GOUVEIA

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

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than March 31, 2014;

(c) De Gouveia's responding materials, if any, shall be served and filed no later than April 22, 2014; and

(d) Staff's reply materials, if any, shall be served and filed no later than April 29, 2014.

A copy of the Order dated March 19, 2014 is available at www.osc.gov.on.ca.

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1.4.4 Bank Leumi Le Israel B.M.

FOR IMMEDIATE RELEASE
March 20, 2014

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

AND

IN THE MATTER OF
BANK LEUMI LE ISRAEL B.M.

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Bank Leumi Le Israel B.M. in the above named matter.

The hearing will be held on March 24, 2014 at 11:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 19, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 19, 2014 are available at www.osc.gov.on.ca.

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1.4.5 James Barnett (also known as John David)

FOR IMMEDIATE RELEASE
March 21, 2014

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

AND

IN THE MATTER OF
JAMES BARNETT (ALSO KNOWN AS JOHN DAVID)

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and James Barnett (also known as John David).

The hearing will be held on April 1, 2014 at 2:00 p.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 21, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 21, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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1.4.6 Bank Leumi Le Israel B.M.

FOR IMMEDIATE RELEASE
March 24, 2014

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

AND

IN THE MATTER OF
BANK LEUMI LE ISRAEL B.M.

TORONTO – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement dated March 18, 2014 reached between Staff of the Commission and Bank Leumi Le Israel B.M.

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

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1.4.7 Keith MacDonald Summers et al.

FOR IMMEDIATE RELEASE
March 24, 2014

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

AND

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

TORONTO – Take notice that the hearing in the above named matter scheduled to be heard on March 27, 2014 at 11:00 a.m., will be heard on March 27, 2014 at 10:30 a.m.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
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1.4.8 Alka Singh and Mine2Capital Inc.

FOR IMMEDIATE RELEASE
March 25, 2014

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

AND

IN THE MATTER OF
ALKA SINGH AND MINE2CAPITAL INC.

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Alka Singh and Mine2Capital Inc.

The hearing will be held on March 27, 2014 at 10:00 a.m. on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated March 25, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated March 25, 2014 are available at www.osc.gov.on.ca.

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1.4.9 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
March 25, 2014

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

AND

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

TORONTO – The Commission issued an Order in the above named matter which provides that the pre-hearing conference is adjourned and shall continue on March 28, 2014 at 9:45 a.m.

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

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

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1.4.10 Ground Wealth Inc. et al.

FOR IMMEDIATE RELEASE
March 25, 2014

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION
and GROUND WEALTH INC., MICHELLE DUNK,
DOUGLAS DEBOER and JOEL WEBSTER

TORONTO – The Commission issued an Order in the above named matter which provides that the Hearing is adjourned and shall continue on March 28, 2014 at 9:30 a.m.

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

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Ontario Power Generation Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107), s. 5.1 – the Filer requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises in order to permit the Filer to prepare its financial statements in accordance with U.S. GAAP – revocation or variation of decision – Filer requests to have conditions in existing decision replaced with revised conditions – existing decision revoked – requested relief granted.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1.
Securities Act, R.S.O. 1990, c.S.5, as am., s.144 – Revocation or variation of decision

February 19, 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 JURISDICTION

AND

IN THE MATTER OF
ONTARIO POWER GENERATION INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the requirements under section 3.2 of National Instrument 52-107 - *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report (the **Exemption Sought**). The Filer previously obtained exemptive relief under the Legislation from the principal regulator in a decision dated January 24, 2012, which permits the Filer to prepare its financial statements in accordance with U.S. GAAP for its financial years that begin on or after January 1, 2012 but before January 1, 2015 (the **Existing 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;

(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, Quebec, Nova Scotia, and Newfoundland and Labrador (the **Passport Jurisdictions**); and

(c) the decision of the principal regulator automatically results in an equivalent decision in the Passport Jurisdictions.

Interpretation

In this decision:

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

(b) "activities subject to rate regulation" has the meaning ascribed in Part V of the Handbook at the date hereof.

Representations

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

1. The Filer is incorporated under the *Business Corporations Act* (Ontario). The head office of the Filer is located at 700 University Avenue, Toronto, ON M5G 1X6.

2. The Filer is a reporting issuer or equivalent in the Jurisdiction and each Passport Jurisdiction and is not in default of securities legislation in any such jurisdiction.

3. The Filer currently prepares its financial statements in accordance with U.S. GAAP as permitted by the Existing Relief.

4. The Filer is not an SEC issuer.

5. The Filer has activities subject to rate regulation.

6. Were the Filer an SEC issuer, it would be permitted by section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP, which accords treatment of activities subject to rate regulation similar to that under Part V of the Handbook.

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

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

Decision

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

The decision of the principal regulator under the legislation is that:

(a) the Existing Relief is revoked;

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

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

(i) January 1, 2019;

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

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

"Cameron McInnis"
Chief Accountant
Ontario Securities Commission

2.1.2 Cardiocomm Solutions, Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Passport application for exemptive relief in relation to proposed distributions of securities by issuer by way of a committed equity facility (also known as an "equity line of credit") – an equity line of credit is a type of financing which permits a public company to sell newly issued securities of the company at a discount to the market price of the securities – the Purchaser will acquire shares on a monthly basis – the transaction may be considered to be an indirect at-the-market distribution of securities of the issuer to investors in the secondary market with the equity line purchaser acting as underwriter – purchaser requires dealer registration relief – issuer and purchaser require prospectus form and prospectus delivery relief – issuer will file shelf prospectus which will qualify resales – relief granted to the issuer and purchaser from certain registration and prospectus requirements, subject to terms and conditions, including restrictions on the number of securities that may be distributed under an equity line, certain restrictions on the permitted activities of the purchaser, timely disclosure and certain notification and disclosure requirements.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 25(1), 71(1), 71(2), 74, 133 and 147.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
Form 44-101F1Short Form Prospectus, Item 20.
National Instrument 44-102 Shelf Distributions, ss. 5.5.2, 5.5.3 and 11.1.

November 15, 2013

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO
(THE JURISDICTION)

AND

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

AND

IN THE MATTER OF
CARDIOCOMM SOLUTIONS, INC. (THE ISSUER),
THE CANADIAN SPECIAL OPPORTUNITY FUND, LP (THE PURCHASER) AND
THE LIND PARTNERS CANADA, LLC (THE PURCHASE MANAGER AND,
TOGETHER WITH THE ISSUER AND THE PURCHASER, THE FILERS)

DECISION

Background

The securities regulatory authority or regulator in the Jurisdiction (the **Decision Maker**) has received an application (the **Application**) from the Filers for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that:

(a) the following prospectus disclosure requirements under the Legislation (the **Prospectus Disclosure Requirements**) do not fully apply to the Issuer in connection with the Distribution (as defined below):

(i) the statement in the Prospectus Supplement (as defined below) respecting statutory rights of withdrawal and rescission or damages in the form prescribed by item 20 of Form 44-101F1 *Short Form Prospectus* of National Instrument 44-101 *Short Form Prospectus Distributions* (**NI 44-101**); and

(ii) the statements in the Base Shelf Prospectus required by subsections 5.5(2) and (3) of National Instrument 44-102 *Shelf Distributions* (**NI 44-102**);

(b) the prohibition from acting as a dealer or underwriter unless the person or company is registered as such (the **Dealer Registration Requirement**) does not apply to the Purchaser and the Purchase Manager in connection with the Distribution (as defined below);

(c) the requirement that a dealer send a copy of the Prospectus (as defined below) to a subscriber or purchaser in the context of a distribution (the **Prospectus Delivery Requirement**), and a purchaser's right to withdrawal, revocation or rescission within two days of receipt of the Prospectus, do not apply to the Issuer, the Purchaser, the Purchase Manager or any dealer(s) through whom the Purchaser distributes the Shares (as defined below) and, as a result, rights of withdrawal or rights of rescission, price revision or damages for non-delivery of the Prospectus do not apply in connection with the Distribution (as defined below) (the relief contemplated in paragraphs (a), (b) and (c) being together referred to as the **Exemptive Relief Sought**); and

(d) the Application and this decision (collectively the **Confidential Materials**) be kept confidential until the occurrence of the earliest of the following:

(i) the date on which the Issuer publicly announces by way of a news release the execution of the SPA (as defined below);

(ii) the date on which the Issuer advises the Decision Maker that there is no longer any need to hold the Confidential Materials in confidence; and

(iii) 90 days after the date of this decision (the **Request for Confidentiality**).

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 Alberta and British Columbia.

Interpretation

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

Representations

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

The Issuer

1. The Issuer is a corporation incorporated under the *Company Act* (British Columbia), the predecessor to the current *Business Corporations Act* (British Columbia). Its head office is located in North York, Ontario.

2. The Issuer is a medical technology company.

3. The Issuer is a reporting issuer under the securities legislation in the Provinces of Alberta, British Columbia and Ontario (the **Jurisdictions**) and is not in default of securities legislation in any jurisdiction in Canada.

4. The Issuer's authorized capital currently consists of an unlimited number of common shares (the **Shares**) of which 100,963,809 Shares were issued and outstanding as at October 15, 2013.

5. The Shares are currently listed and posted for trading on the TSX Venture Exchange (the **TSX-V**) under the symbol "EKG". Based on the closing price of $0.16 of the Shares on the TSX-V on October 11, 2013, the current market capitalization of the Issuer is approximately $16,154,209.44.

6. Prior to filing the Base Shelf Prospectus (as defined below), the Issuer will be eligible to file a short-form prospectus under section 2.2 of NI 44-101 and will also be qualified to file a base shelf prospectus under NI 44-102.

7. The Issuer intends to file with the applicable securities regulatory authority in each of the Jurisdictions a base shelf prospectus pertaining to securities of the Issuer including the Shares (such base shelf prospectus and any amendment thereto and renewal thereof being referred herein as the **Base Shelf Prospectus**).

8. The statements in subsection 5.5(2) and (3) of NI 44-102 to be included in the (final) Base Shelf Prospectus will be qualified by adding the following statement: "*, except in cases where an exemption from such delivery requirements has been obtained.*"

The Purchaser and the Purchase Manager

9. The Purchaser is a Delaware limited partnership and its head office is located at 370 Lexington Avenue, Suite 1900, New York, New York, 10017.

10. The Purchaser is managed by the Purchase Manager, a Delaware limited liability company. The Purchase Manager's head office is located at 370 Lexington Avenue, Suite 1900, New York, New York, 10017. The Purchaser is an affiliate of the Purchase Manager within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions*.

11. Neither the Purchaser nor the Purchase Manager is a reporting issuer or registered as registered firm as defined in National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* in any jurisdiction in Canada. The Purchaser and Purchase Manager are not in default of the securities legislation in any jurisdiction in Canada.

The Securities Purchase Agreement

12. The Issuer and the Purchaser propose to enter into a securities purchase agreement (the **SPA**), pursuant to which the Purchaser will agree to subscribe for, and the Issuer will agree to issue and sell, up to $6,975,000 (the **Aggregate Commitment Amount**) of securities comprised of Shares and Share purchase warrants (**Warrants**) as described in paragraphs 14 and 15 below, in a series of twenty-four (24) monthly tranches (subject to adjustment or early termination as provided in the SPA).

13. The SPA will provide the Issuer with the ability to raise capital in tranches. The Purchaser has engaged in a similar transaction with a TSX-V listed issuer and affiliates of the Purchaser regularly engage in such transactions with issuers listed on the Australian Securities Exchange. The Purchaser may, in certain circumstances, finance its commitment to subscribe for securities on a tranche through resales from existing holdings of the Issuer's securities.

14. Under the SPA, the Purchaser will subscribe for securities of the Issuer on a monthly basis (subject to the terms of the SPA) in the amount of $75,000 per tranche (subject to adjustment as provided in the SPA). Monthly tranche amounts may be increased to up to $300,000 per tranche by the mutual consent of the Issuer and the Purchaser, subject to certain conditions including the Aggregate Commitment Amount.

15. Until such time as 1,500,000 Warrants are received by the Purchaser pursuant to the SPA, each security issuable on a tranche Issuance Date (as defined below) shall consist of a unit comprised of one Share and one Warrant. Thereafter, each such security shall consist of one Share.

16. Securities issuable in a particular tranche under the SPA will be issued (subject to the conditions to issuance in the SPA) at a subscription price per unit or Share, as applicable (the **Purchase Price**), equal to 90% of the average of the five (5) daily volume-weighted average prices of a Share on the TSX-V, chosen by the Purchaser, during the twenty (20) trading days immediately prior to the applicable Issuance Date (the **Pricing Period**) unless an Issuance Date has been paused or postponed pursuant to the terms of the SPA, in which case the "Pricing Period" shall be the period commencing on the trading day from (and including) the immediately preceding Issuance Date until (and including) the trading day immediately prior to the applicable Issuance Date. Notwithstanding the foregoing, the Purchase Price may not be lower than the closing price per Share on the TSX-V on the trading day immediately preceding the relevant Cash Advance Date (as defined below), less the maximum permitted discount under the private placement rules of the TSX-V (the **Set Floor Price**), provided that (a) in the event that the Issuer issues a press release in connection with a Material Change (as defined under applicable securities laws of the Jurisdictions) after the relevant Cash Advance Date, the Set Floor Price in relation to the tranche securities issuance on the Issuance Date following the issuance of such press release shall be equal to the closing price per Share on the TSX-V at the second close of trading on the TSX-V after the issuance of such press release, less the maximum permitted discount under the private placement rules of the TSX-V; and (b) the Set Floor Price will not be less than the minimum purchase price per Share permitted under the private placement rules of the TSX-V. For any tranche, if the Purchase Price is lower than the Set Floor Price, the Purchaser may, at its sole discretion subject to the terms of the SPA, elect not to purchase securities under that tranche, in which case the Issuer will refund to the Purchaser the prepayment with respect to such securities, provided that such refund may be set off against the next prepayment payable by the Purchaser.

17. The Issuer will be entitled to propose a floor price per unit or Share, as applicable, to be issued on an Issuance Date, which floor price will be fixed for the term of the SPA (the **Issuer Floor Price**). If the Purchase Price is less than the Issuer Floor Price, the Issuer may elect not to issue that tranche's securities, provided that the Issuer repays the aggregate Purchase Price for that tranche plus a five per cent (5%) premium and provided that the Purchaser may instead elect to subscribe for that tranche's securities at a purchase price equal to the Issuer Floor Price. If the closing price of the Shares on the Exchange is $0.20 or greater for two (2) consecutive months of trading, the Issuer will have a one-time option to reset the Issuer Floor Price by up to a 20% increase from the initial Issuer Floor Price. If the

volume-weighted average price of a Share for any three (3) consecutive trading days during the twenty (20) trading days prior to an Issuance Date (the **Floor Price Period**) is less than the Issuer Floor Price (regardless of what such volume-weighted average prices were at any time prior to the Floor Price Period), the Purchaser may elect, in its sole discretion, to postpone by fifteen (15) trading days (from the dates on which they would otherwise occur) the relevant Issuance Date (and the issuance of tranche securities that would otherwise occur on such date) and the Cash Advance Date that would otherwise immediately follow that Floor Price Period (each, a **Postponement**). The Purchaser may undertake a Postponement only once in relation to the Issuance Date of any one (1) tranche.

18. Subject to the terms of the SPA, the Purchaser will prepay for each tranche of securities on a date (each, a **Cash Advance Date**) determined in accordance with the SPA, each (except the initial such date) to follow the preceding Cash Advance Date by approximately 30 days (unless adjusted as provided in the SPA). The Issuer will issue the securities under each tranche to the Purchaser at the Purchase Price on the date (each, an **Issuance Date**) that is the 28th day after the Cash Advance Date on which the Purchaser prepaid for such tranche, subject to the terms (including adjustments) of the SPA.

19. Commencing on the date following the sixth Issuance Date, the Issuer will have the right, once every twelve (12) months, to pause the tranches for a period of up to three (3) months (the **Issuer Pause Right**).

20. Under the SPA, the Issuer will be permitted to terminate the SPA in certain circumstances, including:

    (a) at no cost after the date following the sixth Issuance Date;

    (b) at no cost if the Purchase Price is less than the Issuer Floor Price; or

    (c) upon payment of a cancellation fee of $100,000.

21. If the volume-weighted average price of a Share is at or below a price to be specified in the SPA (the **Base Price**) for any two (2) consecutive trading days during the term of the SPA, the Purchaser will have the right to pause prepayments and tranche securities purchases under the SPA. If at any time during the initial 60 days of such pause period, the volume-weighted average price of a Share on the TSX-V increases to above the Base Price for ten (10) consecutive trading days and certain other conditions specified in the SPA are satisfied, the Issuer will have the right to require the Purchaser to resume its prepayments and tranche securities purchases under the SPA. Where such notice is not provided or any such conditions are not satisfied, the Purchaser has the right to elect to terminate the SPA or resume prepayments and tranche securities purchases.

22. Pursuant to the SPA, the Purchaser will also subscribe for, and the Issuer will issue, at a price of $150,000, an unsecured subordinated convertible security (the **Convertible Security**), repayable on the earlier to occur of (i) the date that is the last day of the 24th month following the Initial Cash Advance Date or (ii) the business day prior to the date of expiry of the receipt issued by the securities regulators in the Jurisdictions for the Base Shelf Prospectus. The Convertible Security may be converted into Shares, in whole or in increments of not less than $25,000, upon the Purchaser giving notice of conversion to the Issuer during its term. The conversion price per Share will be equal to 100% of the closing price of a Share on the trading day immediately prior to the date of the Convertible Security's issuance (provided that the conversion price per Share will not be less than the minimum permitted by TSX-V policies and subject to adjustment as provided in the SPA in the event of certain anti-dilution events, such as share consolidation, subdivision or any payment of a dividend in Shares or certain other similar events). The Purchaser will have the right to elect to receive cash repayment of the Convertible Security, in whole or in part, at any time after six (6) months following its issuance or if the Issuer terminates the SPA.

23. Each Warrant received by the Purchaser pursuant to the SPA will be exercisable until thirty-six (36) months after the date of issuance of such Warrants at an exercise price equal to the greater of either: (a) 120% of the average of the volume-weighted average price of a Share during the twenty (20) consecutive trading days prior to the date of issuance of such Warrants (subject to adjustment as provided in the SPA); or (b) the minimum exercise price permitted under the private placement rules of the TSX-V.

24. In connection with the entering into of the SPA, the Issuer will be required, on the initial Cash Advance Date, to pay to the Purchaser a set-up fee (the **Set-Up Fee**) of $100,000, payable in Shares at a price per Share equal to 90% of the average of the five (5) daily volume-weighted average prices of a Share on the TSX-V, chosen by the Purchaser, during the twenty (20) trading days immediately prior to the execution of the SPA, provided that such price shall not be less than the Set Floor Price on the trading day immediately preceding the initial Cash Advance Date. The Issuer will also pay to the Purchaser an ongoing service fee (the **Service Fee**) payable on each Issuance Date equal to five per cent (5%) of the prepayment made on the Cash Advance Date with respect to the securities issued on the relevant Issuance Date.

25. The SPA will provide that, at the time of each issuance and sale of securities, the Issuer will represent to the Purchaser that the Base Shelf Prospectus, as supplemented (the **Prospectus**), contains full, true and plain disclosure of all material facts relating to the Issuer and the securities being distributed. The Issuer would therefore be unable to issue securities pursuant to the Distribution (as defined below) if it is in possession of undisclosed information that would constitute a material fact or a material change.

26. On or after each Issuance Date, the Purchaser may seek to sell all or a portion of the Shares acquired in a tranche (or Shares obtained as the result of the exercise of the Warrants acquired in a tranche or the conversion of the Convertible Security) that have been delivered by the Issuer to the Purchaser.

27. During the term of the SPA, the Purchaser and its affiliates, associates or insiders (together, the **Purchaser Entities**), as a group, will not own at any time, directly or indirectly, Shares representing more than 9.99% of the issued and outstanding Shares (excluding the Shares issuable upon the exercise of the Warrants or the conversion of the Convertible Security).

28. The Purchaser Entities will not engage in short sales of the Shares during the term of the SPA. Specifically, each of the Purchaser Entities will not:

    (a) sell Shares that it does not hold in its inventory and that it does not own outright (for greater certainty, any Shares obtained as a result of the exercise of Warrants and conversion of the Convertible Security shall be considered to be held in inventory);

    (b) pre-sell Shares that it expects to receive or has contracted to receive, where such Shares have not yet been issued and delivered to the Purchaser Entity;

    (c) borrow Shares to be sold;

    (d) borrow Shares to cover a short position; or

    (e) hold a net short position in Shares.

29. Disclosure of the restrictions on the activities of the Purchaser Entities described in paragraph 28 above will be included in the Prospectus Supplement (as defined below). In addition, the Issuer will disclose in the Prospectus Supplement, the following risk factors: (a) that the Purchaser may engage in resales or other hedging strategies to reduce or eliminate investment risks associated with a tranche and the possibility that such transactions could have a significant effect on the price of the Shares; (b) that the transactions contemplated by the SPA would result in significant dilution to existing shareholders of the Issuer; and (c) that the Purchaser Entities may sell any Shares issued to them pursuant to the SPA at any time during the term of the SPA and that such sales may have a significant effect on the price of the Shares.

30. No extraordinary commission or consideration will be paid by the Purchaser or the Purchase Manager to a person or company in respect of the disposition of Shares by the Purchaser to purchasers who purchase the same on the TSX-V or another exchange recognized or exempted from recognition by the securities regulatory authorities in the Jurisdictions (each, a **Recognized Exchange**) through registered dealer(s) engaged by the Purchaser (the **Exchange Purchasers**).

31. The Purchaser and the Purchase Manager, in effecting any resale of Shares, will not engage in any sales, marketing or solicitation activities of the type undertaken by dealers or underwriters in the context of a public offering. Specifically, neither the Purchaser nor the Purchase Manager will: (a) advertise or otherwise hold itself out as a dealer; (b) purchase or sell securities as principal from or to customers; (c) carry a dealer inventory in securities; (d) quote a market in securities; (e) extend, or arrange for the extension of, dealer credit in connection with transactions of securities of the Issuer by customers; (f) run a book of repurchase and reverse repurchase agreements; (g) use a carrying broker for securities transactions; (h) lend securities for customers; (i) guarantee contract performance or indemnify the Issuer for any loss or liability from the failure of the transaction to be successfully consummated; or (j) participate in a selling group.

32. The Purchaser and the Purchase Manager will not solicit offers to purchase Shares in any jurisdiction of Canada and will sell the Shares to Exchange Purchasers via the facilities of a Recognized Exchange, through one or more registered dealer(s) unaffiliated with the Purchaser or the Purchase Manager.

The Prospectus Supplement

33. The Issuer intends to file with the securities regulatory authority in each of the Jurisdictions: (a) a prospectus supplement to the Base Shelf Prospectus (the **Prospectus Supplement**) as soon as commercially reasonable following the date on which the (final) Base Shelf Prospectus is receipted by the applicable securities regulatory authorities; and (b) a pricing supplement (each, a **Pricing Supplement**) within two (2) trading days of each Issuance Date.

34. The Prospectus Supplement will disclose: (a) the Aggregate Commitment Amount; (b) the formula to calculate the Purchase Price; (c) in addition to the information otherwise required by NI 44-102, the disclosure prescribed by subsection 9.1(3) thereof; (d) certain other information required by NI 44-101 omitted from the Base Shelf Prospectus in accordance with NI 44-102, and (e) the following statement (the **Amended Statement of Rights**):

> *Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment are not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. However, such rights and remedies will not be available to purchasers of common shares distributed under this Prospectus Supplement because the Prospectus, the Prospectus Supplement and the relevant Pricing Supplement will not be delivered to purchasers, as permitted under a decision document issued by the Ontario Securities Commission on [insert date of decision document].*
>
> *The securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contain a misrepresentation, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Such remedies remain unaffected by the non-delivery of the prospectus permitted under the decision document referred to above.*
>
> *The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.*

35. Each Pricing Supplement will disclose: (a) the number of securities issued to the Purchaser on the applicable Issuance Date; (b) the applicable Purchase Price; and (c) the aggregate Purchase Price.

36. The Base Shelf Prospectus, as supplemented by the Prospectus Supplement and the relevant Pricing Supplement, will qualify, *inter alia*, (a) the distribution of Shares, the Convertible Security (and Shares underlying the Convertible Security) and, if applicable, Warrants (and Shares underlying the Warrants), to the Purchaser on the relevant issuance date and the distribution of the Shares issuable pursuant to the Set-Up Fee; and (b) the disposition of Shares to Exchange Purchasers who purchase Shares from the Purchaser through the dealer(s) engaged by the Purchaser via the facilities of a Recognized Exchange during the period that commences on the relevant Cash Advance Date and ends on the earlier of: (i) the date on which the distribution of such Shares has ended; and (ii) the 40th day following the relevant issuance date (or the initial Cash Advance Date, as the case may be) (collectively, the **Distribution**), provided that, at any particular time, the Base Shelf Prospectus, as supplemented, shall not qualify a greater number of Shares than were qualified by the Prospectus pursuant to clause (a) above together with the number of Shares underlying the Warrants and the Convertible Security qualified pursuant to clause (a) above, and each issued to the Purchaser pursuant to the SPA to that time.

37. The delivery requirement for the Prospectus is not workable in the context of the Distribution because Exchange Purchasers will not be readily identifiable as the dealer(s) acting on behalf of the Purchaser may combine the sell orders made under the Prospectus with other sell orders and the dealer(s) acting on behalf of Exchange Purchasers may combine a number of purchase orders.

38. The Prospectus Supplement will contain an underwriter's certificate, signed by the Purchaser, in the form set out in section 1.2 of Appendix A to NI 44-102.

39. At least three (3) business days prior to the filing of the Prospectus Supplement to be filed as described in paragraph 33, the Issuer will provide for comment to the Decision Maker a draft of such Prospectus Supplement.

