

The Ontario Securities Commission

# OSC Bulletin

May 1, 2014

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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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## Chapter 1

# Notices / News Releases

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### 1.1 Notices

#### 1.1.1 Agreement among Provincial and Territorial Securities Regulatory Authorities Transferring and Assigning Trade-Mark to the Alberta Securities Commission

May 1, 2014

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

On March 20, 2014, the Minister of Finance approved the agreement among the provincial and territorial securities regulatory authorities comprising the Canadian Securities Administrators transferring and assigning their respective interests in and to the SEDAR trade-mark to the Alberta Securities Commission.

The Agreement was published in the Bulletin on January 23, 2014 (see (2014), 37 OSCB 957).

Questions may be referred to:

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**1.1.2 CSA Staff Notice 31-338 – Guidance on Dispute Resolution Services – Client Disclosure for Registered Dealers and Advisers that are not Members of a Self-Regulatory Organization**



**Canadian Securities  
Administrators**

**Autorités canadiennes  
en valeurs mobilières**

**CSA Staff Notice 31-338 *Guidance on Dispute Resolution Services*  
*Client Disclosure for Registered Dealers and Advisers that are not members of a Self-Regulatory Organization***

**May 1, 2014**

**Introduction**

The Canadian Securities Administrators (the CSA or we) are implementing amendments to National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (NI 31-103) as well as Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (31-103CP) relating to the provision of independent dispute resolution or mediation services to clients of all registered dealers and registered advisers (collectively, the Amendments). The Amendments provide that, outside Québec, a firm must take reasonable steps to ensure that the Ombudsman for Banking Services and Investments (OBSI) will be the independent dispute resolution or mediation service that is made available to a client that has an eligible complaint. The Amendments also include the requirement to inform clients in writing about the firm's obligation and to set out the steps a client must take in order to be able to make use of OBSI's services.

In Québec, the Autorité des marchés financiers (the AMF) already provides a mediation service to clients residing in Québec of all registered dealers and registered advisers. The Québec regime will remain unchanged and firms registered in Québec should continue to inform clients residing in Québec of the availability of the AMF mediation services. In this Notice, all references to OBSI are made by CSA members excluding the AMF.

**Purpose**

Our purpose in requiring the use of OBSI as the dispute resolution service is to provide investors with the following benefits:

- access to a free, independent, consistent dispute resolution service,
- uniform handling of investor complaints, and
- clarity on who investors should contact if complaints are not resolved.

Registered firms that are members of a self-regulatory organization (SRO), including those that are registered in Québec, should continue to comply with their SRO's requirements with respect to the provision of independent dispute resolution or mediation services.

For the purposes of this notice, a registered firm refers to registered dealers and registered advisers that are not members of an SRO and does not include a registered investment fund manager.

**Substance**

At three points in time, a registered firm must provide its clients with information about the availability of independent dispute resolution or mediation services and the steps the client must take in order to make use of those services at account opening, as soon as possible after a client makes a complaint (for example, when a firm sends its acknowledgement), and again when the registered firm informs the client of its decision in respect of the complaint.

This staff notice is intended to provide guidance to registered firms in preparing and delivering client disclosure that meets their obligations under section 13.16 and paragraph 14.2(2)(j) of NI 31-103. To assist registered firms with establishing clear and meaningful client disclosure, we have provided a sample client disclosure in Appendix A. While the sample client disclosure document is intended to serve as an example of an acceptable method for registered firms to meet their disclosure obligations, it is not the only acceptable method. Registered firms may use alternative methods, provided those methods adequately demonstrate that the firm has met its disclosure obligations. We encourage registered firms to use this Notice to improve their understanding of, and compliance with their client disclosure obligations.

This staff notice also provides sample text and best practices for how a firm might meet their requirement regarding internal complaint handling procedures.

### **When do you have to provide client disclosure?**

#### **(1) At Account Opening**

Under paragraph 14.2(2)(j) of NI 31-103, registered firms must disclose to their client the firm's obligations if a client has a complaint contemplated under section 13.16 and the steps that the client must take in order for an independent dispute resolution or mediation service to be made available to the client at the firm's expense. A registered firm may provide this information in a single document (together with other required relationship disclosure information) or in a separate document. This disclosure must be provided in writing to the client and should be communicated in a manner consistent with the guidance on client communications under section 1.1 of 31-103CP. We encourage registered firms to avoid the use of technical terms and acronyms when communicating with clients.

The sample client disclosure in Appendix A is designed to provide an example of clear and meaningful disclosure to a client about the firm's obligations with respect to independent dispute resolution services, including the requirement that a client must first file their complaint with the registered firm. While many registered firms already have in place a method of communicating to a client about their internal complaint handling processes, the sample client disclosure provides additional guidance and best practices in this area.

#### **(2) At the time of the Complaint**

Under subsection 13.16(2), if a registered firm receives a complaint from a client, the firm must, as soon as possible, provide the client with a written acknowledgement of the complaint that includes the following:

- (a) a description of the firm's obligations under section 13.16;
- (b) the steps that the client must take in order for an independent dispute resolution or mediation service to be made available to the client under subsection 13.16(4);
- (c) the name of the independent dispute resolution or mediation service that will be made available to the client under subsection 13.16(4) and contact information for the service.

The registered firm must send a written acknowledgement letter to the client as soon as possible, typically within 5 business days of receipt of a complaint. The following is a list of the types of information the firm should include in the acknowledgement letter:

- information about the firm's complaint process, including timelines for responding to client complaints,
- when and how to take their complaint to an independent dispute resolution or mediation service,
- contact information for the independent dispute resolution or mediation service, and
- any other options available to the client to resolve their complaint.

Registered firms may refer to the sample client disclosure to assist with the content of the acknowledgment letter.

Registered firms may also want to consider including a request for any information reasonably required to investigate the complaint, if such information can be identified within the 5 business days of receipt of the complaint. Where possible, such as with less complex complaints, it may be possible to also provide the firm's decision at the same time as acknowledging the complaint.

#### **(3) At the time of the Decision**

If a registered firm decides to reject a complaint or to make an offer to resolve a complaint, the firm must, as soon as possible, provide the client with written notice of the decision including:

- the decision on the complaint, and
- information about dispute resolution services, including the timelines applicable for use of the dispute resolution services, the monetary limits associated with the dispute resolution services and the contact information for those services.

As a best practice, a firm may consider including the following in their written notice to the client:

- a summary of the complaint, and
- the reasons for the firm's decision.

A registered firm is expected to provide a decision to the client complaint within 90 days of receipt of the complaint. At the time of the decision, a registered firm may opt to provide information about independent dispute resolution services to clients in a separate document, or insert the information in the firm's written decision to the client.

We recommend including the disclosure in the body of the firm's decision letter, or referencing that it is being included, as this would:

- assist with providing evidence that the client received the required information, and
- may protect the registered firm in the event a client later claims they did not receive information about independent dispute resolution services.

### **When do you need to offer OBSI?**

Subsection 13.16(4) requires a registered firm to ensure that independent dispute resolution or mediation service is available to a client if either of the following apply:

- after 90 days of the firm's receipt of the complaint, the firm has not given the client written notice of a decision, and the client has notified the independent dispute resolution or mediation service that it wants to use the service;
- within 180 days of the client's receipt of written notice of the firm's decision, the client has notified the independent dispute resolution or mediation services that it wants to use the service.

Subsection 13.16(6) requires the firm to take reasonable steps to ensure that OBSI will be the independent dispute resolution and mediation service made available to clients.

### **When do you need to update Relationship Disclosure Information?**

Under subsection 14.2(4) of NI 31-103 registered firms are required to take reasonable steps to notify clients, in a timely manner, of significant changes in respect of the relationship disclosure information delivered to a client. The Amendments include an amendment to paragraph 14.2(2) (j) with respect to the availability of independent dispute resolution services. As the amendment to paragraph 14.2(2) (j) is considered a significant change to the relationship disclosure information, registered firms will be expected to take reasonable steps to notify clients, in a timely manner of the change to the relationship disclosure information. Sending it separately or including it with an upcoming client communication, such as their next monthly or quarterly statement, or before doing a transaction, would satisfy this obligation.

### **Membership in OBSI**

We expect firms to maintain ongoing membership in OBSI as a "Participating Firm" and participate in OBSI's services in a manner consistent with the firm's obligation to deal fairly, honestly and in good faith with its clients.

### **Coming into force and transition**

The Amendments subject to necessary approvals in each CSA jurisdiction come into force May 1, 2014. The Amendments provide for a transition period for firms registered by May 1, 2014 of 3 months after the Amendments come into effect with the exception of Québec, by reason of the existing regime in that jurisdiction. The transition period will end on August 1, 2014. Please refer to the Amendments for specific terms associated with the transition period.

For more information on how to register as a Participating Firm, visit [www.obsi.ca](http://www.obsi.ca).

### **Questions**

Please refer your questions to any of the following:



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## **Appendix A**

### **[Name of firm]**

## **What to do if you have a complaint**

### **Our complaint process**

#### **Filing a complaint with us**

If you have a complaint about our services or a product, contact us at:

[Firm contact information]

You may want to consider using a method other than email for sensitive information.

#### **Tell us:**

- what went wrong
- when it happened
- what you expect, for example, money back, an apology, account correction

#### **We will acknowledge your complaint**

We will acknowledge your complaint in writing, as soon as possible, typically within 5 business days of receiving your complaint.

We may ask you to provide clarification or more information to help us resolve your complaint.

#### **We will provide our decision**

We normally provide our decision in writing, within 90 days of receiving a complaint. It will include:

- a summary of the complaint
- the results of our investigation
- our decision to make an offer to resolve the complaint or deny it, and an explanation of our decision

#### **If our decision is delayed**

If we cannot provide you with our decision within 90 days, we will:

- inform you of the delay
- explain why our decision is delayed, and
- give you a new date for our decision

You may be eligible for the independent dispute resolution service offered by the Ombudsman for Banking Services and Investments (OBSI).

#### **If you are not satisfied with our decision**

You may be eligible for OBSI's dispute resolution service.

#### **If you are a Québec resident**

You may consider the free mediation service offered by the Autorité des marchés financiers.

#### **Help us resolve your complaint sooner**

- Make your complaint as soon as possible.
- Reply promptly if we ask you for more information.
- Keep copies of all relevant documents, such as letters, emails and notes of conversations with us.

#### **A word about legal advice**

You always have the right to go to a lawyer or seek other ways of resolving your dispute at any time. A lawyer can advise you of your options. There are time limits for taking legal action. Delays could limit your options and legal rights later on.

## Taking your complaint to OBSI

You may be eligible for OBSI's free and independent dispute resolution service if:

- we do not provide our decision within 90 days after you made your complaint, or
- you are not satisfied with our decision

OBSI can recommend compensation of up to \$350,000.

OBSI's service is available to clients of our firm. This does not restrict your ability to take a complaint to a dispute resolution service of your choosing at your own expense, or to bring an action in court. Keep in mind there are time limits for taking legal action.

### Who can use OBSI

You have the right to use OBSI's service if:

- your complaint relates to a trading or advising activity of our firm or by one of our representatives
- you brought your complaint to us within 6 years from the time that you first knew, or ought to have known, about the event that caused the complaint, and
- you file your complaint with OBSI according to its time limits below

### Time limits apply

- If we do not provide you with our decision within 90 days, you can take your complaint to OBSI any time after the 90-day period has ended.
- If you are not satisfied with our decision, you have up to 180 days after we provide you with our decision to take your complaint to OBSI.

## Filing a complaint with OBSI

### Contact OBSI

Email: [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca)

Telephone: 1-888-451-4519 or 416-287-2877 in Toronto

### OBSI will investigate

OBSI works confidentially and in an informal manner. It is not like going to court, and you do not need a lawyer.

During its investigation, OBSI may interview you and representatives of our firm. We are required to cooperate in OBSI's investigations.

### OBSI will provide its recommendations

Once OBSI has completed its investigation, it will provide its recommendations to you and us. OBSI's recommendations are not binding on you or us.

OBSI can recommend compensation of up to \$350,000. If your claim is higher, you will have to agree to that limit on any compensation you seek through OBSI. If you want to recover more than \$350,000, you may want to consider another option, such as legal action, to resolve your complaint.

**For more information about OBSI, visit [www.obsi.ca](http://www.obsi.ca)**

### Information OBSI needs to help you

OBSI can help you best if you promptly provide all relevant information, including:

- your name and contact information
- our firm's name and contact information
- the names and contact information of any of our representatives who have been involved in your complaint
- details of your complaint
- all relevant documents, including any correspondence and notes of discussions with us

### 1.1.3 OSC Staff Notice 11-739 (Revised) – Policy Reformulation Table of Concordance and List of New Instruments

#### OSC STAFF NOTICE 11-739 (REVISED)

#### POLICY REFORMULATION TABLE OF CONCORDANCE AND LIST OF NEW INSTRUMENTS

The following revisions have been made to the Table of Concordance and List of New Instruments. A full version of the Table of Concordance and List of New Instruments as of March 31, 2014 has been posted to the OSC Website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

#### Table of Concordance

Item Key	
The third digit of each instrument represents the following: 1-National/Multilateral Instrument; 2-National/Multilateral Policy; 3-CSA Notice; 4-CSA Concept Release; 5-Local Rule; 6-Local Policy; 7-Local Notice; 8-Implementing Instrument; 9-Miscellaneous	

#### Reformulation

Instrument	Title	Status

#### New Instruments

Instrument	Title	Status
91-506	Derivatives: Product Determination	<b><i>Published January 3, 2014</i></b>
91-507	Trade Repositories and Derivatives Data Reporting	<b><i>Published January 3, 2014</i></b>
31-336	Guidance for Portfolio Managers, Exempt Market Dealers and Other Registrants on the Know-Your-Client, Know-Your-Product Suitability Obligations	<b><i>Published January 9, 2014</i></b>
13-315	Securities Regulatory Authority Closed Dates 2014 (Revised)	<b><i>Published January 9, 2014</i></b>
11-739	Policy Reformulation Table (Revised)	<b><i>Published January 9, 2014</i></b>
13-319	SEDAR Filer Manual Update	<b><i>Published January 9, 2014</i></b>
13-322	Service Transition Cutover Date for Information Management Services and Implementation of Related Consequential Amendments to CSA National Systems Rules	<b><i>Published January 9, 2014</i></b>
58-402	Report to Minister of Finance and Minister Responsible for Women's Issues – <i>Disclosure Requirements Regarding Women in Board and in Senior Management</i>	<b><i>Published January 16, 2014</i></b>
58-101	Proposed Amendments to Form 58-101F1 - Corporate Governance and Disclosure of National Instrument 58-101 Disclosure of Corporate Governance Practices - Proposed Disclosure Requirements Regarding the Representation of Women on Boards and in Senior Management	<b><i>Published for comment January 16, 2014</i></b>
91-304	Model Provincial Rule – <i>Derivatives: Customer Clearing and Protection of Customer Collateral and Positions</i>	<b><i>Published for comment January 16, 2014</i></b>
45-106	Prospectus and Registration Exemptions Relating to Short-term Debt Prospectus Exemption and Proposed Securitized Products Amendments	<b><i>Published for comment January 23, 2014</i></b>
51-722	Report on Review of Mining Issuers' Management's Discussion and Analysis and Guidance	<b><i>Published for comment February 6, 2014</i></b>
13-704	Applications for Participation Fee Relief for Certain Small Registered Firms and Reporting Issuers	<b><i>Published February 20, 2014</i></b>

# New Instruments

Instrument	Title	Status
45-106	Prospectus and Registration Exemptions – Amendments (Relating to the Accredited Investor and Minimum Amount Investment Prospectus Exemptions)	<b><i>Published for comment February 27, 2014</i></b>
45-102	Resale of Securities – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
13-102	System Fees for SEDAR and NRD - Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
11-102	Passport System – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
31-103	Registration Requirements, Exemptions and Ongoing Registrant Obligations – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
32-102	Registration Exemptions for Non-Resident Investment Fund Managers –Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
33-105	Underwriting Conflicts – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
41-101	General Prospectus Requirements – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
51-102	Continuous Disclosure Obligations – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
52-107	Acceptable Accounting Principles and Auditing Standards – Amendments (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
62-103	The Early Warning System and Related Take-Over Bid and Insider Reporting Issues (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
62-104	Take-Over Bids and Issuer Bids (tied to 45-106)	<b><i>Published for comment February 27, 2014</i></b>
31-337	Cost Disclosure, Performance Reporting and Client Statements – Frequently Asked Questions and Additional Guidance as of February 27, 2014	<b><i>Published for comment February 27, 2014</i></b>
31-103	Registration Requirements, Exemptions and Ongoing Registrant Obligations – Amendments	<b><i>Minister's approval published March 6, 2014</i></b>
15-702	Revised Credit for Cooperation Program	<b><i>Published March 13, 2014</i></b>
45-106	Prospectus and Registration Exemptions – Amendments	<b><i>Published for comment March 20, 2014</i></b>
45-501	Ontario Prospectus and Registration Exemptions – Amendments	<b><i>Published for comment March 20, 2014</i></b>
45-108	Crowdfunding	<b><i>Published for comment March 20, 2014</i></b>
45-102	Resale of Securities Restricted Period Trades – Amendments	<b><i>Published for comment March 20, 2014</i></b>
52-107	Acceptable Accounting Principles and Auditing Standards- Amendments	<b><i>Published for comment March 20, 2014</i></b>
45-314	Consolidated List of Current CSA Exempt Market Initiatives	<b><i>Published for comment March 20, 2014</i></b>
81-101	Mutual Fund Prospectus Disclosure – Amendments	<b><i>Published for comment March 27, 2014</i></b>

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May 1, 2014

**1.2 Notices of Hearing**

**1.2.1 Paul Lester Stiles – 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  
PAUL LESTER STILES**

**NOTICE OF HEARING  
(Subsections 127(1) and 127(10))**

**TAKE NOTICE THAT** the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on May 14, 2014 at 9:00 a.m.;

**TO CONSIDER** whether, pursuant to paragraph 4 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Paul Lester Stiles (“Stiles”) that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Stiles cease permanently;
  - b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Stiles be prohibited permanently;
  - c. pursuant to paragraph 7 of subsection 127(1) of the Act, Stiles resign any positions that he holds as director or officer of an issuer;
  - d. pursuant to paragraph 8 of subsection 127(1) of the Act, Stiles be prohibited permanently from becoming or acting as an officer or director of an issuer;
  - e. pursuant to paragraph 8.1 of subsection 127(1) of the Act, Stiles resign any positions that he holds as director or officer of a registrant;
  - f. pursuant to paragraph 8.2 of subsection 127(1) of the Act, Stiles be prohibited permanently from becoming or acting as an officer or director of a registrant; and
  - g. pursuant to paragraph 8.5 of subsection 127(1) of the Act, Stiles be prohibited from becoming or acting as a registrant or as a promoter;
2. To make such other order or orders as the Commission considers appropriate.

**BY REASON** of the allegations set out in the Statement of Allegations of Staff of the Commission dated April 23, 2014 and by reason of an order of the British Columbia Securities Commission dated October 3, 2012, and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that at the hearing on May 14, 2014 at 9:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

**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, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding.

**DATED** at Toronto this 23rd day of April, 2014.

“John Stevenson”  
Secretary to the Commission

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

**AND**

**IN THE MATTER OF  
PAUL LESTER STILES**

**STATEMENT OF ALLEGATIONS OF  
STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") allege:

**I. OVERVIEW**

1. Paul Lester Stiles ("Stiles") is subject to an order made by the British Columbia Securities Commission ("BCSC") dated October 3, 2012 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon him.
2. In its findings on liability dated October 3, 2012 (the "Findings"), a panel of the BCSC (the "BCSC Panel") found that Stiles made misrepresentations to investors with the intention of trading in securities.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order, pursuant to paragraph 4 of subsection 127(10) of the *Ontario Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").
4. The conduct for which Stiles was sanctioned took place between 2009 and 2012 (the "Material Time").
5. During the Material Time, Stiles was a resident of British Columbia.

**II. THE BCSC PROCEEDINGS**

**The BCSC Findings**

6. In its Findings, the BCSC Panel found the following:
  - a. Stiles made misrepresentations with the intention of trading in securities, contrary to section 50(1)(d) of the *British Columbia Securities Act*, RSBC 1996, c. 418 (the "BC Act"), and acted contrary to the public interest.

**The BCSC Order**

7. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements upon Stiles:
  - a. pursuant to section 161(1)(b) of the BC Act, that Stiles cease trading in, and is prohibited from purchasing, securities and exchange contracts, permanently;
  - b. pursuant to sections 161(1)(d)(i) and (ii) of the BC Act, that Stiles resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer or registrant;
  - c. pursuant to section 161(1)(d)(iii) of the BC Act, that Stiles is permanently prohibited from becoming or acting as a registrant or promoter;
  - d. pursuant to section 161(1)(d)(iv) of the BC Act, that Stiles is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
  - e. pursuant to section 161(1)(d)(v) of the BC Act, that Stiles is permanently prohibited from engaging in investor relations activities; and
  - f. pursuant to section 162 of the BC Act, that Stiles pay to the BCSC an administrative penalty of \$35,000.

**III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

8. Stiles is subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon him.



9. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
10. Staff allege that it is in the public interest to make an order against Stiles.
11. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
12. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*.

**DATED** at Toronto, this 23rd day of April, 2014.

**1.2.2 Won Sang Shen Cho, also known as Craig Cho, doing business as Chosen Media and Groops Media – 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  
WON SANG SHEN CHO, also known as CRAIG CHO,  
doing business as CHOSEN MEDIA and GROOPS MEDIA**

**NOTICE OF HEARING  
(Subsections 127(1) and 127(10))**

**TAKE NOTICE THAT** the Ontario Securities Commission (the “Commission”) will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on May 14, 2014 at 9:30 a.m.;

**TO CONSIDER** whether, pursuant to paragraph 4 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Won Sang Shen Cho (also known as Craig Cho) (“Cho”) that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Cho cease permanently;
  - b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Cho be prohibited permanently;
  - c. pursuant to paragraph 7 of subsection 127(1) of the Act, Cho resign any positions that he holds as director or officer of an issuer;
  - d. pursuant to paragraph 8 of subsection 127(1) of the Act, Cho be prohibited permanently from becoming or acting as an officer or director of an issuer;
  - e. pursuant to paragraph 8.1 of subsection 127(1) of the Act, Cho resign any positions that he holds as director or officer of a registrant; and
  - f. pursuant to paragraph 8.2 of subsection 127(1) of the Act, Cho be prohibited permanently from becoming or acting as an officer or director of a registrant;
2. against Chosen Media that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Chosen Media cease permanently; and
  - b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Chosen Media be prohibited permanently;
3. against Groops Media that:
  - a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Groops Media cease permanently; and
  - b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Groops Media be prohibited permanently;
4. To make such other order or orders as the Commission considers appropriate.

**BY REASON** of the allegations set out in the Statement of Allegations of Staff of the Commission dated April 23, 2014 and by reason of an order of the British Columbia Securities Commission dated October 22, 2013, and such additional allegations as counsel may advise and the Commission may permit;

**AND TAKE FURTHER NOTICE** that at the hearing on May 14, 2014 at 9:30 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2012), 35 OSCB 10071 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

**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, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding.

**DATED** at Toronto this 23rd day of April, 2014.

“John Stevenson”  
Secretary to the Commission

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

**AND**

**IN THE MATTER OF  
WON SANG SHEN CHO, also known as CRAIG CHO,  
doing business as CHOSEN MEDIA and GROOPS MEDIA**

**STATEMENT OF ALLEGATIONS OF  
STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") allege:

**I. OVERVIEW**

1. Won Sang Shen Cho ("Cho"), Chosen Media and Groops Media (together, the "Respondents") are subject to an order made by the British Columbia Securities Commission ("BCSC") dated October 22, 2013 (the "BCSC Order") that imposes sanctions, conditions, restrictions or requirements upon them.
2. In its findings on liability dated August 1, 2013 (the "Findings"), a panel of the BCSC (the "BCSC Panel") found that the Respondents engaged in an illegal distribution of securities. The BCSC Panel further found that Cho made misrepresentations with the intention of trading in securities, and that Cho and Chosen Media perpetrated a fraud.
3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the BCSC Order, pursuant to paragraph 4 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").
4. The conduct for which the Respondents were sanctioned took place between January 2011 and February 2012 (the "Material Time").
5. During the Material Time, Cho was a resident of British Columbia. Cho conducted businesses as a sole proprietor, under names that included Chosen Media and Groops Media.