News Releases/Continuous Disclosure

40. Within two (2) business days after the execution of the SPA, the Issuer will:

    (a) issue and file on SEDAR a news release and a material change report disclosing the material terms of the SPA, including: (i) the Aggregate Commitment Amount; (ii) the dollar value of the monthly tranches of securities to be issued; (iii) the Issuer Floor Price; (iv) the restrictions on short sales described in paragraph 28 above; and (v) the formula to calculate the Purchase Price; and

    (b) file on SEDAR a copy of the SPA.

41. In the event of: (i) a change in the size of a monthly tranche; (ii) a change in the Issuer Floor Price; (iii) the cancellation of the issuance of Shares on an Issuance Date as a result of the Purchase Price being lower than the Issuer Floor Price or the Set Floor Price; (iv) the suspension of prepayments and purchases by the Purchaser if the volume-weighted average price of a Share is at or below the Base Price for two (2) consecutive trading days; (v) a Postponement; (vi) the Issuer pausing the tranches pursuant to the Issuer Pause Right; (vii) the termination of the SPA; or (viii) a change in (A) the Aggregate Commitment Amount; (B) the dollar value of the monthly tranches of securities to be issued; (C) the Issuer Floor Price; (D) the restrictions on short sales described in paragraph 28 above; or (E) the formula to calculate the Purchase Price, the Issuer will

    (a) as soon as practicable, issue and file on SEDAR a news release disclosing such information and:

        (i) that the Base Shelf Prospectus, the Prospectus Supplement and each Pricing Supplement will be available on SEDAR and specifying how a copy of these documents can be obtained; and

        (ii) the Amended Statement of Rights; and

    (b) within ten (10) days, file a material change report with respect to such event if it constitutes a material change under applicable securities legislation.

42. If the Distribution on a particular Issuance Date constitutes a material change under applicable securities legislation, the Issuer will:

    (a) as soon as practicable after that Issuance Date, issue and file on SEDAR a news release disclosing at a minimum the number of securities issued to and the Purchase Price paid by the Purchaser and the information required by subparagraphs 40(a)(i) and (ii) above; and

    (b) within 10 days after that Issuance Date file a material change report with respect to such event.

43. The Issuer will disclose in its financial statements and management's discussion and analysis filed on SEDAR under National Instrument 51-102 – *Continuous Disclosure Obligations*, for each financial period: (a) the number and price of securities issued to the Purchaser pursuant to the SPA; and (b) that the Base Shelf Prospectus, the Prospectus Supplement and the relevant Pricing Supplement are available on SEDAR and specifying where and how a copy of these documents can be obtained.

Deliveries upon Request

44. The Purchaser will make available to the securities regulatory authority in each of the Jurisdictions, upon request, full particulars of trading and hedging activities by the Purchaser or the Purchase Manager (and, if required, trading and hedging activities by their respective affiliates, associates or insiders) in relation to the securities of the Issuer during the term of the SPA.

Decisions

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

The decision of the Decision Maker under the Legislation is that the Exemptive Relief Sought is granted, provided that:

    (a) the number of Shares and Warrants distributed by the Issuer under the SPA (including Shares and Warrants distributed in respect of the Convertible Security) does not exceed, in any twelve (12) month period, 20% of the aggregate number of Shares outstanding calculated at the beginning of such period;

(b) as it relates to the Prospectus Disclosure Requirements, the Issuer complies with the representations in paragraphs 8, 22, 29, 33, 34, 35, 36, 38, 39, 40, 41, 42 and 43 above;

(c) as it relates to the Prospectus Delivery Requirement and the Dealer Registration Requirement, the Purchaser and the Purchase Manager comply with the representations in paragraphs 22, 27, 28, 30, 31, 32, 38 (in respect of the Purchaser only) and 43 above; and

(d) this decision will terminate 25 months from the date of the receipt for the final Base Shelf Prospectus.

The further decision of the Decision Maker under the Legislation is that the Request for Confidentiality is granted until the earlier of the following:

(a) the date on which the Issuer issues the news release described in paragraph 40 above;

(b) the date on which the Issuer advises the Decision Maker that there is no longer any need to hold the Confidential Materials in confidence; and

(c) 90 days from the date of this decision.

As to the Exemptive Relief Sought from the Prospectus Disclosure Requirements and the Request for Confidentiality:

"Kathryn Daniels"

Deputy Director, Corporate Finance

As to the Exemptive Relief Sought from the Dealer Registration Requirements, the Prospectus Delivery Requirement and the Request for Confidentiality:

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"James Turner"
Vice-Chair
Ontario Securities Commission

2.1.3 Veresen Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards (NI 52-107), s. 5.1 – the Filer requests relief from the requirements under section 3.2 of NI 52-107 that financial statements be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises in order to permit the Filer to prepare its financial statements in accordance with U.S. GAAP – revocation or variation of decision – Filer requests to have conditions in existing decision replaced with revised conditions – existing decision revoked – requested relief granted.

Applicable Legislative Provisions

National Instrument 52-107 Acceptable Accounting Principles and Auditing Standard, s. 5.1.
Securities Act, R.S.O. 1990, c. S.5, as am., s. 144 – Revocation or variation of decision.

Citation: Re Veresen Inc., 2014 ABASC 60

February 19, 2014

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

AND

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

AND

IN THE MATTER OF
VERESEN INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer under the securities legislation (the **Legislation**) of the Jurisdictions seeking exemption (the **Exemption Sought**) from the requirements of section 3.2 of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (**NI 52-107**) that financial statements (a) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises and (b) disclose an unreserved statement of compliance with IFRS in the case of annual financial statements and an unreserved statement of compliance with IAS 34 in the case of an interim financial report.

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

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

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

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

Interpretation

In this decision:

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

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

Representations

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

1. The Filer is a corporation incorporated under the *Business Corporations Act* (Alberta) and the Filer's head office is located in Calgary, Alberta.

2. The Filer is a reporting issuer or equivalent in each of the Jurisdictions and in each of the Passport Jurisdictions.

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

4. The Filer has activities subject to rate regulation.

5. The Filer is not an SEC issuer and, therefore, cannot rely on section 3.7 of NI 52-107 to file financial statements prepared in accordance with U.S. GAAP.

6. By order cited as *Re Veresen Inc.*, 2011 ABASC 380, the Filer has been granted relief substantially similar to the Exemption Sought (the **Existing Relief**).

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

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

Decision

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

The decision of the Decision Makers under the Legislation is that:

(a) the Existing Relief is revoked;

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

(c) the Exemption Sought will terminate on the earliest of the following:

(i) 1 January 2019;

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

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

For the Commission:

"Stephen Murison"
Vice-Chair

"Fred Snell, FCA"
Member

2.1.4 Acquisition Glacier II 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).

March 21, 2014

Acquisition Glacier II Inc.
1155 René-Lévesque Blvd West
40th Floor
Montréal (Québec) H3B 3V2

Dear Sirs/Mesdames:

Re: Acquisition Glacier II Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Manitoba, Saskatchewan, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador and Yukon (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 *Regulation 21-101 respecting 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's status as a reporting issuer is revoked.

"Martin Latulippe"
Director, Continuous Disclosure
Autorité des marchés financiers

2.1.5 SCORE Trust – 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).

March 21, 2014

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Dear Sirs/Mesdames:

Re: SCORE Trust (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories (the Jurisdictions) that the Applicant is not a reporting issuer

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

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

The Applicant has represented to the Decision Makers that:

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

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

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

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

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

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

2.1.6 Uranium One Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions — issuer's only outstanding public securities are debentures that cannot convert into shares and ruble denominated bonds — order that certain continuous disclosure requirements do not apply to issuer, subject to conditions — relief granted.

Applicable Legislative Provisions

Securities Act (Ontario), s. 86.
National Instrument 51-102 Continuous Disclosure Obligations, Part 9, s. 11.6.

March 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
URANIUM ONE INC.
(the "Applicant")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Applicant for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") that the requirements of National Instrument 51-102 *Continuous Disclosure Obligations*, Part 9 (Proxy Solicitation and Information Circulars) and section 11.6 (Executive Compensation Disclosure for Certain Reporting Issuers) not apply to the Applicant (the "**NI 51-102 Relief**").

In addition, the Applicant also seeks relief from the proxy solicitation and information circular requirements set out in section 86 of the Securities Act (Ontario) (the "**OSA Relief**" and, together with the NI 51-102 Relief, the "**Requested Relief**").

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

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

(ii) the Applicant has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in each of the other Provinces and Territories of Canada (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

1. The Applicant was continued under, and is governed by, the *Canada Business Corporations Act* (the "**CBCA**").

2. The Applicant's registered office and head office are located at Suite 1710, Bay Adelaide Centre, 333 Bay Street, Toronto, Ontario, M5H 2R2.

3. The Applicant is a reporting issuer in every province and territory in Canada and is not in default of its obligations under the Legislation.

4. Prior to the Arrangement (as defined below), the Applicant's common shares (the "**Common Shares**") were listed and posted for trading on the Toronto Stock Exchange ("**TSX**") and the JSE Limited ("**JSE**").

5. On March 12, 2010, the Applicant completed a bought deal public offering of C$260 million aggregate principal amount of 5% (re-set from the original rate of 7.5% on October 12, 2010) convertible unsecured subordinated debentures (the "**Debentures**") maturing on March 13, 2015. The Debentures were issued pursuant to the trust indenture (the "**Indenture**") made as of March 12, 2010 between the Applicant and Computershare Trust Corporation of Canada. The Debentures are listed for trading on the TSX under the symbol "UUU.DB.A."

6. On December 7, 2011, the Applicant completed an offering in Russia of ruble-denominated bonds having an aggregate principal amount of approximately US$463.5 million at the time of the offering (the "**Series 1 Ruble Bonds**"). The Series 1 Ruble Bonds were admitted to trading on the Moscow Exchange on December 14, 2011 under the symbol RU000A0JRTS1. On August 26, 2013, the Applicant completed an offering in Russia of a second series of ruble-denominated bonds having an aggregate principal amount of approximately US$378.8 million at the time of the offering (the "**Series 2 Ruble Bonds**" and together with the Series 1 Ruble Bonds, the "**Ruble Bonds**"). The Series 2 Bonds are listed for trading on the Moscow Exchange under the symbol

RU000A0JRTT9. Concurrently with the offering of the Series 2 Ruble Bonds, the Applicant made a public offer to repurchase, through the facilities of the Moscow Exchange, the Series 1 Bonds. Post-offering there were approximately US$75.6 million principal amount of Series 1 Ruble Bonds outstanding.[1]

7. Neither the Debentures nor the Ruble Bonds constitute voting securities of the Applicant.

8. On October 18, 2013, the Applicant completed a going-private transaction by filing articles of arrangement pursuant to a plan of arrangement the ("**Arrangement**") whereby Uranium One Holding N.V. (the "**Purchaser**"), an affiliate of ROSATOM State Atomic Energy Corporation, acquired all of the issued and outstanding Common Shares of the Applicant not already owned by it and its affiliates pursuant to the Arrangement. The Common Shares were delisted from the TSX on October 21, 2013 and the JSE on October 22, 2013 and therefore none of the Common Shares are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

9. As a term of the Arrangement, all of the outstanding options to purchase Common Shares (the "**Options**") were cancelled in exchange for certain payments made to optionholders.

10. As a result of the Arrangement, all of the Common Shares are currently held by the Purchaser and its affiliates, and there are no Options outstanding.

11. There are no Common Shares (or other voting securities) or rights to acquire Common Shares (or other voting securities) outstanding other than the Common Shares held by the Purchaser and its affiliates.

12. The completion of the Arrangement constitutes a "change of control" under the Indenture. As a result, pursuant to its obligations under the Indenture, on November 15, 2013, the Applicant made an offer to repurchase Debentures at a purchase price equal to 101% of the principal amount thereof plus accrued interest and unpaid interest, by no later than January 1, 2014, and on the other terms and conditions set out in the Indenture (the "**Offer**"). 87.49% of the outstanding Debentures (equivalent to CA$227,461,000 of the Debentures), were tendered, repurchased and cancelled pursuant to the Offer. The remaining holders of Debentures, (of which CA$32,524,000 in principal amount remains outstanding) are no longer entitled to convert Debentures they hold for Common Shares. Instead, they are entitled to receive a cash payment upon any such attempted conversion.

13. The Applicant continues to be, and continues (except as expressly provided in this decision document) to be subject to the obligations of, a reporting issuer under the Legislation, and continues to be subject to Russian public disclosure obligations as the issuer of the Ruble Bonds.

14. The only securities currently outstanding, other than the Common Shares held by the Purchaser and its affiliates, are the Debentures and the Ruble Bonds.

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 Requested Relief is granted for so long as there are no Common Shares (or other voting securities) or rights to acquire Common Shares (or other voting securities) outstanding other than the Common Shares held by the Purchaser and its affiliates.

As to the NI 51-102 Relief:

"Sonny Randhawa"
Manager, Corporate Finance Branch
Ontario Securities Commission

As to the OSA Relief:

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Sarah Kavanagh"
Commissioner
Ontario Securities Commission

[1] Based on exchange rates in February, 2014.

2.1.7 Melcor Real Estate Investment Trust

Headnote

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

Applicable Legislative Provisions

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

March 25, 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
MELCOR REAL ESTATE INVESTMENT TRUST
(the "Filer")

DECISION

Background

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

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

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

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated open-ended real estate investment trust established under the laws of the Province of Alberta pursuant to a declaration of trust dated January 25, 2013, as amended, (the "**Declaration of Trust**") with its principal and head office located at 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 1Y8. The Ontario Securities Commission has been selected as the principal regulator for this Application in accordance with the guidelines set out in section 4.5(1) of MI 11-102 and section 3.6(8) of National Policy 11-203 *Process for Exemptive Relief Applications In Multiple Jurisdictions* on the basis that the Filer's Trust Units are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") (TSX: MR.UN).

2. The Filer is authorized to issue an unlimited number of Trust Units and an unlimited number of Special Voting Units. As at February 19, 2014, there were 9,130,000 Trust Units and 9,530,798 Special Voting Units issued and outstanding. The number of Special Voting Units outstanding at any point in time is equivalent to and accompanies the number of Exchangeable LP Units outstanding.

3. The Filer is a reporting issuer or the equivalent thereof under the securities legislation of each of the provinces and territories of Canada and is not in default of securities legislation in any such jurisdiction.

4. The Filer invests in income-producing retail real property located in Canada and the United States comprised primarily of office, retail, industrial and land lease community properties, with a future growth strategy focused primarily on the acquisition of further commercial properties. As at the date of this Application, the Filer owns a portfolio of 30 income producing properties in 3 provinces comprising approximately 1.76 million square feet of gross leaseable area (net of the portion of such properties owned by the Filer's joint venture partners).

5. Melcor LP is a limited partnership formed under the laws of the Province of Alberta on January 25, 2013 and is governed by an amended and restated limited partnership agreement dated May 1, 2013 (the "**LP Agreement**"). Melcor LP's head office is located at 900, 10310 Jasper Avenue, Edmonton, Alberta, T5J 1Y8. It is the operating entity through which the Filer conducts its business.

6. Melcor REIT GP Inc. ("**Melcor GP**"), a corporation incorporated under the laws of the Province of Alberta on January 23, 2013, is the general partner of Melcor LP and is wholly owned by the Filer.

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

8. Under the LP Agreement, Melcor LP is authorized to issue an unlimited number of units designated as "Class A LP Units", of which 9,130,000 Class A LP Units were issued and outstanding as of February 19, 2014; an unlimited number of Exchangeable LP Units, of which 9,530,798 Exchangeable LP Units were issued and outstanding as of February 19, 2014; and an unlimited number of units designated as "Class C LP Units", of which 9,454,411 Class C LP Units were issued and outstanding as of February 19, 2014; as well as an unlimited number of general partnership units designated as "Class A GP Units", of which 1 Class A GP Unit was issued and outstanding as of February 19, 2014.

9. All of the outstanding Class A LP Units are held by the Filer, all of the outstanding Exchangeable LP Units and Class C LP Units are held indirectly by Melcor, and all of the outstanding Class A GP Units are held by Melcor GP. Melcor's Exchangeable LP Units and Class C LP Units are held by Melcor REIT Holdings GP Inc. ("**Melcor Holdings**") (a wholly owned subsidiary of Melcor, acting in its capacity as general partner of Melcor REIT Holdings Limited Partnership).

10. Melcor, indirectly through Melcor Holdings, holds 9,530,798 Exchangeable LP Units representing an approximate 51% economic interest in the Filer.

11. The Exchangeable LP Units are, in all material respects, economically equivalent to the Trust Units on a per unit basis. Pursuant to the terms of an exchange agreement dated May 1, 2013 among the Filer, Melcor and Melcor LP (the "**Exchange Agreement**"), each Exchangeable LP Unit is exchangeable at the option of the holder for one Trust Unit of the Filer. Each Exchangeable LP Unit also has the same economic rights and entitlements to distributions as a Trust Unit of the Filer, and is accompanied by one Special Voting Unit which provides for the same voting rights in the Filer as a Trust Unit.

12. The Exchangeable LP Units may neither be exchanged for any other securities other than the Trust Units, nor for cash, and are not listed and posted for trading on the TSX or any other stock exchange.

13. The Exchangeable LP Units represent part of the equity value of the Filer and provide the holder of the Exchangeable LP Units with the economic rights which are, in all material respects, equivalent to the Trust Units. The effect of Melcor's exchange right is that Melcor will receive Trust Units upon the exchange of the Exchangeable LP Units.

Moreover, the economic interests that underlie the Exchangeable LP Units are identical to those underlying the Trust Units; namely, the assets and operations held directly or indirectly by Melcor LP.

14. Under section 2.1 of the Exchange Agreement, subject to certain conditions, the Exchangeable LP Units are directly exchangeable on a one-for-one basis for Trust Units at any time at the option of the holder.

15. The Exchangeable LP Units are not transferable, except pursuant to an exchange of Exchangeable LP Units for Trust Units in accordance with the terms of the Exchange Agreement and provided:

    (a) such transfer is to an affiliate of the holder of the Exchangeable LP Units making the transfer or, so long as Melcor, Melcor REIT Holdings Limited Partnership or any of their affiliates is a holder of Exchangeable LP Units, to Melcor, Melcor REIT Holdings Limited Partnership or any of their affiliates, in each case, so long as such transferee remains such an affiliate;

    (b) the conditions of such transfer do not require the person acquiring such Exchangeable LP Units to make an offer to the registered holders of Trust Units to acquire Trust Units on the same terms and conditions under applicable securities laws if such Exchangeable LP Units, and all other outstanding Exchangeable LP Units, were converted into Trust Units at the then current exchange ratio in effect under the Exchange Agreement immediately prior to such transfer;

    (c) the person acquiring such Exchangeable LP Units submits an identical and contemporaneous offer for Trust Units to the registered holders thereof (having regard to timing, price, proportion of securities sought to be acquired and any other conditions thereto), and acquires such Exchangeable LP Units along with a proportionate number of Trust Units actually tendered to such identical offer;

    (d) such transfer will not cause, or create a significant risk that would cause, Melcor LP to be liable for any taxes under subsection 197(2) of the *Income Tax Act* (Canada) (the "**Tax Act**");

    (e) such transfer does not cause, or create a significant risk that would cause, the REIT to cease to qualify as a "real estate investment trust" under the Tax Act; and

    (f) such transfer is not to an Excluded Person. The LP Agreement defines "Excluded Person" as a person that is: (i) a "non-resident" for the purposes of the Tax Act or a "financial institution" as defined in subsection 142.2(1) of the Tax Act; (ii) a person, an interest in which is a "tax shelter investment" for the purposes of the Tax Act; (iii) a person which would acquire an interest in Melcor LP as a "tax shelter investment" for the purposes of the Tax Act; (iv) a partnership that is not a "Canadian partnership" within the meaning of the Tax Act; or (v) not described in subparagraphs (b)(i) through (b)(v) of the definition of "excluded subsidiary entity" in subsection 122.1(1) of the Tax Act.

16. Further, certain rights affecting Melcor or any affiliates or related parties of Melcor, including Melcor REIT Holdings Limited Partnership, (collectively referred to as a "**Melcor Limited Partner**") in its capacity as a holder of Exchangeable LP Units, as such rights are set out in the Declaration of Trust and the Exchange Agreement, are exclusive to the Melcor Limited Partner and are not transferable to a transferee of the Exchangeable LP Units that is not an affiliate of a Melcor Limited Partner.

17. The Filer and Melcor are parties to a Development and Opportunities Agreement dated May 1, 2013 which gives the Filer a preferential right to acquire any interest of Melcor in investment properties that it owns prior to disposition of any such interest to third parties, and the Filer considers this relationship with Melcor to be one of its competitive strengths.

18. It is anticipated that the Filer may from time to time enter into transactions with certain related parties, including Melcor or any of its subsidiaries, indirectly through Melcor LP.

19. As a result of Melcor's indirect ownership of Exchangeable LP Units and Special Voting Units, transactions involving the Filer entered into indirectly through Melcor LP (or a subsidiary entity or other affiliate of Melcor) are related party transactions subject to MI 61-101.

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

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

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

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

22. The Filer may not be entitled to rely on the Transaction Size Exemption available under the Legislation because, although the definition of market capitalization in MI 61-101 includes the value of equity securities of the issuer that are convertible into listed equity securities of the issuer, it does not contemplate securities of another entity that are exchangeable into equity securities of the issuer.

23. If the Exchangeable LP Units are not included in the market capitalization of the Filer, the equity value of the Filer will be understated by the value of Melcor's (indirect) limited partnership interest in Melcor LP represented by the outstanding Exchangeable LP Units, being approximately 51%. As a result, related party transactions of the Filer that are entered into indirectly through Melcor LP may be subject to the Minority Protections in circumstances where the fair market value of the transactions is effectively less than 25% of the fully diluted market capitalization of the Filer.

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

25. The inclusion of the Exchangeable LP Units when determining the Filer's market capitalization pursuant to MI 61-101 is consistent with the logic of including unlisted equity securities of the issuer which are convertible into listed securities of the issuer in determining an issuer's market capitalization in that both are securities that are considered part of the equity value of the issuer whose value is measured on the basis of the listed securities into which they are convertible are exchangeable.

26. Although the Exchangeable LP Units are not securities of the Filer, they are, as a result of the rights, privileges and restrictions attaching to such Exchangeable LP Units and the various material agreements relating to and governing the Exchangeable LP Units, equivalent to the Trust Units in all material respects, in that:

    (a) they are exchangeable into Trust Units on a one-for-one basis;

    (b) they have the same economic rights as Trust Units;

    (c) together with the Special Voting Units, they carry the same voting rights as Trust Units; and

    (d) any additional rights attached to the Exchangeable LP Units arise solely by virtue of the Exchangeable LP Units being limited partnership units and are customary rights associated with limited partnership units.

Decision

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

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

    (a) there be no material change to the terms of the Exchangeable LP Units and the Special Voting Units, including the exchange right associated therewith, as described above and in the Declaration of Trust, the LP Agreement and the Exchange Agreement, whether by amendment to such documents, contractual agreement or otherwise;

    (b) the applicable transaction is made in compliance with the rules and policies of the TSX or such other exchange upon which the Filer's securities trade;

    (c) the applicable transaction would qualify for the Transaction Size Exemption contained in MI 61-101 if the Exchangeable LP Units were considered an outstanding class of equity securities of the Filer that were convertible into Trust Units; and

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

> "Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**") provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available where the fair market value of the transaction does not exceed 25% of the market capitalization of the issuer. Melcor Real Estate Investment Trust has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of Melcor Real Estate Investment Trust's market capitalization, if exchangeable Class B LP Units of Melcor REIT Limited Partnership held indirectly by Melcor Developments Ltd. are included in the calculation of Melcor Real Estate Investment Trust's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements would apply, is increased to include approximately 51% indirect exchangeable equity interest in Melcor Real Estate Investment Trust held indirectly by Melcor Developments Ltd. in the form of exchangeable Class B LP Units of Melcor REIT Limited Partnership."

"Naizam Kanji"
Deputy Director, Corporate Finance
Ontario Securities Commission

2.1.8 Paladin Labs Inc. – s. 1(10)(a)(ii)

Headnote

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

Applicable Legislative Provisions

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

March 25, 2014

Lavery, de Billy L.L.P.
1 Place Ville Marie, suite 4400
Montréal (QC) H3b 4M4
Canada

Attention: Maxime Bergeron

Dear Mr. Bergeron:

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

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

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

The Applicant has represented to the Decision Makers that:

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

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in *Regulation 21-101 respecting 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's status as a reporting issuer is revoked.

"Martin Latulippe"
Director, Continuous Disclosure
Autorité des marchés financiers

2.2 Orders

2.2.1 Ronald James Ovenden et al. – Rule 9.1(2) of the OSC Rules of Procedure

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

AND

IN THE MATTER OF
RONALD JAMES OVENDEN,
NEW SOLUTIONS CAPITAL INC.,
NEW SOLUTIONS FINANCIAL CORPORATION AND
NEW SOLUTIONS FINANCIAL (II) CORPORATION

ORDER
(Rule 9.1(2) of the Ontario Securities Commission's Rules of Procedure (2012), 35 O.S.C.B. 10071)

WHEREAS on March 28, 2013, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "*Securities Act*") in respect of Ronald James Ovenden ("Ovenden"), New Solutions Capital Inc. ("NSCI"), New Solutions Financial Corporation ("NSFC") and New Solutions Financial (II) Corporation ("NSFII");

AND WHEREAS on March 28, 2013, Staff of the Commission ("Staff") filed a Statement of Allegations (the "Statement of Allegations") in respect of the same matter;

AND WHEREAS NSFC and NSFII entered into a Settlement Agreement dated March 28, 2013 (the "Settlement Agreement") in relation to certain matters set out in the Statement of Allegations;

AND WHEREAS on April 1, 2013 the Commission issued a Notice of Hearing in respect of the Settlement Agreement;

AND WHEREAS on April 10, 2013, the Commission approved the Settlement Agreement;

AND WHEREAS on April 11, 2012, the Commission ordered that all trading in the securities of NSFC, NSFII, New Solutions Financial (III) Corporation ("NSFIII") and New Solutions Financial (VI) Corporation ("NSFVI") cease immediately, that NSCI, NSFC, NSFII, NSFIII, NSFVI, their employees and representatives and Ovenden cease trading in all securities of NSFC, NSFII, NSFIII, and NSFVI immediately, that any exemptions contained in Ontario securities law do not apply to NSCI, NSFC, NSFII, NSFIII, NSFVI, their employees and representatives and Ovenden, and that the order take effect immediately and expire on the fifteenth day after its making unless extended by an order of the Commission (the "Temporary Order");

AND WHEREAS the Temporary Order was extended on April 25, 2012 and October 11, 2012 and was continued until May 10, 2013;

AND WHEREAS on May 1, 2013, upon reviewing the Notice of Hearing dated March 28, 2013, the Statement of Allegations and the affidavit of service of Tia Faerber sworn April 25, 2013, and upon considering the submissions of Staff and counsel to Ovenden, no one appearing for NSCI although duly served in accordance with the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*"), the Commission adjourned the hearing of this matter (the "Merits Hearing") to August 1, 2013;

AND WHEREAS on May 9, 2013, upon considering the submissions of Staff, who advised that counsel to Ovenden and NSCI indicated that Ovenden and NSCI did not oppose a further extension of the Temporary Order until the completion of the Merits Hearing, the Commission vacated the Temporary Order as against NSFC, NSFII, NSFIII and NSFVI, adjourned the hearing of the Temporary Order to the completion of the Merits Hearing or to such other date or time as set by the Office of the Secretary and agreed to by the parties, and extended the Temporary Order until the completion of the Merits Hearing;

AND WHEREAS on August 1, 2013, the Commission ordered that the Merits Hearing be adjourned to Monday, March 31, 2014 at 10:00 a.m. and continue as required until Friday, April 11, 2014, but for Tuesday, April 8, 2014;

AND WHEREAS on March 17, 2014, Ovenden and NSCI filed a Notice of Motion and supporting materials to adjourn the Merits Hearing to April 7, 2014 (the "Adjournment Motion"), and requested additional dates beyond the number of dates originally allocated for the Merits Hearing;

AND WHEREAS Staff does not oppose the Adjournment Motion and is agreeable to the additional dates requested by Ovenden and NSCI;

AND WHEREAS upon considering the submissions of Staff and counsel to Ovenden and NSCI;

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 Merits Hearing scheduled to commence on March 31, 2014 is adjourned and shall commence on April 7, 2014 at 10:00 a.m., and continue, as required, on April 9-11, April 14-17, May 5, May 7-9 and May 12-16, 2014.

DATED at Toronto this 18th day of March, 2014.

"James D. Carnwath"

2.2.2 David De Gouveia – 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
DAVID DE GOUVEIA

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

WHEREAS on February 18, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of David De Gouveia ("De Gouveia");

AND WHEREAS on February 18, 2014, Staff of the Commission ("Staff") filed a Statement of Allegations in respect of the same matter;

AND WHEREAS on March 19, 2014, the Commission heard an application by Staff to convert the matter to a written hearing, in accordance with Rule 11.5 of the Ontario Securities Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071, and subsection 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended;

AND WHEREAS De Gouveia did not appear, although properly served as set out in the Affidavit of Service of Lee Crann, sworn March 17, 2014 and filed with the Commission;

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

IT IS HEREBY ORDERED that:

(a) Staff's application to proceed by way of written hearing is granted;

(b) Staff's materials in respect of the written hearing shall be served and filed no later than March 31, 2014;

(c) De Gouveia's responding materials, if any, shall be served and filed no later than April 22, 2014; and

(d) Staff's reply materials, if any, shall be served and filed no later than April 29, 2014.

DATED at Toronto this 19th day of March, 2014.

"Alan J. Lenczner"

2.2.3 BlackRock Institutional Trust Company, N.A. and BlackRock Asset Management Canada Limited – s. 80 of the CFA

Headnote

Section 80 of the Commodity Futures Act (Ontario) – Relief from the adviser registration requirement in paragraph 22(1)(b) of the CFA granted to sub-adviser not ordinarily resident in Ontario in respect of advice regarding trades in commodity futures contracts and commodity futures options, subject to certain terms and conditions – Renewal of previous relief – Relief mirrors exemption available in section 7.3 of OSC Rule 35-502 Non-Resident Advisers made under the Securities Act (Ontario).

Applicable Legislative Provisions

Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 22(1)(b), 80.
Securities Act, R.S.O. 1990, c. S.5, as am. – Rule 35-502 Non-Resident Advisers.

IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, CHAPTER C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. AND
BLACKROCK ASSET MANAGEMENT CANADA LIMITED

ORDER
(Section 80 of the CFA)

UPON the application (the **Application**) of BlackRock Institutional Trust Company, N.A. (the **Sub-Adviser**) and BlackRock Asset Management Canada Limited (the **Principal Adviser**) to the Ontario Securities Commission (the **Commission**) for an order, pursuant to section 80 of the CFA, that the Sub-Adviser (and any directors, officers and employees engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services (as defined below)) be exempt, for a specified period of time, from the adviser registration requirement in paragraph 22(1)(b) of the CFA when acting as an adviser for the Principal Adviser in respect of the Funds (as defined below) regarding commodity futures contracts and commodity futures options traded on commodity futures exchanges (**Contracts**) and cleared through clearing corporations;

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

AND UPON the Sub-Adviser and the Principal Adviser having represented to the Commission that:

The Principal Adviser

1. The Principal Adviser is a corporation amalgamated under the laws of Ontario and is registered:

   (a) under the *Securities Act* (Ontario) (the **OSA**) as a dealer in the category of exempt market dealer, as an adviser in the category of portfolio manager, and as an investment fund manager, and

   (b) under the CFA as an adviser in the category of commodity trading manager.

2. The Principal Adviser is not in default of Ontario securities, commodity futures or derivatives legislation.

The Sub-Adviser

3. The Sub-Adviser is a national banking association organized under the laws of the United States and operates as a limited purpose trust company. It is primarily regulated in the United States by the Office of the Comptroller of the Currency, the agency of the U.S. Treasury Department that regulates U.S. national banks. The Sub-Adviser is also subject to the jurisdiction of the U.S. Department of Labor to the extent that its fiduciary clients are subject to the *U.S. Employee Retirement Income Security Act of 1974*, as amended.

4. The Sub-Adviser is registered in the United States with the Commodity Futures Trading Commission as a commodity trading adviser.

5. The Sub-Adviser is not registered in any capacity under the CFA or the OSA.

6. The Sub-Adviser is an affiliate of the Principal Adviser; for this purpose, an "affiliate" means any entity that is controlled by BlackRock, Inc. or other ultimate parent company of the Principal Adviser, as the case may be, and "control" and any derivation thereof, means the possession, directly or indirectly, of the power to direct or significantly influence the management and policies/business or affairs of an entity whether through ownership of voting securities or otherwise.

The Funds

7. The Principal Adviser is the investment manager of (i) iShares exchange-traded funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **iShares ETFs**), (ii) mutual funds, the securities of which are qualified by prospectus for distribution to the public in Ontario and the other provinces and territories of Canada (the **Mutual Funds**), (iii) pooled funds, the securities of which are sold on a private placement basis in Ontario and the other provinces and territories of Canada to accredited investors pursuant to prospectus exemptions contained in National Instrument 45-106 *Prospectus and Registration Exemptions* (the **Pooled Funds**), (iv) managed accounts of institutional clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**) and (v) such other iShares ETFs, Mutual Funds, Pooled Funds and Managed Accounts as may established in the future and for which the Principal Adviser engages the Sub-Adviser to provide advisory services (each of the funds and managed accounts in (i), (ii), (iii), (iv) and (v) is referred to individually as a **Fund** and collectively as the **Funds**).

8. The Funds may, as part of their investment program, invest in Contracts.

9. The Principal Adviser offers the portfolio management services of the Sub-Adviser to the respective Funds that choose to have exposure to capital markets and Contracts in which the Sub-Adviser has experience and expertise.

10. The iShares ETFs, Mutual Funds and Pooled Funds and other Funds that may be established in the future are or will be formed in Ontario where the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager.

The Proposed Advisory Services

11. The Principal Adviser may, pursuant to a written agreement with each Fund:

    (a) act as an adviser (as defined in the OSA) to the Fund in respect of securities; and

    (b) act as an adviser (as defined in the CFA) to the Fund in respect of Contracts

    by exercising discretionary authority in respect of the investment portfolio of the Fund, with discretionary authority to purchase or sell on behalf of the Fund:

        (i) securities; and

        (ii) Contracts.

12. In connection with the Principal Adviser acting as an adviser to the Funds in respect of the purchase or sale of securities and Contracts, the Principal Adviser will, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser, retain the Sub-Adviser to act as an adviser to it (the **Proposed Advisory Services**) by exercising discretionary authority on behalf of the Principal Adviser, in respect of the investment portfolios of the Funds, including discretionary authority to buy or sell Contracts for the Funds, provided that:

    (a) in each case, the Contract must be cleared through an acceptable clearing corporation; and

    (b) such investments are consistent with the investment objectives and strategies of the Funds.

13. The written agreement between the Principal Adviser and the Sub-Adviser will set out the obligations and duties of each party in connection with the Proposed Advisory Services and permits the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Proposed Advisory Services.

14. The Principal Adviser delivers, and will continue to deliver, to the Funds all applicable reports and statements required under applicable securities, commodity futures and derivatives legislation.

15. If there is any direct contact between a Fund and the Sub-Adviser in connection with the Proposed Advisory Services, a representative of the Principal Adviser, duly registered in accordance with Ontario commodity futures law, will be present at all times either in person or by telephone.

16. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative or as a partner or an officer of a registered adviser and is acting on behalf of such registered adviser. In the CFA, "adviser" means a person or company engaging in or holding himself, herself or itself out as engaging in the business of advising others as to trading in "contracts", and "contracts" means commodity futures contracts and commodity futures options.

17. By providing the Proposed Advisory Services, the Sub-Adviser will be acting as an adviser with respect to commodity futures contracts and commodity futures options and, in the absence of being granted the requested relief, would be required to register as an adviser under the CFA.

18. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of commodity futures contracts and commodity futures options that is similar to the exemption from the adviser registration requirement in section 25(3) of the OSA for acting as an adviser (as defined in the OSA) in respect of securities that is provided under section 7.3 of Ontario Securities Commission Rule 35-502 *Non-Resident Advisers* (**OSC Rule 35-502**).

19. The relationship among the Principal Adviser, the Sub-Adviser and the Funds satisfies the requirements of section 7.3 of OSC Rule 35-502.

20. As would be required under section 7.3 of OSC Rule 35-502:

    (a) the duties and obligations of the Sub-Adviser will be set out in a written agreement with the Principal Adviser;

    (b) the Principal Adviser will contractually agree with the Funds to be responsible for any loss that arises out of the failure of the Sub-Adviser:

        (i) to exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Principal Adviser and the 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**); and

    (c) the Principal Adviser cannot be relieved by the Funds from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations.

21. The Sub-Adviser is not a resident of any province or territory of Canada.

22. The Sub-Adviser is, or will be, appropriately registered or licensed or is, or will be, entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the Funds pursuant to the applicable legislation of its principal jurisdiction.

23. The Sub-Adviser will only provide the Proposed Advisory Services so long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

Disclosure

24. The prospectus or similar offering document, if any, for each iShares ETF, Mutual Fund or Pooled Fund or other Fund that may be established in the future will include the following disclosure:

    (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

    (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or the individual representatives of the Sub-Adviser) advising the iShares ETF, Mutual Fund or Pooled Fund or other Fund that may be established in the future because such entity is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

25. Prior to purchasing any securities of one or more of the iShares ETFs, Mutual Funds, Pooled Funds or other Funds that may be established in the future directly from the Principal Adviser or entering into an investment management

agreement with the Principal Adviser for a Managed Account, all investors who are Ontario residents will receive written disclosure that includes:

(a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or the individual representatives of the Sub-Adviser) advising the relevant Fund, because such entity is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

Previous Order

26. On March 27, 2009, the Commission granted the Sub-Adviser an exemption from the requirement in paragraph 22(1)(b) of the CFA for advisory services provided in respect of the investment portfolios of the iShares ETFs, Pooled Funds and Managed Accounts and such other iShares ETFs, Pooled Funds and Managed Accounts as may established in the future and for which the Principal Adviser engages the Sub-Adviser to provide advisory services (the **Previous Order**). The Previous Order is scheduled to terminate on March 27, 2014.

AND UPON being satisfied that it would not be prejudicial to the public interest for the Commission to grant the exemption requested on the basis of the terms and conditions proposed;

IT IS ORDERED, pursuant to section 80 of the CFA, that the Sub-Adviser (and any directors, officers and employees engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services) is exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of the Proposed Advisory Services provided to the Principal Adviser, provided that at the relevant time that such activities are engaged in:

(a) the Principal Adviser is registered under the CFA as an adviser in the category of commodity trading manager;

(b) the Sub-Adviser (and any directors, officers and employees engaging in, or holding themselves out as engaging in, the business of advising others when acting on behalf of the Sub-Adviser in respect of the Proposed Advisory Services) is appropriately registered or licensed, or is entitled to rely on appropriate exemptions from such registrations or licences, to provide advice for the Funds pursuant to the applicable legislation of its principal jurisdiction;

(c) the obligations and duties of the Sub-Adviser are set out in a written agreement with the Principal Adviser;

(d) the Principal Adviser has contractually agreed with the respective Fund to be responsible for any loss that arises out of any failure of the Sub-Adviser to meet the Assumed Obligations;

(e) the Principal Adviser cannot be relieved by a Fund or its securityholders from its responsibility for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations;

(f) the prospectus or similar offering document, if any, for each iShares ETF, Mutual Fund, Pooled Fund or other Fund that may be established in the future will include the following disclosure:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or the individual representatives of the Sub-Adviser) advising the iShares ETF, Mutual Fund or Pooled Fund or other Fund that may be established in the future because such entity is resident outside of Canada and all or substantially all of its assets are situated outside of Canada; and

(g) prior to purchasing any securities of one or more of the iShares ETFs, Mutual Funds, Pooled Funds or other Funds that may be established in the future directly from the Principal Adviser or entering into an investment management agreement with the Principal Adviser for a Managed Account, all investors who are Ontario residents will receive written disclosure that includes:

(i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and

(ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or the individual representatives of the Sub-Adviser) advising the relevant Fund because such entity is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

IT IS FURTHER ORDERED, that this Order is effective as at March 27, 2014 (the Effective Date) and will terminate on the earlier of (i) the coming into force of any amendments to section 7.3 of OSC Rule 35-502, (ii) the effective date of the repeal of section 7.3 of OSC Rule 35-502, and (iii) five years from the Effective Date.

DATED at Toronto, Ontario this 21st day of March, 2014.

"Deborah Leckman"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.2.4 Bank Leumi Le Israel B.M. – s. 127

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

AND

IN THE MATTER OF
BANK LEUMI LE ISRAEL B.M.

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
BANK LEUMI LE ISRAEL B.M.

ORDER (Section 127)

WHEREAS on March 19, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing that it proposed to hold a hearing to consider whether it is in the public interest to make an order pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") approving a settlement agreement in respect of Bank Leumi Le Israel B.M. ("Bank Leumi" or the "Respondent");

AND WHEREAS on March 19, 2014, Staff of the Commission ("Staff") filed a Statement of Allegations with the Commission;

AND WHEREAS the Respondent entered into a Settlement Agreement dated March 18, 2014 in relation to the matters set out in the Statement of Allegations;

AND WHEREAS the Commission issued a Notice from the Secretary's Office dated March 20, 2014, announcing that it proposed to consider the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, reproduced and attached as Schedule "A" to this Order, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the Respondent through its counsel and from Staff;

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 Settlement Agreement is approved.

DATED at Toronto this 24th day of March, 2014.

"James D. Carnwath"

SCHEDULE "A"

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

AND

IN THE MATTER OF
BANK LEUMI LE ISRAEL B.M.

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
BANK LEUMI LE ISRAEL B.M.

PART I – INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Bank Leumi Le Israel B.M. (the "Respondent").

PART II – JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing dated March 19, 2014 (the "Proceeding") against the Respondent according to the terms and conditions set out in Part VI of this Settlement Agreement (the "Settlement Agreement"). The Respondent agrees to the undertakings set out in paragraph 16 of this Settlement Agreement, based on the facts set out below.

3. For the purposes of this proceeding the Respondent agrees with the facts as set out in Part III and the conclusion in Part V of this Settlement Agreement.

PART III – AGREED FACTS

4. The Respondent is an integrated commercial bank licensed in the State of Israel to carry on a range of financial services, including banking services and services relating to securities.

5. The Respondent formerly maintained a representative office in North York, Ontario, which was registered with The Office of the Superintendent of Financial Institutions Canada ("OSFI") as a "Foreign Bank Representative Office" ("FBRO") pursuant to the laws of Canada.

6. The Respondent is not, and has not been, registered with the Commission to trade or advise in securities in Ontario in any capacity.

7. In 2011, with the permission and co-operation of OSFI, which supervises and regulates FBROs in Canada, the Commission and the Autorité des marchés financiers (the "AMF") undertook an initiative to determine whether Ontario- and Quebec-based FBROs were engaged in securities-related business without registration. The results of the compliance review are summarized in OSC Staff Notice 33-736, 2011 *Annual Summary Report for Dealers, Advisers and Investment Fund Managers*.

8. The compliance review and further inquiries to the Respondent revealed that, prior to making the filings necessary to rely on the international dealer exemption referred to in paragraph 10, the Respondent has opened accounts (the "Accounts") for Ontario residents (the "Account Holders") and engaged in trading and advising in securities in respect of the Accounts without registration or reliance on a valid exemption.

9. Upon receiving inquiries from Staff, the Respondent voluntarily took steps to bring itself into compliance with Ontario securities law. The Respondent ceased opening accounts for Ontario residents upon receiving an initial inquiry from Staff regarding its conduct.

10. Further, the Respondent undertook to rely upon the international dealer exemption contained in section 8.18 of National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") and filed the required notice with the Commission on November 21, 2011.

11. The Respondent also commenced closing the Accounts of Account Holders who did not qualify as a "permitted client", as defined in NI 31-103. Throughout the process of the closing of the Accounts, the Respondent provided Staff with monthly updates on the status of the Accounts. As of the date of the settlement, the Respondent has closed all Accounts in the name of Account Holders who do not qualify as "permitted clients".

12. The Respondent has fully cooperated with Staff during the investigation. The Respondent has voluntarily responded to all requests for information from Staff.

13. Neither Staff nor the Respondent is aware of harm caused to any Account Holder. Neither Staff nor the Respondent has received any complaints regarding the Accounts or the Respondent's conduct in relation to the Accounts.

PART IV – RESPONDENT'S POSITION

14. The Respondent acted in good faith at all material times but did not turn its attention to the fact that such trading and advising could be construed as a breach of Ontario securities law or as conduct contrary to the public interest.

PART V – CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND THE PUBLIC INTEREST

15. By engaging in the conduct described above, the Respondent agrees that it engaged in trading and advising activities on behalf of Ontario residents without being registered to trade in securities in circumstances where no exemptions were properly relied upon, contrary to section 25 of the Act and the public interest.

PART VI – UNDERTAKING AND TERMS OF SETTLEMENT

16. The Respondent undertakes and agrees as follows:

(a) The Respondent agrees to make a settlement payment to the Commission by way of wire transfer in the amount of CAD$500,000, to be allocated to or for the benefit of third parties pursuant to subsection 3.4(2)(b) of the Act;

(b) The Respondent undertakes to continue to rely upon the international dealer exemption contained in section 8.18 of NI 31-103 or other applicable registration exemption or seek registration in Ontario in the event that the Respondent engages in registerable activities without relying upon an applicable exemption.

17. The Respondent or its legal counsel agrees to attend at the hearing before the Commission to consider the proposed settlement.

PART VI – STAFF COMMITMENT

18. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 19 below.

19. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement. In addition, if this Settlement Agreement is approved by the Commission, and the Respondent fails to comply with the terms of the Settlement Agreement, the Commission is entitled to bring any proceedings necessary to recover the amount set out in paragraph 16(a) above.

PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT

20. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for March 24, 2014 at 11:00 a.m., or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's *Rules of Procedure*.

21. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

22. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

23. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

24. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

25. If the Commission does not approve this Settlement Agreement:

(a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and

(b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

26. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. Any obligations of confidentiality shall terminate upon the commencement of the public settlement hearing. If, for whatever reason, the Commission does not approve the Settlement Agreement, the terms of the Settlement Agreement remain confidential indefinitely, unless Staff and the Respondent otherwise agree or if required by law.

PART IX – EXECUTION OF SETTLEMENT AGREEMENT

27. This agreement may be signed in one or more counterparts which, together, constitute a binding agreement.

28. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

Dated at Toronto this 18thday of March, 2014

"Margaret McNee"
Margaret McNee
Counsel for Bank Leumi Le Israel B.M.

"Tom Atkinson"
Tom Atkinson
Director, Enforcement Branch

2.2.5 Ground Wealth Inc. et al.

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

AND

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

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Any further notices or orders in this matter shall proceed under a single style of cause of the proceeding initiated by the February 1, 2013 Notice of Hearing, being "IN THE MATTER OF GROUND WEALTH INC., MICHELLE DUNK, ADRION SMITH, JOEL WEBSTER, DOUGLAS DeBOER, ARMADILLO ENERGY INC., ARMADILLO ENERGY, INC. and ARMADILLO ENERGY LLC.";

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS on January 15, 2014, the Commission ordered that the pre-hearing conference be adjourned and shall continue on March 24, 2014 at 10:00 a.m.;

AND WHEREAS on January 21, 2014, at the request of Staff and counsel to GWI, Dunk and DeBoer, the Commission held a confidential pre-hearing conference;

AND WHEREAS Staff and counsel to GWI, Dunk and DeBoer appeared and made submissions, and Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS Staff requested that the scheduled date for Staff's Motion on February 6, 2014 be re-scheduled and counsel to GWI, Dunk and DeBoer consented;

AND WHEREAS, on January 21, 2014, the Commission ordered that the scheduled date for Staff's Motion on February 6, 2014 be vacated and the hearing for Staff's Motion shall be held on March 4, 2014 at 10:00 a.m.

AND WHEREAS Staff's Motion did not proceed on March 4, 2014;

AND WHEREAS on March 24, 2014, the Commission held a further confidential pre-hearing conference, and Staff and counsel to GWI, Dunk, DeBoer and Webster appeared and made submissions;

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

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

IT IS HEREBY ORDERED that the pre-hearing conference is adjourned and shall continue on March 28, 2014 at 9:45 a.m.

DATED at Toronto this 24th day of March, 2014.

"Mary G. Condon"

2.2.6 Ground Wealth Inc. et al.

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

AND

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

AND

IN THE MATTER OF
A SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION and
GROUND WEALTH INC., MICHELLE DUNK, DOUGLAS DEBOER and JOEL WEBSTER

ORDER

WHEREAS on February 1, 2013, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "**Act**"), in respect of Ground Wealth Inc. ("**GWI**"), Michelle Dunk ("**Dunk**"), Adrion Smith ("**Smith**"), Joel Webster ("**Webster**"), Douglas DeBoer ("**DeBoer**"), Armadillo Energy Inc. ("**Armadillo Texas**"), Armadillo Energy, Inc. ("**Armadillo Nevada**") and Armadillo Energy, LLC ("**Armadillo Oklahoma**");

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

AND WHEREAS GWI, Dunk, DeBoer and Webster (collectively, the "**Settling Respondents**") entered into a Settlement Agreement dated March 11, 2014 (the "**Settlement Agreement**") in relation to the matters set out in the Amended Statement of Allegations;

AND WHEREAS on March 18, 2014, the Commission issued a Notice of Hearing to convene a hearing on March 24, 2014 at 9:30 am to consider whether it was in the public interest to approve the Settlement Agreement between Staff and GWI, Dunk, DeBoer and Webster (the "**Hearing**");

AND WHEREAS on March 24, 2014, the Commission held the Hearing, and Staff and counsel to GWI, Dunk, DeBoer and Webster appeared and made submissions;

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

IT IS HEREBY ORDERED that the Hearing is adjourned and shall continue on March 28, 2014 at 9:30 a.m.

DATED at Toronto this 24th day of March, 2014.

"Mary G. Condon"

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
Alterrus Systems Inc.	13 Mar 14	25 Mar 14	25 Mar 14	
Fire River Gold Corp.	12 Mar 14	24 Mar 14	24 Mar 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

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
NTG Clarity Networks Inc.	14 Feb 14	26 Feb 14	26 Feb 14		
Penfold Capital Acquisition IV Corporation	05 Feb 14	18 Feb 14	18 Feb 14		

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Request for Comments

6.1.1 Implementation of Stage 3 of Point of Sale Disclosure for Mutual Funds – Point of Sale Delivery of Fund Facts – Proposed Amendments to NI 81-101 Mutual Fund Prospectus Disclosure and Companion Policy 81-101CP

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA NOTICE AND REQUEST FOR COMMENT

IMPLEMENTATION OF STAGE 3 OF
POINT OF SALE DISCLOSURE FOR MUTUAL FUNDS
– POINT OF SALE DELIVERY OF FUND FACTS

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-101
***MUTUAL FUND PROSPECTUS DISCLOSURE* AND**
COMPANION POLICY 81-101CP
TO NATIONAL INSTRUMENT 81-101
MUTUAL FUND PROSPECTUS DISCLOSURE
(2ND PUBLICATION)

March 26, 2014

Introduction

The Canadian Securities Administrators (the CSA or we) are publishing for second comment changes to proposed amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (the Rule or NI 81-101) and Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (the Companion Policy). We refer to the proposed amendments to the Rule and the proposed changes to the Companion Policy together as the Proposed Amendments.

The Proposed Amendments represent an important step in the final stage of implementation of the CSA point of sale disclosure initiative. They set out requirements aimed at implementing pre-sale delivery of the fund facts document (the Fund Facts) for mutual funds.

The Fund Facts is central to the point of sale disclosure framework. It is in plain language, no more than two pages double-sided and highlights key information to investors, including risk, past performance and the costs of investing in a mutual fund.