**II. THE BCSC PROCEEDINGS**

**The BCSC Findings**

6. In its Findings, the BCSC Panel found the following:
  - a. the Respondents engaged in an illegal distribution of securities, contrary to section 61(1) of the British Columbia *Securities Act*, RSBC 1996, c. 418 (the "BC Act");
  - b. Cho made misrepresentations with the intention of trading in securities, contrary to section 50(1)(d) of the BC Act; and
  - c. that Cho and Chosen Media perpetrated a fraud, contrary to section 57(b) of the BC Act.

**The BCSC Order**

7. The BCSC Order imposed the following sanctions, conditions, restrictions or requirements:
  - a. upon Cho, Chosen Media and Groops Media:
    - i. pursuant to section 161(1)(b) of the BC Act, that Cho, Chosen Media and Groops Media cease trading in, and are prohibited from purchasing, all securities permanently;
    - ii. pursuant to section 161(1)(d)(v) of the BC Act, that Cho, Chosen Media and Groops Media are permanently prohibited from engaging in investor relations activities;

- b. upon Cho:
  - i. pursuant to sections 161(1)(d)(i) and (ii) of the BC Act, that Cho resign any position he holds as, and is permanently prohibited from becoming or acting as, a director or officer of any issuer or registrant;
  - ii. pursuant to section 161(1)(d)(iv) of the BC Act, that Cho is permanently prohibited from acting in a management or consultative capacity in connection with activities in the securities market;
  - iii. pursuant to section 161(1)(g) of the BC Act, that Cho pay to the BCSC \$20,569, being the outstanding amount obtained, directly or indirectly, as a result of contraventions of the BC Act; and
  - iv. pursuant to section 162 of the BC Act, that Cho pay to the BCSC an administrative penalty of \$200,000.

### **III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION**

- 8. The Respondents are subject to an order of the BCSC imposing sanctions, conditions, restrictions or requirements upon them.
- 9. Pursuant to paragraph 4 of subsection 127(10) of the Act, an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements may form the basis for an order in the public interest made under subsection 127(1) of the Act.
- 10. Staff allege that it is in the public interest to make an order against the Respondents.
- 11. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.
- 12. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission Rules of Procedure.

**DATED** at Toronto, this 23rd day of April, 2014.

**1.4.1 Heritage Education Funds Inc.**

**FOR IMMEDIATE RELEASE  
April 23, 2014**

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

**AND**

**IN THE MATTER OF  
HERITAGE EDUCATION FUNDS INC.**

**TORONTO** – The Commission issued an Order in the above named matter pursuant to section 127 of the Act which provides that:

1. The Temporary Order as amended by previous Commission orders is extended to May 20, 2014 or until such further order of the Commission.
2. The hearing is adjourned to May 16, 2014 at 10:00 a.m. to consider any issues that may prevent Staff from agreeing to an Order vacating the remaining Terms and Conditions imposed by the Temporary Order.

A copy of the Order dated April 23, 2014 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
ACTING SECRETARY

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Alison Ford  
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**1.4.2 Global RESP Corporation and Global Growth Assets Inc.**

**FOR IMMEDIATE RELEASE  
April 24, 2014**

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

**AND**

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

**TORONTO** – The Commission issued an Order in the above named matter pursuant to section 127 of the Act which provides that:

1. The remaining Terms and Conditions imposed by the Temporary Order, namely paragraphs 1, 2, 3, 4, 5.1, 5.2, 5.3, 6.1, 6.2, 7, 8, 9, 10, 11 and 12 are deleted.
2. The Temporary Order is revoked.

A copy of the Order dated April 24, 2014 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

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JOSÉE TURCOTTE  
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**1.4.3 Matthew Schloen**

**FOR IMMEDIATE RELEASE  
April 24, 2014**

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

**AND**

**IN THE MATTER OF  
MATTHEW SCHLOEN**

**AND**

**IN THE MATTER OF  
A SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE ONTARIO SECURITIES COMMISSION  
AND MATTHEW SCHLOEN**

**TORONTO** – The Commission issued an Order in the above named matter which provides that the Settlement Agreement is amended by redacting the name of the witness and substituting the initials of the witness in place of the name of the witness on page 8 of the Settlement Agreement.

A copy of the Order dated April 23, 2014 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
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**1.4.4 Paul Lester Stiles**

**FOR IMMEDIATE RELEASE  
April 25, 2014**

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

**AND**

**IN THE MATTER OF  
PAUL LESTER STILES**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the Act on April 23, 2014 setting the matter down to be heard on May 14, 2014 at 9:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated April 23, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated April 23, 2014 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
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**1.4.5 Ronald James Ovenden et al.**

**FOR IMMEDIATE RELEASE  
April 25, 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**

**AND**

**IN THE MATTER OF  
A SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE COMMISSION,  
RONALD JAMES OVENDEN  
AND NEW SOLUTIONS CAPITAL INC.**

**TORONTO** – Following a hearing held today, the Commission issued an Order in the above named matter approving the Settlement Agreement reached between Staff of the Commission, Ronald James Ovenden and New Solutions Capital Inc. in the above named matter.

A copy of the Order dated April 25, 2014 and Settlement Agreement dated April 2, 2014 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
ACTING SECRETARY

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**1.4.6 Ronald James Ovenden et al.**

**FOR IMMEDIATE RELEASE  
April 25, 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 dates for the Merits Hearing, scheduled to commence on May 5, 2014 and to continue on May 7-9, 12-16, 21-23 and 26-30, 2014 are vacated.

A copy of the Order dated April 25, 2014 is available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
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**1.4.7 Won Sang Shen Cho, also known as Craig Cho, doing business as Chosen Media and Groops Media**

**FOR IMMEDIATE RELEASE  
April 25, 2014**

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

**AND**

**IN THE MATTER OF  
WON SANG SHEN CHO,  
also known as CRAIG CHO, doing business as  
CHOSEN MEDIA and GROOPS MEDIA**

**TORONTO** – The Office of the Secretary issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the Act on April 23, 2014 setting the matter down to be heard on May 14, 2014 at 9:30 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated April 23, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated April 23, 2014 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
JOSÉE TURCOTTE  
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**1.4.8 David De Gouveia**

**FOR IMMEDIATE RELEASE  
April 28, 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 its Reasons and Decision and an Order pursuant to Sections 127(1) and 127(10) of the *Securities Act* in the above noted matter.

A copy of the Reasons and Decision and the Order dated April 24, 2014 are available at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

OFFICE OF THE SECRETARY  
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## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 IPC Investment Corporation and Independent Planning Group Inc.

##### Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) – relief from certain filing requirements of NI 33-109 in connection with a bulk transfer of business locations and registered and non-registered individuals pursuant to an amalgamation in accordance with section 3.4 of Companion Policy 33-109CP to NI 33-109.

##### Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System.  
National Instrument 33-109 Registration Information and Companion Policy 33-109CP.  
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

April 23, 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  
IPC INVESTMENT CORPORATION (IPC) AND  
INDEPENDENT PLANNING GROUP INC. (IPG)  
(the Filers)**

**DECISION**

##### Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of Ontario (the **Legislation**) for relief from the requirements contained in sections 2.2, 2.3, 2.5, 3.2 and 4.2 of National Instrument 33-109 *Registration Information* (**NI 33-109**) pursuant to section 7.1 of NI 33-109 to allow the bulk transfer of dealing representatives, permitted individuals and business locations from IPG to

IPC (the **Bulk Transfer**), on May 1, 2014 (the **Amalgamation Date**) in accordance with section 3.4 of the Companion Policy to NI 33-109 (the **Exemption Sought**).

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; and
- (ii) the Filers have provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each jurisdiction of Canada outside of Ontario (together with Ontario, the **Jurisdictions**).

##### Interpretation

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

##### Representations

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

##### **IPC**

1. IPC is a corporation amalgamated under the *Business Corporations Act* (Ontario) and has its head office at 2680 Skymark Avenue, Suite 700 Mississauga, Ontario L4W 5L6.
2. IPC is a wholly-owned subsidiary of Investment Planning Counsel Inc.
3. IPC is a member of the Mutual Fund Dealers Association (**MFDA**) and is registered in all of the 13 Jurisdictions as a dealer in the category of mutual fund dealer. IPC is also registered as a dealer in the category of exempt market dealer in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Ontario, and Saskatchewan.
4. IPC is not in default of the securities legislation in any of the Jurisdictions.

##### **IPG**

5. IPG is a corporation continued under the *Canada Business Corporations Act* and its head office is at 35 Antares Drive, Ottawa, Ontario K2E 8B1. Prior

to the amalgamation, IPG will continue such that it will be a corporation governed by the *Business Corporations Act* (Ontario).

6. Investment Planning Counsel Inc. acquired IPG on December 2, 2013. As a result, IPG is a wholly-owned subsidiary of Investment Planning Counsel Inc. and a specified affiliate of IPC.
7. IPG is a member of the MFDA and is registered in each of the provinces of Canada as a dealer in the category of mutual fund dealer and is also registered in Alberta, British Columbia, New Brunswick, Ontario and Saskatchewan as a dealer in the category of exempt market dealer.
8. IPG is not in default of the securities legislation in any of the Jurisdictions.

#### **The Amalgamation**

9. Subject to the necessary approvals, the Filers intend to amalgamate on the Amalgamation Date. The company that will result from the amalgamation of IPC and IPG (**Amalco**) will be known as IPC Investment Corporation and will retain IPC's head office and National Registration Database (**NRD**) number.
10. Amalco's registration will encompass the registration categories and jurisdictions of both IPC and IPG immediately prior to the amalgamation.
11. On the Amalgamation Date, all IPG dealing representatives and permitted individuals will be transferred to Amalco on NRD (**Transferred Individuals**) in addition to the affected business locations.
12. Effective on the Amalgamation Date, Amalco will carry on the same business as the Filers and all of the registerable activities of the Filers will be carried out by Amalco. Subject to obtaining the Exemption Sought, no disruption in the services provided by the Filers to their clients will result further to the amalgamation.
13. Given the number of Transferred Individuals in connection with the amalgamation, it would be unduly time consuming and difficult to transfer the registration of each of the Transferred Individuals on an individual basis through NRD in accordance with NI 33-109 if the Exemption Sought is not granted.
14. The Bulk Transfer will ensure that the transfer of the affected individuals and business locations occur effective as of the same date, the Amalgamation Date, in order to ensure that there is no interruption in registration.

15. The Exemption Sought complies with the requirements of, and the reasons for, a bulk transfer as set out in Section 4.3 of the Companion Policy to NI 33-109 and Appendix C thereto.

16. It would not be prejudicial to the public interest to grant the Exemption Sought.

#### **Decision**

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

The decision of the principal regulator under the Legislation is that the Exemption Sought is granted.

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

**2.1.2 HHT Investments 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).

April 25, 2014

HHT Investments Inc.  
66 Wellington Street, Suite 4100  
Toronto Dominion Centre  
Toronto, Ontario M5K 1B7

Dear Sirs/Mesdames:

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

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer.

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

“Kathryn Daniels”  
Deputy Director, Corporate Finance  
Ontario Securities Commission

**2.1.3 JDS Uniphase Canada Ltd. – 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).

April 25, 2014

JDS Uniphase Canada Ltd.  
61 Bill Leathem Drive  
Ottawa, ON K2J 0P7

Dear Sirs/Mesdames:

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

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

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

The Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;
- (b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;
- (c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of Canada in which it is currently a reporting issuer; and

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

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

“Kathryn Daniels”  
Deputy Director, Corporate Finance  
Ontario Securities Commission

## 2.1.4 Vinci S.A.

### Headnote

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

### Applicable Legislative Provisions

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

### TRANSLATION

April 4, 2014

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

AND

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

AND

IN THE MATTER OF  
VINCI S.A.  
(the “Filer”)

### DECISION

### Background

The securities regulatory authority or regulator in each of the Filing Jurisdictions (each a “**Decision Maker**”) has received an application from the Filer for a decision under the securities legislation of the Filing Jurisdictions (the “**Legislation**”) for:

1. an exemption from the prospectus requirements of the Legislation (the “**Prospectus Relief**”) so that such requirements do not apply to
  - (a) trades in
    - (i) units (the “**Principal Classic Units**”) of Castor International (the “**Principal Classic Fund**”), a *fonds commun de placement d'entreprise* or “**FCPE**”, a form of collective shareholding vehicle commonly used in France for the conservation and custodianship of shares held by employee-investors; and
    - (ii) units (the “**Temporary Classic Units**” and, together with the Principal Classic Units, the “**Units**”) of a temporary FCPE named Castor International Relais 2014 (the “**Temporary Classic Fund**”) which will merge with the Principal Classic Fund following the completion of the Employee Share Offering (as defined below), such transaction being referred to as the “**Merger**”, as further described below (the

term “**Classic Fund**” used herein means, prior to the Merger, the Temporary Classic Fund and, following the Merger, the Principal Classic Fund);

made pursuant to the Employee Share Offering to or with Qualifying Employees (as defined below) resident in the Filing Jurisdictions and in British Columbia and Alberta (collectively, the “**Canadian Employees**”) who elect to participate in the Employee Share Offering (collectively, the “**Canadian Participants**”); and

- (b) trades in ordinary shares of the Filer (the “**Shares**”) by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;
2. an exemption from the dealer registration requirements of the Legislation (the “**Registration Relief**”) so that such requirements do not apply to the VINCI Group (as defined below), the Classic Fund and the Management Company (as defined below) in respect of:
- (a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and
  - (b) trades in Shares by the Classic Fund to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants;
- (the Prospectus Relief and the Registration Relief, collectively, the “**Offering Relief**”).

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

- (a) the Autorité des marchés financiers is the principal regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System (“Regulation 11-102”)* is intended to be relied upon in British Columbia and Alberta (the “Other Offering Jurisdictions” and, together with the Filing Jurisdictions, the “Jurisdictions”), and
- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

## Interpretation

Terms defined in *Regulation 14-101 respecting Definitions*, *Regulation 45-102 respecting resale of securities*, *Regulation 45-106 respecting Prospectus and Registration Exemptions* and *Regulation 11-102* have the same meaning if used in this decision, unless otherwise defined.

## Representations

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

1. The Filer is a corporation formed under the laws of France. It is not and has no current intention of becoming a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions. The head office of the Filer is located in France and the Shares are listed on NYSE Euronext Paris.
2. The Filer has established a global employee share offering (the “**Employee Share Offering**”) for Qualifying Employees (as defined below) and its participating affiliates, including affiliates that employ Canadian Employees (collectively, the “**Canadian Affiliates**” and, together with the Filer and other affiliates of the Filer, the “**VINCI Group**”), including B.A. Blacktop Ltd, Carmacks Group Ltd, Construction DJL Inc, Agra Foundations Limited, Bermingham Construction Ltd, Freyssinet Canada Ltee, Geopac Inc, Reinforced Earth Company Ltd, Pico Envirotec Inc, Janin Atlas Inc, and Nuvia Canada Inc. Each of the Canadian Affiliates is a direct or indirect controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions. The largest number of employees of the VINCI Group in Canada reside in Québec.
3. As of the date hereof and after giving effect to the Employee Share Offering, Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Classic Fund on behalf of Canadian Participants) more than 10% of the Shares, and do not and will not represent in number more than 10 % of the total number of holders of Shares as shown on the books of the Filer.
4. The Employee Share Offering involves an offering of Shares to be subscribed through the Temporary Classic Fund, which Temporary Classic Fund will be merged with the Principal Classic Fund following completion of the Employee Share Offering (the “**Classic Plan**”).



5. Only persons who are employees of a member of the VINCI Group during the subscription period for the Employee Share Offering and who meet other minimum employment criteria (the “**Qualifying Employees**”) will be allowed to participate in the Employee Share Offering.
6. The Temporary Classic Fund and the Principal Classic Fund were established for the purpose of implementing employee share offerings of the Filer. There is no current intention for any of the Temporary Classic Fund or the Principal Classic Fund to become a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions.
7. The Temporary Classic Fund and the Principal Classic Fund are French FCPEs. The Temporary Classic Fund and the Principal Classic Fund are registered with, and approved by, the Autorité des marchés financiers in France (the “**French AMF**”).
8. Under the Employee Share Offering:
  - (a) Canadian Participants will subscribe for Temporary Classic Units and the Temporary Classic Fund will subscribe for Shares, on behalf of the Canadian Participants and using their contribution, at a subscription price that is equal to the arithmetical average of the opening Share price (expressed in Euros) on NYSE Euronext Paris on the 20 trading days preceding the date of the fixing of the subscription price by the Chairman and Chief Executive Officer of the Filer, acting upon delegation of the Board of Directors of the Filer (the “**Subscription Price**”).
  - (b) Initially, the Shares will be held in the Temporary Classic Fund and the Canadian Participants will receive Temporary Classic Units representing the subscription of Shares.
  - (c) After completion of the Employee Share Offering, the Temporary Classic Fund will be merged with the Principal Classic Fund (subject to the French AMF’s approval). Temporary Classic Units held by Canadian Participants will be replaced with Principal Classic Units on a pro rata basis and the Shares subscribed for under the Classic Plan will be held in the Principal Classic Fund (such transaction being referred to as the “**Merger**”).
  - (d) The Units will be subject to a hold period of approximately three years (the “**Lock-Up Period**”), subject to certain exceptions prescribed by the rules of the International Group Share Ownership Plan of VINCI Group (such as a release on death, disability or termination of employment).
  - (e) Any dividends paid on the Shares held in the Classic Fund will be contributed to the Classic Fund and used to purchase additional Shares. To reflect this reinvestment, the regulations of the Classic Fund provide that new Units (or fractions thereof) will be issued to the Canadian Participants.
  - (f) At the end of the Lock-Up Period, a Canadian Participant may (i) request the redemption of his or her Units in the Classic Fund in consideration for the underlying Shares or a cash payment corresponding to the then market value of the Shares, or (ii) continue to hold his or her Units in the Classic Fund and request the redemption of those Units at a later date in consideration for the underlying Shares or a cash payment corresponding to the then market value of the Shares.
  - (g) In addition, the Employee Share Offering provides that the Filer will grant to Canadian Participants a conditional right to receive additional Shares at the end of the Lock-Up Period, free of charge (“**Bonus Shares**”). The number of Bonus Shares which a Canadian Participant is eligible to receive will be determined according to the following matching schedule:

<i>Canadian Participant’s Subscription</i>	<i>Matching Ratio</i>
1-10 Shares	2 Bonus Shares for each Share subscribed
Next 30 Shares (i.e., the 11th to 40th Share subscribed for)	1 Bonus Share for each Share subscribed
Next 60 Shares (i.e., the 41st to 100th Share subscribed for)	1 Bonus Share for each 2 Shares subscribed
Any further Shares starting from the 101st Share subscribed for	No additional Bonus Shares

- (h) Under the matching schedule, a Canadian Participant who subscribed for 100 or more Shares would receive a maximum of 80 Bonus Shares. The right to receive Bonus Shares is generally subject to the condition that the Canadian Participant is employed by a member of the VINCI Group at the end of the Lock-Up Period and holds Units until that time. If these conditions are satisfied, Bonus Shares will be delivered directly to the Canadian Participant or to the Classic Fund on behalf of the Canadian Participant (in which case, additional Units reflecting this will be issued to the Canadian Participant), or sold if requested by the Canadian Participant.
  - (i) In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period and meeting the applicable criteria, a Canadian Participant may request the redemption of Units in the Classic Fund in consideration for a cash payment corresponding to the then market value of the underlying Shares. The Canadian Participant will lose his or her entitlement to Bonus Shares.
- 9. Under French law, an FCPE is a limited liability entity. The portfolio of the Classic Fund will consist almost entirely of Shares and may also include cash in respect of dividends paid on the Shares which will be reinvested in Shares as discussed above and cash or cash equivalents pending investments in the Shares and for the purposes of Unit redemptions.
- 10. The manager of the Temporary Classic Fund and of the Principal Classic Fund, AMUNDI (the “**Management Company**”), is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage investments and complies with the rules of the French AMF. To the best of the Filer’s knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of the Other Offering Jurisdictions.
- 11. The Management Company’s portfolio management activities in connection with the Employee Share Offering and the Classic Fund are limited to subscribing for Shares and selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.
- 12. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents of the Classic Fund. The Management Company is obliged to act exclusively in the best interests of the Canadian Participants and is liable to them, jointly and severally with the Depositary, for any violation of the rules and regulations governing FCPEs, any violation of the rules of the FCPE, or for any self-dealing or negligence. The Management Company’s activities will not affect the underlying value of the Shares.
- 13. None of the entities forming part of VINCI Group, the Classic Fund or the Management Company or any of their respective directors, officers, employees, agents or representatives will provide investment advice to the Canadian Employees with respect to investments in the Shares or the Units or to the Canadian Participants with respect to the holding or redemption of their Units.
- 14. Shares issued pursuant to the Employee Share Offering will be deposited in the Classic Fund through CACEIS Bank (the “**Depositary**”), a large French commercial bank subject to French banking legislation.
- 15. Under French law, the Depositary must be selected by the Management Company from a limited number of companies identified on a list maintained by the French Minister of the Economy and Finance and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell assets in the portfolio and takes all necessary action to allow each of the Temporary Classic Fund and the Principal Classic Fund to exercise the rights relating to the assets held in their respective portfolios.
- 16. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.
- 17. The total amount that may be invested by a Canadian Employee in the Employee Share Offering cannot exceed 25% of his or her estimated gross annual compensation for 2014. The value of Bonus Shares is not included in this calculation.
- 18. The Shares are not currently listed for trading on any stock exchange in Canada and the Filer has no intention to have the Shares so listed. As there is no market for the Shares in Canada, and as none is expected to develop, any first trades of Shares by Canadian Participants will be effected through the facilities of, and in accordance with, the rules and regulations of NYSE Euronext Paris. The Units will not be listed for trading on any stock exchange.
- 19. Canadian Employees may request and Canadian Participants will receive an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering and a description of Canadian income tax consequences of subscribing to and holding the Units and

requesting the redemption of Units at the end of the Lock-Up Period. Canadian Employees will be advised that they may request copies of the Filer's Document de Référence filed with the French AMF in respect of the Shares and the regulations of the Temporary Classic Fund and the Principal Classic Fund through their human resources department, and can also access continuous disclosure materials relating to the Filer through the Filer's public internet site. Canadian Participants will receive an initial statement of their holdings under the Classic Plan together with an updated statement at least once per year.

20. There are approximately 2,020 Qualifying Employees resident in Canada, with the largest number residing in the Province of Québec. Less than 4% of Qualifying Employees reside in Canada.
21. None of the entities forming part of the VINCI Group or the Classic Fund are in default under the Legislation or the securities legislation of the Other Offering Jurisdictions. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of the Other Offering Jurisdictions.

### Decision

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

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

1. the issuer of the security
  - a) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or
  - b) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;
2. at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada
  - a) did not own, directly or indirectly, more than 10 % of the outstanding securities of the class or series, and
  - b) did not represent in number more than 10 % of the total number of owners, directly or indirectly, of securities of the class or series; and
3. the first trade is made
  - a) through an exchange, or a market, outside of Canada, or
  - b) to a person or company outside of Canada;

"Lucie Roy"  
Senior Director, Corporate Finance

## 2.1.5 Industrial Alliance Securities Inc. and MGI Securities Inc.

### Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Registered investment dealer firm with two distinct operating lines of business exempted from the requirement to designate a [single] individual to act as its chief compliance officer (CCO) – Firm permitted to register two CCOs, one for each operating division.

### Statutes Cited

Multilateral Instrument 11-102 Passport System, s. 4.7(2).

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.

National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, ss. 11.3(1), 11.3(2) and 15.1.

Companion Policy 31-103 CP Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 5.2.

March 28, 2014

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
QUEBEC AND ONTARIO

AND

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

AND

IN THE MATTER OF  
INDUSTRIAL ALLIANCE SECURITIES INC. (“IAS”) AND  
MGI SECURITIES INC. (“MGI”) (collectively, the “Filers”)

DECISION

### Background

The securities regulatory authority in Quebec and the regulator in Ontario (collectively, the **Decision Makers**) have received an application from the Filers, on behalf of the continuing corporation (the **Amalgamated Corporation**) resulting from the proposed amalgamation (the **Amalgamation**) of IAS and MGI, for a decision under the securities legislation of Quebec and Ontario (the **Legislation**) exempting the Amalgamated Corporation from the requirement contained in subsection 11.3(1) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (**NI 31-103**) to designate “an [single] individual” to be its chief compliance officer (“**CCO**”), so that the Amalgamated Corporation may, instead, be permitted to designate two different individuals as CCO, with the result that there will be a separate CCO in respect of each of the two distinct lines of its securities business, each of whom must be registered under the Legislation in the category of CCO and satisfy the applicable conditions specified in subsection 11.3(2) of NI 31-103 (the “**Exemption Sought**”).