Pre-sale delivery of the Fund Facts will provide investors with the opportunity to make more informed investment decisions by giving investors key information about a mutual fund, in a language they can easily understand, at a time that is most relevant to their investment decision.

An earlier version of the Proposed Amendments was published by the CSA on June 19, 2009 (the 2009 Proposal). The 2009 Proposal included proposed amendments aimed at implementing all of the elements of the point of sale disclosure regime set out in Framework 81-406 *Point of Sale Disclosure for mutual funds and segregated funds* (the Framework), published in October 2008 by the CSA and the Canadian Council of Insurance Regulators, as members of the Joint Forum of Financial Market Regulators (the Joint Forum).[1]

The text of the Proposed Amendments follows this Notice and is available on the websites of members of the CSA.

[1] The goal of the Joint Forum is to continuously improve the financial services regulatory system through greater harmonization, simplification and co-ordination of regulatory activities. Under the framework, investors would receive more meaningful information about a mutual fund or segregated fund at a time that is relevant to their investment decision.

We expect the Proposed Amendments to be adopted in each jurisdiction of Canada.

Background

Following the publication of the Framework by the Joint Forum and the CSA's 2009 Proposal, on June 18, 2010, the CSA published CSA Staff Notice 81-319 *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds* (the Staff Notice), which outlined the CSA's decision to implement the Framework in three stages.

- Stage 1, which came into force January 1, 2011, requires mutual funds to produce and file the Fund Facts and for it to be available on the mutual fund's or mutual fund manager's website. Since July 2011, every mutual fund has had a Fund Facts for each class and series of the mutual fund.

- Stage 2 was completed with the publication of final amendments on June 13, 2013. The amendments are phased-in, with the amendments to Form 81-101F3 *Contents of Fund Facts Document* effective as of January 13, 2014. The amendments that require delivery of the Fund Facts and allow for the Fund Facts to satisfy the current prospectus delivery requirement under securities legislation to deliver a prospectus within two days of buying a mutual fund take effect on June 13, 2014.

- In Stage 3, the CSA conveyed it would publish the Proposed Amendments aimed at implementing pre-sale delivery of the Fund Facts.

As part of Stage 3, the CSA is also proceeding with two other concurrent workstreams: (i) the development of a CSA mutual fund risk classification methodology, which was published for comment on December 12, 2013, and (ii) the development of a summary disclosure document for ETFs, similar to the Fund Facts, and a requirement to deliver the summary disclosure document within two days of an investor buying an ETF, which we anticipate publishing for comment in Fall 2014.

You can find additional background information and other Joint Forum publications on the topic of point of sale disclosure for mutual funds on the websites of members of the CSA.

Substance and Purpose

The principles underlying the CSA point of sale disclosure initiative are:

- providing investors with key information about a fund;

- providing the information in a simple, accessible and comparable format; and

- providing the information before investors make their decision to buy.

These principles keep pace with developing global regulatory standards,[2] including the International Organization of Securities Commissions (IOSCO) Principles on Point of Sale Disclosure published in February 2011.[3]

We think the Proposed Amendments will provide investors with the opportunity to make more informed investment decisions, by giving investors key information about a mutual fund, in language they can easily understand, at a time that is most relevant to their investment decision. We also think the Fund Facts will assist investors in their discussions with their representatives, and highlight for investors where they can find further information about a mutual fund, before they make their investment decision.

Feedback on the 2009 Proposal

We received 54 comment letters on the 2009 Proposal. Copies of the comment letters have been posted on the Ontario Securities Commission website at www.osc.gov.on.ca. You can find the names of the commenters and a summary of the comments relating to the pre-sale delivery elements of the 2009 Proposal and our responses to those comments in Annex C to this Notice.

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2 In the United Kingdom, Australia, Hong Kong and Malaysia, disclosure documents must generally be provided before a product is purchased.

3 See, for example: Principles on Point of Sale Disclosure, Final Report, Technical Committee of the IOSCO, February 2011; G20 High-level principles on Financial consumer protection, Organization for Economic Co-operation and Development (OECD), October 2011; and Regulation of Retail Structured Products, Consultation Report, IOSCO, April 2013.

Principle 2 of the IOSCO Principles on Point of Sale Disclosure specifies: "*key information should be delivered, or made available, for free, to an investor before the point of sale, so that the investor has the opportunity to consider the information and make an informed decision about whether to invest.*"

Generally, commenters agreed with the benefits of providing investors with the Fund Facts. We did, however, receive significant comments related to operational and compliance concerns in respect of pre-sale delivery of the Fund Facts. The concerns were primarily related to costs and complexity. Commenters also generally supported allowing a waiver from pre-sale delivery requirements for the Fund Facts in certain circumstances.

Changes to the 2009 Proposal

We have revisited the approach taken in the 2009 Proposal with respect to pre-sale delivery of the Fund Facts, informed by the regulatory regimes of other jurisdictions that have implemented pre-sale delivery requirements,[4] by IOSCO principles,[5] and by the comments received on the 2009 Proposal.

To address the feedback we received related to complexity and cost of compliance, the CSA has decided to proceed with a simpler, more consistent approach to pre-sale delivery of the Fund Facts. Accordingly, we are proposing a number of changes to the 2009 Proposal, specifically:

- for all purchases of mutual funds securities, the Funds Facts will be required to be delivered or sent to the purchaser before a dealer accepts an instruction, if the most recent Fund Facts has not previously been delivered;
- subject to certain conditions, an exception from pre-sale delivery of the Fund Facts will be allowed if the purchaser indicates that they want to complete the purchase immediately or by a specified time, and it is not practicable for the dealer to complete pre-sale delivery of the Fund Facts. In such circumstances, the Fund Facts must be delivered or sent within 2 days of purchase; and
- there are no longer exceptions from pre-sale delivery for purchases of money market fund securities, for purchases through an order execution-only account, or for purchases that are not recommended.

We have made a number of other changes to the 2009 Proposal to simplify the pre-sale delivery regime for Fund Facts. An overview of the changes we have made to the 2009 Proposal is set out in the chart at Annex A to this Notice.

We are requesting feedback on all aspects of the Proposed Amendments, and in particular, specific questions in Annex B to this Notice. The CSA continue to be committed to consulting with investors, representatives from the mutual fund industry, dealers, sales representatives and service providers on implementation issues related to pre-sale delivery of Fund Facts. The CSA will continue to work with Self-Regulatory Organizations (SROs) on issues arising from the transition to pre-sale delivery of Fund Facts.

Summary of the Proposed Amendments

Application

The Proposed Amendments apply only to mutual funds subject to NI 81-101.

Pre-Sale Delivery

The Proposed Amendments require delivery of the most recently filed Fund Facts to a purchaser before a dealer accepts an instruction for the purchase. The delivery requirement is for all purchases, without any distinction based on the type of mutual fund security purchased or the distribution channel. Consistent with securities legislation in some jurisdictions today, the Proposed Amendments do not require delivery of the Fund Facts if the purchaser has already received the most recently filed Fund Facts. However, in some jurisdictions, such as Quebec, a legislative amendment may be required to maintain the right of rescission for subsequent trades.

The method for delivery of the Fund Facts is consistent with the method for delivery of a prospectus under securities legislation. For example, it can be in person, by mail, by fax, electronically or by other means. Access will not equal delivery, nor will a referral to the website on which the Fund Facts is posted.

Exception where Delivery Impracticable

The CSA acknowledge that there may be circumstances that make pre-sale delivery of the Fund Facts impracticable. The Proposed Amendments contemplate an exception to pre-sale delivery of the Fund Facts in limited circumstances where the purchaser indicates that they want the purchase to be completed immediately, or by a specified time, and it is not reasonably

4 See footnote 2 above.

5 See footnote 3 above.

practicable for the dealer to complete pre-sale delivery of the Fund Facts within the timeframe specified by the purchaser. In such circumstances, the dealer would be required to inform the purchaser of the existence and purpose of the Fund Facts and explain the dealer's obligation of pre-sale delivery of the Fund Facts. The dealer must also provide a general overview of the content of the Fund Facts, verbally, including the applicable rights of withdrawal or rescission that the purchaser is entitled to under securities legislation.

In such circumstances, the Fund Facts would then be required to be delivered or sent to the purchaser within two days of buying the mutual fund. This exception is on a purchase by purchase basis. A dealer cannot rely on standing instructions from the purchaser to effect post-sale delivery of the Fund Facts.

Exception for Pre-Authorized Purchase Plans

For pre-authorized purchase plans, the requirement for pre-sale delivery of the Fund Facts would not apply to subsequent purchases of securities of a mutual fund provided that the dealer provides initial and subsequent annual notices to the purchaser that includes information on how to access and request the Fund Facts and that the purchaser will not have a right for withdrawal of the purchase. A purchaser of a pre-authorized plan will continue to have a right of action for rescission or for damages if there is a misrepresentation in the prospectus of the mutual fund, including any documents incorporated by reference into the prospectus, such as the Fund Facts.

No Effect on Investor Rights

We are not proposing any changes to existing investor rights under securities legislation.

If the investor does not receive the Fund Facts, the investor has a right to seek damages or to rescind the purchase. The rights of the investor for failure of pre-sale delivery of the Fund Facts are the same rights under securities legislation today for failure to deliver the Fund Facts within two days of purchasing securities of a mutual fund.

The investor's right of withdrawal of purchase within two business days after receiving the Fund Facts remains unchanged. Consistent with securities legislation today, depending on the timing of delivery of the Fund Facts and the timing of the trade, the investor may or may not have the right of withdrawal of purchase.

The right for misrepresentation related to the Fund Facts has also not changed. The Fund Facts is incorporated by reference into the prospectus. This means that the existing statutory rights of investors that apply for misrepresentations in a prospectus also apply to misrepresentations in the Fund Facts.

In some jurisdictions, investors also currently have a right of rescission with delivery of the trade confirmation for the purchase of mutual fund securities. This right also remains unchanged under the Proposed Amendments.

Transition

The CSA propose a one year transition period for pre-sale delivery of the Fund Facts following the effective date of the Proposed Amendments. This means, from the time of publication of the Proposed Amendments in final form, a mutual fund will have one year to make any changes to update information delivery systems as well as to make changes to compliance systems for the oversight of pre-sale delivery.

Anticipated Costs and Benefits

We think the pre-sale delivery requirements for the Fund Facts, as set out in the Proposed Amendments, would benefit both investors and market participants by helping address the "information asymmetry" that exists between participants in the mutual fund industry and investors. Unlike industry participants, investors often do not have key information about a mutual fund before they make their investment decision, and may not know where to find the information. Providing pre-sale delivery of the Fund Facts would help bridge this information gap.

However, the extent to which investors and the mutual fund industry would be affected in terms of benefits and costs is difficult to quantify.

Benefits

The benefits of a more effective disclosure regime can be subtle and difficult to measure. It is difficult to quantify the value of investors having the opportunity to make more informed investment decisions. Research suggests that certain behavioral biases of investors may impact the effectiveness of policy initiatives that are designed to encourage better choices about financial

products.[6] However, research on investor preferences for mutual fund information, including our own testing of the Fund Facts, indicates investors prefer a concise summary of the information to be offered before the sale so that they can use the information to make a decision.[7]

Some anticipated benefits of pre-sale delivery of the Fund Facts include:

- less risk of investors buying inappropriate products or not fully benefitting from the advice services they pay for;
- investors being in a position to better understand, discuss, and compare one mutual fund to another, particularly the costs of investing in the mutual funds, before making their investment decision; and
- investors becoming better informed overall, which reinforces investor confidence in mutual funds.

Costs

We think the costs of pre-sale delivery of the Fund Facts fall into two main categories: the one-time costs of change in moving to the new regime and the ongoing costs of maintaining the new system, in comparison with the cost of the existing regime.

We anticipate that costs to industry stakeholders will fall into the following general categories:

- updating information delivery systems; and
- compliance and staff costs in overseeing the delivery regime.

As industry stakeholders have already had to develop programs and systems to comply with recent pre-trade costs disclosure requirements in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, we think the costs to implement pre-sale delivery of the Fund Facts will be incremental in nature.

We also note that technology has advanced considerably since the 2009 Proposal. There are now service providers who have created the automated programs and applications for pre-sale delivery of the Fund Facts. These innovations facilitate pre-sale delivery of Fund Facts to investors.

Overall, we continue to believe that the potential benefits of the changes to the disclosure regime for mutual funds, as contemplated by the Proposed Amendments, are proportionate to the costs of making them. We are committed to reviewing the impact of pre-sale delivery of the Fund Facts following its implementation.

Local Matters

Annex F to this Notice is being published in any local jurisdiction that is making related changes to local securities laws, including local notices or other policy instruments in that jurisdictions. It also includes any additional information that is relevant to that jurisdiction only.

Some jurisdictions may require amendments to local securities legislation, in order to implement the Proposed Amendments. If statutory amendments are necessary in a jurisdiction, these changes will be initiated and published by the local provincial or territorial government.

Unpublished Materials

In developing the Proposed Amendments, we have not relied on any significant unpublished study, report or other written materials.

Request for Comments

We welcome your comments on the Proposed Amendments. To allow for sufficient review, we are providing you with 60 days to comment. In addition to any general comments you may have, we also invite responses to the specific questions for comment identified in Annex B to this Notice.

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6 Financial Services Authority, July 2008 *Financial Capability A Behavioural Economics Perspective* – Consumer Research 69.

7 OSC, October 2006 *Fund Facts Document Research Report*; Investment Company Institute, August 2006 *Understanding Investor Preferences for Mutual fund Information*; Securities and Exchange Commission, April 2004 *Results of Focus Groups with Individual Investors to Test Proposed Rules 15c2-2 and 15c2-3*.

We cannot keep submissions confidential because securities legislation in certain provinces requires publication of a summary of the written comments received during the comment period.

Please submit your comments in writing on or before May 26, 2014. If you are not sending your comments by email, please send a CD containing the submissions (in Microsoft Word format).

Where to Send Your Comments

Address your submission to all of the CSA as follows:

British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumers Affairs Authority of Saskatchewan
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission (New Brunswick)
Office of the Superintendent of Securities, Prince Edward Island
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Newfoundland and Labrador
Office of the Superintendent of Securities, Northwest Territories
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Nunavut

Deliver your comments **only** to the addresses below. Your comments will be distributed to the other participating CSA.

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Ontario Securities Commission
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Toronto, Ontario M5H 3S8
Fax: 416-593-2318
comments@osc.gov.on.ca

Me Anne-Marie Beaudoin
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Fax : 514-864-6381
consultation-en-cours@lautorite.qc.ca

Contents of Annexes

The text of the Amendments is contained in the following annexes to this Notice and is available on the websites of members of the CSA:

Annex A – Changes to 2009 Proposal

Annex B – Issues for Comment

Annex C – Summary of Public Comments on the 2009 Proposal (relating to Pre-Sale Delivery of the Fund Facts)

Annex D – Proposed Amendments to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Annex E – Proposed Changes to Companion Policy 81-101CP to National Instrument 81-101 *Mutual Fund Prospectus Disclosure*

Annex F – Local Information

Questions

Please refer your questions to any of the following:

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ANNEX A

CHANGES TO THE 2009 PROPOSAL

<table>
<tr><th rowspan="2">Type of account</th><th rowspan="2">Type of trade</th><th rowspan="2">Type of fund</th><th colspan="3">Time of delivery</th></tr>
<tr><th>Initial purchase</th><th>Subsequent purchase</th><th>Annually</th></tr>
<tr><td colspan="6">2009 Proposal</td></tr>
<tr><td rowspan="3">Full service</td><td rowspan="2">Dealer recommended</td><td>All funds other than money market funds</td><td>Before or at point of sale</td><td rowspan="4">No delivery</td><td rowspan="4">Investor will be given option to receive annually Fund Facts for all funds held</td></tr>
<tr><td>Money market funds</td><td rowspan="2">Before or at point of sale
OR
With trade confirmation</td></tr>
<tr><td>Investor initiated</td><td>All funds</td></tr>
<tr><td>Order execution only</td><td>All trades</td><td>All funds</td><td>With trade confirmation</td></tr>
<tr><td colspan="6">Proposed Amendments</td></tr>
<tr><td>Full service</td><td>All trades</td><td>All funds</td><td rowspan="2">Before or at point of sale*
OR
Within 2 days of purchase in limited circumstances, subject to certain conditions (as outlined in the Notice)</td><td rowspan="2">No delivery unless a more recent version of the Fund Facts has been filed**</td><td rowspan="2">Not applicable</td></tr>
<tr><td>Order execution only</td><td>All trades</td><td>All funds</td></tr>
</table>

*Before a dealer accepts an instruction for the purchase of mutual fund securities.
** Subject to legislative amendments in certain jurisdictions.

ANNEX B

ISSUES FOR COMMENT

Exceptions from Pre-Sale Delivery of the Fund Facts

1. While the Proposed Amendments generally require pre-sale delivery of the Fund Facts, they also set out specific circumstances that would permit post-sale delivery.

    a) Do you agree that we should allow post-sale delivery of the Fund Facts in certain limited circumstances? In particular, are there circumstances where post-sale delivery of the Fund Facts should be permitted but are not captured in the Proposed Amendments?

    b) When pre-sale delivery is impracticable, one of the conditions for post-sale delivery of the Fund Facts is that the dealer provides verbal disclosure to the purchaser of certain elements contained in the Fund Facts. Please comment on whether the proposed disclosure elements are appropriate. If not, what additional disclosure should be included? Alternatively, are there any disclosure elements that should be excluded?

    c) In the case of pre-authorized purchase plans, a Fund Facts would only be required to be sent or delivered to a participant in connection with the first purchase provided that certain notice requirements are met. Please comment on whether the Fund Facts should also be sent or delivered to a participant if the Fund Facts is subsequently amended and/or every year upon renewal of the Fund Facts. If so, what parameters should be put in place for such delivery? For example, should it be delivered in advance of the next purchase that is scheduled to take place after the Fund Facts has been amended or renewed? Or would post-sale delivery be more appropriate?

Compliance

2. The CSA expect that dealers will follow current practices to maintain evidence sufficient to demonstrate effective delivery of the Fund Facts. Are there any aspects to the requirements in the Proposed Amendments that require further guidance or clarification? If so, please identify the areas where additional guidance would be useful.

Anticipated Costs and Benefits of Pre-Sale Delivery of the Fund Facts

3. We seek feedback on whether you agree or disagree with our perspective on the benefits and costs of implementing pre-sale delivery of the Fund Facts. Specifically, do you agree with our view that the costs will be incremental in nature and/or one-time cost? We request specific data from the mutual fund industry and service providers on any anticipated costs.

Transition Period

4. We seek feedback from the mutual fund industry and service providers on the appropriate transition period for full implementation of the Proposed Amendments. For example, assuming that publication of final rules takes place in early 2015, please comment on the feasibility of implementing the Proposed Amendments within 3 months of publication. Would a longer transition period of 6 months or 1 year be more appropriate? If so, why? In responding please comment on the impact these different transition periods might have in terms of cost, systems implications, and potential changes to current sales practices.

5. We are currently contemplating a single switch-over date for implementing pre-sale delivery of the Fund Facts. From a business planning and business cycle perspective, are there specific months or specific periods of the year that should be avoided in terms of selecting a specific switch-over date? Please explain.

ANNEX C

SUMMARY OF PUBLIC COMMENTS ON PROPOSED DELIVERY FRAMEWORK IMPLEMENTATION OF POINT OF SALE (POS) DISCLOSURE FOR MUTUAL FUNDS (JUNE 19, 2009)

Table of Contents

PART	TITLE
Part 1	Background
Part 2	Comments on: I) Issues for comment in the Notice and Request for Comment II) Issues for comment on the Instrument
Part 3	Comments on pre-sale delivery
Part 4	Comments on the Instrument
Part 5	List of commenters

Part 1 – Background

Summary of Comments

On June 19, 2009, the Canadian Securities Administrators (CSA) published a notice (Notice and Request for Comment) entitled *Implementation of Point of Sale (POS) Disclosure for Mutual Funds*, which proposed amendments (the 2009 Proposal) to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (NI 81-101), Forms 81-101F1 and 81-101F2 (the Forms) and Companion Policy 81-101CP (the Companion Policy) (NI 81-101, the Forms and the Companion Policy, collectively, the Instrument) aimed at providing investors with more meaningful and effective disclosure. The comment period expired on October 17, 2009. We received submissions from 54 commenters, which are listed in Part 5.

The 2009 Proposal was designed to implement all of the elements of the point of sale disclosure regime set out in Framework 81-406 *Point of Sale Disclosure for Mutual Funds and Segregated Funds* (the Framework) published by the Joint Forum of Financial Market Regulators on October 24, 2008. The Instrument initially proposed, among other things, requirements for the production and filing of the fund facts document, investor rights in connection with the fund facts document and delivery of the fund facts document before or at the point of sale to an investor.

After considering all of the comments received on the 2009 Proposal, the CSA concluded to proceed with a staged implementation of the Framework, as set out in CSA Staff Notice 81-319 *Status Report on the Implementation of Point of Sale Disclosure for Mutual Funds* (the Status Report) published on June 18, 2010, and addressed only those comments related to the relevant stage at that time.

This document contains a summary of the comments and the CSA's responses relating to the parts of the 2009 Proposal that deal with pre-sale delivery of fund facts documents for mutual funds.

We have considered all comments received relating to pre-sale delivery of fund facts documents for mutual funds from the 2009 Proposal. We have taken these comments into account in our new proposal for pre-sale delivery of fund facts documents for mutual funds (the Proposed Amendments).

We note that, in comments responding to more recent CSA consultations related to mutual fund fees and standards of conduct for advisers and dealers, we have recently heard from a number of industry commenters that they are in favour of implementing POS principles to enhance consumer-focused regulation in advance of the CSA proceeding with those other policy initiatives. In particular, we have heard from some of these commenters that the POS disclosure initiative should be fully implemented and operational and assessed as to its success before additional regulatory change is introduced as potentially contemplated by the CSA consultations.

Part 2 – Comments on issues for comment		
I) Comments on issues for comment in the Notice and Request for Comment		
Issue	**Comments**	**Responses**
1. We seek feedback on whether you agree or disagree with our perspective on the benefits of the Instrument. We particularly seek feedback from investors.	***Support for the benefits of the 2009 Proposal*** Investor advocate commenters told us they strongly support the goal of the CSA to provide investors with clear, meaningful and simplified information when the investor needs it most: before or at the time they make their decision to invest their savings in a mutual fund. Only a few industry commenters agreed with the benefit of investors obtaining information about a prospective investment prior to making an investment decision. ***Disagreement with benefits of the 2009 Proposal*** Many industry commenters told us there is limited benefit to delivering the fund facts document to an investor before a trade. A number of industry commenters remarked that the assumed benefits of pre-sale delivery are not supported by the research about the investor's decision making process. Another industry commenter remarked that the benefit of pre-sale delivery will ultimately be determined by investors, who will simply seek out substitute products if they find that pre-sale delivery of a fund facts document obstructs their ability to complete a transaction. Many commenters urged us to consider pre-sale delivery for other riskier investment products rather than focussing on the mutual fund industry, which is a comparatively safe and regulated industry.	We continue to be of the view that pre-sale delivery of the fund facts document will provide investors with the opportunity to make more informed investment decisions by giving investors key information about a mutual fund, in a language they can easily understand, at a time that is most relevant to their investment decision. We disagree with the commenters who indicated that pre-sale delivery for mutual funds will result in investors being sold alternative products. We expect that dealers, in complying with their suitability obligations, will continue to recommend mutual funds to investors and will not simply recommend other products instead of mutual funds on assumptions related to the level of compliance burden in the sales process for a particular product. In terms of creating a level playing field in the disclosure delivery regime for different types of investment products, we expect that disclosure for all types of investment products will evolve with time, and we anticipate that point of sale disclosure for mutual funds may provide a platform for further future regulatory reform.
2. We seek feedback on whether you agree or disagree with our perspective on the cost burden of the Instrument. Specifically, we request specific data from the mutual fund industry and service providers on the anticipated costs and savings of complying with the Instrument for the mutual fund industry.	***Costs and complexity of compliance*** Many industry commenters stressed that the compliance procedures and back-office systems of most mutual funds managers and dealers do not presently facilitate tracking the various delivery obligations and options contemplated in the Instrument.	Our original proposal was designed to be responsive to comments that a "one-size-fits-all" delivery model could not appropriately reflect the different types of relationships that dealers have with their clients and the various business models of dealers. The 2009 Proposal, therefore, sought to accommodate

	While one industry commenter remarked it may be relatively straightforward for many dealers to implement the delivery of the fund facts document with the trade confirmation, most said the proposed Instrument with its selective waivers and exemptions requires the implementation of costly compliance and audit systems to accommodate such processes. For example, a dealer association remarked that the Instrument will require its members to query and track, among other things: • Was the trade advisor recommended or client initiated? • Was the trade an initial or subsequent purchase? • Is the purchase a money market fund? • Was the fund facts document delivered at or before the point of sale? • Was delivery waived? • Was the fund facts document brought to the attention of the investor? According to one commenter, the creation and maintenance of such systems will result in significant costs including: training, monitoring for compliance, record keeping and producing and updating the fund facts document. All of these requirements will disrupt the sales process, increase compliance costs and ultimately disadvantage the mutual fund industry and increase cost to investors. We were further told that the ability to deliver electronically will not sufficiently mitigate delivery costs, as dealers and advisers will still be required to compile and maintain lists of hundreds of links in order to have them readily available to send to clients. Furthermore, another commenter remarked that they expect the electronic delivery mechanisms contemplated by the Instrument will have a high fixed cost and a very low variable cost, resulting in significant economies of scale for larger mutual fund manufacturers that will create an unfair competitive disadvantage for independent mutual fund manufacturers. ***Disagreement with stated cost burden*** Many industry commenters told us that, although they are unable to provide	the various differences while still meeting investor needs. In response to comments, however, we have simplified the delivery regime by eliminating the various decision points that would need to be tracked in order to determine when delivery would need to occur. We are of the view that this more streamlined and simplified delivery regime should address some of the cost and complexity concerns that were previously raised. Please see Annex A for further information regarding the changes that are being proposed in the delivery model. We also note that technology has advanced considerably since the 2009 Proposal. These innovations have increased the means by which fund facts documents can be delivered or sent to, and received by, investors. There are also a number of service providers who have been actively engaged in developing solutions aimed at assisting dealers in complying with pre-sale delivery requirements. We understand that these service providers are able to offer technology solutions that allow for that creation, production, distribution, delivery, tracking and auditing of fund facts documents. In our view, these technological advances should help further mitigate factors affecting the cost and complexity of compliance. It is important to note that, as we have throughout the various stages of the POS disclosure initiative, we will continue to meet with the representatives of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) to discuss compliance issues and to identify possible implementation issues.

	detailed information about costs at this time, they believe the CSA has underestimated the systems infrastructure, development costs and administrative process that will be involved in moving to pre-sale delivery requirement for mutual funds. A few commenters went on to say that any minimal benefit that pre-sale delivery of the fund facts document would provide is eclipsed by the costly overhaul of the sale process which would be required. ***Agreement with stated cost burden*** A service provider stated that orienting manufacturers towards digital production as a more expeditious means of delivery may reduce print, distribution and environmental costs over the longer term. This same service provider also suggested compliance costs could be contained through the outsourcing of the delivery obligation outside existing dealer systems as well as minimizing integration into back office protocols for the purposes of compliance. ***Specific cost estimate data*** Based on the proposed Instrument, one industry commenter, a mutual fund manufacturer and dealer, gave the following cost estimates: • Distribution costs to develop or enhance the information delivery systems would be $1,800,000. The ongoing costs to maintain the new system would cost approximately $200,000 per year. • Compliance/staff costs in overseeing and maintaining the delivery regime could initially cost our related dealers $500,000. On-going compliance costs would include increased staffing and expenses required to manage the new systems and would cost such dealers approximately $150,000 per year.	
II) Comments on issues for comment on the Instrument		
Issue	**Comments**	**Responses**
2. The intention of the requirement to 'bring the fund facts document to the attention of the purchaser' is to allow the investor to link the information in the fund facts document to a particular	***Compliance with requirement*** A number of industry commenters told us that the Instrument and the Companion Policy provide insufficient guidance on how to evidence that the fund facts	We do not propose to proceed with this element of the 2009 proposal. However, we do expect that compliance with fund facts delivery will not be a perfunctory process and that

purchase. In subsection 7.3(3) of the Companion Policy, we have provided guidance on this requirement. Is this guidance sufficient?	document has been “brought to the attention of” investors, or what constitutes “adequate records” for this purpose. These commenters said the concept of “bringing to the attention” is problematic because there is no precedent. One commenter indicated that the requirement and the guidance would introduce a whole new compliance process at an unnecessary cost. Another commenter added that the requirement diverges greatly from the current standard of delivery and will pose huge challenges in developing appropriate standards for tracking and proving compliance with the requirement. If the requirement is retained, commenters said the CSA and the self-regulatory organizations (SROs) must be more specific about what is contemplated by the requirement and better identify how the CSA envisions dealers satisfying the requirement. ***Requirement is not necessary and should be removed*** A number of industry commenters told us that delivery of the fund facts document, coupled with suitability requirements (including know-your-client and know-your-product), should be sufficient. As a result, many of these commenters recommended the requirement to “bring to the attention of the purchaser” be removed. It was further suggested that advisors should only have to provide information on the existence of the fund facts document when a client waives pre-sale delivery and chooses to receive the fund facts document with the trade confirmation. To address the CSA's concern about investors understanding the purpose of the fund facts document, one commenter further suggested dealers could include general disclosure explaining the purpose of the fund facts document in client account opening documentation. We were also told that where dealers are required to provide investors with the fund facts document, delivery itself should constitute bringing the fund facts document to the client's attention.	clients will be made aware that they are being provided with a fund facts document. As we have stated throughout the various stages of the POS disclosure initiative, we do not anticipate proceeding with an access equals delivery approach.