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

- (a) the Autorité des marchés financiers (the **Principal Decision Maker**) is the principal regulator for this application;
- (b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“**MI 11-102**”) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador (together with Quebec and Ontario, the **Jurisdictions**); and
- (c) the decision is the decision of the Principal Regulator and evidences the decision of the regulator in Ontario (the **Ontario Decision Maker**).

## Interpretation

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

## Representations

This decision is based on the following facts represented by each Filer on behalf of themselves and the Amalgamated Corporation:

1. IAS is a corporation incorporated under the *Canada Business Corporations Act* (the **CBCA**) that has its head office in Quebec. IAS is registered in all Jurisdictions as an investment dealer. IAS is also registered as a derivatives dealer in Quebec. IAS is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
2. MGI is a corporation incorporated under the CBCA that has its head office in Ontario. MGI is registered under the securities legislation of each Jurisdiction as an investment dealer. MGI is also registered as a derivatives dealer in Quebec. MGI is a dealer member of IIROC.
3. The Filers are not in default of any requirement of securities legislation in any of the Jurisdictions.
4. For various business and other reasons, IAS and MGI propose to amalgamate, so that, upon the Amalgamation, the Amalgamated Corporation will carry on all activities currently conducted by IAS and MGI. Upon the Amalgamation, the Amalgamated Corporation will have the following two distinct operating lines of business (the **"Divisions"**):
  - (a) one Division (the **Capital Markets Division**), which is currently operated by both IAS and MGI, that will provide a broad spectrum of services to institutional clients, including: equity, fixed income and options sales and trading; investment banking; and research; and
  - (b) one Division (the **"Retail Division"**), which is currently operated by both IAS and MGI, that will provide diversified wealth-management services to retail clients, including: full-service retail accounts; and suitability-based investments advice.
4. The Capital Markets Division will oversee the trading desks of the Amalgamated Corporation. The Retail Division will oversee: managed-account programmes; the registration department; complaints and investigations; retail sales and communications; and the training of branch managers.
5. The Filers wish to designate one individual who is registered under the securities legislation of each Jurisdiction in the category of CCO as CCO of the Capital Markets Division and a different individual who is registered under the securities legislation of each Jurisdiction in the category of CCO as CCO of the Retail Division.
6. Each of the Capital Markets Division and the Retail Division has a well-established separate and distinct business supervisory and operational structure with specific compliance professionals.
7. Given the scope and nature of the business operations of each Division, the CCO of each Division requires a different set of skills, experience and focus to effectively manage the applicable compliance program.
8. The CCO of the Capital Markets Division will focus on the needs of institutional clients and will, for all of the Amalgamated Corporation's clients, oversee compliance systems that are reasonably designed to ensure integrity of the marketplace. The CCO of the Capital Markets Division's responsibilities will include: supervising the trade desks; supervising all trades in options; overseeing trade matching and settlement; conducting quarterly trade desk reviews.
9. The CCO of the Capital Markets Division will sit on the Amalgamated Corporation's "new names committee"; manage the Amalgamated Corporation's "restricted lists" and "grey lists" ; and be responsible for overseeing research at the Amalgamated Corporation.
10. The CCO of the Retail Division will focus on the needs of retail clients and will oversee compliance systems that are reasonably designed to ensure suitability of investment advice and products and services for retail clients. The CCO of the Retail Division will sit on the managed account committee and be responsible for overseeing management of the managed account programs of the Amalgamated Corporation. The CCO of the Retail Division will also be responsible for "tier 2 supervision" of investment advisors and branch audits of branches and sub-branches.
11. Given the increase in size, diversity and complexity of the Capital Markets Division and Retail Division resulting from the Amalgamation, it would be: (i) difficult for one individual to effectively carry out all of the responsibilities of CCO for

both Divisions, (ii) difficult for one CCO to effectively identify and stay abreast of the different issues and risks applicable to both Divisions; and (iii) difficult for one CCO to appropriately elevate relevant issues and risks to the ultimate designated person and/or board of directors of the Amalgamated Corporation in a timely and effective manner. Each CCO will be directly supervised by the ultimate designated person of the Amalgamated Corporation. Each CCO will have access to the board of directors of the Amalgamated Corporation for the purpose of elevating relevant issues and will also submit an annual report to the board for the purposes of assessing compliance by the Amalgamated Corporation, and individuals acting on its behalf, with securities legislation.

12. Section 5.2 [*Responsibilities of the chief compliance officer*] of Companion Policy 31-103CP *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, states that:

*Firms must designate one CCO. However, in large firms, the scale and kind of activities carried out by different operating divisions may warrant the designation of more than one CCO. We will consider applications, on a case-by-case basis, for different individuals to act as the CCO of a firm's operating divisions.*

13. In paragraph 7(d) of IIROC Rule 38 Compliance and Supervision, IIROC indicates that:

*Where a Dealer Member is organized into two or more separate business units or divisions, a Dealer Member may, with approval of the Corporation, designate a Chief Compliance Officer for each separate business unit or division.*

14. Designating only one of the current CCOs of IAS and MGI to become the CCO of the Amalgamated Corporation for purposes of satisfying subsection 11.3(1) of NI 31-103 would not be consistent with the policy objectives intended to be achieved by subsection 11.3(1) because the Divisions have complex operations and supervision that are distinct from one another in kind and conducted on a relatively large scale.

#### Decision

The Principal Decision Maker and the Ontario Decision Maker (collectively the **Decision Makers**) are each satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

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

1. only one individual to be CCO of the Retail Division; and
2. only one individual to be CCO of the Capital Markets Division.

“Eric Stevenson”

Superintendent, Client Services and Distribution Oversight

## 2.1.6 Industrial Alliance Securities Inc. and MGI Securities Inc.

### Headnote

Multilateral Instrument 11-102 Passport System – National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 33-109 Registration Information (NI 33-109) and Derivatives Regulation (Québec) – Relief from certain filing requirements of NI 33-109 and Derivatives Regulation (Québec) in connection with a bulk transfer of business locations and registered individuals pursuant to an amalgamation, in accordance with section 3.4 of Companion Policy 33-109CP Registration Information.

### Applicable Legislative Provisions

Multilateral Instrument 11-102 Passport System, s. 4.7(1).  
National Instrument 33-109 Registration Information, ss. 2.2, 2.3, 2.5, 4.2, 7.1.  
Companion Policy 33-109CP Registration Information, s. 3.4.  
National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions.  
Derivatives Act (Québec), s. 86.  
Derivatives Regulation (Québec), s. 11.1.

March 28, 2014

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
QUEBEC AND ONTARIO

AND

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

AND

IN THE MATTER OF THE DERIVATIVES LEGISLATION OF QUEBEC

AND

IN THE MATTER OF  
INDUSTRIAL ALLIANCE SECURITIES INC. (“IAS”) AND  
MGI SECURITIES INC. (“MGI”) (collectively the “Filers”)

DECISIONS

### Background

The securities regulatory authority in Quebec (the **Principal regulator**) and the regulator in Ontario (the **Dual Exemption Decision Makers**) have received an application from the Filers, on behalf of MGI and the continuing corporation (the **Amalgamated Corporation**) resulting from the proposed amalgamation (the **Amalgamation**) of IAS and MGI, for a decision under the securities legislation of each of Ontario and Quebec (the **Legislation**) providing exemptions from the requirements contained in sections 2.2, 2.3, 2.5 and 4.2 of National Instrument 33-109 *Registration Information* (“**NI 33-109**”) pursuant to section 7.1 of NI 33-109 to allow the bulk transfer (the “**Bulk Transfer**”) of registered individuals (**MGI Individuals**) and all business locations (**Locations**) of MGI (branches and sub-branches) from MGI to the Amalgamated Corporation, on the Amalgamation Date (defined below), in accordance with section 3.4 of the Companion Policy to NI 33-109 (the **Exemption Sought**).

The Principal regulator has also received an application from the Filers for a decision under the derivatives legislation of Quebec for relief from section 11.1 of the *Derivatives Regulation* (Quebec) pursuant to section 86 of the *Derivatives Act* (Quebec) to allow the Bulk Transfer of any MGI Individuals registered under Quebec derivatives legislation and all of the Locations to the Amalgamated Corporation, on the Amalgamation Date, in accordance with section 3.4 of Companion Policy to NI 33-109 (the **Derivatives Exemption Sought**).

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

- (a) L'Autorité des marchés financiers is the Principal regulator for the Exemption Sought;
- (b) for the decision of the Principal regulator in respect of the Exemption Sought, 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 British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland-Labrador (together with Quebec and Ontario, the **Jurisdictions**);
- (c) the decision with respect to the Exemption Sought is the decision of the Principal regulator and evidences the decision of the regulator in Ontario; and the decision with respect of the Derivatives Exemption Sought is the decision of the Principal regulator.

### Interpretation

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

### Representations

These decisions are based on the following facts represented by the Filers:

#### **Industrial Alliance Securities Inc. – amalgamating corporation**

- 1. IAS is a corporation incorporated under the *Canada Business Corporations Act* and has its head office at 2200 McGill College Avenue, Suite 350, Montreal, Quebec.
- 2. IAS is registered as an investment dealer under the securities legislation of each Jurisdiction. IAS is also registered as a derivatives dealer in Quebec. IAS is a dealer member of the Investment Industry Regulatory Organization of Canada (**IIROC**).
- 3. IAS has no subsidiaries.
- 4. Industrial Alliance Insurance and Financial Services Inc. (Industrial Alliance) owns all of the issued and outstanding shares of IAS.
- 5. IAS is not in default of any requirements of securities legislation in any of the Jurisdictions and/or of derivatives legislation.

#### **MGI Securities Inc. – amalgamating corporation**

- 6. MGI is a corporation incorporated under the *Canada Business Corporations Act* and has its head office at 26 Wellington Street East, Suite 900, Toronto, Ontario.
- 7. MGI is registered as an investment dealer under the securities legislation of each Jurisdiction. MGI is also registered as a derivatives dealer in Quebec. IAS is a dealer member of IIROC.
- 8. MGI has 2 wholly owned subsidiaries: MGI Securities (USA) Inc. (**MGI USA**) and MGI Insurance Agency Inc. (**MGI INS**). MGI USA is a registered broker dealer with Financial Industry Regulatory Authority (USA) dealing with valid institutional clients in the United States. MGI INS is an insurance broker firm.
- 9. Jovian Capital Corporation (**JCC**) owns all of the issued and outstanding shares of MGI and Industrial Alliance owns all of the issued and outstanding shares of JCC.
- 10. MGI is not in default of any requirements of securities legislation in any of the Jurisdictions and/or of derivatives legislation.

#### **The Proposed Amalgamation**

- 11. As contemplated when Industrial Alliance acquired all of the issued and outstanding shares of JCC on October 1, 2013, IAS and MGI will now be amalgamated.



12. The Amalgamation will be effected through the *Canada Business Corporations Act* regular process. As such, after the Amalgamation, IAS and MGI will continue as one legal entity. The name of the amalgamated corporation (the **Amalgamated Corporation**) will be Industrial Alliance Securities Inc. (with the French version Industrielle Alliance Valeurs Mobilières Inc.)
13. The shareholders of the Amalgamated Corporation will be Industrial Alliance and JCC.
14. The head office location of the Amalgamated Corporation will be the same as the current head office location of IAS. The National Registration Database (**NRD**) number for the Amalgamated Corporation will be the same as the current NRD number of IAS.
15. The Amalgamation is scheduled to occur on or about April 1, 2014 (the **Amalgamation Date**).
16. On February 21, 2014, IIROC issued a non-objection letter with regard to the Amalgamation.

#### **Submissions in support of exemptions**

17. Subject to obtaining the Exemption Sought and the Derivatives Exemption Sought, no disruption in the services provided by the Filers to their clients is anticipated as a result of the Amalgamation.
18. Neither the Exemption Sought nor the Derivatives Exemption Sought will have any negative consequences on the ability of MGI, IAS or the Amalgamated Corporation to comply with any applicable regulatory requirements or their ability to satisfy any obligations in respect of their clients.
19. Given the number of MGI Individuals and Locations to be transferred from MGI to the Amalgamated Corporation on the Amalgamation Date, it would be unduly time consuming and difficult to transfer each of the MGI Individuals and Locations through NRD in accordance with the requirements of NI 33-109 if the Exemption Sought and Derivatives Exemption Sought are not granted.
20. Both Filers are registered in the same categories of registration in each Jurisdiction, thereby affording the opportunity to seamlessly transfer the MGI Individuals and Locations to the Amalgamated Corporation on the Amalgamation Date by way of Bulk Transfer.
21. At the time of the Bulk Transfer, all of the MGI Individuals will be the only registered individuals of MGI and the Locations will be the only branches and sub-branches of MGI. Accordingly, the transfer of the MGI Individuals and Locations on the Amalgamation Date by means of Bulk Transfer can be implemented without any significant disruption to the activities of the MGI Individuals, the Locations, MGI, IAS or the Amalgamated Corporation.
22. Allowing the Bulk Transfer of the Registrants to occur on the Amalgamation Date will benefit (and have no detrimental impact on) the clients of the Filers by facilitating seamless service on the part of the Filers and the Amalgamated Corporation.
23. The Exemption Sought and the Derivatives Exemption Sought comply with the requirements and the reasons for, a bulk transfer as set out in Section 3.4 of the Companion Policy to NI 33-109 and Appendix C thereto.
24. It would not be prejudicial to the public interest to grant the Exemption Sought and the Derivatives Exemption Sought.

#### **Decisions**

The Dual Exemption Decision Makers for the Exemption Sought, and the Principal regulator for the Derivatives Exemption Sought, are satisfied that the following decisions meet the tests set out in the Legislation and the *Derivatives Act* (Quebec), as applicable.

The decision of the Dual Exemption Decision Makers under the Legislation is that the Exemption Sought is granted provided that the Filers make acceptable arrangements with CGI Information Systems and Management Consultants Inc. in respect of the Bulk Transfer and the Filers make these arrangements in advance of the Bulk Transfer.

The decision of the Principal regulator under the *Derivatives Act* (Quebec) is that the Derivatives Exemption Sought is granted provided that the Filers make acceptable arrangements with CGI Information Systems and Management Consultants Inc. in respect of the Bulk Transfer and the Filers make these arrangements in advance of the Bulk Transfer.

“Eric Stevenson”  
Superintendent, Client Services and Distribution Oversight

**2.1.7 Creso Exploration 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).

April 28, 2014

Norton Rose Fulbright Canada  
Royal Bank Plaza, South Tower, Suite 3800  
200 Bay Street, P.O. Box 84  
Toronto, Ontario M5J 2Z4

Attention: Mr. Bruce Sheiner

Dear Mr. Sheiner :

**Re: Creso Exploration Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Ontario and Québec (the “Jurisdictions”) that the Applicant is not a reporting issuer**

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

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

The Applicant has represented to the Decision Makers that:

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

“Josée Deslauriers”  
Senior Director Investment Funds  
and Continuous Disclosure  
Autorité des marchés financiers

## 2.2 Orders

### 2.2.1 Heritage Education Funds Inc.

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

**AND**

**IN THE MATTER OF  
HERITAGE EDUCATION FUNDS INC.**

**ORDER**

**WHEREAS** on August 13, 2012, the Ontario Securities Commission (the "Commission") ordered pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the "Act"), with the consent of Heritage Education Funds Inc. ("HEFI"), that the terms and conditions set out in Schedule "A" to the Commission order (the "Terms and Conditions") be imposed on HEFI (the "Temporary Order");

**AND WHEREAS** on August 21, 2012, the Commission extended the Temporary Order until November 23, 2012;

**AND WHEREAS** the Terms and Conditions required HEFI to retain a consultant (the "Consultant") to prepare and assist HEFI in implementing plans to strengthen their compliance systems, and to retain a monitor (the "Monitor") to review applications of New Clients and contact New Clients as defined and set out in the Terms and Conditions;

**AND WHEREAS** HEFI retained Deloitte & Touche LLP ("Deloitte") as its Monitor and its Consultant;

**AND WHEREAS** by Order dated October 10, 2012, the Commission clarified certain matters with respect to the Temporary Order;

**AND WHEREAS** on November 22, 2012, the Commission ordered that the Temporary Order be extended to December 21, 2012 and that the hearing be adjourned to December 20, 2012;

**AND WHEREAS** on December 20, 2012, the Commission ordered that certain of the Terms and Conditions be amended and that the Temporary Order be extended to March 22, 2013;

**AND WHEREAS** on January 28, 2013, the Manager of the Compliance and Registrant Regulation Branch (the "OSC Manager") approved the compliance plan dated January 14, 2013 (the "Plan") submitted by the Consultant;

**AND WHEREAS** on March 21, 2013, the Commission ordered that the Temporary Order be extended to April 19, 2013;

**AND WHEREAS** on April 8, 2013, HEFI filed a motion with the Commission to vary the terms of the Temporary Order by, among other matters, suspending the on-going monitoring by the Monitor of HEFI's compliance with the Terms and Conditions (the "Motion");

**AND WHEREAS** on April 18, 2013, the Commission heard oral submissions from the parties and ordered that: (i) the Motion be dismissed; (ii) the Temporary Order be extended to May 31, 2013, or until such further order of the Commission; (iii) the hearing be adjourned to May 27, 2013 at 11:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant; and (iv) the Monitor, Staff and HEFI may seek further direction from the Commission, if necessary or desirable;

**AND WHEREAS** on May 23, 2013, the Commission issued an order on consent of the parties that: (i) the Temporary Order be extended to June 17, 2013 or until such further order of the Commission; (ii) the hearing be adjourned to June 14, 2013 at 10:00 a.m.; and (iii) the hearing date of May 27, 2013 be vacated;

**AND WHEREAS** by letter dated June 12, 2013, the OSC Manager approved Compliance Support Services to replace Deloitte as Consultant subject to three conditions;

**AND WHEREAS** on June 14, 2013, the Commission ordered that: (i) the Temporary Order be extended to July 22, 2013; and (ii) the hearing be adjourned to July 18, 2013 at 10:00 a.m.;

**AND WHEREAS** on July 17, 2013, the Commission ordered that: (i) the Temporary Order be extended to September 9, 2013; (ii) the hearing be adjourned to September 6, 2013 at 10:00 a.m.; and (iii) the hearing date of July 18, 2013 at 10:00 a.m. be vacated;

**AND WHEREAS** on September 6, 2013, the Commission ordered that: (i) the role and activities of the Monitor and HEFI set out in paragraphs 5, 6, 7 and 8 of the Terms and Conditions, as amended by Commission order dated December 20, 2012, be suspended as of the start of business on September 16, 2013; (ii) the resumption of any future monitoring shall take place on the recommendation of the Consultant with the agreement of the OSC Manager and the parties may seek the direction from the Commission; (iii) the Temporary Order be extended to October 22, 2013; and (iv) the hearing be adjourned to October 18, 2013 at 10:00 a.m.;

**AND WHEREAS** on October 15, 2013, the Commission ordered that: (i) the hearing date of October 18, 2013 at 10:00 a.m. be vacated; (ii) the Temporary Order be extended to December 19, 2013 or until such further order of the Commission; and (iii) the hearing be adjourned to December 16, 2013 at 10:00 a.m.;

**AND WHEREAS** on December 12, 2013, the Commission ordered that: (i) the hearing date of December 16, 2013 be vacated; (ii) paragraphs 11 and 12 of the

Terms and Conditions be deleted and replaced with new paragraphs 11.1 and 12.1; (iii) the Temporary Order be extended to March 7, 2014; and (iv) the hearing be adjourned to March 5, 2014 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by Compliance Support Services;

**AND WHEREAS** on March 5, 2014, Staff filed an affidavit of Lina Creta sworn March 4, 2014 setting out the work completed by the Consultant;

**AND WHEREAS** on March 5, 2014, the Commission ordered that: (i) the Temporary Order be extended to April 28, 2014; and (ii) the hearing be adjourned to April 23, 2014 at 9:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Consultant and to consider vacating the Temporary Order;

**AND WHEREAS** on April 23, 2014, Staff filed an affidavit of Lina Creta sworn April 22, 2014 attaching the Consultant's attestation letter dated April 21, 2014 and the Consultant's Chart of Progress Against Action Plan Spreadsheet dated March 31, 2014;

**AND WHEREAS** on April 23, 2014, Staff advised that Staff requires an additional ten days to review documents recently received from the Consultant;

**AND WHEREAS** the parties have agreed that if there are no issues that need to be brought before the Commission prior to the next scheduled appearance on May 16, 2014 then the parties will submit a consent order to the Secretary's Office to vacate the remaining Terms and Conditions imposed by the Temporary Order without a further appearance before the Commission;

**AND WHEREAS** the parties consent to the terms of this Order;

**AND WHEREAS** the Commission considers that it is in the public interest to make this Order;

**IT IS HEREBY ORDERED** pursuant to section 127 of the Act that:

1. The Temporary Order as amended by previous Commission orders is extended to May 20, 2014 or until such further order of the Commission.
2. The hearing is adjourned to May 16, 2014 at 10:00 a.m. to consider any issues that may prevent Staff from agreeing to an Order vacating the remaining Terms and Conditions imposed by the Temporary Order.