	Adds complexity and increases liability for dealers We were told that the extra layer of complexity at the time of an initial purchase will increase the risk of the transaction not meeting the requirements and therefore increase liability for the dealer. One industry commenter remarked that implementation of this requirement will become a significant supervisory and compliance issue. Another commenter added that they believe that there will be many circumstances in which evidence of "bringing to the attention of the purchaser" will be very difficult to document and verify, and can only envisage evidence being in the form of a written client acknowledgement which will further delay a trade, or through a taped phone trading line, which is only practical for the larger brokers ***Specific suggestions*** One industry commenter suggested that whether the fund facts document is delivered prior to or following the sale, investors should be provided with similar information, which should be set out in the Companion Policy, if not in the Instrument itself, so that there will be no confusion as to what is required. This commenter suggested the information to investors include: • the existence of the fund facts document (and the investor's right to receive it prior to the trade), • basic information in the fund facts document, and • the cancellation right. Other commenters told us the meaning of 'linking' the fund facts document to the purchase set out in the Companion Policy is unclear, and similarly suggested the dealer's responsibility be more clearly set out. Still another commenter suggested the requirement "to bring the fund facts document to the attention of the purchaser" be satisfied by an 'access equals delivery' approach, achieved by directing an investor's attention to the relevant fund facts documents on the fund manager's website.	

3. In response to comments, we are considering requiring delivery of the fund facts document for subsequent purchases – either in instances where the investor does not have the most recently filed fund facts document, or in all instances with the confirmation of trade. What are your views? Would this approach make it easier to comply with the delivery requirements? What if this could result in the removal of the annual option to receive a fund facts document? Would this approach be more useful for investors? More practical for dealers?	A few commenters asked the CSA to outline the reasoning behind choosing delivery of the fund facts document with trade confirmations for subsequent purchases and an annual option to receive the fund facts document. ***Support for delivery of the fund facts document for subsequent purchases*** We received support from service providers for the fund industry, as well as some investor advocate and industry commenters, for delivery of the fund facts document for subsequent purchases with the confirmation of trade. One investor advocate commenter told us that the fund facts document should be delivered for all purchases, in addition to annual delivery of all fund facts document held, to address changes in the product and in the personal risk tolerance/ circumstances of the investor. An industry commenter agreed, noting that while delivery of an updated fund facts document with trade confirmation for subsequent purchases would be more practical, investors should still be able to receive a fund facts document if they wish to see it again. This commenter suggested the Instrument provide that either method of providing an updated fund facts document to investors be permitted. Two service providers who commented said that following a process similar to the current standard practice of suppressing delivery of the simplified prospectus for subsequent trades where an investor has already received the current version would simplify the implementation of fund facts document delivery and achieve cost efficiencies provided, as one of these commenters noted, that compliance around delivery is left at simple receipting of physical or electronic documents. While a commenter stated that setting up similar systems to deliver the fund facts document with trade confirmations for subsequent purchases would present steep operational challenges , a key service provider disagreed, stating that, if adopted, this approach would: • provide investors with meaningful current information associated with a mutual fund purchase, • eliminate the annual delivery option and save the industry the substantial investment that would be required to	We do not propose to proceed with this element of the 2009 Proposal. Instead, we propose to require delivery with subsequent purchases unless the investor has already received the most recent fund facts document. This is consistent with the current prospectus delivery requirement. It will also ensure that investors have the most up-to-date information in connection with the purchase of securities of a mutual fund. We also propose that delivery of the fund facts document not be required in respect of subsequent purchases under a pre-authorized purchase plan provided that the dealer provides initial and subsequent annual notices to the purchaser that includes information on how to access and request the fund facts document. This is consistent with existing exemptive relief that has been granted in respect of prospectus delivery for pre-authorized purchase plans. We are not proposing a similar exception for money market fund purchases, switches under asset allocation plans, or for fund mergers and reorganizations. We do not think that commenters have provided sufficient rationale for such requests.

	build a new fulfillment process, and • simplify implementation of the proposed rules as only minimal infrastructure changes related to the suppression process would be required to support the existing subsequent purchase suppression logic (i.e. current system for the simplified prospectus) based on the delivery history of a fund facts. ***Opposition to delivery of the fund facts document for subsequent purchases*** A number of industry commenters as well as some investor advocate commenters told us that they agreed with the existing requirements and did not support delivery of the fund facts document for subsequent purchases. One industry commenter told us that varying delivery obligations depending on the type of account held, how the purchase is initiated and whether the purchase is an initial or subsequent investment, are positive changes to the original proposals, and expressed disappointment that the CSA is re-opening whether the fund facts document should be delivered for subsequent purchases. ***No additional benefit*** A number of other industry commenters stated investors are often overwhelmed and annoyed by the number of unwanted documents they receive, which will be exacerbated by a subsequent purchase delivery requirement. One commenter told us that if investors have already received the fund facts document and are sufficiently pleased with the performance of the fund as to make an additional purchase, there is no reason to provide the fund facts document with the trade confirmation for each subsequent purchase. Another industry commenter added that absent a material change or an updated fund facts document, delivery of the fund facts document for all subsequent purchases would provide little additional benefit. Several industry commenters told us that a delivery requirement for subsequent purchases of the same securities of a fund would be excessive and would overlap with existing continuous disclosure requirements.	

	Also a few industry commenters noted that the annual delivery option seems somewhat inconsistent with the objective of delivering the fund facts document, which is to assist in the purchase decision process, and is not intended to be a continuous disclosure document. One of these commenters encouraged the CSA to educate investors on how to receive continuous disclosure information about mutual funds. Other industry commenters remarked that they are not convinced that an annual delivery option will be very useful to investors, given that very few investors request annual mailings of its management reports of fund performance (MRFP) and/or financial statements. Some of these commenters suggested the annual option should be removed entirely. One of the commenters additionally noted that removal of the annual option to receive the fund facts document should not be tied to the inclusion of the subsequent purchase requirement. ***Preference for annual delivery option*** Several industry commenters expressed that, if they had to choose, they preferred an annual delivery option to delivery for subsequent purchases, consistent with the current requirements in National Instrument 81-106 *Investment Fund Continuous Disclosure* with respect to the delivery of the annual and interim financial statements and MRFPs. One of these commenters stated that the annual option to receive the fund facts document will sufficiently raise investor awareness of their ability to obtain a further copy of the fund facts document. One investor advocate commenter added that an annual update should be adequate in the absence of material changes. ***Compliance*** We were told that should we require delivery for subsequent purchases, in order to facilitate compliance with such a requirement, delivery should be with the trade confirmation rather than pre-sale. Several industry commenters also remarked that, should delivery for subsequent purchases be required, there	

	should be exemptions for pre-authorized purchase plans and other similar plans, money market fund purchases, switches under asset allocation plans and for fund mergers and reorganizations. We were also asked to clarify whether, in the context of subsequent purchases, delivery would be required following the filing of an amendment of the fund facts document or the annual renewal.	
4. In response to comments, we are considering allowing delivery of the fund facts document with the confirmation of trade in instances where the investor expressly communicates they want the purchase to be completed immediately, and it is not reasonably practicable for the dealer to deliver or send the fund facts document before the purchase is completed. We request comment on this approach. If we made this change, what information should an investor receive before the purchase? In addition to delivery of the fund facts document with the trade confirmation, we think that at least some type of oral communication about the fund facts document would be necessary. What specific information should be conveyed in each instance to satisfy this aspect of delivery? Are there alternatives to this approach?	A commenter noted that based on research, almost 63% of Canadian mutual fund investors would rather have the choice to receive fund information before or after a new fund purchase. An investor advocate and a SRO commenter stated they do not believe that investors should be permitted to waive delivery of the fund facts document, which is an essential source of important information for investors. Another investor advocate commenter remarked that they hoped the number of instances where an investor would express a need to complete a purchase immediately would be a rare, given that mutual funds are long-term investments. A service provider commented that delivery of the fund facts document should be made as close as possible to the point of sale in order to capture the spirit under which the 2009 Proposal is being implemented, and so as to not dilute the benefit of investor disclosure. Most industry commenters were in favour of this approach, telling us they were encouraged by the CSA's recognition that some investors will want their purchase completed in a timely manner. Many industry commenters told us this modification will reduce the level of frustration that would otherwise exist for many investors. Telephone sales or order instructions via electronic means are examples where there should be an exemption at the option of the investor. One industry commenter said the option for an oral waiver to be completed and then clearly documented for all types of mutual fund purchases, with delivery of	As part of Stage 2 of the POS disclosure initiative, we tested the proposed changes to the fund facts document with investors in Fall 2012. In the final report, "*CSA Point of Sale Disclosure Project: Fund Facts Document Testing,"* prepared by Allen Research Corporation, half of the mutual fund investors tested indicated that they would like the fund facts document sent to them before meeting with their advisers and a third of them indicated that they would like it presented by their adviser during the meeting but before purchase.[1] These findings would suggest that there is strong preference for pre-sale disclosure. We acknowledge that there may be circumstances that make pre-sale delivery of the fund facts document impracticable. As a result, similar to what we set out in our consultation question contained in the 2009 Proposal, we are proposing an exception to pre-sale delivery that would permit post-sale delivery of the fund facts document in circumstances where the purchaser indicates that the purchase has to be completed immediately, or by a specified time, and it is not reasonably practicable for the dealer to complete delivery of the fund facts document within the timeframe specified by the purchaser. In such circumstances, the dealer would be required to provide certain information, including verbal disclosure of certain information contained in the fund facts document. We are seeking specific feedback on whether the information to be conveyed to investors is adequate or whether any modifications are necessary. The fund facts document must then be provided to the

[1] The final report, "*CSA Point of Sale Disclosure Project: Fund Facts Document Testing,"* is available on the websites of the Ontario Securities Commission and the Autorité des marchés financiers at www.osc.gov.on.ca and www.lautorite.qc.ca, respectively.

	the fund facts document with the trade confirmation to follow, is reasonable. ***Increased complexity*** We were told by a number of industry commenters that it will be difficult for an advisor to establish and record that (i) it was not reasonably practicable for the dealer to deliver the fund facts document prior to the trade; (ii) the investor "expressly communicated" that they wanted the purchase to be completed immediately; and (iii) that the investor then received oral communication about the fund facts document. The evidentiary process for waivers, said one of these commenters, is likely to be complex, cumbersome and will result in a lack of appropriate evidence due to the number of steps now incorporated into the trading process. This will significantly increase the implementation challenges that dealers and advisors will face. We were told further guidance on compliance from the SROs would be needed. ***Information to be conveyed*** Most industry commenters recommended that investors be informed of the existence of the fund facts document, the ways in which it can be reviewed and delivered, an explanation of the rescission right, as well as basic information about a fund, such as its objective, strategies, nature of its holdings, fees and recent performance, that can easily be communicated orally by an advisor. One commenter even suggested that the general disclosure regarding the fund facts document could be included in the account opening documentation. We were told that the information should be allowed to be conveyed in the same manner that the request by the investor is made (i.e., in an e-mail reply). A few industry commenters further suggested that the information that should be required to be conveyed should be similar to what is required with respect to the proposed waiver provisions for money market funds and client-initiated purchases. If a waiver with each purchase is required, one commenter stressed that	purchaser within two days of purchase. We agree with investor advocates that the number of instances where it would be necessary to rely on this exception should be limited. Accompanying guidance in the Companion Policy highlights our expectation that pre-sale delivery would be the primary mechanism of delivery and that post-sale delivery would be used only in instances where pre-sale delivery is impracticable. Although we anticipate that this exception is most likely to be used in instances where the dealer and the client are not meeting face-to-face, we have kept the exception broad since we cannot anticipate all the circumstances that might arise which would make pre-sale delivery impracticable. We note, however, that we are not of the view that it will always be impracticable to deliver the fund facts document where methods of distance communication, such as telephone and e-mail, are being used. We expect that dealers will make an effort to determine whether pre-sale delivery is possible and will not automatically default to post-sale delivery in such circumstances. We recognize dealers will express concerns regarding compliance with the proposed requirements to utilize the exception to pre-sale delivery. As noted in the Companion Policy, dealers will be required to maintain adequate records relating to fund facts delivery generally, whether pre-sale or post-sale. In respect of post-sale delivery, the expectation will be that dealers will maintain adequate records to evidence that satisfactory disclosure about the fund facts document has been provided to purchasers. As noted in the Companion Policy, such records should indicate why delivery of the fund facts document was impracticable in the circumstances. It is our expectation, however, that dealers will follow their current practices to maintain evidence of required disclosures to sufficiently document delivery of the fund facts document. As a result, written consent from a client will not be necessary in connection with post-

	information about the fund facts document should be communicated orally, since requiring the waiver in written form would undermine the rationale for this exception. We were also told by another industry commenter that oral disclosure should not be prescribed. Rather, dealers should be able to determine what they believe to be sufficient oral disclosure in each circumstance. Still another industry commenter said consistent with National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103), dealers should only be required to maintain notes to document whether a client waived receipt of the fund facts document. We also heard from an investor advocate commenter who recommended that investors be given an oral description of the fund and how it fits into the portfolio, including the initial and ongoing costs of the fund, its worst 12 month performance, any liquidity constraints and the advisor's position on investor suitability for the portfolio ***Alternatives*** One industry commenter thought that satisfaction of either of the two conditions, not both, would be appropriate, i.e. where the investor expressly communicates they want the purchase to be completed immediately or it is not reasonably practicable for the dealer to deliver or send the fund facts document before the purchase is completed. Most industry commenters, however, suggested that if an investor wishes to use the waiver, it should be the investor's right to waive, and the test for the waiver should be based solely upon the investor wishing to complete the transaction immediately, regardless of immediacy or practicality of delivery. This approach, said the commenters, would place the right to choose solely in the hands of investors. Other industry commenters proposed that, in lieu of the requirement to solicit a waiver for each and every such transaction, there should be an obligation to include in the account agreements disclosure that delivery of the fund facts document in these circumstances will always be with the trade confirmation, thereby eliminating	sale delivery. A dealer may decide of its own initiative, however, to adopt such a practice. As noted earlier, as we have throughout the various stages of the POS disclosure initiative, we will continue to meet with the representatives of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) to discuss compliance issues and to identify possible implementation issues. Based on conversations to date, we expect that dealers will be able to follow their current practices of maintaining evidence of required disclosures to document delivery of the fund facts document. We disagree with the suggestion that it should be sufficient to include disclosure in the account agreement to indicate that, in situations where it is possible for post-sale delivery of the fund facts document to occur, delivery will automatically occur with the trade confirmation. As a result, we continue to make clear in the Proposed Amendments that a dealer cannot rely on standing instructions from the purchaser to effect post-sale delivery of the fund facts document.

	the need to ask the client for each and every trade.	
6. Is the transitional period for delivery of the fund facts document appropriate? If not, what period would be appropriate and why?	The investor advocate commenters we heard from urged the CSA to move forward as expeditiously as possible with pre-sale delivery so that investors can benefit from disclosure that is clear, streamlined, and user-friendly. Another commenter recommended that the transition period for pre-sale delivery of the fund facts document be moved from two years to six months. Still, the majority of industry commenters told us that adopting and complying with the various elements of the Instrument will take time to accomplish, irrespective of how the manufacturer or dealer approaches its operational implementation and we must give them sufficient time to come up with the compliance and technological systems that are necessary to ensure compliance. One industry commenter expressed support for the proposed transition period and indicated that two years is a reasonable estimate as to how long it would take the industry to be ready. Many industry commenters remarked that until the pre-trade delivery issues are resolved, including the establishment of compliance procedures and back-office systems that will enable interfaces with third party service providers to facilitate delivery in accordance with the pre-sale delivery exemptions, it is uncertain whether two years will be sufficient. One of these commenters remarked that it was premature to comment on whether the proposed transition period is sufficient. Some industry commenters, including a national trade association for the investment funds industry, went on to say that discussions regarding a transition period should be deferred until such a time as the final form of the Instrument is known and a fully functioning, universally available, cost effective fund facts documents clearing house/central repository/delivery mechanism has been established. We were told a central industry electronic warehouse for fund facts documents is critical before the transition period expires. Yet, there were a few industry commenters who generally supported the	In response to comments, we decided to implement the POS disclosure initiative in stages as set out in the Status Report. We believe that such an approach has provided industry with ample time to prepare for pre-sale delivery of the fund facts document, which represents the final stage of the POS disclosure initiative. In addition, modifications that we have made to the 2009 Proposal to simplify the delivery regime should make it easier for dealers to make any necessary changes to compliance procedures and back-office systems. We propose a one year transition period for pre-sale delivery of fund facts documents following the effective date of the Proposed Amendments. This will provide dealers with one year from the time of publication of the Proposed Amendments in final form to make any systems changes necessary to comply with the Proposed Amendments.

	two-year transition period for pre-sale delivery of the fund facts documents, although they noted it may be too short given the significant costs and technological issues that are associated with implementation. One of these commenters said there has not been sufficient study of the technology that would need to be developed and implemented for all market participants to comply with the Instrument. Accordingly, they cannot definitively comment on whether the transition period is sufficient. Another industry commenter remarked that a two year transition period would be the minimum time that would be required.	

Part 3 – Comments on pre-sale delivery			
Issue	**Sub-Issue**	**Comments**	**Responses**
General comments on delivery	***General comments***	Support for pre-sale delivery of the fund facts document continues to be divided among industry and investor advocate commenters. Almost all industry commenters continued to express varying concerns with pre-sale delivery, particularly around cost and complexity, and the focus exclusively on mutual funds, with many endorsing the submissions made by their respective industry organizations on the Instrument. One commenter noted that the practicalities of the 2009 Proposal need additional exploration and various alternatives to be considered before a formal rule is developed. Investor advocate commenters, on the other hand, reiterated their strong support for providing investors with clear, meaningful and simplified information before or at the time they make their decision to invest. We also heard from a service provider of plain language communications who remarked that the CSA's consideration to allow exceptions to the principle of delivery before the decision to buy a fund will cause the 2009 Proposal to fall short of a significant investor protection initiative.	We remain committed to the principles set out in the Framework for providing investors with key information, in language they can easily understand, about a mutual fund at a time that is most relevant to their investment decision. We have revisited the approach taken in the 2009 Proposal with respect to pre-sale delivery of the fund facts document, informed by the regulatory regimes of other jurisdictions, who have implemented pre-sale delivery requirements, and by the comments received on the 2009 Proposal. To address the feedback we received related to complexity and cost of compliance, the CSA has decided to proceed with a simpler, more consistent approach to pre-sale delivery of the fund facts document.

		For further general comments on pre-sale delivery, see: Part 2, I. - Comments on issues for comment in the Notice and Request for Comment.	
	Disruption of the sales process	A number of industry commenters reiterated their earlier remarks that requiring pre-sale delivery of the fund facts document will significantly disrupt the ability of advisers to meet the needs of their clients and would be a complete overhaul of the sales process for mutual funds. One of these commenters noted that if the CSA requires pre-sale delivery of fund facts documents, broad exemptions should be allowed in situations where a client does not have immediate access to the fund facts document and wishes to complete a trade. A number of industry commenters further told us that many investors will object to the delay in placing their trade, the inconvenience of having to wait and the repeated interactions with their advisor to effect the trade under the 2009 Proposal. One commenter said, some of those investors may make their investments without the benefit of advice in order to trade immediately, or may choose alternative investments. We also heard that the Instrument will put significant administrative pressure on the client/advisor relationship and make it more cumbersome for investors in a business that is already administratively burdened. A few commenters noted that rural investors would be disproportionately impacted by the 2009 Proposal as electronic means are often either unavailable or expensive, rendering electronic delivery impractical for advisors in dealing with their rural based clients.	As noted earlier, we recognize that there may be circumstances that make pre-sale delivery of the fund facts document impracticable. As a result, we are proposing an exception to pre-sale delivery that would allow the fund facts documents to be delivered within 2 days of the purchase provided certain requirements are met. This should help minimize the potential for disruptions to the sales process. We reiterate our expectation, however, that post-sale delivery of the fund facts document will be the exception rather than the norm.
	Regulatory arbitrage	We were asked by an investor advocate commenter to consider how pre-sale delivery of fund facts documents for mutual funds can provide a platform for future regulatory reform for other types of investment funds. This commenter urged us,	As noted earlier, we disagree with the notion that pre-sale delivery will cause mutual funds to become a less attractive product for both investors and for dealers and their representatives.

		however, to proceed with the 2009 Proposal for mutual funds, agreeing that it can provide a platform for future regulatory reform. Yet, industry commenters again stressed that they have significant concerns about pre-sale delivery of fund facts documents from a competitive standpoint, since the 2009 Proposal will not apply to ETFs, other investment funds not subject to NI 81-102, as well as other competitive products such as stocks, bonds, options, commercial paper including asset backed commercial paper and linked GICs. This, noted one industry commenter, could prove to be the most significant cost of the initiative over time. We were told that pre-sale delivery will make purchasing mutual funds and segregated funds far more cumbersome to purchase, and ultimately will make mutual funds a far less attractive investment option. The same commenter stated that the 2009 Proposal will create an incentive for advisors and investors to take on a higher risk profile by investing in riskier non-mutual fund products. In fact, an independent review committee asked for clarification on why the CSA believe that the additional step of delivery of a fund facts document is required before investors can make an initial investment in a mutual fund, when the securities regulatory regime for mutual funds far exceeds the regulation of other investment products. Some industry commenters agreed, noting that the disclosure requirements of many other investment products are not at the same level as the current mutual fund disclosure regime. Industry commenters told us that they expect the end result of the 2009 Proposal to be that dealers and advisors will favour non-mutual fund products that will be easier to sell, especially on short notice, and to discourage investors, diverting them to other delivery channels and products. Even a moderate shift of Canadian investor assets to alternative product choices as a result of the different requirements around the sale process, remarked one commenter, should be	With respect to investors, we think the Proposed Amendments will provide investors with the opportunity to make more informed investment decisions by giving them key information about a mutual fund, in language they can easily understand, at a time that is most relevant to their investment decision. With respect to dealers, we reiterate our view that dealers, in complying with their suitability obligations, will continue to recommend mutual funds to investors and will not simply substitute mutual funds for another product on the basis of assumptions related to the level of compliance burden associated with pre-sale delivery. As noted earlier, we expect disclosure for all types of investment products that fall within the securities regulatory regime will evolve with time, and we anticipate that point of sale disclosure for mutual funds may provide a platform for further future regulatory reform.

		cause for regulatory concern. Many of these industry commenters requested that if the CSA proceeds, pre-sale delivery requirements should be simultaneously imposed on other types of investment fund products. We were told imposing pre-sale delivery on other types of investment fund products would: • prevent mutual funds from being used as a test case for the new legislation, • create a level playing field whereby all products are subject to the same disclosure requirements, which will in effect negate the competitive disadvantage placed on mutual funds, and • extend the benefits of this legislation to all products, thereby enhancing investor protection.	
	Reduced product choice	A number of industry commenters reiterated their earlier remarks that pre-sale delivery will make it more difficult for advisors and dealers to distribute a wide selection of mutual funds. In particular, a number of industry commenters told us that to ensure that they can effectively deliver the fund facts document and effect transactions on a timely basis for their clients, advisors will be forced to narrow their "product shelf". This, said the commenters, will leave investors, especially for those who reside outside of urban centres, with fewer products from fewer companies. Noted another industry commenter, the result of this is mutual fund manufacturers needing to consolidate their product offerings in a way that limits the options available to investors. It was further stressed that reduced product choice will particularly disadvantage smaller dealers and their advisors. This could limit the competitiveness of the mutual fund industry and the range and innovation of mutual fund products in the marketplace. Finally, one commenter questioned whether the resulting reduced product choice is consistent with the CSA's broader policy objectives.	We think the wide range of options available for delivering the fund facts document provides dealers with sufficient flexibility to accommodate existing business models. We were encouraged to hear from a service provider to the mutual fund industry that the technology is available to assist in the production, distribution and delivery of fund facts documents.

	Impact on independent fund companies	Independent fund managers reiterated their concern that they face the most risk from the 2009 Proposal, as independent dealers may not want to manage such a large volume of documents and therefore may reduce the number of funds or series they offer. We were reminded that a significant portion of Canadian mutual funds rely on third party distributors, which often deal with their clients by telephone or via other non-face-to-face communications. These distributors, and the independent fund companies they are affiliated with, said a number of commenters, will be disproportionately impacted by the 2009 Proposal, since it will be more cumbersome for them to comply with pre-sale delivery than bank-owned distributors who have the benefit of meeting with clients and facilitating personal delivery much more readily. We were told that since banks have the ability to offer investors a variety of non-mutual fund financial services, independent fund companies will be put at a significant disadvantage. One commenter also noted that banks with branch networks can share overhead costs and facilitation costs. One of these commenters remarked that without additional, regulatory changes affecting other products, mutual funds risk becoming a product offered predominantly by providers who have captive distribution. Added one commenter, there will be a significant temptation for those who operate in the independent channel to reduce the number of mutual funds they offer and reduce the number of fund companies with whom they do business.	As noted earlier, technology has advanced considerably since the 2009 Proposal. There are a number of service providers that have created automated programs and applications for pre-sale delivery of fund facts documents. These innovations have increased the means by which fund facts documents can be delivered or sent to, and received by, investors. Overall, we continue to believe that the potential benefits of the changes to the disclosure regime for mutual funds, as contemplated by the Proposed Amendments, are proportionate to the costs of making them. If you disagree with our view that the costs will be incremental and/or one-time costs, we request specific data from the mutual fund industry and service providers on any anticipated costs.
	Failure to recognize the role of advisers	A number of industry commenters again expressed concern that pre-sale delivery calls into question the merits/benefits of professional financial advice. One commenter said, the 2009 Proposal create an unlevel playing field with the advantage going to the non-advice distribution channels.	We are no longer proposing an exemption from pre-sale delivery of the fund facts document for discount brokers so we anticipate that this should address concerns related to the possible creation of an uneven playing field between the advice distribution channel and the non-advice distribution channel. In response to commenters who said that we have failed to recognize

		Several commenters told us that disclosure about a particular product is important, but equally, if not more important, are the principles that dealers and their registered representatives must follow when making recommendations to their clients. As a result, the fund facts document may be less important to the client in situations when they are following their advisor's recommendations. We were further told that with the renewed emphasis on dealers in NI 31-103, the CSA puts far too high an importance on disclosure in the context of investors' decision-making and fails to acknowledge the overall regulatory framework. One commenter stated investors may see the fund facts document as a substitute for qualified, professional investment advice and that this could lead them to take a "do-it-yourself" approach, since execution-only transactions and investor-initiated transactions do not require the proposed disclosure. A few industry commenters further queried why an exemption from pre-sale delivery was proposed for discount brokers, especially since they do not have a suitability obligation and it assumes the client has performed the necessary due diligence which may or may not be the case. Finally, we were asked to consult further with dealers of all sizes to better understand the practical impact of pre-sale delivery on the ability of advisors to service their clients, and the breadth of product offerings they will be able to make available to investors.	the role of advisers, we stress that nothing in the Proposed Amendments is intended to detract from the role of the adviser. The focus of this initiative is to develop a more effective disclosure regime for mutual funds. We think pre-sale delivery builds on an adviser's existing obligation to determine suitability of all mutual fund purchases. We also anticipate that the fund facts document will become a tool used by advisers to assist in the sales process and will help encourage a better dialogue between clients and their advisers. This in turn will provide investors with the opportunity to make more informed investment decisions.
Compliance	***Cost and complexity of compliance***	A few commenters said that the compliance systems of most fund managers and dealers do not presently catch all of the nuances set out in the 2009 Proposal, and these systems will not likely come on stream until costly system rebuilds are engaged. Industry commenters reiterated that the creation of an audit trail for pre-sale delivery will be particularly challenging for dealers and advisors, and may result in the wrong documents inadvertently being sent to investors.	We are proposing a more streamlined system for fund facts delivery. Fund facts documents will be required to be delivered or sent to the purchaser before a dealer accepts an instruction for all purchases of mutual funds securities. An exception to pre-sale delivery of the fund facts document will be permitted but only in limited circumstances, subject to certain conditions.

		One commenter told us they expect the industry will struggle to achieve full compliance with the proposed Instrument. Another commenter added that it will be logistically difficult, time consuming and costly to prove delivery in every client situation where a transaction is completed. We were told the rate of compliance with regulations generally will decline, and investor complaints will increase, as a result of this added complexity. Finally, an industry commenter stated that the CSA's claim that existing audit requirements will be sufficient to evidence pre-sale delivery is unrealistic. We were asked to outline a detailed system for delivery and audit, as well as provide the necessary infrastructure to facilitate this system before any requirements are imposed.	
	Availability of technology solutions	A couple of service providers that are active in the fund industry reiterated their previous comments that increasingly advanced technology will be of tremendous assistance in meeting the 2009 Proposal. While acknowledging there will still be costs to the industry, one service provider told us that it expects to leverage its existing fulfilment infrastructure to have fund facts documents available for distribution to investors by e-mail, download, fax or print and mail on a timely basis and that its automated system ensures that only the current fund facts document is distributed.	We are encouraged to hear that technological solutions are available to address possible implementation challenges related to pre-sale delivery of fund facts documents.
	Need for CSA guidance and SRO consistency in approach	A few industry commenters again urged the CSA to work with the two SROs to develop proposals capable of practical implementation, given that significant new requirements will be imposed on dealers and their representatives. A few industry commenters asked us to ensure that SRO guidance on the 2009 Proposal will be made available to SRO members prior to the effective date of the Instrument.	As noted earlier, as we have throughout the various stages of the POS disclosure initiative, we will continue to meet with the representatives of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) to discuss compliance issues and to identify possible implementation issues. As part of these discussions, consideration will be given to what additional guidance, if any, is necessary.

Specific aspects of the 2009 Proposal	***Delivery for money market funds***	We received varying feedback on pre-sale delivery of fund facts documents for money market funds. Investor advocates questioned the implied view that money market funds are low risk and so may be exempt from pre-sale delivery, with one commenter reiterating their earlier recommendation that the fund facts document be delivered before or at the point of sale for all categories of funds, including money market funds, which, had some of the biggest issues due to the credit crisis. Yet, many industry commenters agreed with the principle of exempting money market funds from the pre-sale delivery requirement, and urged the CSA to remove the pre-sale delivery requirement altogether with respect to money market fund purchases.	We do not propose to move forward with pre-sale delivery regime that distinguishes between money market funds and non-money market funds. The Proposed Amendments apply to all mutual funds.
	Delivery for order execution-only accounts	A few industry commenters reiterated their earlier comments that differentiating delivery requirements for clients receiving advice and those trading through discount brokers was inappropriate. We were told that not requiring the delivery of a fund facts document for trades through discount brokers was unfair to the dealer/advisor community, since it places them at a competitive disadvantage and encourages investors not to seek advice in order to trade immediately. These commenters questioned the justification for requiring a higher standard for investors who work with a fully licensed and regulated financial advisor, who is subject to know-your-client and product suitability obligations. One commenter noted that in the absence of an advisor, the need for these investors to be properly informed is even greater from a public policy perspective.	We do not propose to move forward with a pre-sale delivery regime that distinguishes between full service and discount brokerage.
	Adviser recommended vs. investor-initiated trades	A few industry and investor advocate commenters again expressed their view that it is presumptuous to think investors who do their own investing are more informed than other investors, and disagree with the distinction made for pre-sale delivery between dealer recommended and investor initiated sales.	We do not propose to move forward with a pre-sale delivery regime based on whether advice was provided in respect of a purchase.

		Noted one investor advocate commenter, the scale of who initiates a trade is a blurry continuum rather than a clear distinction and is not an appropriate distinction for pre-sale disclosure. The same commenter said this would raise significant legal, compliance and operational issues for dealers and investors. Another commenter said that there has been a lack of guidance as to when a trade has or has not been recommended. Another investor advocate suggested that the distinction between dealer recommended and investor initiated trades should be changed to a distinction premised on the degree of previous investing experience, which takes into account the varying degrees of sophistication and knowledge that individual investors have.	
	Delivery for accredited investors	We heard from one industry commenter who told us that delivery of a fund facts document should not apply to accredited investors, since they are sophisticated enough to make an informed purchase decision without a fund facts document.	We are not proposing a specific exception from pre-sale delivery of fund facts documents for accredited investors.
	Waiver of Pre-Sale Delivery	A number of industry commenters have told us that investors should be able to avail themselves of the pre-sale delivery waiver at all times and should not be restricted by the requirements in subsection 3A.3(2) (i.e. money market funds, not dealer recommended, inform purchaser of the fund facts document). We've also been told that the waiver, as contemplated in the proposals, will add great complexity and increase implementation challenges as dealers will have to create policies and processes for the waiver of pre-sale delivery.	As noted earlier, we propose to provide an exception to pre-sale delivery of the fund facts document under certain conditions provided dealers comply with requirements to provide certain information to investors.
	Annual delivery of Fund Facts	One industry commenter, a national dealer association, told us that the policies and procedures required for dealers to demonstrate that they have satisfied the annual delivery requirements would be impractical and costly, in comparison to the benefits. Furthermore, we've also heard that collecting investors' opt-in or opt-out preferences for the annual option in the Instrument to receive the fund facts	We do not propose to move forward with this element of the 2009 Proposal. We propose to require delivery with subsequent purchases unless the investor has already received the most recent fund facts document.

		document for all mutual fund securities held will create fairly significant additional procedural complexities for dealers, who currently have no mechanism in place to comply with this type of requirement, particularly smaller independent mutual fund dealers. In the alternative, these commenters suggested that the fund facts document direct clients to the fund manager should they wish to receive an annual fund facts document and, given that dealers do not have systems in place to support the annual option, a flexible approach should be introduced where either fund managers who deliver the fund facts document fulfill the annual delivery obligation on behalf of dealer or, dealers optionally provide investors with the fund facts document for subsequent purchases.	
	Delivery of simplified prospectus	An investor advocate commenter told us that the simplified prospectus should continue to be provided to investors, either at the point of sale or with the trade confirmation, since it provides vital information to investors, particularly retail investors. Setting non-delivery of the simplified prospectus as the default position, said this commenter, means that the simplified prospectus will not be delivered to the great majority of retail investors.	While we will continue to require that the simplified prospectus be delivered upon request, we do not propose to require delivery of the simplified prospectus with the fund facts document. Although we agree that the simplified prospectus contains useful information, we know that investors have trouble finding and understanding that information because the simplified prospectus is a long and complex document. We think the fund facts document provides key information about the mutual fund in a simple, accessible and comparable format for investors to use to inform their investment decision. We note that, during the development of the fund facts document, in response to comments, we revised the disclosure in the fund facts document to indicate that while the fund facts document contains key information about a fund, more detailed is available in the simplified prospectus.
	Electronic Delivery	One commenter noted that the Instrument will complicate and inhibit access to mutual fund products by rural investors and will have a disproportionate impact on such investors and the advisers who	As noted earlier, technology has advanced considerably since the 2009 Proposal. There are now service providers who have created the automated programs and applications for pre-sale

		service them. In such locales, the electronic delivery methods are impractical for many advisers and their clients, and the long distances travelled by such advisers to service clients complicates even the paper delivery of fund facts documents at pre-sale. We were also told that the electronic delivery methods contemplated will also have a disproportionate negative impact on elderly investors who are poorly served by electronic delivery means. However, we were also told that adding an option for electronic delivery of fund facts documents eases some of the delivery issues for investors who do not have physical access to an advisor or who wish to make a purchase quickly.	delivery of fund facts documents, which have increased the means by which fund facts documents can be delivered or sent to, and received by, investors. We continue to think electronic delivery provides dealers with flexibility to accommodate the needs of investors and their business models. We disagree with the comments that proof of electronic delivery will impede its use. We further disagree with the comment that electronic delivery negates the value of pre-sale delivery.
	Access equals delivery	A few industry commenters reiterated their earlier comments that the CSA should continue to explore "access equals delivery" for investors. Noted some industry commenters, making fund facts documents available on the manager's website should be sufficient to satisfy electronic delivery, especially where the investor consents to that method of delivery. One of these commenters further commented that the Instrument should reflect the possibility that technological solutions may be developed for posting fund facts documents online, making them available for access (and printing) by dealers, sales representatives and investors, alike. This commenter urged us to consider mandating availability and accessibility of all disclosure documents rather than mandating physical pre-sale delivery.	We disagree with the comments. We do not consider 'access equals delivery' to meet the principles set out in the Framework. As a result, we have not included the concept of 'access equals delivery' in the Proposed Amendments.
Alternatives	***Deliver fund facts documents with trade confirmation***	An industry commenter suggested that a far less demanding alternative to pre-sale delivery would be to allow fund facts documents to be provided with the trade confirmation in lieu of the prospectus or with the prospectus. A service provider of plain language communications stated that mutual fund investors pay attention to the trade confirmation, and	We remain committed to the principles set out in the Framework. We continue to be of the view that pre-sale delivery of fund facts documents will provide investors with the opportunity to make more informed investment decisions by giving investors key information about a mutual fund, in a language they can easily understand, at a time that is most relevant to their investment

		recommended that key information about a purchase be incorporated into the trade confirmation. Allowing delivery of fund facts documents post trade, said one commenter, still furthers the goals of the CSA, but without severely limiting the manner in which mutual funds are sold or imposing arduous audit requirements which will be necessary to ensure pre-sale delivery.	decision.
	Key information at account opening	A few industry commenters suggested providing key information about mutual funds at the time the investor completes their account application, which would be before they buy any funds.	We disagree with this comment. Providing information at account opening cannot be a substitute for providing information at the time that an investor is actually making their investment decision. In addition, it is unclear how this concept would be applied in practice. In our view, it would not be feasible to provide anything more than general information about investing in mutual funds.
Creation of central fund facts document repository		Many industry commenters, including a number of national trade associations for the investment fund/dealer industry, recommend the development of a clearing house/central repository/delivery mechanism to assist delivery by dealers and as noted previously, we were told that this repository should be established and fully functional before the 2009 Proposal is implemented.	Although we do not propose to create a central repository for fund facts documents, we understand that several service providers have already established one with the aim of facilitating fund facts delivery by dealers.

Part 4 – Comments on the Instrument			
Issue	**Sub-Issue**	**Comments**	**Responses**
Part 3A – Delivery of fund facts document	***Section 3A.1 – Definitions***	We were told by one industry commenter that the definition of "initial purchase" was over-inclusive and should be narrowed. In particular, this commenter suggested that if an investor held units of Fund A, Series A, redeemed those units and a month later decided to repurchase those units, the dealer should not be required to provide a fund facts document prior to that purchase, since as a previous holder of Fund A, Series A, it is fair to presume that the investor has full knowledge of that fund. In such cases, this commenter suggested that the	Given the changes that we have made to the 2009 Proposal, these comments are no longer applicable.

		investor should be permitted to waive the requirement to receive a fund facts document. One SRO commented that, in order to avoid confusion, the definition of "order execution-only service" should be clarified so that it applies only to investment dealers and not to mutual fund dealers.	
	Section 3A.3 – Timing of delivery	One industry commenter told us that for trades initiated by the investor, paragraph 3A.3(2)(b) should be revised so that the dealer does not have to describe the fund facts document or obtain an explicit waiver from the client, in order to deliver the fund facts document with the confirmation of trade. We were also asked us to clarify whether delivery of a fund facts document "with the confirmation of trade" in subsection 3A.3(3) means delivery of the fund facts document within the timeframe of the confirmation mailing, or in the same envelope as the confirmation. Some commenters noted that, currently, the trade confirmation may be sent by the dealer (in a nominee name account) or by the fund manager (in a client name account) and recommended that the CSA not require the fund facts document be delivered with the confirmation of trade. We were also told by an investor advocate commenter that the trade confirmation identify the trade as either "advisor-recommended" or "investor-initiated". One SRO commented that the instruction of the purchaser under paragraph 3A.3 (1) (b) should be evidenced in writing in order to avoid contestation of the instruction. That commenter also suggested that paragraph 3A.3 (2) (a)(ii) should read as follows: (ii) is initiated by the purchaser. It was noted that an adviser may still recommend a purchase that is initiated by the purchaser.	We are no longer proposing a delivery regime that contemplates differentiating between advisor-recommended and investor-initiated trades. We do, however, still contemplate an exception to pre-sale delivery where the fund facts document can be sent within 2 days of purchase. In those circumstances, we are not requiring that the fund facts document be delivered with the confirmation of trade. The provision related to what can be bundled or attached to a fund facts document, however, would not preclude a fund facts from being delivered with the confirmation of trade.
	Section 3A.4 - Methods of delivery	One investor advocate and one SRO commenter told us that the delivery of a fund facts document should include a purchaser's signature (and date) to confirm that the fund facts document	The Proposed Amendments do not contain a requirement for purchasers to provide written acknowledgement confirming receipt of the fund facts document.

		was received, read and the content understood. Yet, another investor advocate commenter disagreed, stating that if delivery of the fund facts document satisfies the prospectus delivery requirement, and the simplified prospectus has no acknowledgement requirement, then they believe that an acknowledgment is also unnecessary for fund facts document. One industry commenter further noted that section 3A.4 should be revised to create a deeming provision for electronic and fax delivery similar to the one that exists for prepaid or registered mail . An SRO commenter, however, suggested that no deeming provision should be included for any type of delivery. Finally, we also heard from a service provider in the mutual fund industry who told us that fund facts documents should be deemed 'delivered' and 'accepted' using receipting methodologies via existing physical or electronic protocols. This commenter told us that logs of these activities indexed to the investor's account asynchronously could be kept to validate that the delivery occurred on or prior to purchase of the investment.	We agree with the commenter that indicated if delivery of the simplified prospectus does not have an acknowledgement requirement then no such requirement should be required in respect of delivery of the fund facts document.
	Section 3A.5 – Annual option to receive fund facts documents	One industry commenter made a number of recommendations with respect to the annual delivery option, suggesting: • only the most recent fund facts document filed on SEDAR, or another central repository, at (or within a reasonable number of days prior to) the time of the annual mailing (and not necessarily the version filed - and receipted - with the simplified prospectus) should be delivered, • dealers should be permitted to select a date during the year for annual delivery that is most beneficial to both investors and the dealer, • annual delivery should apply at the client account level (as is the case for MRFPs and financial statements), and not at the individual fund (or series) level, and • annual delivery should not be implemented until after the transition period expires (to ensure that all fund facts documents are available).	We do not propose proceeding with this element of the 2009 Proposal. We propose to require delivery of fund facts documents with subsequent purchases unless the investor has already received the most recent fund facts document.

Comments on Companion Policy 81-101CP to NI 81-101			
Part 7 Delivery	***Section 7.2 – Delivery of fund facts documents***	A number of industry commenters asked the CSA to further explain what is expected of dealers in terms of evidencing compliance with pre-sale delivery of the fund facts document. A commenter indicated that it is unclear what "in accordance with existing practices" means with respect to dealer compliance with delivery. We were asked whether the CSA would be satisfied with contemporaneous notes to file. If client signatures are not required, we were asked to explicitly state this.	In accordance with existing practices, dealers must establish internal policies and procedures to ensure delivery of the fund facts document occurs in accordance with Proposed Amendments. Dealers must maintain evidence of delivery of the fund facts document, as well as receipt of purchaser consent to receive delivery of the fund facts document after entering into the purchase of a security of a mutual fund. Dealers must also maintain adequate records to evidence that satisfactory disclosure about the fund facts document has been provided to purchasers. Such records should also indicate why delivery of the fund facts document was impracticable in the circumstances. We expect that dealers will follow their current practices to maintain evidence of required disclosures to sufficiently document delivery of the fund facts document. Finally, as noted above, the Proposed Amendments do not impose any requirement for written client acknowledgements of receipt of the fund facts document.
	Section 7.4 – Subsequent purchases	A number of industry commenters recommended that the existing waiver of delivery obligations for subsequent purchases be extended to include trades that result from fund merger activity that occur from time to time.	As mentioned above, although we propose that delivery of the fund facts document not be required in respect of subsequent purchases under a pre-authorized purchase plan provided that certain requirements are met, we do not propose a similar exception for money market fund purchases, switches under asset allocation plans, or for fund mergers and reorganizations.
	Section 7.5 – Dealer recommended and non-recommended purchases	We heard from one investor advocate commenter who agreed with the CSA's view that an investor should not be able to waive receipt of the fund facts document on a blanket basis on account opening. An SRO commenter asked us to indicate that mutual fund dealer	Although we are no longer proceeding with a delivery regime that distinguishes between dealer recommended and non-recommended purchases, in circumstances where the requirements for the exception to pre-sale delivery are met, we have retained the requirement that such

		representatives need to review suitability of a proposed purchase, even if the trade is initiated by the investor.	consent be obtained for each purchase of a security of a mutual fund and that it cannot be in the form of standing instructions from the purchaser.
	Section 7 .7 – Electronic delivery	One investor advocate commenter told us that e-mail delivery seriously negates the value of pre-sale delivery and effectively amounts to "access equals disclosure", with no client–adviser discussion on costs, risks or suitability. Yet, we were also asked by another investor advocate to clarify in the Companion Policy that electronic delivery is satisfied by either sending (i) an electronic copy of the fund facts document, or (ii) an email with a direct link to the fund facts document. Other commenters further asked for greater clarification of the phrase "or directing the investor to a specific fund facts document on a website". These commenters noted it would be impossible for a dealer to prove that real time instructions were given by the advisor to the investor in the manner contemplated in the Companion Policy.	The methods of delivery of a fund facts document are consistent with methods of delivery of a prospectus under securities legislation. We are not providing specific guidance around how delivery can be achieved using the various methods of delivery that are available. As noted in the Companion Policy, however, we do not consider making the fund facts document available on a website, or simply referring an investor to a general website address where the fund facts document can be found, as being sufficient to satisfy delivery requirements under the Proposed Amendments. We would consider such methods to be akin to access-equals-delivery, which we have consistently rejected throughout the various stages of the POS disclosure initiative.
	Section 7.8 – Annual Option to receive Fund Facts	An SRO commenter stated that the absence of a response from an investor should not allow a dealer to determine if a fund facts document is to be delivered. The dealer should be required to receive as an express waiver of the annual option to receive fund facts document from the investor.	We do not propose proceeding with an annual delivery option. We propose to require delivery with subsequent purchases unless the investor has already received the most recent fund facts document.
	Section 7.10 – Delivery of Non-Educational Materi	An SRO commenter suggested that allowing delivery of non-educational material with the fund facts document can create confusion for the investor since it could potentially obscure the fund facts document, which goes against the principles of point of sale disclosure.	For the purposes of pre-sale delivery, we are proposing that the fund facts document only be allowed to be attached to, or bound with, other fund facts fund facts documents, provided the size of the overall document does not make the presentation of the information inconsistent with the principles of simplicity, accessibility and comparability. When delivery of the fund facts document occurs after the purchase transaction, we are proposing permitting the fund facts document to be attached to, or bound with, certain other materials or documents provided the fund facts document documents are located first in any package. We are of the view that the limitations on binding that are

			being considered will ensure that the investors will not be confused and that the information in the fund facts document will not be obscured.