**DATED** at Toronto this 23rd day of April, 2014.

"James E. A. Turner"

**2.2.2 Global RESP Corporation and Global Growth Assets Inc. – s. 127(1)**

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

**AND**

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

**ORDER  
(Subsection 127(1))**

**WHEREAS** on July 26, 2012, the Ontario Securities Commission (“the “Commission”) ordered pursuant to subsections 127(1) and (5) that the terms and conditions (“Terms and Conditions”) set out in schedules “A” and “B” of the Commission order be imposed on Global RESP Corporation (“Global RESP”) and Global Growth Assets Inc. (“GGAI”) (the “Temporary Order”);

**AND WHEREAS** on August 10, 2012, the Commission extended the Temporary Order against Global RESP and GGAI until such further Order of the Commission and adjourned the hearing until November 8, 2012;

**AND WHEREAS** the Terms and Conditions required Global RESP and GGAI to retain a consultant (the “Consultant”) to prepare and assist them in implementing plans to strengthen their compliance systems and require Global RESP to retain a monitor (the “Monitor”) to contact all new clients as defined and set out in the Terms and Conditions (“New Clients”);

**AND WHEREAS** Global RESP retained Sutton Boyce Gilkes Regulatory Consulting Group Inc. as its Consultant and Monitor;

**AND WHEREAS** on November 2, 2012, the Commission heard Global RESP’s motion to vary the Terms and Conditions imposed on Global RESP on July 26, 2012;

**AND WHEREAS** on November 7, 2012, the Commission ordered: (i) paragraphs 5, 6 and 7 of the Terms and Conditions deleted and replaced with new terms; (ii) the hearing be adjourned to December 13, 2012 at 10:00 a.m.; and (iii) the appearance date on November 8, 2012 be vacated;

**AND WHEREAS** on December 13, 2012, Staff filed the Affidavit of Lina Creta sworn December 13, 2012 and counsel for the Respondents filed the Affidavit of Clarke Tedesco sworn December 12, 2012 and the Commission adjourned the Hearing to January 14, 2013 at 9:00 a.m.;

**AND WHEREAS** on January 14, 2013, Staff filed the Affidavit of Lina Creta sworn January 11, 2013 and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn January 11 and 14, 2013;

**AND WHEREAS** on January 22, 2013, the Commission ordered that the hearing be adjourned to February 6, 2013;

**AND WHEREAS** on February 6, 2013, Staff filed the Affidavit of Lina Creta sworn February 6, 2013 and counsel for the Respondents filed the affidavits of Clarke Tedesco sworn February 4 and 6, 2013;

**AND WHEREAS** on February 13, 2013, the Commission ordered that the hearing be adjourned to February 25, 2013 for the purpose of allowing the parties to make submissions on: (i) whether it is appropriate for the Commission to approve the plan submitted by the Consultant; and (ii) if it is appropriate, for the Commission to approve any terms of the plan not agreed to by Staff and the Commission ordered that the hearing on February 25, 2013 only proceed if the plan to be submitted by the Consultant had not been approved by Staff;

**AND WHEREAS** on February 22, 2013, Staff of the Commission approved the plans submitted by the Consultant for Global RESP and GGAI (the “Consultant Plans”) subject to an amendment being made to the Global RESP plan, which amendment was subsequently made on February 22, 2013;

**AND WHEREAS** on October 22, 2013, the Respondents brought a motion seeking to remove the Terms and Conditions and filed the affidavits of Natalia Vandervoort sworn October 22, 2013 and November 8, 2013 and Staff filed the Affidavit of Lina Creta sworn November 19, 2013 updating the Commission on Staff’s dealings with the Monitor and the Consultant;

**AND WHEREAS** the Consultant provided a letter to Staff stating that the Consultant saw no reason for continuing the role of the Monitor;

**AND WHEREAS** on November 20, 2013, the Commission ordered that:

1. For all New Clients who invested on or before November 20, 2013, paragraphs 4, 5.1, 5.2, 5.3, 6.1, 6.2, 7 and 8 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012 continued to apply;
2. For all New Clients who invested after November 20, 2013, the role and activities of the Monitor as set out in paragraphs 4, 5.2, 5.3, 6.2 and 8 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012, and the activity of Global RESP as set out in paragraph 7 of the Terms and Conditions, as amended by the Commission Order dated November 7, 2012 were suspended;
3. Further to paragraph 9 of the Terms and Conditions, the resumption of any future monitoring or any subsequent changes to that monitoring in furtherance of the implementation of the Global RESP Plan, if any, would take place on the recommendation of the Consultant and with the agreement of the OSC Manager and the parties could seek the direction from the Commission in the event that the parties were unable to agree on any future possible monitoring; and
4. The hearing be adjourned to December 13, 2013 at 2:00 p.m.;

**AND WHEREAS** on December 13, 2013, counsel for the Respondents and Staff updated the Commission on the status of Staff's dealings with the Consultant and the Commission ordered the hearing adjourned to January 9, 2014 at 10:30 a.m.;

**AND WHEREAS** on January 9, 2014, counsel for the Respondents and Staff updated the Commission on the status of Staff's dealings with the Consultant in relation to the ongoing implementation of the Consultant Plans and the Commission ordered the hearing adjourned to January 29, 2014 at 2:00 p.m.;

**AND WHEREAS** Staff filed the Affidavit of Lina Creta sworn January 27, 2014 updating the Commission on Staff's dealings with the Monitor and the Consultant;

**AND WHEREAS** on January 29, 2014, counsel for the Respondents and Staff updated the Commission on the status of the Consultant Plans and advised that there were three remaining steps that needed to be completed for the Consultant Plans to be fully implemented:

1. The following programs which had been completed by the Consultant still needed to be rolled out:
  - a. Global RESP's new risk assessment system (i.e. the new audit process) for both branches and Dealing Representatives;
  - b. Global RESP's new suitability policies and procedures, including the use of a new affordability worksheet;
2. The Consultant needed to provide a letter to Staff that attested that:
  - a. Global RESP and GGAI have implemented the procedures and controls recommended by the Consultant that address each of the deficiencies identified in Compliance Report and that strengthen the compliance system, including that each of Global RESP and GGAI have implemented an adequate compliance and supervisory structure tailored to their business;
  - b. Global RESP and GGAI are complying with the new procedures and controls;
  - c. in his capacity as Consultant, the Consultant has tested the procedures and they are working effectively and are being enforced; and
3. The Consultant needed to provide a final summary report to Staff that would provide an overview for each action step listed in the amended Consultant Plans submitted on behalf of Global RESP and GGAI of the key controls, policies and procedures in place for the implemented actions that would support the conclusions drawn in the above-referenced letter;

**AND WHEREAS** on January 29, 2014, the Commission ordered that the hearing be adjourned to March 6, 2014 at 11:00 a.m.;

**AND WHEREAS** on March 6, 2014, Staff and counsel for the Respondents updated the Commission on the status of the three remaining steps and the Commission ordered that the hearing be adjourned to March 31, 2014 at 10:00 a.m.;

**AND WHEREAS** on March 31, 2014, Staff and counsel for the Respondents updated the Commission on the status of the communications between Staff and the Consultant since March 6, 2014 and the Commission ordered that the matter be adjourned to April 7, 2014 at 2:30 p.m.;

**AND WHEREAS** on April 7, 2014, Staff and counsel for the Respondents updated the Commission on the status of the communications between Staff and the Consultant since March 31, 2014 and requested that the matter be adjourned to allow additional time for the parties to discuss any issues regarding the remaining steps to be completed by the Consultant;

**AND WHEREAS** on April 7, 2014, the Commission ordered that the hearing be adjourned to April 24, 2014 at 9:00 a.m.;

**AND WHEREAS** on April 24, 2014, Staff filed the affidavit of Lina Creta sworn April 23, 2014 attaching the revised Consultant's attestation letter dated April 23, 2014 and the revised Consultant's Remediation Plan – Review and Summary;

**AND WHEREAS** the Consultant has confirmed that the Consultant's Plans have been implemented and has confirmed that the Consultant has tested that the implementation of the recommendations in the Consultant's Plans and they are working effectively;

**AND WHEREAS** the parties consent to the terms of this Order;

**AND WHEREAS** the Commission considers that it is in the public interest to make this Order;

**IT IS HEREBY ORDERED** pursuant to section 127 of the Act that:

1. The remaining Terms and Conditions imposed by the Temporary Order, namely paragraphs 1, 2, 3, 4, 5.1, 5.2, 5.3, 6.1, 6.2, 7, 8, 9, 10, 11 and 12 are deleted.
2. The Temporary Order is revoked.

**DATED** at Toronto this 24th day of April, 2014.

"James E. A. Turner"

**2.2.3 Witwatersrand Consolidated Gold Resources Inc. – s. 1(10)(a)(ii)**

**Headnote**

Application for an order that the issuer is not a reporting issuer under applicable securities laws – requested relief granted.

**Applicable Legislative Provisions**

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

April 24, 2014

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, ON M5L 1B9

Dear Sirs/Mesdames:

**Re: Witwatersrand Consolidated Gold Resources Inc. (the Applicant) – application for an order under subclause 1(10)(a)(ii) of the Securities Act (Ontario)(the Act) that the Applicant is not a reporting issuer**

The Applicant has applied to the Ontario Securities Commission for an order under subclause 1(10)(a)(ii) of the Act that the Applicant is not a reporting issuer.

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

The Applicant has represented to the Commission that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in Ontario 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 not in default of any of its obligations under the Legislation as a reporting issuer; and
- (d) the Applicant will not be a reporting issuer in any jurisdiction of Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

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



**2.2.4 Matthew Schloen**

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

**AND**

**IN THE MATTER OF  
MATTHEW SCHLOEN**

**AND**

**IN THE MATTER OF  
A SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE ONTARIO SECURITIES COMMISSION  
AND MATTHEW SCHLOEN**

**ORDER**

**WHEREAS** the Ontario Securities Commission (the "Commission") issued a Notice of Hearing dated April 3, 2014 (the "Notice of Hearing") pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in connection with a Statement of Allegations filed on April 3, 2014 by Staff of the Commission ("Staff") to consider whether it is in the public interest to make certain orders against Matthew Schloen ("Schloen");

**AND WHEREAS** Schloen entered into a Settlement Agreement with Staff (the "Settlement Agreement") on March 30, 2014, in which Schloen and Staff agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

**AND WHEREAS** the Commission approved the Settlement Agreement by order dated April 17, 2014;

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

**IT IS HEREBY ORDERED THAT** the Settlement Agreement is amended by redacting the name of the witness and substituting the initials of the witness in place of the name of the witness on page 8 of the Settlement Agreement.

**DATED AT TORONTO** this 23rd day of April, 2014.

"Edward P. Kerwin"

**2.2.5 Ronald James Ovenden et al.**

**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**

**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 "NSFC and NSFII 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 NSFC and NSFII Settlement Agreement;

**AND WHEREAS** by order dated April 10, 2013 the Commission approved the NSFC and NSFII Settlement Agreement;

**AND WHEREAS** Ovenden and NSCI (the "Remaining Respondents") entered into a settlement agreement with Staff dated April 2, 2014 (the "Settlement Agreement"), subject to the approval of the Commission;

**AND WHEREAS** on April 9, 2014, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

**AND UPON** reviewing the Settlement Agreement, the Notices of Hearing and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Staff and counsel for the Respondents;

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

**IT HEREBY IS ORDERED that:**

- |  |  |
|--|--|
| <p>(a) the Settlement Agreement is approved;</p> <p>(b) pursuant to paragraph 1 of subsection 127(1) of the Act, the Remaining Respondents' registration shall be terminated and neither of the Remaining Respondents shall apply for or obtain registration with the Commission as of and from the date of this order ("the Order");</p> <p>(c) pursuant to paragraph 2 of subsection 127(1) of the Act, Ovenden shall cease trading in any securities and derivatives for a period of 15 years as of and from the date of the Order, except that Ovenden may trade in securities for the account of his registered retirement savings plans and/or registered retirement income funds (as defined in the <i>Income Tax Act</i> (Canada)) in which he and/or his spouse have sole legal and beneficial ownership;</p> <p>(d) pursuant to paragraph 2 of subsection 127(1) of the Act, NSCI shall permanently cease trading in any securities and derivatives as of and from the date of the Order;</p> <p>(e) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Ovenden is prohibited for a period of 15 years as of and from the date of the Order, except that Ovenden may acquire securities for the account of his registered retirement savings plans and/or registered retirement income funds (as defined in the <i>Income Tax Act</i> (Canada)) in which he and/or his spouse have sole legal and beneficial ownership;</p> <p>(f) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by NSCI is prohibited permanently as of and from the date of the Order;</p> <p>(g) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Ovenden for a period of 15 years as of and from the date of the Order;</p> <p>(h) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to NSCI permanently as of and from the date of the Order;</p> | <p>(i) pursuant to paragraph 6 of subsection 127(1) of the Act, each of the Remaining Respondents is reprimanded;</p> <p>(j) pursuant to paragraph 7 of subsection 127(1) of the Act, Ovenden shall resign any positions he holds as a director or officer of an issuer as of the date of the Order;</p> <p>(k) pursuant to paragraph 8 of subsection 127(1) of the Act, Ovenden is prohibited from becoming or acting as a director or officer of any issuer for a period of 15 years as of and from the date of the Order;</p> <p>(l) pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the Act, Ovenden shall resign any positions he holds as a director or officer of a registrant or an investment fund manager as of the date of the Order;</p> <p>(m) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1), Ovenden is prohibited permanently from becoming or acting as a director or officer of a registrant or an investment fund manager as of and from the date of the Order; and</p> <p>(n) pursuant to paragraph 8.5 of subsection 127(1), Ovenden is prohibited permanently from becoming or acting as registrant, as an investment fund manager, or as a promoter, and NSCI is prohibited permanently from becoming a registrant.</p> |
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**DATED** at Toronto this 25th day of April, 2014.

"Edward P. Kerwin"

**2.2.6 Ronald James Ovenden et al.**

**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**

**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 "March 28, 2013 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 March 28, 2013 Settlement Agreement;

**AND WHEREAS** on April 10, 2013 the Commission approved the March 28, 2013 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 NSFIV, 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 did not oppose the Adjournment Motion and was agreeable to the additional dates requested by Ovenden and NSCI;

**AND WHEREAS** on March 18, 2014, the Commission 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;

**AND WHEREAS** on March 31, 2014, Staff, Ovenden, and NSCI jointly requested that the dates of the Merits Hearing scheduled in this matter be vacated;

**AND WHEREAS** on April 1, 2014 the Commission ordered that the dates for the Merits Hearing, scheduled to commence on April 7, 2014 shall be vacated and adjourned to commence on May 5, 2014 and shall continue on May 7-9, 12-16, 21-23 and 26-30, 2014;

**AND WHEREAS** Ovenden and NSCI entered into a Settlement Agreement dated April 2, 2014 (the "Settlement Agreement") in relation to certain matters set out in the Statement of Allegations;

**AND WHEREAS** on April 9, 2014, the Commission issued a Notice of Hearing in respect of the Settlement Agreement;

**AND WHEREAS** on April 25 2014, the Commission approved the Settlement Agreement;

**IT IS HEREBY ORDERED** that the dates for the Merits Hearing, scheduled to commence on May 5, 2014 and to continue on May 7-9, 12-16, 21-23 and 26-30, 2014 are vacated.

**DATED** at Toronto this 25 th day of April, 2014.

"Edward P. Kerwin"

## **2.2.7 Canadian Pacific Railway Limited – s. 104(2)(c)**

### **Headnote**

Subsection 104(2)(c) of the Act – Issuer bid – relief from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act – Issuer proposes to purchase, at a discounted purchase price, up to 1,300,000 of its common shares from one of its shareholders – due to the discounted purchase price, proposed purchases cannot be made through the TSX trading system – but for the fact that the proposed purchases cannot be made through the TSX trading system, the Issuer could otherwise acquire the subject shares in reliance upon the issuer bid exemption available under section 101.2 of the Act and in accordance with the TSX rules governing normal course issuer bid purchases – no adverse economic impact on, or prejudice to, the Issuer or public shareholders – proposed purchases exempt from issuer bid requirements in sections 94 to 94.8 and 97 to 98.7 of the Act, subject to conditions, including that the Issuer not purchase, in the aggregate, more than one-third of the maximum number of shares to be purchased under its normal course issuer bid by way of off-exchange block purchases.

### **Statutes Cited**

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

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

**AND**

### **IN THE MATTER OF CANADIAN PACIFIC RAILWAY LIMITED**

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

**UPON** the application (the "**Application**") of Canadian Pacific Railway Limited (the "**Issuer**") to the Ontario Securities Commission (the "**Commission**") for an order under clause 104(2)(c) of the Act exempting the Issuer from the requirements of sections 94 to 94.8, inclusive, and 97 to 98.7, inclusive, of the Act (the "**Issuer Bid Requirements**") in connection with the proposed purchases by the Issuer of up to 1,300,000 (collectively, the "**Subject Shares**") common shares in the capital of the Issuer (the "**Common Shares**") in one or more trades from BMO Nesbitt Burns Inc. (the "**Selling Shareholder**");

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

**AND UPON** the Issuer (and the Selling Shareholder in respect of paragraphs 5, 6, 7, 8, 11, 23 and 24 as they relate to the Selling Shareholder) having represented to the Commission that:

1. The Issuer is a corporation incorporated under the *Canada Business Corporations Act*.
2. The registered, executive and head office of the Issuer is located at 7550 Ogden Dale Road S.E., Calgary, Alberta, T2C 4X9.
3. The Issuer is a reporting issuer in each of the provinces and territories of Canada and its Common Shares are listed for trading on the Toronto Stock Exchange ("**TSX**") and the New York Stock Exchange (the "**NYSE**") under the symbol "CP". The Issuer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The Issuer's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, of which 175,693,867 Common Shares and no First Preferred Shares or Second Preferred Shares were issued and outstanding as of March 12, 2014.
5. The Selling Shareholder has its corporate headquarters in Toronto, Ontario.
6. The Selling Shareholder has advised the Issuer that it does not directly or indirectly own more than 5% of the issued and outstanding Common Shares, is at arm's length to the Issuer and is not an "insider" of the Issuer, an "associate" of an "insider" of the Issuer, or an "associate" or "affiliate" of the Issuer, as such terms are defined in the Act.
7. The Selling Shareholder has advised the Issuer that it is an "accredited investor" within the meaning of National Instrument 45-106 *Prospectus and Registration Exemptions*.
8. The Selling Shareholder has advised the Issuer that it is the beneficial owner of at least 1,300,000 Common Shares and that the Subject Shares were not acquired by the Selling Shareholder in anticipation of resale to the Issuer pursuant to private agreements under an issuer bid exemption order issued by a securities regulatory authority ("**Off-Exchange Block Purchases**").
9. The Issuer announced on March 11, 2014 a normal course issuer bid (the "**Normal Course Issuer Bid**") to purchase up to 5,270,374 Common Shares during the period from March 17, 2014 to March 16, 2015 pursuant to the terms of the "Notice of Intention to Make a Normal Course Issuer Bid" (the "**Notice**") submitted to, and accepted by, the TSX. Purchases under the Normal Course Issuer Bid will be conducted through the facilities of the TSX, the NYSE or alternative trading systems, if eligible, or by such other means as may be permitted by the TSX or a securities regulatory authority in accordance with sections 628 to 629.3 of Part VI of the TSX Company Manual (the "**TSX Rules**"), including private agreements under an issuer bid exemption order issued by a securities regulatory authority.
10. The Issuer intends to implement an automatic repurchase plan (an "**ARP**") to permit the Issuer to make purchases under its Normal Course Issuer Bid at such times when the Issuer would not be permitted to trade in its Common Shares during regularly scheduled quarterly blackout periods. Under the terms of the proposed ARP, at times it is not subject to blackout restrictions the Issuer may, but is not required to, instruct the designated broker to make purchases under its Normal Course Issuer Bid in accordance with the terms of the ARP. Such purchases under the ARP would be determined by the broker in its sole discretion based on parameters established by the Issuer prior to any blackout period in accordance with the TSX Rules, applicable securities laws (including this Order) and the terms of the agreement between the broker and the Issuer. The draft ARP has been approved by the TSX effective March 25, 2014 and will be implemented by April 2, 2014. The form of ARP ultimately implemented will be in compliance with the TSX Rules, applicable securities law and this Order and will contain provisions restricting the Issuer from conducting a Block Purchase (as defined below) in accordance with the TSX Rules during the calendar week in which the Issuer completes a Proposed Purchase.
11. The Issuer intends to enter into one or more agreements of purchase and sale with the Selling Shareholder (each an "**Agreement**"), pursuant to which the Issuer will agree to purchase Subject Shares from the Selling Shareholder by way of one or more purchases each occurring by March 16, 2015 (each such purchase, a "**Proposed Purchase**") for a purchase price that will be negotiated at arm's length between the Issuer and the Selling Shareholder (each such price, a "**Purchase Price**" in respect of such Proposed Purchase). The Purchase Price will in each case be at a discount to the prevailing market price and below the prevailing bid-ask price for the Common Shares on the TSX at the time of each Proposed Purchase.
12. The Subject Shares acquired under each Proposed Purchase will constitute a "block" as that term is defined in section 628 of the TSX Rules.
13. The purchase of any of the Subject Shares by the Issuer pursuant to an Agreement will constitute an "issuer bid" for purposes of the Act, to which the applicable Issuer Bid Requirements would apply.
14. Because the Purchase Price will, in each case, be at a discount to the prevailing market price and

- below the bid-ask price for the Issuer's Common Shares on the TSX at the time of the relevant Proposed Purchase, none of the Proposed Purchases can be made through the TSX trading system and, therefore, will not occur "through the facilities" of the TSX. As a result, the Issuer will be unable to acquire Subject Shares from the Selling Shareholder in reliance upon the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.
15. But for the fact that the Purchase Price in respect of each Proposed Purchase will be at a discount to the prevailing market price and below the bid-ask price for the Issuer's Common Shares at the time of each such Proposed Purchase, the Issuer could otherwise acquire the applicable Subject Shares on the TSX as a "block purchase" (a **"Block Purchase"**) in accordance with the block purchase exception in clause 629(l)7 of the TSX Rules and the exemption from the Issuer Bid Requirements that is available pursuant to subsection 101.2(1) of the Act.
  16. The sale of any of the Subject Shares to the Issuer will not be a "distribution" (as defined in the Act).
  17. The Notice filed with the TSX by the Issuer contemplates that purchases under the Normal Course Issuer Bid may be made by means other than open market transactions as may be permitted by the TSX and/or the NYSE, and the TSX permits purchases to be made by private agreements pursuant to an issuer bid exemption order issued by a securities regulatory authority.
  18. For each Proposed Purchase, the Issuer will be able to acquire the applicable Subject Shares from the Selling Shareholder without the Issuer being subject to the dealer registration requirements of the Act.
  19. Management of the Issuer is of the view that through the Proposed Purchase(s), the Issuer will be able to purchase the Subject Shares at a lower price than the price at which it would otherwise be able to purchase Common Shares under the Normal Course Issuer Bid through the facilities of the TSX and management of the Issuer is of the view that this is an appropriate use of the Issuer's funds.
  20. The purchase of the Subject Shares will not adversely affect the Issuer or the rights of any of the Issuer's securityholders and it will not materially affect the control of the Issuer. To the knowledge of the Issuer, the Proposed Purchases will not prejudice the ability of other securityholders of the Issuer to otherwise sell Common Shares in the open market at the then-prevailing market price. The Proposed Purchases will be carried out with a minimum of cost to the Issuer.
  21. To the best of the Issuer's knowledge, as of March 11, 2014, the "public float" for the Common Shares represented approximately 90% of all issued and outstanding Common Shares for purposes of the TSX Rules.
  22. The Common Shares are "highly-liquid securities" within the meaning of section 1.1 of OSC Rule 48-501 *Trading during Distributions, Formal Bids and Share Exchange Transactions* and section 1.1 of the Universal Market Integrity Rules.
  23. Other than the Purchase Price, no additional fee or other consideration will be paid in connection with the Proposed Purchases.
  24. At the time that each Agreement is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed.
  25. The Issuer will not purchase, pursuant to private agreements under an issuer bid exemption order by a securities regulatory authority, in aggregate, more than one-third of the maximum number of Common Shares that the Issuer can purchase under its Normal Course Issuer Bid.
  26. Assuming completion of the purchase of the maximum number of Subject Shares, the Issuer will have purchased under the Normal Course Issuer Bid an aggregate of 1,300,000 Common Shares pursuant to Off-Exchange Block Purchases, representing approximately 24.67% of the 5,270,374 Common Shares authorized to be purchased under the Normal Course Issuer Bid.
- AND UPON** the Commission being satisfied to do so would not be prejudicial to the public interest;
- IT IS ORDERED** pursuant to clause 104(2)(c) of the Act that the Issuer be exempt from the Issuer Bid Requirements in connection with each Proposed Purchase, provided that:
- (a) the Proposed Purchases will be taken into account by the Issuer when calculating the maximum annual aggregate limit that is imposed upon the Issuer's Normal Course Issuer Bid in accordance with the TSX Rules;

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| <p>(b) the Issuer will refrain from conducting a Block Purchase in accordance with the TSX Rules during the calendar week in which it completes a Proposed Purchase and will not make any further purchases under its Normal Course Issuer Bid for the remainder of the calendar day on which it completes any Proposed Purchase;</p> <p>(c) the Purchase Price in respect of each Proposed Purchase will not be higher than the last "independent trade" (as that term is used in paragraph 629(l)1 of the TSX Rules) of a board lot of Common Shares immediately prior to the execution of such Proposed Purchase;</p> <p>(d) the Issuer will otherwise acquire any additional Common Shares pursuant to its Normal Course Issuer Bid in accordance with the Notice and the TSX Rules, including by means of open market transactions and by other means as may be permitted by the TSX, including under automatic trading plans and, subject to condition (i) below, by private agreements under an issuer bid exemption order issued by a securities regulatory authority;</p> <p>(e) immediately following each Proposed Purchase of the Subject Shares from the Selling Shareholder, the Issuer will report the purchase of the Subject Shares to the TSX;</p> <p>(f) at the time that an Agreement in respect of a Proposed Purchase is entered into by the Issuer and the Selling Shareholder and at the time of each Proposed Purchase, neither the Issuer, nor the Trading Products Group of the Selling Shareholder, nor personnel of the Selling Shareholder that have negotiated the Agreement or have made, or participated in the making of, or provided advice in connection with, the decision to enter into the Agreement and sell the Subject Shares, will be aware of any "material change" or "material fact" (each as defined in the Act) in respect of the Issuer that has not been generally disclosed;</p> <p>(g) the Issuer will issue a press release disclosing (i) its intention to make the Proposed Purchases and (ii) that information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate purchase price, will be available on the System for Electronic</p> | <p>Document Analysis and Retrieval (SEDAR) following the completion of each such purchase;</p> <p>(h) the Issuer will report information regarding each Proposed Purchase, including the number of Common Shares purchased and the aggregate Purchase Price, on SEDAR before 5:00 p.m. (Toronto time) on the business day following such purchase; and</p> <p>(i) the Issuer shall not purchase, pursuant to Off-Exchange Block Purchases, in the aggregate more than one-third of the maximum number of Common Shares the Issuer can purchase under its Normal Course Issuer Bid, such one-third being equal to, as of the date of this Order, 1,756,791 Common Shares.</p> |
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**DATED** at Toronto this 28th day of March, 2014.

"Edward P. Kerwin"  
Commissioner  
Ontario Securities Commission

"Vern Krishna"  
Commissioner  
Ontario Securities Commission

**2.2.8 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** on March 19, 2014, the Commission 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;

**AND WHEREAS** Staff filed written submissions, a hearing brief, a book of authorities, and the Affidavits of Service of Lee Crann sworn March 17 and April 2, 2014;

**AND WHEREAS** De Gouveia did not provide any materials;

**AND WHEREAS** De Gouveia is subject to an order of the Alberta Securities Commission, dated June 6, 2013, that imposes sanctions, conditions, restrictions or requirements on him within the meaning of paragraph 4 of subsection 127(10) of the Act;

**AND WHEREAS** on April 24, 2014, the Commission issued its reasons and decision in this matter;

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

**IT IS HEREBY ORDERED** that:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Gouveia shall cease up to and including June 6, 2023; and
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Gouveia shall be prohibited up to and including June 6, 2023.