Part 5 – List of commenters

Commenters

- Advocis
- AGF Management Limited
- Anderson, James
- Banque Nationale Groupe financier
- BMO Guardian Group of Funds Ltd.
- BMO Investments Inc.
- Board of Governors for CI Investments Inc. and United Financial Corporation
- Borden Lardner Gervais LLP
- Brandes Investment Partners
- Broadridge Investor Communication Solutions, Canada
- Canadian Bankers Association
- Canadian Foundation for Advancement of Investor Rights
- i International Asset Management (Canada), Inc.
- Chambre de la sécurité financière
- CI Financial Group
- CIBC
- Durnin, James S.
- Fédération des caisses du Québec - Desjardins
- Fidelity Investments Canada ULC
- Franklin Templeton Investments Corp.
- Fugal Bugle
- Gauthier, Jean-Francois
- Harvey, Ronald P.
- Horan, Chris
- Independent Financial Brokers
- Independent Planning Group Inc, IPG Insurance
- Invesco Trimark Ltd.
- Investment Funds Institute of Canada
- Investment Industry Association of Canada
- Investment Planning Counsel, IPC Investment Corporation, IPC Securities Corporation
- Investors Group Inc.
- Keybase Financial Group Inc.
- Mackenzie Financial Corporation
- Manulife Securities, Manulife Investments Mutual Funds
- MGI Financial Inc.
- MGI Funds Inc.
- MGI Securities Inc.
- Miller Thomson LLP
- Mouvement d'éducation et de défense des actionnaires
- PFSL Investments Canada Ltd.
- Quirt Brown, Jeanie
- RBC Asset Management Inc., Phillips, Hager & North Investment Management Ltd.
- RBC Dominion Securities Inc. Royal Mutual Funds Inc, Philips, Hager & North Investment Funds Ltd.
- RESP Dealers Association of Canada
- RocheBanyan

- Rogers Group Financial
- Scotia Securities Inc.
- Simplified Communications Group Inc.
- Small Investor Protection Association
- TD Bank Financial Group
- Tradex
- Qtrade Financial Group
- VAULT Solutions Inc.
- Williams, Bill

ANNEX D

PROPOSED AMENDMENTS TO
NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. National Instrument 81-101 Mutual Fund Prospectus Disclosure is amended by this Instrument.

2. Section 1.1 is amended by adding the following definition:

"pre-authorized purchase plan" means a contract or other arrangement, that can be terminated at any time, for the purchase of securities of a mutual fund by payments in a specified amount on a regularly scheduled basis;**.**

3. Subsections 3.2(2) and (2.1) are replaced with the following:

(2) If a prospectus for a mutual fund is required under securities legislation to be delivered or sent to a person or company, the fund facts document most recently filed under this Instrument for the applicable class or series of securities of the mutual fund must be delivered or sent to the person or company in accordance with section 3.2.1.1.

(2.1) The requirement under securities legislation to deliver or send a prospectus for a mutual fund does not apply if a fund facts document is delivered or sent under section 3.2.1.1.

4. The following is added after section 3.2.1:

3.2.1.1 Delivery of Fund Facts Document

(1) Before a dealer accepts an instruction for the purchase of a security of a mutual fund, the dealer must deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund.

(2) Despite subsection (1), a dealer is not required to deliver or send the fund facts document if the purchaser has previously received the most recently filed fund facts document for the applicable class or series of securities of the mutual fund.

(3) Despite subsection (1), a dealer may deliver or send to the purchaser the most recently filed fund facts document for the applicable class or series of securities of the mutual fund not later than midnight on the second business day after entering into the purchase of a security of the mutual fund, if all of the following apply:

(a) before accepting the instruction for the purchase of the mutual fund, the dealer informs the purchaser of the existence and purpose of the fund facts document and explains the dealer's obligation to deliver or send the fund facts document;

(b) the purchaser indicates that the purchase must be completed immediately or by a time specified by the purchaser;

(c) it is not reasonably practicable for the dealer to deliver or send the fund facts document before the time specified by the purchaser under paragraph (b);

(d) the purchaser consents to the dealer delivering or sending the fund facts document after entering into the purchase;

(e) the dealer provides verbal disclosure of all of the following:

(i) a description of the fundamental features of the mutual fund, and what it primarily invests in, as set out under the heading "What does the fund invest in?" in Item 3 of Part I of the fund facts document;

(ii) the investment risk level of the mutual fund as set out under the heading "How risky is it?" in Item 4 of Part I of the fund facts document;

(iii) a brief statement of the suitability of the mutual fund for particular investors as set out under the heading "Who is this fund for?" in Item 7 of Part I of the fund facts document;

(iv) an overview of any costs associated with buying, selling, and owning a security of the mutual fund as set out under the heading “How much does it cost?” in Item I of Part II of the fund facts document;

(v) a summary of any applicable withdrawal rights or rescission rights that the purchaser is entitled to under securities legislation, as set out under the heading “What if I change my mind?” in Item 2 of Part II of the fund facts document.

(4) A consent referred to in paragraph (3)(d) must be obtained for each purchase of a security of a mutual fund and, for greater certainty, cannot be in the form of standing instructions from the purchaser.

(5) Subsection (1) does not apply to a purchase of a security of a mutual fund by a participant under a pre-authorized purchase plan if all of the following apply:

(a) the purchase is not the first purchase under the plan;

(b) the dealer provided a notice to the participant that

(i) states that the participant will not receive a fund facts document after the date of the notice, unless they specifically request it,

(ii) includes a form that a participant can use to request the fund facts document,

(iii) includes information about where to send the request form referenced in subparagraph (ii),

(iv) includes information about how to access the fund facts document electronically,

(v) states that the participant will not have a right of withdrawal for subsequent purchases under the plan but will continue to have a right of action for damages or for rescission if there is a misrepresentation in the prospectus, annual information form, fund facts document or financial statements, and

(vi) states that the participant may terminate the plan at any time;

(c) within the previous 12 months, the dealer notified the participant in writing of how the participant can request the fund facts document or any amendment to the fund facts document..

5. Section 5.2 is replaced with the following:

5.2 Combinations of Fund Facts Documents for Delivery Purposes

(1) If a fund facts document for a particular class or series of securities of a mutual fund is delivered or sent under subsection 3.2.1.1(1), the fund facts document must not be attached to or bound with any other materials or documents, except that it may be attached to or bound with one or more other fund facts documents if the attachment or binding is not so extensive as to cause a reasonable person to conclude that the attachment or binding prevents the information from being presented in a simple, accessible and comparable format.

(2) Despite subsection (1), if a fund facts document for a particular class or series of securities of a mutual fund is sent electronically under subsection 3.2.1.1(1), the fund facts document must not be attached to other materials or documents including another fund facts document.

(3) A fund facts document delivered or sent under subsection 3.2.1.1(3) must not be attached to or bound with any other materials or documents, except that it may be attached to or bound with one or more of the following:

(a) a general front cover pertaining to the package of attached or bound materials and documents;

(b) a trade confirmation which discloses the purchase of securities of the mutual fund;

(c) a fund facts document of another mutual fund if that fund facts document is being delivered or sent under section 3.2.1.1;

(d) a simplified prospectus or a multiple SP of the mutual fund;

(e) any document incorporated by reference into the simplified prospectus or the multiple SP;

(f) account application documents;

(g) registered tax plan applications and documents.

(4) If a trade confirmation referred to in paragraph (3)(b) is attached to or bound with a fund facts document, any other disclosure document required to be delivered or sent to satisfy a regulatory requirement for purchases listed in the trade confirmation may be attached to or bound with the fund facts document.

(5) If a fund facts document is attached to or bound with any of the materials or documents referred to in subsection (3), a table of contents specifying all documents must be attached to or bound with the fund facts document, unless the only other documents attached to or bound with the fund facts document are the general front cover or the trade confirmation.

(6) If one or more fund facts documents are attached to or bound with any of the materials or documents referred to in subsection (3), only the general front cover, the table of contents and the trade confirmation may be placed in front of the fund facts documents.**.**

6. Expiration of exemptions and waivers

Any exemption from or waiver of a provision of National Instrument 81-101 *Mutual Fund Prospectus Disclosure* in relation to the prospectus or fund facts document delivery requirements for mutual funds, or an approval in relation to those requirements, expires on the date that this Instrument comes into force.

7. Transition for pre-authorized purchase plans

For the purposes of section 3.2.1.1 of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, as enacted by section 4 of this Instrument, the first purchase of a security of a mutual fund by a participant under a pre-authorized purchase plan made on or after [*], is considered to be the first purchase transaction under the plan.

8. Effective date

This Instrument comes into force on [*].

ANNEX E

PROPOSED CHANGES TO
COMPANION POLICY 81-101CP TO NATIONAL INSTRUMENT 81-101 *MUTUAL FUND PROSPECTUS DISCLOSURE*

1. The changes proposed to Companion Policy 81-101CP To National Instrument 81-101 Mutual Fund Prospectus Disclosure are set out in this Annex.

2. Part 7 is replaced with the following:

PART 7 Delivery

7.1 Delivery of the Simplified Prospectus and Annual Information Form – The Instrument contemplates delivery to all investors of a fund facts document in accordance with the requirements in securities legislation. It does not require the delivery of the simplified prospectus, or any other documents incorporated by reference into the simplified prospectus, unless requested. Mutual funds or dealers may also provide investors with any of the other disclosure documents incorporated by reference into the simplified prospectus.

7.2 Pre-Sale Delivery of the Fund Facts Document – (1) The Instrument requires a fund facts document to be delivered before a dealer accepts an instruction for the purchase of a security of a mutual fund. The purpose of pre-sale delivery of a fund facts document is to provide a purchaser with key information about the mutual fund that will inform a purchase decision. What constitutes "before" is intended to be flexible, provided it occurs within a reasonable timeframe before the purchaser's instruction to purchase. Accordingly, the Canadian securities regulatory authorities would generally expect that delivery of a fund facts document will occur within a timeframe that provides a purchaser with a reasonable opportunity to consider the information in the fund facts document before proceeding with the transaction. It should not be delivered or sent so far in advance of the purchase of a security of a mutual fund that the delivery cannot be said to have any connection with the purchaser's instruction to purchase the mutual fund.

(2) Where a purchaser has already received a fund facts document for a particular class or series of securities of a mutual fund, it is not necessary to deliver or send to the purchaser another fund facts document for a subsequent purchase of that same class or series of securities of a mutual fund, unless a more recent version of the fund facts document has been filed.

7.3 Post-Sale Delivery of the Fund Facts Document – (1) While the Instrument generally requires pre-sale delivery of the fund facts document, it also sets out specific requirements that would permit post-sale delivery of the fund facts document in circumstances where the purchaser has indicated that they require the purchase of a security of a mutual fund to be completed immediately, or by a specified time, and it is not reasonably practicable for the dealer to effect pre-sale delivery of the fund facts document within the timeframe specified by the purchaser.

(2) The requirements for post-sale delivery of the fund facts document are set out in subsection 3.2.1.1(3) and must be interpreted consistently with the dealer's general duties to act fairly, honestly and in good faith and to establish and maintain a compliance system in accordance with securities legislation. Accordingly, the Canadian securities regulatory authorities expect dealers will adapt their business models to comply with the general requirement for pre-sale delivery of the fund facts document.

(3) Subsection 3.2.1.1(3) requires dealers to provide an overview of the information contained in the fund facts document. This should include describing the purpose of the fund facts document, the type of information it contains, and advising purchasers that they are entitled to receive and review the fund facts document before the purchase of a security of a mutual fund. Where the purchaser consents to post-sale delivery of the fund facts document, dealers are required to provide verbal disclosure of certain information contained in the fund facts document. This would include a description of the fundamental features of the mutual fund and what it primarily invests in, as well as the investment risk level of the mutual fund. The Canadian securities regulatory authorities would not generally consider it necessary to disclose the information included in the fund facts document under "Top 10 investments" or "Investment mix". In disclosing the suitability of the mutual fund for particular investors, dealers would be required to describe the characteristics of the investor for whom the mutual fund may or may not be an appropriate investment, and the portfolios for which the mutual fund is and is not suited. In terms of providing an overview of any costs associated with buying, selling and owning the mutual fund, the information provided should, at a minimum, include a discussion of any applicable sales charges, as well as ongoing fund expenses (e.g., MER and TER), and any applicable trailing commissions. Information related to sales charges and trailing commissions is also required as part of pre-trade disclosure requirements set out in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Obligations*. Finally, dealers would also be required to provide purchasers with a summary of any applicable right to withdraw from a purchase within two days after receipt of the fund facts document and to rescind a purchase within 48 hours after receipt of the trade confirmation for the purchase. This latter requirement is intended to

alert purchasers to the fact that they will have an opportunity to consider the information in the fund facts document that will be delivered or sent post-sale and, based on that information, determine whether they want to cancel their purchase of the mutual fund securities at that time.

(4) Where a purchaser consents to receive delivery of the fund facts document after entering into the purchase of a security of a mutual fund, the consent will only be valid for the particular transaction. A dealer cannot rely on standing instructions from a purchaser to carry out post-sale delivery of the fund facts document for other purchases of mutual fund securities.

(5) In accordance with existing practices, dealers must establish internal policies and procedures to ensure delivery of the fund facts document occurs in accordance with section 3.2.1.1. Dealers must maintain evidence of delivery of the fund facts document, as well as receipt of purchaser consents to receive delivery of the fund facts document after entering into the purchase of a security of a mutual fund. Dealers must also maintain adequate records to evidence that satisfactory disclosure about the fund facts document has been provided to purchasers in compliance with subsection 3.2.1.1(3). Such records should also indicate why delivery of the fund facts document was impracticable in the circumstances. The Canadian securities regulatory authorities expect that dealers will follow their current practices to maintain evidence of required disclosures to sufficiently document delivery of the fund facts document.

(6) The Instrument does not specify a particular manner of evidencing a purchaser's consent to allow delivery of the fund facts document after entering into the purchase of a security of a mutual fund. In particular, the Instrument does not require dealers to obtain written consent from clients. The Canadian securities regulatory authorities expect that dealers will follow their current policies and procedures for tracking and monitoring client instructions and authorizations.

(7) The Canadian securities regulatory authorities expect that dealers will remain faithful to the overall objective of ensuring that purchasers are provided with a fund facts document prior to accepting instructions to purchase a security of a mutual fund. Although the instrument allows for post-sale delivery of the fund facts document delivery in certain limited circumstances, the Canadian securities regulatory authorities expect that post-sale delivery of the fund facts document will be the exception rather than the norm. The Canadian securities regulatory authorities may examine practices or arrangements that raise the suspicion of being structured to permit dealers to do indirectly what they cannot do directly and that are inconsistent with the overall intent of providing key information to investors at a time that is most relevant to their purchase decision.

7.4 Methods of Delivery – (1) The methods of delivery of a fund facts document are consistent with methods of delivery of a prospectus under securities legislation. Although there is flexibility in the methods of delivery, the Canadian securities regulatory authorities do not consider making the fund facts document available on a website, or simply referring an investor to a general website address where the fund facts document can be found, as being sufficient to satisfy delivery requirements under the Instrument.

(2) In addition to the requirements in the Instrument and the guidance in this section, dealers may want to refer to National Policy 11-201 *Delivery of Documents by Electronic Means* and, in Québec, *Policy Statement 11-201 Respecting Electronic Delivery of Documents* for additional guidance.

7.5 Consolidation of Fund Facts Documents – (1) For the purposes of pre-sale delivery, subsection 5.2(1) of the Instrument allows a fund facts document to be attached to, or bound with, one or more fund facts documents, provided the size of the document does not make the presentation of the information inconsistent with the principles of simplicity, accessibility and comparability. For example, a fund facts document may be attached to, or bound with, fund facts documents of other classes or series of securities of the same mutual fund, other mutual funds from the same fund family, or other mutual funds of a similar type from different fund families. In making this determination, mutual funds, managers and participants in the mutual fund industry should consider the ability of an investor to easily find and use the information that is relevant to the particular mutual funds securities they are considering purchasing, and whether a reasonable person in the circumstances would come to the same conclusion. We think a document with more than 10 fund facts documents bound together may discourage an investor from finding and reading a fund facts document and obscure key information, which is inconsistent with the principles of simplicity, accessibility and comparability.

(2) When delivery of the fund facts document occurs after the purchase transaction, subsections 5.2(3) and (4) of the Instrument permit a fund facts document to be attached to, or bound with, certain other materials or documents provided the fund facts document is located first in any package.

7.6 Preparation of Disclosure Documents in Other Languages – Nothing in the Instrument prevents the simplified prospectus, annual information form or fund facts document from being prepared in other languages, provided that these documents are delivered or sent in addition to any disclosure document filed and required to be delivered in

accordance with the Instrument. The Canadian securities regulatory authorities would consider such documents to be sales communications.

7.7 Delivery of Documents by a Mutual Fund – Section 3.3 of the Instrument requires that a mutual fund deliver or send to a person or company, upon request, a simplified prospectus or documents incorporated by reference. The CSA are of the view that compliance with this specifically-mandated requirement by an unregistered entity is not a breach of the registration requirements of securities legislation.

7.8 Delivery of Separate Part A and Part B Sections – Mutual fund organizations that create physically separate Part B sections are reminded that any obligation to provide the simplified prospectus would be satisfied only by the delivery of both the Part A and Part B sections of a simplified prospectus.

7.9 Delivery of Non-Educational Material – The Instrument and related forms contain no restrictions on the delivery of non-educational material such as promotional brochures with either of the simplified prospectus and the annual information form. This type of material may, therefore, be delivered with, but cannot be included within, wrapped around, or attached or bound to, the simplified prospectus and the annual information form. The Instrument does not permit the binding of educational and non-educational material with the Fund Facts Document. The intention of the Instrument is not to unreasonably encumber the Fund Facts with additional documents..

ANNEX F

ONTARIO RULE-MAKING AUTHORITY

AUTHORITY FOR THE PROPOSED AMENDMENTS

The following provisions of the *Securities Act* (Ontario) (the **Act**) provide the Commission with authority to adopt the Proposed Amendments:

Subparagraph 143(1)2(i) of the Act authorizes the Commission to make rules prescribing the standards of practice and business conduct of registrants in dealing with their customers and clients and prospective customers and clients.

Paragraph 143(1)7 of the Act authorizes the Commission to make rules prescribing requirements in respect of the disclosure or furnishing of information to the public or the Commission by registrants or providing for exemptions from or varying the requirements under this Act in respect of the disclosure or furnishing of information to the public or the Commission by registrants.

Paragraph 143(1)31 of the Act authorizes the Commission to make rules regulating investment funds and the distribution and trading of the securities of investment funds, including

- making rules varying Part XV (Prospectuses – Distribution) or Part XVIII (Continuous Disclosure) by prescribing additional disclosure requirements in respect of investment funds and requiring or permitting the use of particular forms or types of additional offering or other documents in connection with the funds **(subparagraph (i))**; and

- making rules prescribing procedures applicable to investment funds, registrants and any other person or company in respect of sales and redemptions of investment fund securities **(subparagraph (xi))**.

Paragraph 143(1)49 of the Act authorizes the Commission to make rules permitting or requiring, or varying this Act to permit or require, methods of filing or delivery, to or by the Commission, issuers, registrants, security holders or others, of documents, information, notices, books, records, things, reports, orders, authorizations or other communications required under or governed by Ontario securities law.

Paragraph 143(1)53 of the Act authorizes the Commission to make rules providing for exemptions from or varying the requirements of section 71.

Paragraph 143(1)54 of the Act authorizes the Commission to prescribe the disclosure document that is required to be sent or delivered in respect of the purchase and sale of an investment fund security for the purpose of subsection 71(1.1). Each of these provisions received Royal Assent on May 12, 2011 as part of the *Better Tomorrow for Ontario Act (Budget Measures), 2011* and comes into force on proclamation. The power to make rules authorized by passed but not proclaimed provisions is provided by subsection 10(1) of the *Legislation Act* (Ontario).

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORT OF TRADES ON FORM 45-106F1 AND FORM 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
05/31/2013 to 12/23/2013	34	Addenda Active Duration Bond Pooled Fund - Units	340,503,473.00	29,784,050.00
11/05/2013	10	Addenda Bonds Corporate Core Pooled Fund - Units	16,310,978.00	1,572,541.00
01/17/2013 to 12/19/2013	5	Addenda Bonds Long term Core Pooled Fund - Units	53,964,788.00	5,750,937.00
02/13/2013 to 12/03/2013	6	Addenda Bonds Long Term Provincial Index Overlay Pooled Fund - Trust Units	69,562,767.00	7,873,419.00
03/06/2013 to 12/20/2013	7	Addenda Bonds Long Term Provincial Index Pooled Fund - Units	387,843,386.00	39,746,423.00
01/04/2013 to 12/12/2013	14	Addenda Bonds Universe Core Pooled Fund - Units	44,396,105.00	4,392,714.00
01/31/2013 to 12/31/2013	59	Addenda Commercial Mortgages Pooled Fund - Units	108,594,423.00	10,257,826.00
05/31/2013 to 12/02/2013	20	Addenda Corporate Bond Pooled Fund - Units	460,105,693.00	48,228,329.00
05/31/2013 to 12/17/2013	17	Addenda Corporate Long Term Bond Pooled Fund - Units	155,106,450.00	13,388,820.00
03/22/2013 to 07/18/2013	1	Addenda EAFE Equity Pooled Fund - Units	7,400,000.00	688,935.00
01/18/2013	7	Addenda Infrastructure Bond Pooled Fund - Units	61,647,365.00	6,180,495.00
12/20/2013	2	Addenda International Equity Pooled Fund - Units	1,617,000.00	15,750.00
05/31/2013 to 12/17/2013	7	Addenda Long Term Government Bond Pooled Fund - Units	125,764,958.00	14,929,293.00
01/03/2013 to 12/31/2013	46	Addenda Money Market Liquidity Pooled Fund - Units	407,289,078.00	40,728,908.00
12/20/2013	3	Addenda U.S. Equity Pooled Fund - Units	10,506,152.00	1,041,229.00
08/01/2013 to 12/02/2013	2	AllBlue Limited - Common Shares	7,547,453.00	37,701.83
09/24/2013 to 12/31/2013	216	Altairis Long/Short Fund - Trust Units	20,378,716.00	203,380.86
05/30/2013 to 06/30/2013	2	Altairis Long/Short Levered (Canada) - Trust Units	65,000,000.00	650,000.00
01/01/2013 to 12/31/2013	2795	Alternative Strategy Fund - Units	31,223,219.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
04/03/2013 to 12/30/2013	5	Baillie Gifford Global Alpha Fund - Units	246,251,180.84	N/A
01/01/2013 to 12/31/2013	1478	Balanced Fund - Units	28,694,525.00	N/A
01/02/2013 to 12/31/2013	1104	Barometer Equity Pool - Trust Units	31,049,275.21	2,785,788.65
01/02/2013 to 12/31/2013	1025	Barometer Global Equity Pool - Trust Units	22,337,836.33	2,422,307.89
01/02/2013 to 12/31/2013	2384	Barometer High Income Pool - Trust Units	248,548,736.20	22,555,364.98
01/02/2013 to 12/31/2013	158	Barometer Long Short Equity Pool - Trust Units	2,828,665.57	295,283.95
01/01/2013 to 12/31/2013	2	BlueBay Direct Lending Fund I, L.P. - Limited Partnership Interest	99,744,427.10	99,744,427.10
04/01/2013 to 08/01/2013	3	BlueTrend Fund Limited - Common Shares	58,262,189.00	201,480.61
01/01/2013 to 12/31/2013	761	Bond Fund - Units	15,269,406.00	N/A
01/01/2013 to 10/31/2013	2	Braven Howard Credit Catalysts Master Fund Limited - Common Shares	2,621,021.02	N/A
01/01/2013 to 11/30/2013	9	Braven Howard Master Fund Limited - Common Shares	431,917,015.90	N/A
07/16/2013 to 12/17/2013	1	Braven Howard Strategic Macro Master Fund Limited - Common Shares	78,465,000.00	758,196.60
01/01/2013 to 12/31/2013	3	Brevan Howard Asia Master Fund Limited - Common Shares	156,530,117.35	N/A
02/28/2013 to 03/31/2013	1	Brevan Howard Emerging Markets Strategies Master Fund Limited - Common Shares	5,854,577.66	N/A
02/01/2013 to 10/01/2013	1	BTG Factual Global Equity Opportunities Fund Limited - Common Shares	12,662,560.30	12,449.58
01/01/2013 to 12/31/2013	1585	Canadian Growth Equity Fund - Units	21,414,689.00	N/A
01/01/2013 to 12/31/2013	7951	Canadian Large Cap Equity Fund - Units	124,732,194.00	N/A
01/01/2013 to 12/31/2013	2305	Canadian Small Cap Equity Fund - Units	19,526,119.00	N/A
01/01/2013 to 07/01/2013	4	Capstone Volatility Master (Cayman) Limited - Common Shares	322,971,467.60	N/A
01/01/2013 to 12/31/2013	1	CC&L All Strategies Fund - Trust Units	3,357,859.13	25,536.72
01/01/2013 to 12/31/2013	19	CC&L Bond Fund - Trust Units	140,812,614.28	13,348,981.29