**DATED** at Toronto this 24th day of April, 2014.

“Alan J. Lenczner”



## 2.2.9 Principal Global Investors, LLC and Integra Capital 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, s. 25(3).

Ontario Securities Commission Rule 35-502 Non-Resident Advisers, s. 7.3.

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

**AND**

**IN THE MATTER OF  
PRINCIPAL GLOBAL INVESTORS, LLC and INTEGRA CAPITAL LIMITED**

**ORDER  
(Section 80 of the CFA)**

**UPON** the application (the **Application**) of Integra Capital Limited (the **Principal Adviser**) and Principal Global Investors, LLC (the **Sub-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 Sub-Advisory Services (as defined below)) be exempt, for a specified period of time, from the adviser registration requirement of subsection 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 Principal Adviser having represented to the Commission that:

#### *The Principal Adviser*

1. The Principal Adviser is a corporation incorporated under the laws of Ontario and its principal business office is located in Oakville, Ontario.
2. The Principal Adviser is registered: (a) in every Province as a portfolio manager and exempt market dealer; (b) as an investment fund manager in the Provinces of Quebec, Ontario and Newfoundland and Labrador; (c) a portfolio manager under the *Securities Act* (Ontario) (the **OSA**); and (d) an adviser in the category of commodity trading manager under the CFA in Ontario.
3. The Principal Adviser is not in default of Ontario securities, commodity futures or derivatives legislation.

#### *The Sub-Adviser*

4. The Sub-Adviser is a limited liability company formed under the laws of the State of Delaware, United States of America. The Sub-Adviser is a diversified global asset management firm that focuses on designing and delivering investment solutions for clients.
5. The Sub-Adviser is not resident of any province or territory of Canada.
6. The Sub-Adviser, in respect of advisory services for securities, currently relies on the international adviser exemption under National Instrument 31-103, *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and is

not registered in any capacity under the securities legislation of any other jurisdiction in Canada. The Sub-Adviser is registered as an investment adviser under the *Investment Advisers Act of 1940* (U.S.), as amended, and is registered as a commodity trading adviser under the *Commodity Exchange Act*, although exempted from certain requirements available for advisers who advise “qualified eligible persons”. The Sub-Adviser is also a member of the National Futures Association.

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

#### *The Funds*

8. The Principal Adviser is the investment adviser to (a) pooled funds, the securities of which are sold on a private placement basis in all provinces of Canada to accredited investors pursuant to prospectus and registration exemptions contained in National Instrument 45-106 – *Prospectus and Registration Exemptions* (the **Pooled Funds**), and (b) managed accounts of institutional clients who have entered into investment management agreements with the Principal Adviser (the **Managed Accounts**) and (c) other Pooled Funds and Managed Accounts that may be established in the future in respect of which the Principal Adviser engages the Sub-Adviser to provide portfolio advisory services (the **Future Funds**) (each of the Pooled Funds, Managed Accounts and Future Funds are referred to individually as a Fund and collectively as the **Funds**).
9. The Funds may, as part of their investment program, invest in Contracts, as defined in the CFA.
10. 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.

#### *The Sub-Advisory Services*

11. The Principal Adviser, pursuant to a written agreement between the Principal Adviser and a 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 trading Contracts, by exercising discretionary authority to purchase and sell securities (as defined in the OSA) and Contracts on behalf of the Fund in respect of the investment portfolios of the Fund.
12. In connection with the Principal Adviser acting as an adviser to the Funds in respect of the purchase or sale of Contracts, the Principal Adviser will, pursuant to a written agreement made between the Principal Adviser and the Sub-Adviser (a **Sub-Advisory Agreement**), retain the Sub-Adviser to act as an adviser to the Principal Adviser in respect of the Funds (the **Sub-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 Contracts must be cleared through an acceptable clearing corporation; and (b) such investments are consistent with the investment objectives and strategies of the Funds. A Sub-Advisory Agreement may be entered into with respect to a specific Fund, or may pertain to multiple 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 Sub-Advisory Services and permits the Principal Adviser to exercise the degree of supervision and control it is required to exercise over the Sub-Adviser in respect of the Sub-Advisory Services.
14. If there is any direct contact between a Fund and the Sub-Adviser in connection with the Sub-Advisory Services, a representative of the Principal Adviser, duly registered in accordance with the CFA, will be present at all times either in person or by telephone.
15. Paragraph 22(1)(b) of the CFA prohibits a person or company from acting as an adviser unless the person or company is registered as an adviser under the CFA, or is registered as a representative, partner or an officer of a registered adviser and is acting on behalf of a registered adviser.
16. By providing the Sub-Advisory Services, the Sub-Adviser and any individuals acting on behalf of the Sub-Adviser in respect of the Sub-Advisory Services will be, engaging in, or holding themselves as engaging in, the business of advising others in respect of the Contracts and, in the absence of being granted the required relief, would be required to register as an adviser, under the CFA.
17. There is presently no rule under the CFA that provides an exemption from the adviser registration requirement in paragraph 22(1)(b) of the CFA for a person or company acting as an adviser in respect of Contracts 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 OSC Rule 35-502 *Non-Resident Advisers* (**OSC Rule 35-502**).

18. The relationship among the Principal Adviser, the Sub-Adviser and the Funds satisfies the requirements of section 7.3 of OSC Rule 35-502.
19. The Principal Adviser will deliver to the Funds all applicable reports and statements required under applicable securities, commodity futures and derivatives legislation.
20. As would be required under section 7.3 of OSC Rule 35-502:
  - (a) the obligations and duties of the Sub-Adviser in connection with the Sub-Advisory Services are or will be set out in a written agreement with the Principal Adviser;
  - (b) the Principal Adviser has or 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 appropriately registered or exempt from registration to provide advice to the Principal Adviser and the Funds pursuant to the applicable legislation of its principal jurisdiction.
22. The Sub-Adviser will only provide the Sub-Advisory Services as long as the Principal Adviser is, and remains, registered under the CFA as an adviser in the category of commodity trading manager.

*Disclosure*

23. The prospectus or similar offering document, if any, for each Fund and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the following disclosure:
  - (a) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and
  - (b) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individual 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 Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.
24. Prior to purchasing any securities in one or more of the Pooled Funds or Future Funds, 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 any individual 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 Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

*Previous Order*

25. On April 28, 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 investment funds established by the Principal Adviser and for which the Principal Adviser engaged the Sub-Adviser to provide advisory services regarding Futures (the **Previous Order**). The Previous Order is scheduled to terminate on April 28, 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 Sub-Advisory Services) is exempt from the adviser registration requirement in paragraph 22(1)(b) of the CFA in respect of the Sub-Advisory Services to be provided to the Principal Adviser in respect of the Funds, 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 Sub-Advisory Services) is appropriately registered or licensed, or is entitled to rely on appropriate exemptions from such registrations or licenses, 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 Funds to be responsible for any loss that arises out of the 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 Fund, and for which the Principal Adviser engages the Sub-Adviser to provide the Sub-Advisory Services will include the following disclosure:
  - (i) a statement that the Principal Adviser is responsible for any loss that arises out of the failure of the Sub-Adviser to meet the Assumed Obligations; and
  - (ii) a statement that there may be difficulty in enforcing any legal rights against the Sub-Adviser (or any individual 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 Sub-Advisory Services) because the Sub-Adviser 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 in one or more of the Pooled Funds or Future Funds, 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 any individual 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 Sub-Advisory Services) because the Sub-Adviser is resident outside of Canada and all or substantially all of its assets are situated outside of Canada.

**IT IS FURTHER ORDERED** that this Order is effective as at April 28, 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 24th day of April 2014.

"Anne Marie Ryan"  
Commissioner  
Ontario Securities Commission

"Mary Condon"  
Commissioner  
Ontario Securities Commission

2.2.10 LCH.ClearNet LLC – s. 147

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

AND

IN THE MATTER OF  
LCH.CLEARNET LLC (LCH)

ORDER  
(Section 147 of the Act)

**WHEREAS** LCH has filed an application (**Application**) with the Ontario Securities Commission (**Commission**) pursuant to section 147 of the Act requesting an order exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act (**Order**);

**AND WHEREAS** LCH has represented to the Commission that:

1. LCH is a clearing house organized under the laws of the state of Delaware, United States (**U.S.**). LCH operates as a central counterparty (**CCP**) clearing house and receives most of its revenue from treasury income and clearing fees charged to its clearing members (**Clearing Members**);
2. LCH is wholly-owned by LCH.Clearnet (US) LLC, which is wholly-owned by LCH.Clearnet Group Ltd. (**LCH Group**). LCH Group is 57.8 per cent owned by the London Stock Exchange (C) Limited (**LSEG**), a wholly owned subsidiary of London Stock Exchange Group plc, and 42.2 per cent owned by clearing participants and exchanges;
3. LCH Group, which is incorporated in the United Kingdom, is regulated as a Compagnie financière by the Autorité de Contrôle Prudentiel et de Résolution (France);
4. LCH is a Derivatives Clearing Organization (**DCO**) within the meaning of that term under the U.S. Commodity Exchange Act (**CEA**). As a DCO, LCH is subject to regulatory supervision by the United States Commodity Futures Trading Commission (**CFTC**), a U.S. federal regulatory agency. The CFTC reviews, assesses, and enforces a DCO's adherence to the CEA and the regulations promulgated thereunder on an ongoing basis, including but not limited to, the DCO's compliance with "Core Principles" relating to financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards. LCH is subject to ongoing examination and inspection by the CFTC;
5. LCH currently operates the SwapClear US Service which clears and settles a range of interest rate derivatives;
6. Other than with respect to certain elements of the SwapClear service operated by LCH.Clearnet Limited, a clearing agency recognised by the Commission (**Global SwapClear Service**), that are not part of the SwapClear US Service of LCH, the clearing models of the SwapClear US Service and the Global SwapClear Service are substantially similar in all material respects. One example of an element that is part of the Global SwapClear Service but not the SwapClear US Service is that the SwapClear US Service does not offer a 'principal to principal clearing model', which permits Clearing Members who are non-Futures Commission Merchants (**FCMs**) to clear trades for and on behalf of clients. Only Clearing Members who are registered with the CFTC as FCMs can clear trades for and on behalf of clients in the SwapClear US Service;
7. Transactions cleared through the SwapClear US Service are executed by parties and either cleared directly with LCH or through Clearing Members. Transactions may be executed bilaterally, on swap execution facilities or on other execution venues recognized by LCH;
8. Under LCH's regulations, there are two types of recognized participants in the SwapClear US Service, a Clearing Member and a SwapClear Dealer. An applicant must enter into a Clearing Membership Agreement with LCH before it can become a Clearing Member. The Clearing Membership Agreement contains an acknowledgement that the applicant accepts the regulations and procedures of the LCH Rulebook, which contains the operating rules of LCH;
9. A Clearing Member may clear trades originally transacted by itself (including those in the name of one of its branches, being within the same legal entity), and may also clear trades transacted by a SwapClear Dealer with whom it has entered into a SwapClear Dealer Clearing Agreement;

10. LCH acts as CCP to swap transactions registered with it by a Clearing Member or by a SwapClear Dealer. On registration of a transaction with SwapClear US, the counterparty's transactions, which can be entered by either a Clearing Member or a SwapClear Dealer, are novated to LCH;
11. LCH maintains Clearing Member criteria that all applicants must satisfy before their applications are accepted, including fitness criteria, review of corporate constitutive documentation, financial standards, operational standards, appropriate registration qualifications with applicable statutory regulatory authorities, and LCH applies a due diligence process to ensure that all applicants meet the required criteria;
12. There are no material differences in terms of membership standards and financial requirements between Ontario-resident Clearing Members and other Clearing Members;
13. LCH utilizes processes to minimize systemic risk, which processes include operational and financial criteria for all Clearing Members, margining and financial protections, the maintenance of a clearing/guarantee fund, sound information systems, comprehensive internal controls, ongoing monitoring of Clearing Members, and appropriate oversight by the LCH Board of Directors;
14. LCH does not pose a significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in a foreign jurisdiction;
15. LCH does not have any office or maintain other physical installations in Ontario or any other Canadian province or territory. LCH does not currently have any plans to open such an office or to establish any such physical installations in Ontario or elsewhere in Canada; and

**AND WHEREAS** LCH would like to permit Ontario-residents who meet the criteria set out in its rules to become registered as Clearing Members to clear and settle a range of interest rate derivatives, and as a result, would be considered by the Commission to be "carrying on business as a clearing agency" in Ontario. LCH cannot carry on business in Ontario as a clearing agency unless it is recognized by the Commission as a clearing agency under subsection 21.2(0.1) of the Act or exempted from such recognition under section 147 of the Act;

**AND WHEREAS** LCH has agreed to the respective terms and conditions as set out in Schedule "B" to this order;

**AND WHEREAS** based on the Application and the representations LCH has made to the Commission, the Commission has determined that LCH satisfies the criteria set out in Schedule "A" and that the granting of the Order exempting LCH from the requirement to be recognized as a clearing agency under subsection 21.2(0.1) of the Act would not be prejudicial to the public interest;

**AND WHEREAS** the Commission will monitor developments in international and domestic capital markets and LCH's activities on an ongoing basis to determine whether it is appropriate that LCH continue to be exempted from the requirement to be recognized as a clearing agency and, if so, whether it is appropriate to continue to be exempted subject to the terms and conditions in the Order;

**IT IS HEREBY ORDERED** by the Commission that, pursuant to section 147 of Act, LCH is exempt from recognition as a clearing agency under subsection 21.2(0.1) of the Act;

**PROVIDED THAT** LCH complies with the terms and conditions attached as hereto as Schedule "B".,

**DATED** April 25, 2014

"Vern Krishna"  
OSC Commissioner

"Judith Robertson"  
OSC Commissioner

## SCHEDULE A

Criteria for Recognition and Exemption from Recognition by the Ontario Securities Commission as a Clearing Agency Pursuant to Section 21.1(0.1) of the *Securities Act* (Ontario)

### PART 1 GOVERNANCE

- 1.1 The governance structure and governance arrangements of the clearing agency ensures:
- (a) effective oversight of the clearing agency;
  - (b) the clearing agency's activities are in keeping with its public interest mandate;
  - (c) fair, meaningful and diverse representation on the governing body (Board) and any committees of the Board, including a reasonable proportion of independent directors;
  - (d) a proper balance among the interests of the owners and the different entities seeking access (participants) to the clearing services and facilities (clearing services) of the clearing agency;
  - (e) the clearing agency has policies and procedures to appropriately identify and manage conflicts of interest;
  - (f) each director or officer of the clearing agency, and each person or company that owns or controls, directly or indirectly, more than 10 percent of the clearing agency is a fit and proper person; and
  - (g) there are appropriate qualifications, limitation of liability and indemnity provisions for directors and officers of the clearing agency.

### PART 2 FEES

- 2.1 All fees imposed by the clearing agency are equitably allocated. The fees do not have the effect of creating unreasonable barriers to access.
- 2.2 The process for setting fees is fair and appropriate, and the fee model is transparent.

### PART 3 ACCESS

- 3.1 The clearing agency has appropriate written standards for access to its services.
- 3.2 The access standards and the process for obtaining, limiting and denying access are fair and transparent. A clearing agency keeps records of
- (a) each grant of access including, for each participant, the reasons for granting such access, and
  - (b) each denial or limitation of access, including the reasons for denying or limiting access to an applicant.

### PART 4 RULES AND RULEMAKING

- 4.1 The clearing agency's rules are designed to govern all aspects of the clearing services offered by the clearing agency, and
- (a) are not inconsistent with securities legislation,
  - (b) do not permit unreasonable discrimination among participants, and
  - (c) do not impose any burden on competition that is not necessary or appropriate.
- 4.2 The clearing agency's rules and the process for adopting new rules or amending existing rules should be transparent to participants and the general public.
- 4.3 The clearing agency monitors participant activities to ensure compliance with the rules.
- 4.4 The rules set out appropriate sanctions in the event of non-compliance by participants.

## **PART 5 DUE PROCESS**

- 5.1 For any decision made by the clearing agency that affects an applicant or a participant, including a decision in relation to access, the clearing agency ensures that:
- (a) an applicant or a participant is given an opportunity to be heard or make representations; and
  - (b) the clearing agency keeps a record of, gives reasons for, and provides for appeals or reviews of, its decisions.

## **PART 6 RISK MANAGEMENT**

- 6.1 The clearing agency's clearing services are designed to minimize systemic risk.
- 6.2 The clearing agency has appropriate risk management policies and procedures and internal controls in place.
- 6.3 Without limiting the generality of the foregoing, the clearing agency's clearing or functions are designed to achieve the following objectives:
- 1. Where the clearing agency acts as a central counterparty, it rigorously controls the risks it assumes.
  - 2. The clearing agency minimizes principal risk by linking securities transfers to funds transfers in a way that achieves delivery versus payment.
  - 3. Final settlement occurs no later than the end of the settlement day. Intraday or real-time finality is provided where necessary to reduce risks.
  - 4. Where the clearing agency extends intraday credit to participants, including a clearing agency that operates net settlement systems, it institutes risk controls that, at a minimum, ensure timely settlement in the event that the participant with the largest payment obligation is unable to settle.
  - 5. Assets used to settle the ultimate payment obligations arising from derivatives transactions carry little or no credit or liquidity risk. If central bank money is not used, steps are to be taken to protect participants in clearing services from potential losses and liquidity pressures arising from the failure of the cash settlement agent whose assets are used for that purpose.
  - 6. If the clearing agency establishes links to settle cross-border trades, it designs and operates such links to reduce effectively the risks associated with cross-border settlements.
- 6.4 The clearing agency engaging in activities not related to clearing services carries on such activities in a manner that prevents the spillover of risk to the clearing agency that might affect its financial viability or negatively impact any of the participants in the clearing service.

## **PART 7 SYSTEMS AND TECHNOLOGY**

- 7.1 For its clearing services systems, the clearing agency:
- (a) develops and maintains,
    - (i) reasonable business continuity and disaster recovery plans,
    - (ii) an adequate system of internal control,
    - (iii) adequate information technology general controls, including controls relating to information systems operations, information security, change management, problem management, network support, and system software support;
  - (b) on a reasonably frequent basis, and in any event, at least annually, and in a manner that is consistent with prudent business practice,
    - (i) makes reasonable current and future capacity estimates,
    - (ii) conducts capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner,



(iii) tests its business continuity and disaster recovery plans; and

(c) promptly notifies the regulator of any material systems failures.

7.2 The clearing agency annually engages a qualified party to conduct an independent systems review and prepare a report in accordance with established audit standards regarding its compliance with section 7.1(a).

#### **PART 8 FINANCIAL VIABILITY AND REPORTING**

8.1 The clearing agency has sufficient financial resources for the proper performance of its functions and to meet its responsibilities and allocates sufficient financial and staff resources to carry out its functions as a clearing agency in a manner that is consistent with any regulatory requirements.

#### **PART 9 OPERATIONAL RELIABILITY**

9.1 The clearing agency has procedures and processes to ensure the provision of accurate and reliable settlement services to participants.

#### **PART 10 PROTECTION OF ASSETS**

10.1 The clearing agency has established accounting practices, internal controls, and safekeeping and segregation procedures to protect the assets that are held by the clearing agency.

#### **PART 11 OUTSOURCING**

11.1 Where the clearing agency has outsourced any of its key functions, it has appropriate and formal arrangements and processes in place that permit it to meet its obligations and that are in accordance with industry best practices. The outsourcing arrangement provides regulatory authorities with access to all data, information, and systems maintained by the third party service provider required for the purposes of regulatory oversight of the agency.

#### **PART 12 INFORMATION SHARING AND REGULATORY COOPERATION**

12.1 For regulatory purposes, the clearing agency cooperates by sharing information or otherwise with the Commission and its staff, self-regulatory organizations, exchanges, quotation and trade reporting systems, alternative trading systems, other clearing agencies, investor protection funds, and other appropriate regulatory bodies.

## SCHEDULE "B"

### TERMS and CONDITIONS

#### DEFINITIONS

For the purposes of this Schedule:

"**Clearing Member**" means a clearing member as defined under LCH rules;

"**client clearing**" means the ability of a Clearing Member to clear transactions at LCH for and on behalf of a client who is not a Clearing Member;

"**Ontario Clearing Member**" means Ontario-residents who are Clearing Members of LCH;

"**rule**" means any provision or other requirement in LCH's rulebook, operating manuals, user guides, or similar documents governing rights and obligations between LCH and the Clearing Members or among the Clearing Members;

Unless the context otherwise requires, other terms used in this Schedule "B" have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this exemption order).

#### REGULATION OF LCH

1. LCH will maintain its registration as a DCO in the U.S. and will continue to be subject to the regulatory oversight of the CFTC.
2. LCH will continue to comply with its ongoing regulatory requirements as a DCO.
3. LCH will continue to meet the criteria for exemption from recognition as a clearing agency as set out in Schedule "A".

#### OWNERSHIP OF LCH

4. LCH will provide to the Commission 90 days prior, written notice and a detailed description and impact of any material change to its ownership.

#### GOVERNANCE

5. LCH will continue to promote a corporate governance structure that minimizes the potential for any conflicts of interest between LCH Group (and its affiliates) and LCH that could adversely affect the clearance and settlement of trades in contracts or the effectiveness of LCH's risk management policies, controls, and standards.

#### FILING REQUIREMENTS

##### Filings with the CFTC

6. LCH will promptly provide staff of the Commission the following information, and to the extent that it is required to file such information with the CFTC it will file such information concurrently with staff of the Commission:
  - (a) the annual audited financial statements of LCH;
  - (b) details of any material legal proceeding instituted against it;
  - (c) notification that LCH has failed to comply with an undisputed obligation to pay money or deliver property to a Clearing Member for a period of 30 days after receiving notice from the Clearing Member of LCH's past due obligation;
  - (d) notification that LCH has instituted a petition for a judgment of bankruptcy or insolvency or similar relief, or to wind up or liquidate LCH or has a proceeding for any such petition instituted against it;
  - (e) the appointment of a receiver or the making of any voluntary arrangement with creditors; and
  - (f) material changes to its regulations and procedures.

### Prior Notification

7. LCH shall provide 60 days prior written notice and a detailed description of any new clearing service (including client clearing) to be offered to Ontario-residents;
8. LCH shall provide 45 days prior written notice and a detailed description of any material change or enhancement to the SwapClear US Service where such change is not implemented for the Global SwapClear Service. Notwithstanding the foregoing, in the event that LCH needs to implement a material change or enhancement and is unable to provide 45 days prior written notice to the Commission, LCH shall provide a written notice and description of the change, together with the reasons for the shorter implementation, as soon as possible prior to the effective date of the change;

### Prompt Notice

9. LCH will promptly notify staff of the Commission of any of the following:
  - (a) any material change to its business or operations or the information as provided in the Application;
  - (b) any material problem with the clearance and settlement of transactions in contracts cleared by LCH that could materially affect the safety and soundness of LCH;
  - (c) any event of default by a Clearing Member;
  - (d) any material system failure of a clearing service utilized by an Ontario Clearing Member;
  - (e) any material change or proposed material change in LCH's status as a DCO or to the regulatory oversight by the CFTC;
  - (f) the admission of any new Ontario Clearing Member or any other Ontario resident that has entered into a direct connection arrangement with LCH for facilitating the Ontario resident's direct access to one or more LCH systems; and
  - (g) the clearing of new products that are proposed to be offered to Ontario Clearing Members or products that will no longer be available to Ontario Clearing Members.

### Quarterly Reporting

10. LCH will maintain the following updated information and submit such information to the Commission in a manner and form acceptable to the Commission on a quarterly basis (by the end of the month following the end of the calendar quarter), and at any time promptly upon the request of staff of the Commission:
  - (a) a current list of all Ontario Clearing Members;
  - (b) a list of all Ontario Clearing Members against whom disciplinary action has been taken in the quarter by LCH or, to the best of LCH's knowledge, by the CFTC with respect to such Ontario Clearing Members' clearing activities on LCH;
  - (c) a list of all investigations by LCH relating to Ontario Clearing Members;
  - (d) a list of all Ontario applicants who have been denied clearing member status by LCH in the quarter;
  - (e) the following statistics for each Ontario Clearing Member organized by currency:
    - a. the aggregate nominal volumes cleared during the quarter;
    - b. the number of transactions cleared during the quarter;
    - c. the high and low daily nominal volumes cleared during the quarter;
    - d. the high and low number of transactions cleared during the quarter;
    - e. the open interest outstanding as of the end of the quarter;
    - f. the total amount of margin received as of the end of the quarter;

- g. the total amount of default fund contributions received as of the end of the quarter;
- (f) the proportion of the metrics identified in paragraph (e) above for Ontario Clearing Members related to the activity of all Clearing Members in each of the LCH clearing services provided to Ontario Clearing Members;
- (g) for LCH's SwapClear US service and any other clearing service provided to Ontario Clearing Members, a summary of risk management analysis related to the adequacy of required margin and the adequacy of the level of the default fund, including but not limited to stress testing and back testing results;
- (h) for LCH's SwapClear US service and any other clearing service provided to Ontario Clearing Members, the anonymized aggregated average daily notional position of the five and ten largest clearing members in cleared products;
- (i) for LCH's SwapClear US service and any other clearing service provided to Ontario Clearing Members, a description of any material services outages with regard to cleared products that have occurred since the last quarterly report;
- (j) based on information available to LCH, the aggregate notional value and volume of transactions cleared during the quarter by Clearing Members for and on behalf of clients that are Ontario residents; and, where LCH has subsequently verified the accuracy of such aggregate client clearing information for any previous quarters, any summary that describes the results of such verification including any reconciliation of the information previously reported to the Commission;
- (k) to the extent LCH becomes aware of the offering of client clearing to Ontario residents by a Clearing Member, the identity of such Clearing Member and its jurisdiction of incorporation (including that of its ultimate parent) that provides such client clearing services to Ontario residents including, where known,
  - a. the name of each of the Ontario residents receiving such services; and
  - b. the value and volume of transactions cleared by Clearing Product during the quarter for and on behalf of each Ontario resident;
- (l) any other information in relation to an OTC derivative cleared by LCH for Ontario Clearing Members as may be required by the Commission from time to time in order to carry out the Commission's mandate; and
- (m) a copy of the bylaws and rules showing all cumulative changes to the bylaws and rules made during the quarter.

#### **INFORMATION SHARING**

- 11. LCH shall provide to the Commission such information as it may request from time to time, and otherwise cooperate with the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.
- 12. Unless otherwise prohibited under applicable law, LCH shall share information relating to regulatory and enforcement matters and otherwise cooperate with other recognized or exempt clearing agencies on such matters, as appropriate.

#### **SUBMISSION TO JURISDICTION AND AGENT FOR SERVICE**

- 13. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of LCH's activities in Ontario, LCH shall submit to the non-exclusive jurisdiction of (i) the courts and administrative tribunals of Ontario and (ii) an administrative proceeding in Ontario.
- 14. For greater certainty, LCH shall file with the Commission a valid and binding appointment of an agent for service in Ontario upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal, penal or other proceeding arising out of or relating to or concerning the Commission's regulation and oversight of LCH's activities in Ontario.

## Chapter 3

# Reasons: Decisions, Orders and Rulings

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### 3.1 OSC Decisions, Orders and Rulings

#### 3.1.1 Ronald James Ovenden et al.

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

SETTLEMENT AGREEMENT BETWEEN  
STAFF OF THE ONTARIO SECURITIES COMMISSION,  
RONALD JAMES OVENDEN AND NEW SOLUTIONS CAPITAL INC.

#### 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 "*Securities Act*") it is in the public interest for the Commission to make certain orders in respect of Ronald James Ovenden ("Ovenden") and New Solutions Capital Inc. ("NSCI").

#### 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 28, 2013 (the "Proceeding"), against Ovenden and NSCI according to the terms and conditions set out in Part V of this settlement agreement (the "Settlement Agreement"). Ovenden and NSCI agree to the making of an order in substantially the same form attached as Schedule "A" based on the facts set out below.

#### PART III – AGREED FACTS

3. For the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, Ovenden and NSCI agree with the facts as set out in Part III of this Settlement Agreement.

#### Ovenden and the New Solutions Companies

##### Ovenden

4. Ovenden is 58 years old and a resident of Georgetown, Ontario. Ovenden was registered with the Commission in various capacities throughout the relevant period, January 1, 2009 to January 5, 2012 (the "Relevant Period"). As of January 19, 2009, Ovenden was registered as a trading officer, and approved as a designated compliance officer and director of NSCI. On September 28, 2009, with the implementation of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103"), the trading officer category was changed to dealing representative and officer, the designated compliance officer approval category was removed, and NSCI's registration category of limited market dealer ("LMD") was changed to exempt market dealer ("EMD").

5. Ovenden was registered as the ultimate designated person ("UDP") and chief compliance officer ("CCO") of NSCI on March 4, 2010. Ovenden's CCO category of registration was surrendered on October 13, 2010. On October 18, 2010, Ovenden's registration as a dealing representative was surrendered because he did not meet the new proficiency requirements under NI 31-103. Ovenden remained with NSCI as an officer, director and registered UDP until April 26, 2012, when his registration was suspended.

6. Ovenden was the sole director and an officer of each of NSCI, New Solutions Financial Corporation ("NSFC") and New Solutions Financial (II) Corporation ("NSFII") (collectively the "New Solutions Companies") during the Relevant Period.

7. Throughout the Relevant Period, Ovenden was a directing and a controlling mind of each of the New Solutions Companies. In that capacity, Ovenden bears responsibility for his own conduct, and for the conduct of each of the New Solutions Companies.

#### **NSCI**

8. NSCI is an Ontario corporation, and was registered as an LMD from June 14, 2006 until January 1, 2009, when its registration was suspended for non-payment of annual participation fees. NSCI's registration as an LMD was reinstated on January 19, 2009. On September 28, 2009, NSCI's LMD registration category was changed to EMD with the implementation of NI 31-103. NSCI's registration was suspended on April 26, 2012.

9. NSCI traded in debentures issued by NSFII to accredited investors.

#### **NSFII**

10. NSFII was incorporated federally and has never been registered with the Commission. NSFII was not a reporting issuer in Ontario during the Relevant Period.

11. NSFII issued debentures to investors throughout Canada.

#### **NSFC**

12. NSFC was incorporated in Ontario and has never been registered with the Commission.

13. NSFC advanced funds raised from investors who purchased debentures issued by NSFII to persons and companies in the form of factored receivables and loans.

#### **Trades in NSFII Debentures to Investors**

14. During the Relevant Period, there were approximately 190 trades in debentures of NSFII to new and existing investors, totaling approximately \$25 million. Of that amount, about \$15 million of debentures were purchased using funds rolled over from matured debentures and about \$10 million of debentures were purchased using new investor funds.

#### **Misrepresentations and Omissions**

15. Through interactions with investors and potential investors and documents provided to them, referred to below, Ovenden, the New Solutions Companies and their agents and employees misled and/or failed to properly inform investors and potential investors about the true state of affairs of NSFC and its underlying portfolio, and the risks associated with investing in NSFII debentures. Ovenden and the New Solutions Companies also failed to properly inform investors and potential investors that their funds would be loaned to companies owned and/or controlled directly or indirectly by Ovenden, to Ovenden's business associates and/or to companies owned or controlled directly or indirectly by Ovenden or his business associates.

16. During the Relevant Period, investors and potential investors were variously provided with:

- a) NSFC Semi-Annual Reports dated February 2009, August 2009, February 2010, Summer 2010 and Winter 2011;
- b) a brochure entitled "New Solutions Financial (II) Corporation 1-Year, 3-Year, 5-Year Non-Redeemable, Non-Convertible Secured Term Debentures" (the "Debentures Brochure");
- c) a brochure entitled "Top 5 Questions for New Solutions Financial (II) Corporation Secured Term Debentures" (the "Top 5 Brochure");
- d) a brochure entitled "A Conservative Entrepreneurial Investment" (the "Conservative Brochure");
- e) an NSFII offering memorandum dated December 15, 2008 (the "2008 OM"); and
- f) an NSFII offering memorandum dated August 10, 2010 (the "2010 OM").

### Safety and Risks Associated with Investment

17. The February 2009 Semi-Annual Report was co-signed by Ovenden as Chair and Chief Executive Officer of NSFC. It stated that NSFC offered "safe above market returns to [its] investors...while maintaining an acceptable risk profile in all the lending transactions [it] become[s] involved in." The same report also provided that "the success of [its] borrowers continue [sic] to be the prime factors in [its] success."

18. The August 2009 Semi-Annual Report was co-signed by Ovenden as Chair and Chief Executive Officer of NSFC. The Conclusion in the August 2009 Semi-Annual Report stated in part: "While the road to economic recovery appears to be opening up before us, the stability we seek as investors and lenders will remain elusive in the short term. Nonetheless we are confident that our processes and experienced personnel are more than up to the task of ensuring our continued profitability during these difficult times."

19. The brochures included claims that:

- the investments were "[b]acked by a portfolio of managed receivables from companies with deemed "A" credit ratings or better" and offered "safety of investment from: [d]iversification of [the] underlying borrower pool" (Debentures Brochure );
- "[d]iversification of [an] "A" rated or better quality accounts receivable pool" (Debentures Brochure );
- "[NSFC] ... will use proceeds to lend/factor against **"A" rated or better** accounts receivables owed to borrowing mercants"<sup>1</sup> (Top 5 Brochure);
- "An Investment in New Solutions Financial Corporation Debentures Provides Access to:...[c]onservative structure and historical surplus security" (Conservative Brochure); and
- "A stringent approach to asset based lending provides an investor an acceptable low-risk way to generate returns" (Conservative Brochure).

20. Contrary to the statements referred to above, which assured investors and potential investors of the safety, quality and profitability of investments in NSFII debentures, NSFC provided bridge loans, asset based financing services and other credit facilities to high risk entities.

### Loans to Ovenden's Companies, Associates' Companies and Others

21. Ovenden co-signed a certificate dated December 15, 2008 by which he certified that the 2008 OM did not contain a misrepresentation. Ovenden signed a certificate dated August 10, 2010 by which he certified that the 2010 OM did not contain a misrepresentation.

22. While the 2008 and 2010 OMs each contained a section entitled "Risk Factors", neither the 2008 nor 2010 OMs disclosed that a significant portion of the loans were made to companies that were (or became) related parties and business associates.

23. As at June 30, 2009, at least 50% of the outstanding advances made by NSFC were to companies that were (or became) related parties and business associates.

24. In or around the commencement of the CCAA Proceeding as defined below, Ovenden caused companies owned and/or controlled directly or indirectly by him to be transferred to NSFC.

### Proceeding under the *Companies' Creditors Arrangement Act*

25. In a related proceeding (the "CCAA Proceeding"), on application made by NSFC, NSFII, New Solutions Financial (III) Corporation, New Solutions Financial (VI) Corporation and 2055596 Ontario Limited (the "Companies"), the Ontario Superior Court of Justice issued an order on April 11, 2012 granting protection to the Companies under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA Order"). The CCAA Order has been extended from time to time and the CCAA Proceeding is ongoing. Pursuant to the CCAA Order, MNP Ltd. was appointed as monitor (the "Monitor") over the business and financial affairs of the Companies.

26. But for the appointment of the Monitor and the CCAA Proceeding, Staff would be seeking significant monetary sanctions, including costs, as against Ovenden and NSCI for the conduct set out herein.

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<sup>1</sup> (emphasis in original)

27. On April 19, 2013, the Monitor commenced a claim against Ovenden for damages for breach of duty (the "Civil Claim"). This Settlement Agreement is conditional upon settlement and court approval of the Civil Claim in the CCAA Proceeding.

**PART IV – CONDUCT CONTRARY TO SECTIONS 44(2) AND 129.2 OF THE *SECURITIES ACT*,  
SECTION 2.1 OF OSC RULE 31-505, AND CONTRARY TO THE PUBLIC INTEREST**

28. In the manner described above, Ovenden and NSCI made untrue statements about matters that a reasonable investor would consider relevant in deciding whether to enter into or maintain a trading or advising relationship and/or omitted information necessary to prevent the statements from being false or misleading in the circumstances in which they were made. As such, during the Relevant Period, Ovenden and NSCI breached subsection 44(2) of the *Securities Act*. Further, as registrants, Ovenden and NSCI breached section 2.1 of OSC Rule 31-505 – *Conditions of Registration* by failing to deal fairly, honestly and in good faith with their clients. Ovenden and NSCI also engaged in conduct contrary to the public interest.

29. In his role as director and an officer of the New Solutions Companies, Ovenden permitted or acquiesced in the non-compliance of the New Solutions Companies with Ontario securities law and, accordingly, failed to comply with Ontario securities law contrary to section 129.2 of the *Securities Act*.

**PART V – TERMS OF SETTLEMENT**

30. Ovenden and NSCI agree to the terms of settlement set out below.

31. The Commission will make an order pursuant to section 127(1) and section 127.1 of the *Securities Act* that:

- (a) the Settlement Agreement is approved;
- (b) Ovenden's registration shall be terminated and he shall not apply for or obtain registration with the Commission;
- (c) NSCI's registration shall be terminated and it shall not apply for or obtain registration with the Commission;
- (d) Ovenden shall cease trading in any securities and derivatives for a period of 15 years as of and from the date of the order approving this Settlement Agreement (the "Order"), except that Ovenden may trade in securities for the account of his registered retirement savings plans and/or registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership;
- (e) NSCI shall permanently cease trading in any securities and derivatives as of and from the date of the Order;
- (f) Ovenden shall cease acquisitions of any securities for a period of 15 years as of and from the date of the Order, except that Ovenden may acquire securities for the account of his registered retirement savings plans and/or registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership;
- (g) NSCI shall permanently cease acquisitions of any securities as of and from the date of the Order;
- (h) any exemptions in Ontario securities law shall not apply to Ovenden for a period of 15 years as of and from the date of the Order;
- (i) any exemptions in Ontario securities law shall not apply to NSCI permanently as of and from the date of the Order;
- (j) Ovenden is reprimanded;
- (k) NSCI is reprimanded;
- (l) Ovenden shall resign any positions he holds as a director or officer of an issuer as of the date of the Order;
- (m) Ovenden is prohibited from becoming a director or officer of any issuer for a period of 15 years as of and from the date of the Order;
- (n) Ovenden shall resign any positions he holds as a director or officer of a registrant, investment fund manager or promoter as of the date of the Order; and



- (o) Ovenden is prohibited permanently from becoming a director or officer of a registrant, investment fund manager or promoter as of and from the date of the Order.

32. Ovenden and NSCI consent to a regulatory order made by any Canadian securities regulatory authority containing any or all of the sanctions set out in paragraph 31 above. These sanctions may be modified to reflect the provisions of the relevant securities law in that jurisdiction.

#### **PART VI – STAFF COMMITMENT**

33. If this Settlement Agreement is approved by the Commission, Staff will not commence any other proceeding under Ontario securities law against Ovenden and NSCI respecting the facts set out in Part III of the Settlement Agreement, subject to the provisions of paragraph 34 below.

34. If the Commission approves this Settlement Agreement and Ovenden and/or NSCI fail to comply with any of the terms of the Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Ovenden and/or NSCI. Staff further reserve the right to bring proceedings under Ontario securities law against Ovenden and/or NSCI if settlement and court approval of the Civil Claim in the CCAA Proceeding is not achieved or if Ovenden and/or NSCI fail to comply with any of the terms of the settlement and court approval of the Civil Claim in the CCAA Proceeding. 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 any breach of the Settlement Agreement.

#### **PART VII – PROCEDURE FOR APPROVAL OF SETTLEMENT**

35. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission according to the procedures set out in this Settlement Agreement and the Commission's Rules of Procedure.

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

37. If the Settlement Agreement is approved by the Commission, Ovenden and NSCI each agree to waive all of their rights to a full hearing, judicial review or appeal of the matter under the *Securities Act*.

38. If the Commission approves this Settlement Agreement, none of the parties will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

39. Whether or not the Commission approves this Settlement Agreement, neither Ovenden nor NSCI will 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**

40. If the Commission does not approve this Settlement Agreement or does not make the Order in substantially the same form as attached at Schedule "A":

- a. this Settlement Agreement and all discussions and negotiations between Staff, Ovenden and NSCI before the settlement hearing takes place will be without prejudice to Staff, Ovenden and NSCI; and
- b. Staff, Ovenden and NSCI will 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 Settlement Agreement.

41. The parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality regarding the terms of the Settlement Agreement. If the Commission does not approve the Settlement Agreement, the parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.

#### **PART IX – EXECUTION OF SETTLEMENT AGREEMENT**

42. The Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

43. A facsimile copy of any signature shall be as effective as an original signature.

**DATED** this 2nd day of April, 2014

"Ronald James Ovenden"

Ronald James Ovenden

DATED this 2nd day of April, 2014

"Ronald James Ovenden"

Ronald James Ovenden

New Solutions Capital Inc.

I have authority to bind the corporation.

DATED this 2nd day of April, 2014

"Tom Atkinson"

Tom Atkinson

Director, Enforcement Branch

Ontario Securities Commission

**Schedule "A"**

**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**

**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 "NSFC and NSFII 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 NSFC and NSFII Settlement Agreement;

**AND WHEREAS** by order dated April 10, 2013 the Commission approved the NSFC and NSFII Settlement Agreement;

**AND WHEREAS** Ovenden and NSCI (the "Remaining Respondents") entered into a settlement agreement with Staff dated April 2, 2014 (the "Settlement Agreement"), subject to the approval of the Commission;

**AND WHEREAS** on MONTH XX, 2014, the Commission issued a Notice of Hearing pursuant to section 127 of the Act to announce that it proposed to hold a hearing to consider whether it is in the public interest to approve the Settlement Agreement;

**AND UPON** reviewing the Settlement Agreement, the Notices of Hearing and the Statement of Allegations of Staff, and upon hearing submissions from counsel for Staff and counsel for the Respondents;

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

**IT HEREBY IS ORDERED** that:

- (a) the Settlement Agreement is approved;
- (b) pursuant to paragraph 1 of subsection 127(1) of the Act, the Remaining Respondents' registration shall be terminated and neither of the Remaining Respondents shall apply for or obtain registration with the Commission as of and from the date of this order ("the Order");
- (c) pursuant to paragraph 2 of subsection 127(1) of the Act, Ovenden shall cease trading in any securities and derivatives for a period of 15 years as of and from the date of the Order, except that Ovenden may trade in securities for the account of his registered retirement savings plans and/or registered retirement income funds (as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership;
- (d) pursuant to paragraph 2 of subsection 127(1) of the Act, NSCI shall permanently cease trading in any securities and derivatives as of and from the date of the Order;
- (e) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Ovenden is prohibited for a period of 15 years as of and from the date of the Order, except that Ovenden may acquire securities for the account of his registered retirement savings plans and/or registered retirement income funds

(as defined in the *Income Tax Act* (Canada)) in which he and/or his spouse have sole legal and beneficial ownership;

- (f) pursuant to paragraph 2.1 of subsection 127(1) of the Act, the acquisition of any securities by NSCI is prohibited permanently as of and from the date of the Order;
- (g) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to Ovenden for a period of 15 years as of and from the date of the Order;
- (h) pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law shall not apply to NSCI permanently as of and from the date of the Order;
- (i) pursuant to paragraph 6 of subsection 127(1) of the Act, each of the Remaining Respondents is reprimanded;
- (j) pursuant to paragraph 7 of subsection 127(1) of the Act, Ovenden shall resign any positions he holds as a director or officer of an issuer as of the date of the Order;
- (k) pursuant to paragraph 8 of subsection 127(1) of the Act, Ovenden is prohibited from becoming or acting as a director or officer of any issuer for a period of 15 years as of and from the date of the Order;
- (l) pursuant to paragraphs 8.1 and 8.3 of subsection 127(1) of the Act, Ovenden shall resign any positions he holds as a director or officer of a registrant or an investment fund manager as of the date of the Order;
- (m) pursuant to paragraphs 8.2 and 8.4 of subsection 127(1), Ovenden is prohibited permanently from becoming or acting as a director or officer of a registrant or an investment fund manager as of and from the date of the Order; and
- (n) pursuant to paragraph 8.5 of subsection 127(1), Ovenden is prohibited permanently from becoming or acting as registrant, as an investment fund manager, or as a promoter, and NSCI is prohibited permanently from becoming a registrant.

DATED at Toronto this \_\_\_\_ day of April, 2014.

\_\_\_\_\_  
Edward P. Kerwin

3.1.2 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

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

Hearing: In writing

Decision: April 24, 2014

Panel: Alan J. Lenczner, Q.C. – Commissioner and Chair of the Panel

Submissions: Donna E. Campbell – For Staff of the Commission

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REASONS AND DECISION

I. OVERVIEW

A. Background

[1] This was a written hearing before the Ontario Securities Commission (the “**Commission**”), pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”), to consider whether it is in the public interest to make an order imposing sanctions against David De Gouveia (the “**Respondent**” or “**Gouveia**”<sup>1</sup>).

[2] A Notice of Hearing was issued by the Commission on February 18, 2014, in connection with a Statement of Allegations that was filed by Staff of the Commission (“**Staff**”) on the same day against the Respondent.

[3] Staff relies on the decisions of the Alberta Securities Commission (the “**ASC**”) dated March 13, 2013 (*Re De Gouveia*, 2013 ABASC 106 (the “**ASC Merits Decision**”)) and June 6, 2013 (*Re De Gouveia*, 2013 ABASC 249 (the “**ASC Sanctions Decision**”)). The ASC found that Gouveia engaged in market manipulation from November 2008 to April 2009 (the “**Relevant Period**”) and, in doing so, breached subsection 93(a) of the Alberta *Securities Act*, R.S.A. 2000, c. S-4, as amended (the “**Alberta Act**”), and acted contrary to the public interest.

[4] Staff relies upon paragraph 4 of subsection 127(10) of the Act to reciprocate the ASC Sanctions Decision to impose sanctions against the Respondent, pursuant to paragraphs 2 and 2.1 of subsection 127(1) of the Act.

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<sup>1</sup> I have referred to the Respondent as “Gouveia”, a usage that the Panel at the Alberta Securities Commission (the “**ASC Panel**”) understood that he himself follows.

[5] In this written hearing, I have to decide whether the Respondent is subject to an order made by a securities regulatory authority, namely the ASC, that imposes sanctions, conditions, restrictions or requirements on the Respondent, and whether it is in the public interest to make a reciprocal order in Ontario.

## II. PRELIMINARY ISSUES

### A. Written Hearing

[6] Rule 11 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "**Rules of Procedure**") permits the Commission to conduct a proceeding by means of a written hearing. On March 19, 2014, the Commission held a hearing, at which Staff requested the matter be converted to a written hearing, in accordance with Rule 11.5 of the *Rules of Procedure* and subsection 5.1(2) of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended (the "SPPA").

[7] Staff filed the Affidavit of Service of Lee Crann, sworn March 17, 2014, evidencing service of the Notice of Hearing, the Statement of Allegations and disclosure, consisting of a copy of the ASC Merits Decision and the ASC Sanctions Decision. The affidavit was entered as Exhibit 1 at the hearing on March 19, 2014. I found that Gouveia, who was not present at the hearing, was properly served with notice of the hearing. On March 19, 2014, I granted Staff's application to proceed by way of written hearing and set a schedule for the service and filing of the parties' written materials regarding the written hearing in this matter (*Re David De Gouveia* (2014), 37 O.S.C.B. 3086 (the "**March 2014 Order**")).

### B. Failure of the Respondent to Participate

[8] Rule 7.1 of the Commission's *Rules of Procedure* permits the Panel to proceed in a party's absence and the party is not entitled to any further notice in the proceeding, if a Notice of Hearing was served on the party and the party does not attend the hearing. Subsection 7(2) of the SPPA authorizes a tribunal to proceed in the absence of a party when that party has been given notice of a written hearing and the party does not attend the hearing.

[9] Along with filing the Affidavit of Service of Lee Crann, sworn March 17, 2014, mentioned in paragraph 7 above, Staff also filed the Affidavit of Service of Lee Crann, sworn April 2, 2014, demonstrating service of the March 2014 Order, Staff's written submissions, its brief of authorities and its hearing brief in respect of the written hearing in this matter. In addition, the affidavit evidenced service of a set of instructions on how the Respondent could access cases contained within the Commission's Book of Authorities. The March 2014 Order permitted the Respondent to serve and file responding materials to Staff's written materials no later than April 22, 2014. The Respondent did not file evidence or make submissions.

[10] I am satisfied that Staff served the Respondent with the Notice of hearing, the Statement of Allegations and disclosure, as evidenced by the Affidavits of Service of Lee Crann, sworn March 17 and April 2, 2014. I note that the Notice of Hearing, the Statement of Allegations and the March 2014 Order have been posted and made available to the public on the Commission's website. I am therefore authorized to proceed in the absence of the Respondent, in accordance with subsection 7(2) of the SPPA and Rule 7.1 of the Commission's *Rules of Procedure*.