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	12	CC&L Canadian Equity Fund - Trust Units	40,354,873.64	4,098,616.93
01/01/2013 to 12/31/2013	6	CC&L Canadian Q Core Fund - Trust Units	27,113,221.99	2,724,384.55
01/01/2013 to 12/31/2013	2	CC&L Canadian Small Cap Fund - Trust Units	10,941,674.28	677,285.01
01/01/2013 to 12/31/2013	5	CC&L Genesis Fund - Trust Units	11,512,321.74	7,250,627.02
01/01/2013 to 12/31/2013	4	CC&L Group Balanced Plus Fund II - Trust Units	147,989,788.09	83,531,404.05
01/01/2013 to 12/31/2013	2	CC&L Group Bond Fund II - Trust Units	27,048,188.75	2,456,908.39
01/01/2013 to 12/31/2013	3	CC&L Group Canadian Equity Fund - Trust Units	140,885,138.55	7,152,802.55
01/01/2013 to 12/31/2013	3	CC&L Group Canadian Q Growth Fund - Trust Units	372,773,757.61	36,751,593.05
01/01/2013 to 12/31/2013	1	CC&L Group Income & Growth Fund - Trust Units	2,448,518.09	1,424,957.33
01/01/2013 to 12/31/2013	5	CC&L Group Money Market Fund - Trust Units	9,041,249.56	904,124.96
01/01/2013 to 12/31/2013	1	CC&L Leveraged Custom Long Term Strategy - Trust Units	515,787,319.68	51,578,732.00
01/01/2013 to 12/31/2013	8	CC&L Long Bond Fund - Trust Units	40,730,591.56	3,700,350.06
01/01/2013 to 12/31/2013	1	CC&L Market Neutral Onshore Fund - Trust Units	10,000,000.00	100,000.00
01/01/2013 to 12/31/2013	1	CC&L Q Emerging Markets Equity Fund - Trust Units	20,805,999.30	2,074,812.34
01/01/2013 to 12/31/2013	3	CC&L Q Group Global Equity Fund (formerly, CC&L Group Global Fund) - Trust Units	12,573,253.90	1,302,918.33
01/01/2013 to 12/01/2013	18	CHS Asset Management Inc. - Limited Partnership Units	8,372,600.00	218,374.95
09/01/2013 to 12/31/2013	3	Connor, Clark & Lunn Energy Infrastructure Limited Partnership - Units	8,999,999.92	895,925.92
06/14/2013 to 09/18/2013	3	Connor, Clark & Lunn Haldimand Investment Limited Partnership - Units	100,000,000.00	10,000,000.00
06/14/2013 to 12/31/2013	3	Connor, Clark & Lunn Solar Limited Partnership - Units	16,970,000.00	895,925.92
01/01/2013 to 12/31/2013	4490	Corporate Bond Fund - Units	102,863,306.00	N/A
07/02/2013 to 12/31/2013	3	DFC Canadian Equity Fund - Trust Units	300,615.02	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/18/2013 to 12/31/2013	2	DFC Canadian Fixed Income Fund (Formerly, DFC Active Fixed Income Fund) - Trust Units	4,253,223.55	N/A
01/18/2013 to 06/17/2013	3	DFC Core Canadian Equity Fund - Trust Units	424,436.11	N/A
01/18/2013 to 06/28/2013	3	DFC Core U.S. Equity Fund - Trust Units	1,099,341.63	N/A
07/19/2013 to 12/31/2013	3	DFC Global Equity Fund - Trust Units	9,396,942.71	N/A
01/18/2013 to 06/17/2013	3	DFC International Specialist Fund - Trust Units	68,333.89	N/A
01/01/2013 to 12/31/2013	8353	EAFE Equity Fund - Units	141,517,593.00	N/A
01/31/2014	5	Environmental Waste International Inc. - Units	550,000.00	4,583,333.00
06/01/2013	2	First Eagle Global Value Fund LP - Units	33,138,044.30	18,525.44
01/01/2013 to 12/31/2013	4632	Government Bond Fund - Units	173,424,623.00	N/A
01/31/2013 to 10/31/2013	55	Greensoil II Investment Fund L.P. - Limited Partnership Interest	14,152,349.00	N/A
01/10/2013	4	Helca Mining Company - Notes	0.00	1.00
06/12/2013 to 09/02/2013	6	HGC Arbitrage Fund LP - Limited Partnership Units	5,152,659.93	51,526.59
11/30/2013	1	International Focus Portfolio - Units	16,678.41	N/A
01/04/2013	2	Inukshuk Opportunities Fund LP - Units	3,000,000.00	N/A
01/01/2013 to 12/31/2013	47	Monthly Fixed Income Distribution - Units	4,726,669.00	N/A
01/01/2013 to 12/31/2013	76	Morgan Meighen Balanced Pooled Fund - Units	6,646,240.15	637,132.00
01/01/2013 to 12/31/2013	5	Morgan Meighen Global Pooled Fund - Units	654,845.51	63,029.00
01/01/2013 to 12/31/2013	44	Morgan Meighen Growth Pooled Fund - Units	3,907,869.51	278,966.00
01/01/2013 to 12/31/2013	48	Morgan Meighen Income Pooled Fund - Units	7,200,778.33	501,810.00
10/01/2013	1	MW Core Fund - Common Shares	436,052.60	3,037.90
03/01/2013	1	MW Global Opportunities Fund - Common Shares	1,270,327.50	N/A
02/15/2013	1	MW Market Neutral TOPS Fund - Common Shares	151,050,000.00	1,219,688.70
04/04/2013	2	MW TOPS Composite Fund - Common Shares	40,556,000.00	400,000.00
06/30/2013 to 09/25/2013	1	Northleaf Private Equity Investors Partnership I - Limited Partnership Units	23,209,114.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
07/31/2013 to 12/31/2013	53	Northleaf Secondary Partners (Canada) LP - Limited Partnership Units	228,657,115.00	22,140.00
01/01/2013 to 12/31/2013	3	NS Partners International Equity Fund (formerly, New Star EAFE Fund) - Trust Units	6,396,981.74	241,186.93
09/13/2013	20	Orex Minerals Inc. - Common Shares	2,057,150.00	2,680,700.00
11/21/2013	9	Orex Minerals Inc. - Common Shares	1,696,600.00	6,786,400.00
01/31/2013 to 12/31/2013	15	Owners Fund - Units	10,257,000.00	84,469.21
02/15/2013 to 12/31/2013	11	Owners Opportunities Fund - Units	2,446,067.03	N/A
01/01/2013 to 12/31/2013	4	PCJ Canadian Equity Fund - Units	4,479,993.64	435,705.31
07/01/2013 to 12/01/2013	7	Peregrine Investment Management Fund L.P. - Units	11,870,000.00	2,675.13
01/23/2014	22	Pistol Bay Mining Inc. - Non-Flow Through Units	67,012.00	4,000,200.00
01/03/2013 to 09/20/2013	156	Polar Investment Funds Limited - Units	13,070,203.25	130,605.43
01/15/2013 to 12/30/2013	91	Polar Investment Funds Limited (CAMBay Select Class) - Common Shares	9,678,740.92	57,712.84
01/03/2013 to 12/20/2013	52	Polar Investment Funds Limited (North Pole Multi-Strategy Class) - Common Shares	3,833,003.71	38,322.04
01/01/2013 to 12/31/2013	1	Renaissance Technologies LLC - Limited Liability Interest	1,761,514.06	1.00
01/01/2013 to 12/31/2013	1	Renaissance Technologies LLC - Limited Partnership Interest	6,176,964.00	1.00
01/01/2013	1	Robeco WPG Opportunistic Value Fund - Units	248,475.00	N/A
01/01/2013 to 12/31/2013	6	Scheer, Rowelett & Associates Canadian Equity Fund - Trust Units	12,520,210.88	869,883.68
04/03/2013 to 12/02/2013	2	Seahorse Fund LP - Limited Partnership Units	1,183,928.85	N/A
01/02/2013 to 12/31/2013	1	Simcoe Union Credit Opportunities Fund Ltd. - Common Shares	75,122,749.01	72,257.93
01/01/2013 to 12/31/2013	66	Southbridge Health Care Fund - Units	14,122,000.00	N/A
01/24/2014	1	Timmins Gold Corp. - Common Shares	360,000.00	300,000.00
12/11/2013	16	Urban Holdings Inc. - Common Shares	1,094,000.00	1,094,000.00
12/11/2013	9	Urban Holdings Inc. - Debentures	1,157,500.00	1,157.50
01/01/2013 to 12/31/2013	4402	U.S. Equity Fund (non taxable) - Units	38,080,244.00	N/A

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	3685	U.S. Equity Fund (taxable) - Units	80,427,234.00	N/A
02/14/2014	18	Vega Mining Inc. - Non-Flow Through Units	157,000.00	3,140,000.00
02/06/2014	1	Virginia Mines Inc. - Common Shares	50,000.00	3,571.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Avigilon Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
$100,000,120.00 - 3,448,280 Common Shares
Price: $29.00 per Common Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
PI FINANCIAL CORP.
Promoter(s):
-
Project #2179247

Issuer Name:
Callidus Capital Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated March 18, 2014
NP 11-202 Receipt dated March 19, 2014
Offering Price and Description:
$ * - * Common Shares
Price: $ * per Offered Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
TD SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
GMP SECURITIES L.P.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
Promoter(s):
-
Project #2175482

Issuer Name:
CC&L Core Income and Growth Fund
CC&L Global Alpha Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectuses) dated March 18, 2014
NP 11-202 Receipt dated March 20, 2014
Offering Price and Description:
Series A, Series C, Series F and Series I Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Connor, Clark & Lunn Funds Inc.
Project #2177941

Issuer Name:
CI G5|20 2039 Q2 Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated March 17, 2014
NP 11-202 Receipt dated March 18, 2014
Offering Price and Description:
Class A, F and O Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
CI Investments Inc.
Project #2176919

Issuer Name:
GC Marathon Financial Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated March 13, 2014
NP 11-202 Receipt dated March 18, 2014
Offering Price and Description:
Distribution in Kind
Underwriter(s) or Distributor(s):
-
Promoter(s):
GC GLOBAL CAPITAL CORP.
Project #2176042

Issuer Name:
General Moly, Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary MJDS Prospectus dated March 17, 2014
NP 11-202 Receipt dated March 19, 2014
Offering Price and Description:
US$500,000,000.00
Common Stock
Preferred Stock
Debt Securities
Warrants
Units
21,100,040 Shares of Common Stock Offered
by the Selling Stockholders
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2177631

Issuer Name:
Pilot Gold Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 18, 2014
NP 11-202 Receipt dated March 19, 2014
Offering Price and Description:
C$20,000,160 - 13,072,000 OFFERED SHARES
Price C$1.53 per Offered Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
Scotia Capital Inc.
Haywood Securities Inc.
BMO Nesbitt Burns Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Cormark Securities Inc.
Macquaire Capital Markets Canada Ltd.
Promoter(s):
-
Project #2175182

Issuer Name:
Red Eagle Mining Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2014
NP 11-202 Receipt dated March 24, 2014
Offering Price and Description:
$4,000,000.00 - 12,121,212 Common Shares
Price $0.33 per Share
Underwriter(s) or Distributor(s):
Haywood Securities Inc.
National Bank Financial Inc.
PI Financial Corp.
Promoter(s):
-
Project #2179569

Issuer Name:
Whitecap Resources Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
$500,001,600.00 - 44,643,000 Subscription Receipts each representing the right to receive one Common Share
Price $11.20 per Subscription Receipt
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
TD Securities Inc.
GMP Securities L.P.
Dundee Securities Ltd.
RBC Dominion Securities Inc.
Scotia Capital Inc.
CIBC World Markets Inc.
FirstEnergy Capital Corp.
Macquarie Capital Markets Canada Ltd.
Peters & Co. Limited
Raymond James Ltd.
Cormark Securities Inc.
Promoter(s):
-
Project #2176826

Issuer Name:
WPT Industrial Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated March 21, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
US$29,041,110 - 3,122,700 Units
Price: US$9.30 per Unit
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Desjardins Securities Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Scotia Capital Inc.
Promoter(s):
-
Project #2177141

Issuer Name:
Aston Hill Energy Growth Class*
(Series A Shares)
(* A class of shares of Aston Hill Corporate Funds Inc.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated March 17, 2014
NP 11-202 Receipt dated March 19, 2014
Offering Price and Description:
Series A Shares @ Net Asset Value
Underwriter(s) or Distributor(s):
Aston Hill Asset Management Inc.
Promoter(s):
Aston Hill Asset Management Inc.
Project #2136116

Issuer Name:
BNK Petroleum Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 18, 2014
NP 11-202 Receipt dated March 18, 2014
Offering Price and Description:
$35,002,000.00
15,910,000 Common Shares
$2.20 per Common Share
Underwriter(s) or Distributor(s):
MACQUARIE CAPITAL MARKETS CANADA LTD.
GMP SECURITIES L.P.
TD SECURITIES INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2174663

Issuer Name:
Cayden Resources Inc.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 20, 2014
NP 11-202 Receipt dated March 20, 2014
Offering Price and Description:
$7,837,000.00
4,610,000 Common Shares
Price: $1.70 per Offered Share
Underwriter(s) or Distributor(s):
BEACON SECURITIES LIMITED
CANACCORD GENUITY CORP.
Promoter(s):
-
Project #2175495

Issuer Name:
Cen-ta Real Estate Ltd.
Gro-Net Financial Tax & Pension Planners Ltd.
Type and Date:
Final Long Form Prospectus dated March 17, 2014
Receipted on March 18, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2168514; 2168518

Issuer Name:
Discovery Air Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 21, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
$14,999,999.60 - 4,555,611 RIGHTS TO SUBSCRIBE FOR
UP TO 17,441,860 COMMON SHARES
AT A PRICE OF $0.86 PER COMMON SHARE
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2175998

Issuer Name:
Exemplar Global Infrastructure Fund (Series A, Series F and Series I Units)
Exemplar Timber Fund (Series A, Series L, Series F and Series I Units)
Exemplar Global Agriculture Fund (Series A, Series L, Series F and Series I Units)
Principal Regulator - Ontario
Type and Date:
Amendment No. 1 dated February 28, 2014 (amendment no. 1) to the Amended and Restated Simplified Prospectuses and Annual Information Form dated December 11, 2013, amending and restating the Simplified Prospectuses and Annual Information Form dated June 28, 2013.
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
Series A, Series L, Series F and Series I Units @ Net Asset Value
Underwriter(s) or Distributor(s):
BluMont Capital Corporation
BluMont Capital
Promoter(s):
BluMont Capital Corporation
Project #2050329

Issuer Name:
Fidelity Dividend Class
Fidelity Dividend Plus Class
Fidelity Canadian Balanced Class
Fidelity Monthly Income Class
(Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 17, 2014 to the Simplified Prospectuses and Annual Information Form dated March 28, 2013
NP 11-202 Receipt dated March 20, 2014
Offering Price and Description:
Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5 and Series F8 shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Fidelity Investments Canada ULC
Project #2016043

Issuer Name:
Fidelity Dividend Fund
Fidelity Dividend Plus Fund
Fidelity Canadian Asset Allocation Fund
Fidelity Canadian Balanced Fund
Fidelity Monthly Income Fund
Fidelity Income Allocation Fund
(Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8 and Series O units)
Principal Regulator - Ontario
Type and Date:
Amendment #2 dated March 17, 2014 to the Simplified Prospectuses and Annual Information Form dated October 30, 2013
NP 11-202 Receipt dated March 20, 2014
Offering Price and Description:
Series A, Series B, Series F, Series T5, Series T8, Series S5, Series S8, Series F5, Series F8 and Series O units
Underwriter(s) or Distributor(s):
Fidelity Investments Canadaz ULC
Fidelity Investments Canada Limited
Promoter(s):
FIDELITY INVESTMENTS CANADA ULC
Project #2112406

Issuer Name:
Friedberg Asset Allocation Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 18, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Friedberg Mercantile Group Ltd.
Promoter(s):
Toronto Trust Management Ltd.
Friedberg Mercantile Group Ltd.
Project #2148121

Issuer Name:
Friedberg Global-Macro Hedge Fund
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 18, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Friedberg Mercantile Group Ltd.
Promoter(s):
Toronto Trust Management Ltd.
Friedberg Mercantile Group Ltd.
Project #2148123

Issuer Name:
Gear Energy Ltd.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated March 19, 2014
NP 11-202 Receipt dated March 19, 2014
Offering Price and Description:
$56,000,000.00
14,000,000 Common Shares
Price: $4.00 per Common Share
Underwriter(s) or Distributor(s):
FirstEnergy Capital Corp.
Peters & Co. Limited
RBC Dominion Securities Inc.
GMP Securities L.P.
Haywood Securities Inc.
AltaCorp Capital Inc.
Promoter(s):
-
Project #2174968

Issuer Name:
Genesis Trust II
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated March 24, 2014
NP 11-202 Receipt dated March 24, 2014
Offering Price and Description:
Up to $7,000,000,000 Real Estate Secured Line of Credit Backed Notes
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
NATIONAL BANK FINANCIAL INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
Promoter(s):
The Toronto-Dominion Bank
Project #2176099

Issuer Name:
Heritage Global Inc.
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated March 20, 2014
NP 11-202 Receipt dated March 20, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2166569

Issuer Name:
NexGen Energy Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 17, 2014
NP 11-202 Receipt dated March 18, 2014
Offering Price and Description:
$10,035,000.00
22,300,000 Units
PRICE:
$0.45 per Unit
Underwriter(s) or Distributor(s):
DUNDEE SECURITIES LTD.
RAYMOND JAMES LTD.
CANTOR FITZGERALD
CANADA CORPORATION
MACQUARIE CAPITAL MARKETS CANADA LTD.
Promoter(s):
-
Project #2173990

Issuer Name:
Primero Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated March 20, 2014
NP 11-202 Receipt dated March 20, 2014
Offering Price and Description:
$224,288,640.00
31,151,200 Common Shares
Price $7.20 per Offered Share
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CIBC WORLD MARKETS INC.
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
TD SECURITIES INC.
Promoter(s):
-
Project #2174570

Issuer Name:
Spectra7 Microsystems Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated March 24, 2014
NP 11-202 Receipt dated March 24, 2014
Offering Price and Description:
Minimum/Maximum: $7,000,000.00
23,333,333 Units
Price: $0.30 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
GLOBAL MAXFIN CAPITAL INC.
MACKIE RESEARCH CAPITAL CORPORATION
PI FINANCIAL CORP.
Promoter(s):
-
Project #2171789

Issuer Name:
WSP Global Inc.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated March 21, 2014
NP 11-202 Receipt dated March 21, 2014
Offering Price and Description:
$179,988,750.00
5,333,000 Common Shares
PRICE: $33.75 PER COMMON SHARE
Underwriter(s) or Distributor(s):
CIBC WORLD MARKETS INC.
RAYMOND JAMES LTD.
BMO NESBITT BURNS INC.
NATIONAL BANK FINANCIAL INC.
HSBC SECURITIES (CANADA) INC.
RBC DOMINION SECURITIES INC.
TD SECURITIES INC.
DESJARDINS SECURITIES INC.
DUNDEE SECURITIES LTD.
SCOTIA CAPITAL INC.
CANACCORD GENUITY CORP.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
-
Project #2175600

Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	HR Strategies Inc.	Investment Fund Manager Portfolio Manager Exempt Market Dealer	March 20, 2014

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Chapter 13

SROs, Marketplaces and Clearing Agencies

13.1 SROs

13.1.1 IIROC – OSC Staff Notice of Request for Comment – Amendments to Universal Market Integrity Rule 1.1 – Definition of Basis Order

OSC STAFF NOTICE OF REQUEST FOR COMMENT

THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA (IIROC)

AMENDMENTS TO UNIVERSAL MARKET INTEGRITY RULE 1.1 – DEFINITION OF BASIS ORDER

IIROC is publishing for public comment proposed amendments to Universal Market Integrity Rule 1.1. The proposed amendments would broaden the definition of Basis Order to specifically include Exempt Exchange-traded Funds.

A copy of the IIROC Notice was also published on our website at http://www.osc.gov.on.ca.

13.1.2 Canadian Investor Protection Fund – Amendments to CIPF By-law No. 1 – Notice of Commission Approval

CANADIAN INVESTOR PROTECTION FUND (CIPF)

AMENDMENTS TO CIPF BY-LAW NO. 1

NOTICE OF COMMISSION APPROVAL

The Ontario Securities Commission (the Commission) approved various amendments to CIPF By-Law No. 1 on January 24, 2014. CIPF makes these amendments in order to conform to the requirements under the new *Canada Not-for-Profit Corporations Act* (NFP Act). Whereas CIPF was originally incorporated under Part II of the *Canada Corporations Act*, on October 17, 2011 the NFP Act, together with its regulations, came into force and replaced Part II of the *Canada Corporations Act*. A requirement that CIPF continue under the new NFP Act by October 17, 2014 necessitated the amendments to its By-Law No. 1. The amendments do not materially change or impact the substantive terms of By-Law No. 1.

Securities regulators in all other Canadian jurisdictions have also approved or non-objected to the amendments.

13.2 Marketplaces

13.2.1 CX2 Canada ATS – Notice of Proposed Changes and Request for Comment – CX2 Canada Odd Lot Trading Facility

CX2 CANADA ATS

NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

CX2 CANADA ODD LOT TRADING FACILITY

CX2 Canada ATS ("CX2") has announced plans to implement the change described below on or about 45 days after approval. CX2 is publishing this Notice of Proposed Changes in accordance with the "Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto". Market participants are invited to provide the Commission with comment on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by **April 28, 2014** to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Matthew Thompson
Chief Compliance Officer
Chi-X Canada ATS Limited
The Exchange Tower
130 King Street West, Suite 2105
Toronto, Ontario M5X 1E3
Fax: (416) 368-9148
e-mail: matthew.thompson@chi-x.com

Feedback received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes. Finally, CX2 will seek any exemptive relief necessary to the extent that the auto-execution facility described below may be providing directly or through its subscribers, a guarantee of a two sided market on a continuous or reasonably continuous basis, and consequently may not fall within the definition of "alternative trading system" under NI 21-101.

If you have any questions concerning the information below please contact Matthew Thompson CCO for Chi-X Canada, at 416 304-6376.

CX2 Canada Odd Lot Trading Facility:

A. Description:

CX2 Canada ATS (CX2) is proposing to introduce a new facility for odd lot trading - CX2 Canada Odd Lot Trading Facility. An odd lot is an order with a quantity that does not conform to the board lots established by the prior days' closing price. A board lot (also known as Standard Trading Unit as defined by UMIR) is defined by the price of the security's previous close. They are as follows:

- $1 or above = 100 shares
- $0.10 to $0.99 = 500 shares
- $0.005 to $0.095 = 1000 shares

CX2 subscribers will be able to trade odd lot orders with guaranteed fills that are immediately marketable against the Canadian Best Bid Offer (CBBO) and marked IOC. Odd Lot Dealers will meet their responsibility to guarantee executions against incoming odd lot orders on the passive side of the CBBO through orders generated by the trading system (auto-execution).

Odd lot orders that are not immediately marketable or not marked IOC will be rejected. An order containing at least one board lot and an odd lot (mixed lot) that is marked IOC will also be accepted. In this case, the odd lot portion of the mixed lot will receiveauto execution and the board lot portion of the mixed lot order will seek available liquidity on CX2. If there is insufficient liquidity on CX2 to fully execute the order, any remaining volume will be canceled. Odd lot executions will not be allowed when a security is in a locked or crossed market conditions. Odd lot orders entered when the market is locked or crossed will be rejected.

Auto execution in the CX2 Canada Odd Lot Trading Facility will only be available between 9:30am and 4:00pm (EST). Odd lot orders that are entered outside of these times will be rejected.

CX2 subscribers that are interested in serving as Odd Lot Dealers can be designated as such at the discretion of CX2. In order to be eligible to be an Odd Lot Dealer, a CX2 subscriber must fulfill the following criteria:

- Execute the CX2 Odd Lot Addendum to the CX2 Subscriber Agreement;
- Have policies and procedures in place to ensure compliance with UMIR and other regulatory requirements;
- Have policies and procedures in place to monitor its conduct for compliance with its Odd Lot Dealer obligations;
- Carry out all Odd Lot Obligations in compliance with UMIR and other regulatory requirements;
- Have necessary resources to carry out obligations.

An Odd Lot Dealer will be assigned any number of securities for which it will be responsible to guarantee auto executions (Assigned Securities). There will only be one Odd Lot Dealer assigned for any particular security. The Odd Lot Dealer may assign one or more of its Approved Trader employee(s) as its Odd Lot Trader(s). The Odd Lot Dealer may assign the performance of their responsibilities for trading in their Assigned Securities to DEA Eligible Clients.

B. Expected Implementation Date:

In order to provide subscribers interested in becoming Odd Lot Dealers time for preparation, the CX2 Canada Odd Lot Trading Facility is planned to be implemented 45 days after regulatory approval is received.

C. Rationale for proposed Change:

Odd lot orders are characteristically used by retail investors. In order to continue to successfully cater to the needs of this investor segment on CX2, we believe it is important that CX2 be able to support trading of odd lot orders and the odd lot portion of mixed lot orders.

D. The expected Impact of the proposed Significant Change on Market structure for Subscribers, Investors and capital markets:

CX2 believes the impact of the proposed change will be minor for subscribers, investors, vendors and the capital markets. For those subscribers and vendors who chose to use the CX2 Odd Lot Trading Facility small amendments to their systems may need to be made. However we note that routing odd lot orders to CX2 is a customer choice that is not necessary unless desired.

E. Expected impact of the Significant Change on CX2's compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

We foresee no negative impact to fair access.

13.3 Clearing Agencies

13.3.1 Notice of Effective Date – Technical Amendments to CDS Procedures – Housekeeping Changes – April 2014

NOTICE OF EFFECTIVE DATE

TECHNICAL AMENDMENTS TO CDS PROCEDURES

HOUSEKEEPING CHANGES – April 2014

The Ontario Securities Commission is publishing Notice of Effective Date – Technical Amendments to CDS Procedures – House Keeping Changes – April 2014. The CDS procedure amendments were reviewed and approved by CDS's strategic development review committee (SDRC) on February 27, 2014. CDS has determined these amendments will become effective on April 7, 2014.

A copy of the CDS notice is published on our website http://www.osc.gov.on.ca.

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Chapter 25

Other Information

25.1 Approvals

25.1.1 Purpose Investments Inc. – s. 213(3)(b)

Headnote

Clause 213(3)(b) of the Loan and Trust Corporations Act – Application by manager, with prior track record acting as trustee, for approval to act as trustee of pooled funds and future pooled funds to be established and managed by the applicant and offered pursuant to a prospectus exemption.

Statutes Cited

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am., s. 213(3)(b).

March 11, 2014

Wildeboer Dellelce LLP
365 Bay Street
Toronto, Onatrio M5H 2V1

Attention: Geoffrey Cher

Dear Sirs/Mesdames:

Re: Purpose Investments Inc. (the "Applicant")

Application pursuant to clause 213(3)(b) of the Loan and Trust Corporations Act (Ontario) for approval to act as trustee

Application No. 2014/0103

Further to your application dated February 6, 2014 (the "Application") filed on behalf of the Applicant, and based on the facts set out in the Application and the representation by the Applicant that the assets of LMIG Trust (the "Fund") and any other future mutual fund trusts that the Applicant may establish and manage from time to time, will be held in the custody of a trust company incorporated and licensed or registered under the laws of Canada or a jurisdiction, or a bank listed in Schedule I, II or III of the *Bank Act* (Canada), or a qualified affiliate of such bank or trust company, the Ontario Securities Commission (the "Commission") makes the following order:

Pursuant to the authority conferred on the Commission in clause 213(3)(b) of the *Loan and Trust Corporations Act* (Ontario), the Commission approves the proposal that the Applicant act as trustee of the Fund and any other future mutual fund trusts which may be established and managed by the Applicant from time to time, the securities of which will be offered pursuant to a prospectus exemption.

Yours truly,

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

James D. Carnwath"
Commissioner
Ontario Securities Commission

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