## III. THE ASC MERITS DECISION AND THE ASC SANCTIONS DECISION

[11] On March 13, 2013, the ASC Panel issued the ASC Merits Decision in relation to the allegations against Gouveia. The ASC Panel made the following findings and conclusions:

[128] ... Gouveia engaged in acts, practices and a course of conduct relating to a security (Magellan Shares) that he knew or ought reasonably to have known resulted in or contributed to both (i) a false or misleading appearance of trading activity in Magellan Shares, and (ii) an artificial price for Magellan Shares. The alleged breaches of section 93(a) of the [Alberta Act] are proved.

[129] The capital market is the forum in which market participants can implement investment decisions founded on their respective understandings and assessments of the information available. Indications that another, or multiple other, market participants are interested in buying or selling a particular security at a particular time, at a particular price and in a particular volume will form a part – a potentially crucial part – of the informational backdrop to trading and investment decisions, and thus to the operation of the market as a whole.

[130] The efficiency and fairness of the capital market are impaired when such key information is distorted. Market participants who base their investment decisions, to any degree, on such distorted information are placed at an unfair disadvantage.

[131] Clearly, therefore, Gouveia's improper and illegal trading activity was contrary to the public interest. We so find.

(ASC Merits Decision, *supra* at paras. 128-131)

[12] On June 6, 2013, the ASC Panel released the ASC Sanctions Decision. The ASC Panel summarized some of the factual background and findings from the ASC Merits Decision as follows:

[4] Gouveia, a Calgary resident, took an interest in the stock market in 2005 and began trading through an online brokerage account (the first of several accounts he would open) in 2006. He also became an active commenter on stocks and trading, on an Internet “bulletin board” website.

[5] In mid-2008 Gouveia contacted the chief executive officer (the **CEO**) of Magellan, a Vancouver-headquartered junior gold mining company whose Magellan Shares were publicly traded. In the course of several conversations, Gouveia struck the CEO as “very knowledgeable and aggressive”. Magellan and its CEO were receptive to Gouveia’s suggestion that he could help spread the company story, through supposed personal contacts and by posting comments on the Internet. To this end, by a November 2008 agreement Magellan formally engaged Gouveia as a “corporate advisor”, his remuneration taking the form of options (**Magellan Options**) to buy Magellan Shares, exercisable in tranches at intervals from February 2009 to May 2010.

[6] Gouveia did not have the personal contacts or business sophistication he claimed. At the time, he was working on oil rigs, with periodic breaks when he would return home and apply himself to the stock market. Still, he took seriously his engagement by Magellan and continued to impress Magellan’s CEO with a façade of knowledge.

[7] Gouveia traded, at times furiously, in Magellan Shares – on 70% of the trading days during the Relevant Period placing, amending and cancelling trading (buy or sell) orders, sometimes mere minutes or seconds apart. An expert witness noted in the Merits Hearing that Gouveia repeatedly:

- both bought and sold Magellan Shares on the same day – “normally selling ... at prices lower than he had paid”, or selling and then buying at a higher price;
- sold Magellan Shares “multiple times on some days”, and “regardless of the profit or loss implications”;
- “flattened” his holdings of Magellan Shares – selling all the shares he had amassed in prior purchases, rather than building his position;
- engaged in “wash trades” – 12 were identified – in which he was both buyer and seller;
- bought mostly (77% of his purchases) on upticks (at a price higher than the preceding trade on the market) and sold generally at a loss;
- bought at the highest price for the day – in several instances, setting the closing price for the trading day; and
- executed trades at the highest price for the particular month – doing this in five of the six months of the Relevant Period (and thereby set the monthly closing price once, not five times as the Merits Decision incorrectly indicated).

[8] Troubling aspects of Gouveia’s trading in Magellan Shares were spotted and brought to his attention during the Relevant Period, culminating in March 2009 when his brokerage firm at the time, after an internal investigation, effectively fired him as a client. Gouveia responded by opening new brokerage accounts elsewhere and resuming similar trading patterns.

[9] Gouveia exercised all his Magellan Options and sold the resulting Magellan Shares at a profit totalling some \$122 000.

[10] Gouveia did not deny that his trading had some unusual characteristics, but he attributed these to a combination of ignorance, impatience, naïveté and simple error. He maintained that his trading was motivated by a genuine investment intent – essentially what he told his first brokerage firm when it questioned him – to profitably accumulate Magellan Shares.

[11] The evidence did not support such explanation, and we rejected it. We found that Gouveia knew or reasonably ought to have known that his impugned trading would result in or contribute to a false or misleading appearance of trading activity in, and an artificial price for, Magellan Shares.

As such, we found that he had breached section 93(a) of the [Alberta Act] and acted contrary to the public interest.

[Emphasis in original]

(ASC Merits Decision, *supra* at paras. 4-11)

[13] The ASC Sanctions Decision imposes the following sanctions and costs orders on Gouveia:

- under section 198(1)(b) of the [Alberta Act], Gouveia must cease trading in or purchasing any securities or exchange contracts, for 10 years to and including 6 June 2023;
- under section 199, he must pay an administrative penalty of \$75 000; and
- under section 202, he must pay \$60 000 of the costs of the investigation and hearing.

(ASC Sanctions Decision, *supra* at para. 63)

[14] Staff relies on the inter-jurisdictional enforcement provisions in subsection 127(10) of the Act in requesting that a protective order be issued against the Respondent in the public interest. Specifically, Staff requests that Gouveia cease trading in securities until June 6, 2023, pursuant to paragraph 2 of subsection 127(1) of the Act, and that Gouveia be prohibited from acquiring any securities until June 6, 2023, pursuant to paragraph 2.1 of subsection 127(1) of the Act.

#### IV. THE LAW

[15] When exercising the public interest jurisdiction under section 127 of the Act, I must consider the purposes of the Act. These purposes are set out in section 1.1 of the Act and are as follows:

- (a) to provide protection to investors from unfair, improper or fraudulent practices; and
- (b) to foster fair and efficient capital markets and confidence in capital markets.

[16] In pursuing the purposes of the Act, the Commission must have regard to the principles described in section 2.1 of the Act, namely that the primary means for achieving the purposes of the Act are:

- i. requirements for timely, accurate and efficient disclosure of information,
- ii. restrictions on fraudulent and unfair market practices and procedures, and
- iii. requirements for the maintenance of high standards of fitness and business conduct to ensure honest and responsible conduct by market participants.

[17] The Supreme Court of Canada has described the Commission's public interest jurisdiction as follows:

... the purpose of an order under s. 127 is to restrain future conduct that is likely to be prejudicial to the public interest in fair and efficient capital markets. The role of the [Commission] under s. 127 is to protect the public interest by removing from the capital markets those whose past conduct is so abusive as to warrant apprehension of future conduct detrimental to the integrity of the capital markets.

(*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, [2001] 2 S.C.R. 132 at para. 43)

[18] Paragraph 4 of subsection 127(10) of the Act provides as follows:

**127(10) Inter-jurisdictional enforcement** – Without limiting the generality of subsections (1) and (5), an order may be made under subsection (1) or (5) in respect of a person or company if any of the following circumstances exist:

[...]

4. The person or company is subject to an order made by a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, that imposes sanctions, conditions, restrictions or requirements on the person or company.



[...]

[19] If I am satisfied that the requirements under paragraph 4 of subsection 127(10) of the Act are met, I may make a protective order in the public interest under subsection 127(1) of the Act.

[20] The Commission has concluded that an order can be made against a Respondent, pursuant to the Commission's public interest jurisdiction under section 127 of the Act, "on the basis of decisions and orders made in other jurisdictions", if it is necessary "to protect investors in Ontario and the integrity of Ontario's capital markets" (*Re Euston Capital Corp.* (2009), 32 O.S.C.B. 6313 at para. 46).

[21] When making an order in the public interest, pursuant to subsection 127(10) of the Act, the Commission has provided that:

An important factor to consider is, if the facts had occurred in Ontario, whether the respondent's conduct would have constituted a breach of the Act and been considered to be contrary to the public interest, such that it would attract the same or similar sanctions.

(*Re JV Raleigh Superior Holdings Inc.* (2013), 36 O.S.C.B. 4639 ("**Re JV Raleigh**") at para. 16)

[22] The Commission has been aware of and responsive to an increasingly complex and interconnected cross-border securities industry. Accordingly, the Commission has held that for comity to be effective and the public interest to be protected, the threshold for reciprocity must be low (*McLean v. British Columbia (Securities Commission)*, [2013] S.C.J. No. 67 at paras. 15 and 51; *Re JV Raleigh*, *supra* at paras. 21-26; *Re New Futures Trading International Corp.* (2013), 36 O.S.C.B. 5713 at paras. 22-27).

[23] General deterrence is an important factor in imposing sanctions. The Supreme Court of Canada has stated that "it is reasonable to view general deterrence as an appropriate, and perhaps necessary, consideration in making orders that are both protective and preventative" (*Re Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60). The Commission will also consider the specific circumstances of each case and ensure that sanctions are proportionate to those circumstances (*Re M.C.J.C. Holdings Inc.* (2002), 25 O.S.C.B. 1133 ("**Re M.C.J.C. Holdings**") at 1134). Sanctions must be fair and proportional to the misconduct of a respondent.

[24] In determining the nature and duration of the appropriate sanctions to impose on the Respondent, I must consider all the relevant facts and circumstances before me, including:

- (a) the seriousness of the allegations proved;
- (b) the respondents' experience in the marketplace;
- (c) the level of a respondent's activity in the marketplace;
- (d) the size of any profit (or loss avoided) from the illegal conduct;
- (e) the restraint any sanctions may have on the ability of a respondent to participate without check in the capital markets;
- (f) the size of any financial sanction or voluntary payment;
- (g) the remorse of the respondent; and
- (h) any mitigating factors.

(*Re Belteco Holdings Inc.* (1998), 21 O.S.C.B. 7743 at 7746; *Re M.C.J.C. Holdings Inc.* (2002), *supra* at 1134-1136)

#### IV. ANALYSIS

[25] As a result of the ASC Sanctions Decision, Gouveia is subject to trading and acquisition bans of securities for 10 years, up to and including June 6, 2023. He is also subject to pay an administrative penalty of \$75,000 and a costs order of \$60,000.

[26] I find that Gouveia is subject to an order made by a securities regulatory authority, being the ASC, that imposes sanctions, conditions, restrictions or requirements on him, thereby meeting the threshold criteria set out in paragraph 4 of

subsection 127(10) of the Act. As such, I may make an order under subsection 127(1) of the Act in this matter if I consider it in the public interest to do so.

[27] I agree with the conclusion of the ASC Panel, which found that manipulative trading, such as the trading engaged by Gouveia, “undermines the integrity of the capital market”, it is “unfair to investors” and it “jeopardizes the confidence in the capital market on which legitimate investor interest and capital formation depend” (ASC Sanctions Decision, *supra* at para. 28).

[28] I note that the ASC Panel also found that Gouveia’s misconduct “[e]xposed market participants to direct financial harm as a result of misinformed investment decisions ... [m]ore generalized harm to investor confidence and market integrity is also foreseeable; the potential for harm was widespread” (ASC Sanctions Decision, *supra* at para. 30). As such, I agree with the ASC Panel in its finding that Gouveia presents a risk of future harm to investors and the capital market, and I therefore find that it is appropriate to make a protective order under subsection 127(1) of the Act.

[29] Having regard to the factors that are summarized in paragraph 24 above, I consider the following facts and circumstances to be of particular relevance:

- Gouveia was found by the ASC Panel to have breached Alberta securities law;
- the ASC Panel found that Gouveia’s behaviour was the behaviour of an “alert, observant and active trader willingly sending price signals not prompted by a bona fide investment motivation” (ASC Merits Decision, *supra* at para. 118);
- the ASC Panel found that Gouveia’s trading behaviour resulted in or contributed to artificial prices for Magellan Shares and, had such conduct occurred in Ontario, I find that Gouveia’s conduct would have constituted a contravention of the Act;
- the ASC Panel imposed multiple sanctions against Gouveia, including 10-year trading and acquisition bans in securities; and
- in my view, the Respondent has not expressed remorse and there are no mitigating factors or circumstances.

[30] Based on the foregoing, I conclude that it is in the public interest to make an order under subsection 127(1) of the Act to prevent the Respondent from accessing the capital markets in Ontario and to protect these markets and investors in Ontario.

## **VII. CONCLUSION**

[31] For the reasons stated above, I conclude that it is in the public interest to make an order under subsection 127(1) of the Act. An order will be issued that will impose the following sanctions on the Respondent:

- (a) pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Gouveia shall cease up to and including June 6, 2023; and
- (b) pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Gouveia shall be prohibited up to and including June 6, 2023.

**DATED** at Toronto this 24th day of April, 2014.

“Alan J. Lenczner”

## 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
Colossus Minerals Inc.	29 April 14	12 May 14		
Movarie Capital Ltd.	14 April 14	25 April 14		28 April 14
Premier Diagnostic Health Services Inc.	13 Feb. 14			28 April 14
Stealth Minerals Limited	15 April 14	28 April 14	28 April 14	

### 4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

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

THERE ARE NO NEW ITEMS FOR THIS WEEK.

### 4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Carpathian Gold Inc.	4 April 14	16 April 14	16 April 14		
Mediterranean Resources Ltd.	08 April 14	21 April 14	21 April 14		

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## **Chapter 7**

# **Insider Reporting**

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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](http://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](http://www.sedi.ca)).



## Chapter 8

# Notice of Exempt Financings

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### REPORTS OF TRADES SUBMITTED ON FORMS 45-16F1 AND 45-501F1

Transaction Date	No of Purchasers	Issuer/Security	Total Purchase Price (\$)	No of Securities Distributed
03/07/2014	10	Acheson Commercial Corner RRSP Inc. - Bonds	184,000.00	N/A
01/31/2014	71	ACM Commercial Mortgage Fund - Units	16,643,324.93	148,409.38
11/04/2013	1	AllianceBernstein Global Style Blend (CAD Half-Hedged) Fund - Units	218,950.00	10,481.09
01/21/2014	2	Alothon Fund III L.P. - Limited Partnership Interest	31,607,799.88	N/A
12/31/2013	1	AlpInvest Secondaries Fund (Offshore) V L.P. - Limited Partnership Interest	159,400,000.00	N/A
02/20/2014	1	Altira Management VI LLC - Limited Partnership Interest	7,673,400.00	N/A
01/02/2013 to 12/31/2013	544	Barometer Tactical Exchange Traded Fund Pool - Trust Units	11,473,574.91	1,094,500.38
01/02/2013 to 12/02/2013	8	Bloom Burton Canadian Healthcare Fund LP - Limited Partnership Units	435,000.00	43,629.12
01/02/2013 to 12/31/2013	26	Bloom Burton Healthcare Structured Lending Fund LP - Limited Partnership Units	3,014,000.00	30,140.00
01/31/2014	11	B.E.S.T. Active 365 Fund LP - Limited Partnership Units	1,191,800.00	N/A
02/01/2013	1	Canyon Balanced Fund (Cayman) Ltd. - Common Shares	1,997,400.00	N/A
12/24/2013	1	CapVest Equity Partners III L.P. - Limited Partnership Interest	43,566,000.00	N/A
01/26/2013 to 10/15/2013	1	CIF Global High Income Opportunities Fund - Common Shares	216,362.40	8,316.47
01/02/2013 to 10/01/2013	5	DEADIS Capital LP - Units	2,466,078.64	N/A
07/08/2011 to 06/29/2012	2423	Dynamic Alpha Performance Fund - Units	145,046,843.71	20,472,340.30
09/09/2011	1	Dynamic Focus+Alternative Fund - Units	223,143.50	23,814.67
07/29/2011 to 06/29/2012	36	Dynamic Income Opportunities Fund - Units	1,505,773.12	129,082.77
07/08/2011 to 06/29/2012	19	Dynamic Power Emerging Markets Fund - Units	293,958.86	68,730.10
07/08/2011 to 06/29/2012	194	Dynamic Power Hedge Fund - Units	106,346,581.46	1,675,653.06
07/04/2011 to 06/29/2012	530	Dynamic Real Estate & Infrastructure Income Fund - Units	35,965,963.63	2,987,624.74

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
06/27/2013 to 12/31/2013	3	EnTrust Capital Special Opportunities Fund - Common Shares	2,940,440.00	2,800.00
01/28/2014	82	Equicapita Income Trust - Trust Units	1,335,638.00	1,335,638.00
01/28/2014	82	Equicapital Income L.P. - Limited Partnership Units	672.82	672,819.00
01/09/2014 to 01/17/2014	97	Fisgard Capital Corporation - Common Shares	349,562.93	N/A
01/01/2013 to 12/31/2013	1337	Fonds de Croissance Alternatif Globevest Capital - Units	104,966,669.00	10,558,718.00
01/01/2013 to 12/31/2013	521	Fonds Equilibre Globevest Capital - Units	13,917,945.00	1,529,546.00
02/01/2013 to 12/01/2013	15	Formula Growth Alpha II Fund LP - Units	1,222,343.44	N/A
02/01/2013 to 12/01/2013	3	Formula Growth Alpha II Fund LP - Units	200,000.00	N/A
12/31/2012 to 11/29/2013	39	Formula Growth Hedge Fund - Units	8,154,559.99	N/A
12/31/2012 to 11/29/2013	3	Formula Growth Hedge Fund - Units	127,500.00	N/A
12/31/2012 to 11/29/2013	98	Formula Growth Hedge Fund - Units	4,512,818.00	N/A
12/31/2012 to 11/29/2013	2	Formula Growth Hedge Fund - Units	128,562.50	N/A
01/31/2012 to 11/29/2013	10	Formula Growth Hedge Fund - Units	9,665,609.81	N/A
01/02/2014	1	Generation IM Fund plc - Generation IM Global Equity Fund - Units	19,783,009.73	77,013.85
02/28/2014	115	Ginkgo Mortgage Investment Corporation - Preferred Shares	1,140,416.40	114,041.64
01/31/2014	116	Ginkgo Mortgage Investment Corporation - Preferred Shares	1,558,588.69	155,858.87
03/24/2013 to 11/25/2013	21	Global Investors Series plc - Total Return Bond Fund - Common Shares	182,689,198.12	66,428.36
07/26/2013	1	Global Investors Series plc - CommoditiesPLUS Strategy Fund - Common Shares	56,568.19	7,550.00
01/03/2013 to 10/09/2013	3	Global Investors Series plc - Diversified Income Fund - Common Shares	4,740,676.11	389,249.40
05/02/2013 to 10/30/2013	4	Global Investors Series plc - Emerging Markets Bond Fund - Common Shares	304,635.09	8,220.00
06/18/2013	1	Global Investors Series plc - Emerging Markets Corporate Bond Fund - Common Shares	110,326.42	9,100.00
04/09/2013 to 10/30/2013	10	Global Investors Series plc - Global High Yield Bond Fund - Common Shares	1,148,391.95	66,428.36
05/09/2013 to 07/22/2013	3	Global Investors Series plc - Global Investment Grade Credit Fund - Common Shares	209,441.92	113,460.00



**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
06/18/2013 to 10/25/2013	3	Global Investors Series plc - Global Multi-Asset Fund - Common Shares	430,430.83	26,350.00
10/09/2013	1	Global Investors Series plc - Global Real Return Fund - Common Shares	10,213.80	604.00
06/06/2013 to 07/16/2013	2	Global Investors Series plc - High Yield Bond Fund - Common Shares	446,886.91	45,239.00
08/02/2013 to 11/25/2013	10	Global Investors Series plc - Income Fund - Units	1,157,299.20	83,596.00
07/30/2013 to 12/19/2013	13	Global Investors Series plc - Low Average Duration Fund - Common Shares	2,056,565.00	147,027.68
08/09/2013 to 10/29/2013	4	Global Investors Series plc - UK Corporate Bond Fund - Common Shares	338,492.10	20,342.00
08/09/2013 to 12/17/2013	4	Global Investors Series plc - UK Sterling Low Average Duration Fund - Units	654,582.11	42,861.00
07/05/2013 to 09/24/2013	2	Global Investors Series plc - Unconstrained Bond Fund - Common Shares	447,844.62	37,935.05
12/31/2012 to 12/31/2013	1	GMO Credit Opportunities Fund - Units	13,839,923.96	N/A
12/31/2012 to 12/31/2013	1	GMO Mean Reversion Fund (Offshore) LP - Units	263,017,775.78	N/A
02/06/2014	34	Greystone Real Estate Fund Inc. - Common Shares	121,228,000.00	1,190,225.13
04/01/2013 to 12/31/2013	646	Guardian Short Duration Bond Fund - Units	17,948,626.77	1,794,559,582.00
05/27/2013 to 12/31/2013	76	Guardian Strategic Income Fund - Units	8,682,988.42	854,662.76
12/31/2013	1	HBK Multi-Strategy Offshore Fund Ltd. - Units	2,699,728.02	2,538.29
03/01/2014	1	HBK Quantitative Strategies Offshore Fund L.P. - Limited Partnership Interest	31,612,200.00	N/A
02/02/2013 to 12/20/2013	12	ICG Senior Debt Partners Fund - Common Shares	433,295,088.96	N/A
02/01/2013 to 11/01/2013	6	Inflection Strategic Opportunities Fund - Trust Units	775,663.00	N/A
01/31/2014	8	Invico Diversified Income Fund - Trust Units	847,500.00	N/A
01/31/2014	3	Invico Diversified Income Fund - Trust Units	6,200.00	N/A
01/31/2014	57	Invico Diversified Income Fund - Trust Units	1,432,040.00	N/A
01/25/2013 to 12/31/2013	99	KFA Balanced Pooled Fund - Units	10,062,883.00	757,080.24
01/31/2013 to 12/31/2013	137	Lawrence Park Credit Strategies Fund - Trust Units	22,603,633.34	2,260,363.33
01/29/2014	2	Macquarie Infrastructure Partners III L.P. - Limited Partnership Interest	172,794,000.00	N/A
01/31/2014	15	MCF Securities Inc. - Units	906,696.37	906,696.37

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
03/01/2013 to 12/01/2013	7	Millennium International Ltd. - Common Shares	34,024,546.40	N/A
01/01/2013 to 12/31/2013	1	Morgan Stanley HedgePremier Pars Offshore Fund Ltd. - Units	308,730.00	276.25
01/01/2013 to 12/31/2013	1	Morgan Stanley HedgePremier/Discovery Partners Offshore Fund Ltd. - Units	154,365.00	113.54
01/01/2013 to 12/31/2013	1	Morgan Stanley HedgePremier/Ivory Flagship Fund Ltd. - Units	154,365.00	135.39
02/28/2014	28	Morrison Laurier Mortgage Corporation - Preferred Shares	798,110.00	N/A
01/31/2014	14	Morrison Laurier Mortgage Corporation - Preferred Shares	1,022,000.00	N/A
02/01/2014 to 02/24/2014	7	New Haven Mortgage Income Fund (1) Inc. - Special Shares	309,281.00	N/A
01/01/2014 to 01/29/2014	8	New Haven Mortgage Income Fund (1) Inc. - Special Shares	74,751.00	N/A
09/01/2013 to 12/01/2013	11	Nipun Asia Total Return Offshore Fund Ltd. - Common Shares	34,013,146.00	32,425.00
01/01/2013 to 12/31/2013	6	Non-US Equity Managers: Portfolio 4 Offshore L.P. - Common Shares	9,974,550.00	81,000.00
01/31/2013 to 12/31/2013	98	NWM Alternative Strategies Fund - Units	15,105,541.22	N/A
05/01/2013 to 11/01/2013	3	OZ Overseas Fund II Ltd. - Common Shares	16,432,950.30	N/A
01/01/2013 to 12/31/2013	217	Pacifica Partners Tactical Balanced Fund - Trust Units	4,242,977.73	N/A
05/08/2012	1	PanAgora Diversified Risk Multi-Asset Fund Ltd. - Common Shares	124,775,056.00	1,248,125.00
01/15/2013 to 12/31/2013	117	Perennial Fixed Income Portfolio - Units	4,122,815.40	369,301.76
02/18/2014	1266	Romspen Mortgage Investment Fund - Units	3,109,240.00	310,924.00
01/15/2014	1273	Romspen Mortgage Investment Fund - Units	3,017,430.00	301,743.00
02/03/2014	49	Romspen Mortgage Investment Fund - Units	10,827,760.00	1,082,776.00
01/02/2014	61	Romspen Mortgage Investment Fund - Units	23,248,750.00	2,324,875.00
12/30/2013	11	Saint John Carbon Inc. (Formerly Torch River Resources Ltd.) - Common Shares	300,000.00	6,000,000.00
01/02/2013 to 12/31/2013	6	Sanford C. Bernstein Core Plus Bond Fund - Units	32,966,793.88	1,083,146.41
01/30/2013 to 12/31/2013	2	Sanford C. Bernstein International Value Equity (Cap-Weighted, Unhedged) Fund - Units	3,031,829.47	152,047,134.00
01/01/2013 to 12/31/2013	5	Scheer, Rowlett & Associates Balanced Fund - Trust Units	20,536,745.13	1,763,644.74
01/01/2013 to	3	Scheer, Rowlett & Associates Bond Fund - Trust	12,206,161.59	1,226,315.17

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
12/31/2013		Units		
01/01/2013 to 12/31/2013	14	Scheer, Rowlett & Associates Canadian Equity Fund - Trust Units	113,244,248.86	7,862,538.33
01/01/2013 to 12/31/2013	4	Scheer, Rowlett & Associates EAFE Fund - Trust Units	3,211,951.69	376,440.04
01/01/2013 to 12/31/2013	2	Scheer, Rowlett & Associates Money Market Fund - Trust Units	3,268,154.39	326,815.44
01/01/2013 to 12/31/2013	3	Scheer, Rowlett & Associates US Equity Fund - Trust Units	2,709,556.29	324,968.44
02/13/2013	1	Schroder GAIA - Common Shares	2,003,999.77	17,190.99
08/26/2013	1	Schroder International Selection US Small & Mid-Cap - Common Shares	893,690.70	4,082.42
01/30/2014 to 02/06/2014	64	SecureCare Capital Inc. - Bonds	1,976,078.00	N/A
05/01/2013	1	Silver Point Capital Offshore Fund Ltd. - Units	3,318,600.00	234.00
01/01/2013 to 12/01/2013	19	Simcoe Partners L.P. - Limited Partnership Interest	12,201,962.50	N/A
01/01/2013 to 06/01/2013	5	Simcoe Partners Offshore Ltd. - Common Shares	1,519,050.00	N/A
02/07/2014	2	Sinclair-Cockburn Mortgage Investment Corporation - Common Shares	175,000.00	175,000.00
01/31/2013 to 10/31/2013	99	Sprott Absolute Return Income Fund - Trust Units	23,727,600.93	N/A
01/31/2013 to 12/31/2013	19	Sprott Bull/Bear RSP Fund - Trust Units	4,345,520.00	N/A
01/31/2013	12	Sprott Convertible Strategies Trust - Trust Units	2,069,205.45	N/A
01/31/2013 to 12/31/2013	46	Sprott Enhanced Long/Short Equity Fund LP - Limited Partnership Units	3,897,945.62	N/A
01/31/2013 to 12/31/2013	47	Sprott Enhanced Long/Short Equity RSP Fund - Trust Units	1,768,080.66	N/A
03/31/2013 to 12/31/2013	3	Sprott Hedge Fund LP - Units	30,443,570.67	1,057,296.57
01/31/2013 to 12/31/2013	66	Sprott Hedge Fund LP II - Limited Partnership Units	31,886,035.12	N/A
01/31/2013 to 11/29/2013	754	Sprott Private Credit Trust - Trust Units	100,759,710.81	N/A
11/29/2013	1	Sprott Small Cap Hedge Fund - Trust Units	250,000.00	20,305.88
01/01/2013 to 12/31/2013	3	Sprucegrove: Non-US Equity LLC Offshore - Common Shares	4,337,545.00	42,500.00
01/31/2014	1	SPX Fund Segregated Portfolio Canadian Eagle - Common Shares	250,605,000.00	N/A
01/01/2013 to 12/31/2013	1	SRA/PCJ Canadian Equity Core Fund - Trust Units	6,049,958.39	766,811.94

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
01/01/2013 to 12/01/2013	5	Stornoway Recovery Fund LP - Limited Partnership Units	1,695,500.00	1,695.50
01/02/2013 to 12/02/2013	6	Stratigis Goforth Technical Fund LP - Limited Partnership Units	1,100,000.00	119,874.19
01/02/2013 to 12/02/2013	2	Stratigis Uber Strategies Fund LP - Limited Partnership Units	550,000.00	51,896.92
01/02/2013 to 09/09/2013	3	Takota Premium Value Partnership LP (formerly, Premium Value Partnership LP) - Limited Partnership Units	46,908.39	99.73
01/01/2013 to 12/31/2013	2	Templeton China Opportunities Fund - Common Shares	30,418.93	2,462.24
01/25/2013 to 05/05/2013	17	Tera High Income Fund - Units	157,826.36	13,786.80
06/30/2013 to 09/30/2013	1	The Observatory Credit Markets Fund Limited - Common Shares	1,041,958.03	3,442.29
05/13/2013 to 11/27/2013	2	Tobam Anti Benchmark Emerging Markets (Fr.) - Units	138,565,748.33	13,728.04
04/01/2013 to 12/30/2013	152	Trez Capital Yield Trust - Units	46,167,525.51	4,616,752.55
01/02/2013 to 12/02/2013	1	Triumph Aggressive Opportunities Fund LP - Limited Partnership Units	17,991.50	1.99
01/02/2013 to 12/02/2013	13	Triumph Aggressive Opportunities Fund Trust - Trust Units	47,076.93	8,972.95
01/02/2013 to 12/02/2013	115	Triumph Base Metals Advantage Fund - Trust Units	461,855.85	59,915.53
01/02/2013 to 12/02/2013	15	Triumph Capital Appreciation LP - Limited Partnership Units	5,607,262.24	8,757.26
01/02/2013 to 12/02/2013	31	Triumph Capital Appreciation Trust - Trust Units	1,261,271.58	176,861.80
12/01/2013	1	Two Sigma Absolute Return Cayman Fund Ltd. - Common Shares	22,257,900.00	21,000.00
03/01/2010 to 10/01/2013	1	Two Sigma Northstar Fund LP - Limited Partnership Interest	622,620,000.00	N/A
01/16/2014	3	UBS (Canada) Global Allocation Fund - Units	250,000.00	26,221.00
01/20/2014	1	UBS (Canada) Global Allocation Fund - Units	37,000.00	3,879.02
01/24/2014 to 01/30/2014	5	UBS (Canada) High Yield Debt Fund - Units	291,470.00	25,374.52
01/13/2014 to 01/16/2014	4	UBS (Canada) High Yield Debt Fund - Units	37,294.00	3,290.10
02/03/2014	1	ValueAct Capital Management L.P. - Limited Partnership Interest	2,688,145.20	N/A
03/28/2013	1	Vontobel FCP - SIF - Global Emerging Markets Fund - Units	6,918,550.92	486,765.67
01/01/2013 to	2	Vontobel: Non-US Equity Offshore L.P. - Common	1,564,188.93	13,500.00

**Notice of Exempt Financings**

<b>Transaction Date</b>	<b>No of Purchasers</b>	<b>Issuer/Security</b>	<b>Total Purchase Price (\$)</b>	<b>No of Securities Distributed</b>
12/31/2013		Shares		
01/24/2014	3	VSS Communications Parallel Partners IV, L.P. - Limited Partnership Interest	1,755,324.00	N/A
01/21/2011	6	Walton DC Region Land LP 1 - Limited Partnership Units	683,897.55	68,692.00
04/15/2011	5	Walton Silver Crossing LP - Limited Partnership Units	1,224,124.11	111,949.00
03/18/2011	9	Walton Silver Crossing LP - Limited Partnership Units	823,115.90	83,616.00
02/25/2011	35	Walton Southern U.S. Land 2 Investment Corporation - Common Shares	978,000.00	97,800.00
01/02/2013 to 12/02/2013	1	Waratah Income Limited Partnership - Units	4,623,141.70	46,231.42
01/02/2013 to 12/02/2013	1	Waratah Income Limited Partnership - Units	1,194,058.42	8,587.91
01/02/2013 to 12/02/2013	1	Waratah Income Limited Partnership - Units	2,412,249.00	24,122.49
01/02/2013 to 12/02/2013	1	Waratah Income Limited Partnership - Units	495,000.00	4,950.00
01/02/2013 to 12/02/2013	1	Waratah One Limited Partnership - Units	17,907,532.60	179,075.33
01/02/2013 to 12/02/2013	1	Waratah One Limited Partnership - Units	1,224,386.91	8,628.25
01/02/2013 to 12/02/2013	1	Waratah One Limited Partnership - Units	8,957,364.90	89,573.65
04/15/2013 to 12/02/2013	10	Waratah Special Opportunities Limited - Units	3,616,000.00	36,160.00
04/15/2013 to 12/02/2013	1	Waratah Special Opportunities Limited Partnership - Units	48,982.78	4,698.61
02/28/2014	26	Western Lion Capital Inc. - Debentures	412,700.00	N/A
02/03/2014	3	York Investment Limited - Common Shares	10,632,960.00	10,632,960.00

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Altius Minerals Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated April 28, 2014  
NP 11-202 Receipt dated April 28, 2014

**Offering Price and Description:**

Up to \$65,000,000.00 - \* Common Shares  
Price: \$ \* per Common Share

**Underwriter(s) or Distributor(s):**

SCOTIA CAPITAL INC.  
HAYWOOD SECURITIES INC.  
BMO NESBITT BURNS, INC.  
SPROTT PRIVATE WEALTH L.P.  
RAYMOND JAMES LTD.  
SALMAN PARTNERS INC.

**Promoter(s):**

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**Project #2198470**

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**Issuer Name:**

Aurigen Capital Limited  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Long Form PREP  
Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
Canaccord Genuity Corp.  
TD Securities Inc.  
CIBC World Markets Inc.  
Goldman Sachs Canada Inc.  
National Bank Financial Inc.

**Promoter(s):**

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**Project #2190709**

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**Issuer Name:**

Anchor Capital Corporation  
Principal Regulator - Alberta

**Type and Date:**

Preliminary CPC Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

\$400,000.00 - 4,000,000 Common Shares  
Price: \$0.10 per common share

**Underwriter(s) or Distributor(s):**

Richardson GMP Limited

**Promoter(s):**

Darren Stark

**Project #2197867**

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**Issuer Name:**

Counsel Global Fixed Income  
Counsel Global Trend Strategy  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectuses dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

Series A, D, E, I and P Securities

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Counsel Portfolio Services Inc.

**Project #2197079**

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**Issuer Name:**

DiaMedica Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

Maximum Offering: \$\* (\*Common Shares)  
Minimum Offering: \$2,000,000 (\*Common Shares)  
Price: \$\* per Offered Share

**Underwriter(s) or Distributor(s):**

Paradigm Capital Inc.

**Promoter(s):**

-

**Project #2195711**

**Issuer Name:**

Dynamic Emerging Markets Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated April 25, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

Series A, C and FC Units

**Underwriter(s) or Distributor(s):**

1832 Asset Management L.P.

**Promoter(s):**

1832 Asset Management L.P.

**Project #2197778**

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**Issuer Name:**

FAM Real Estate Investment Trust  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated April 28, 2014  
NP 11-202 Receipt dated April 28, 2014

**Offering Price and Description:**

\$15,045,000.00 -1,700,000 Units

Price \$8.85 per Offered Unit

**Underwriter(s) or Distributor(s):**

TD SECURITIES INC.

CANACCORD GENUITY CORP.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

DESJARINS SECURITIES INC.

EURO PACIFIC CANADA INC.

NATIONAL BANK FINANCIAL INC.

**Promoter(s):**

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**Project #2196066**

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**Issuer Name:**

Grenville Strategic Royalty Corp. (formerly, Troon Ventures Ltd.)

Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

20,000,000 Common Shares Issuable on Exercise or

Deemed Exercise of 20,000,000 Special Warrants

Price: \$0.50 per Special Warrant

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.

Raymond James Ltd.

Canaccord Genuity Corp.

Haywood Securities Inc.

**Promoter(s):**

William R. Tharp

Steven Parry

**Project #2196079**

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**Issuer Name:**

IG Mackenzie Floating Rate Income Fund  
IG Putnam Emerging Markets Income Fund  
Investors Global Fixed Income Flex Portfolio  
Principal Regulator - Manitoba

**Type and Date:**

Preliminary Simplified Prospectuses dated April 24, 2014  
NP 11-202 Receipt dated April 24, 2014

**Offering Price and Description:**

Series A, B, C, JDSC, JNL and U Mutual Funds Units

**Underwriter(s) or Distributor(s):**

Investors Group Financial Services Inc.

Investors Group Securities Inc.

Investors Group Financial Services Inc. and Investors Group Securities Inc.

**Promoter(s):**

I.G. Investment Management Ltd.

**Project #2196897**

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**Issuer Name:**

Leith Wheeler Fixed Income Fund  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Simplified Prospectus dated April 17, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

Series B units

**Underwriter(s) or Distributor(s):**

Leith Wheeler Investment Funds Ltd.

**Promoter(s):**

Leith Wheeler Investment Counsel Ltd.

**Project #2195000**

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**Issuer Name:**

Melcor Real Estate Investment Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated April 23, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

\$20,235,000.00 - 1,900,000 Units

Price: \$10.65 per Offered Unit

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

TD Securities Inc.

National Bank Financial Inc.

Desjardins Securities Inc.

Canaccord Genuity Corp.

GMP Securities L.P.

Laurentian Bank Securities Inc.

Raymond James Ltd.

**Promoter(s):**

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**Project #2194387**

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**Issuer Name:**

Open Text Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

U.S. \$350,000,000.00

Common Shares  
Preference Shares  
Debt Securities  
Depositary Shares  
Warrants

Purchase Contracts

Units

Subscription Receipts

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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**Project #2197304**

**Issuer Name:**

Pattern Energy Group Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated April 25, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

US \$1,000,000,000.00

Class A Common Shares  
Debt Securities

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Pattern Energy Group LP

**Project #2197580**

**Issuer Name:**

Western Lithium USA Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Prospectus dated April 23, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

\$8,004,000.00 - 13,800,000 Units

Price: \$0.58 per Unit

**Underwriter(s) or Distributor(s):**

Dundee Securities Ltd.  
Haywood Securities Inc.

**Promoter(s):**

-

**Project #2196487**

**Issuer Name:**

AGF All Cap 30 Canadian Equity Fund (MF Series, Series F and Series O)

AGF Canada Class (MF Series, Series F, Series O, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)

AGF Canadian Growth Equity Class (MF Series, Series F and Series O) (Class of AGF All World Tax Advantage Group Limited)

AGF Canadian Large Cap Dividend Class (MF Series, Series F, Series O, Series T and Series V)

(Class of AGF All World Tax Advantage Group Limited)

AGF Canadian Large Cap Dividend Fund (MF Series, Series D, Series F, Series O, Series T, Series V and Classic Series)

AGF Canadian Small Cap Discovery Fund (MF Series, Series F and Series O)

AGF Canadian Small Cap Fund (MF Series, Series F and Series O)

AGF Canadian Stock Fund (MF Series, Series D, Series F, Series O, Series Q, Series T and Series V)

AGF Dividend Income Fund (MF Series, Series D, Series F, Series O, Series Q and Series V)

AGF American Growth Class (MF Series, Series D, Series F, Series O, Series Q, Series T and Series V)

(Class of AGF All World Tax Advantage Group Limited)

AGF American Growth Fund (Series S)

AGF Asian Growth Class (MF Series, Series F and Series O) (Class of AGF All World Tax Advantage Group Limited)

AGF Asian Growth Fund (Series S)

AGF China Focus Class (MF Series, Series F and Series O) (Class of AGF All World Tax Advantage Group Limited)

AGF EAFE Equity Fund (MF Series, Series F, Series O and Series Q)

AGF Emerging Markets Class (MF Series, Series F, Series O and Series Q) (Class of AGF All World Tax Advantage Group Limited)

AGF Emerging Markets Fund (MF Series, Series F, Series O and Series Q)

AGF European Equity Class (MF Series, Series F, Series O, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)

AGF Global Concentrated Fund (Series S)

AGF Global Dividend Fund (MF Series, Series F, Series O, Series Q, Series T and Series V)

AGF Global Equity Class (MF Series, Series F, Series O, Series Q, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)

AGF Global Equity Fund (MF Series, Series F, Series O and Series Q)

AGF Global Select Fund (formerly, AGF Aggressive Global Stock Fund) (MF Series, Series F and Series O)

AGF Global Value Class (MF Series, Series F, Series O, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)

AGF Global Value Fund (MF Series, Series D, Series F, Series O, Series T and Series V)

AGF International Stock Class (MF Series, Series F, Series O, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)  
AGF U.S. AlphaSector Class (MF Series, Series F, Series O, Series Q and Series W) (Class of AGF All World Tax Advantage Group Limited)  
AGF U.S. Risk Managed Fund (Series S)  
AGF U.S. Small-Mid Cap Fund (formerly, AGF Aggressive U.S. Growth Fund) (MF Series, Series F, Series O and Series Q)  
AGF Canadian Resources Class (MF Series, Series F and Series O) (Class of AGF All World Tax Advantage Group Limited)  
AGF Clean Environment Equity Fund (MF Series, Series F and Series O)  
AGF Global Resources Class (MF Series, Series F, Series O and Series Q) (Class of AGF All World Tax Advantage Group Limited)  
AGF Global Resources Fund (Series S)  
AGF Precious Metals Fund (MF Series, Series F, Series O and Series Q)  
AGF Canadian Asset Allocation Fund (MF Series, Series D, Series F, Series O, Series T and Series V)  
AGF Conservative Asset Allocation Fund (MF Series, Series F, Series O, Series T and Series V)  
AGF Diversified Income Class (MF Series, Series F, Series O and Series Q) (Class of AGF All World Tax Advantage Group Limited)  
AGF Diversified Income Fund (MF Series, Series F, Series O and Series Q)  
AGF High Income Class (MF Series, Series F, Series O and Series Q) (Class of AGF All World Tax Advantage Group Limited)  
AGF High Income Fund (MF Series, Series F, Series O and Series Q)  
AGF Monthly High Income Fund (MF Series, Series F, Series O, Series Q and Series T)  
AGF Tactical Income Fund (MF Series, Series F and Series O)  
AGF Traditional Balanced Fund (MF Series, Series D, Series F, Series O, Series T and Series V)  
AGF Traditional Income Fund (MF Series, Series F, Series O, Series Q, Series T and Series V)  
AGF Emerging Markets Balanced Fund (MF Series, Series F, Series O and Series Q)  
AGF Tactical Fund (Series S)  
AGF World Balanced Fund (MF Series, Series F, Series O, Series T and Series V)  
AGF Canadian Bond Fund (MF Series, Series D, Series F, Series O and Series Q)  
AGF Canadian Money Market Fund (MF Series, Series F and Series O)  
AGF Fixed Income Plus Fund (MF Series, Series F, Series O and Series Q)  
AGF Inflation Plus Bond Fund (MF Series, Series F and Series O)  
AGF Short-Term Income Class (MF Series, Series F and Series O) (Class of AGF All World Tax Advantage Group Limited)  
AGF Emerging Markets Bond Fund (MF Series, Series F, Series O and Series Q)

AGF Floating Rate Income Fund (MF Series, Series F, Series O, Series Q, Series T, Series V, and Series W)  
AGF Global Aggregate Bond Fund (MF Series, Series F and Series O)  
AGF Global Government Bond Fund (MF Series, Series F and Series O)  
AGF High Yield Bond Fund (MF Series, Series F, Series O and Series Q)  
AGF Total Return Bond Fund (MF Series, Series F, Series O and Series Q)  
AGF Elements Balanced Portfolio (MF Series, Series D, Series F, Series J, Series O, Series Q, Series T and Series V)  
AGF Elements Conservative Portfolio (MF Series, Series D, Series F, Series J, Series O and Series Q)  
AGF Elements Global Portfolio (MF Series, Series D, Series F, Series J, Series O and Series Q)  
AGF Elements Growth Portfolio (MF Series, Series D, Series F, Series J, Series O, Series Q, Series T and Series V)  
AGF Elements Yield Portfolio (MF Series, Series F, Series J, Series O and Series Q)  
AGF Elements Balanced Portfolio Class (MF Series, Series D, Series F, Series O, Series Q, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)  
AGF Elements Conservative Portfolio Class (MF Series, Series D, Series F, Series O and Series Q) (Class of AGF All World Tax Advantage Group Limited)  
AGF Elements Global Portfolio Class (MF Series, Series D, Series F, Series O and Series Q) (Class of AGF All World Tax Advantage Group Limited)  
AGF Elements Growth Portfolio Class (MF Series, Series D, Series F, Series O, Series Q, Series T and Series V) (Class of AGF All World Tax Advantage Group Limited)  
AGF Equity Income Focus Fund (MF Series, Series F, Series O and Series T)  
AGF Income Focus Fund (MF Series, Series F, Series O, Series T and Series V)  
AGF Inflation Focus Fund (MF Series, Series F, Series O, Series T and Series V)  
AGF Social Values Balanced Fund (MF Series, Series F and Series O)  
AGF Social Values Equity Fund (MF Series, Series F and Series O)  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated April 17, 2014

NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

AGF Funds Inc.

**Promoter(s):**

AGF Investments Inc.

**Project #2175552**

**Issuer Name:**

Agrium Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Base Shelf Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 24, 2014

**Offering Price and Description:**

U.S.\$2,500,000,000.00  
Common Shares  
Preferred Shares  
Subscription Receipts  
Debt Securities  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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**Project #2193590**

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**Issuer Name:**

BlueBay Global Convertible Bond Fund (Canada)  
(Series A, Advisor Series, Series H, Series D, Series F,  
Series I, Series O,  
Advisor T5 Series, Series T5 and Series FT5 units)  
RBC Global Bond Fund  
(Series A, Advisor Series, Series D, Series F, Series I and  
Series O units)  
RBC U.S. Mid-Cap Equity Fund  
(Series A, Advisor Series, Series D, Series F, Series I and  
Series O units)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #4 dated March 31, 2014 to the Simplified  
Prospectuses and Annual Information Form dated June 27,  
2013  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

RBC Global Asset Management Inc.  
Royal Mutual Funds Inc.  
RBC Direct Investing Inc.  
RBC Dominion Securities Inc.  
RBC Global Asset Management Inc.  
Royal Mutual Funds Inc./RBC Direct Investing Inc.  
Royal Mutual Funds Inc.  
RBC Dominion Securities Inc.  
Royal Mutual Funds Inc./RBD Direct Investing Inc.

**Promoter(s):**

RBC Global Asset Management Inc.

**Project #2061942**

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**Issuer Name:**

BlueBay Global Convertible Bond Class (Canada)  
(Series A, Advisor Series, Series H, Series D, Series F,  
Series I, Series O,  
Advisor T5 Series, Series T5 and Series FT5 shares)  
Principal Regulator - Ontario

**Type and Date:**

Amendment #3 dated March 31, 2014 to the Simplified  
Prospectus and Annual Information Form dated October  
18, 2013  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

RBC Direct Investing Inc.

**Promoter(s):**

RBC DIRECT INVESTING INC.

**Project #2112600**

---

**Issuer Name:**

BMO S&P/TSX Capped Composite Index ETF  
BMO S&P 500 Hedged to CAD Index ETF  
BMO MSCI EAFE Hedged to CAD Index ETF  
BMO MSCI Emerging Markets Index ETF  
BMO Short Corporate Bond Index ETF  
BMO S&P 500 Index ETF  
BMO MSCI EAFE Index ETF  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated April 23, 2014 to the Long Form  
Prospectus dated January 30, 2014  
NP 11-202 Receipt dated April 28, 2014

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

BMO Asset Management Inc.

**Project #2150284**

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**Issuer Name:**

Brompton Lifeco Split Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

\$19,653,880.00 (Maximum)  
Up to 1,264,618 Preferred Shares and 1,001,100 Class A Shares

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
BMO Nesbitt Burns Inc.  
National Bank Financial Inc.  
GMP Securities L.P.  
Raymond James Ltd.  
Desjardins Securities Inc.  
Dundee Securities Ltd.  
Mackie Research Capital Corporation  
Manulife Securities Incorporated

**Promoter(s):**

-

**Project #2193019**

---

**Issuer Name:**

Brookfield Select Opportunities Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Long Form Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

Maximum 20,000,000 Units @ \$10.00 per Unit  
Minimum 100 Units @ \$10.00 per Unit

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
CIBC WORLD MARKETS INC.  
SCOTIA CAPITAL INC.  
TD SECURITIES INC.  
BMO NESBITT BURNS INC.  
NATIONAL BANK FINANCIAL INC.  
CANACCORD GENUITY CORP.  
GMP SECURITIES L.P.  
RAYMOND JAMES LTD.

BROOKFIELD FINANCIAL CORP.  
DESJARDINS SECURITIES INC.  
HAYWOOD SECURITIES INC.  
MANULIFE SECURITIES INCORPORATED

**Promoter(s):**

BROOKFIELD INVESTMENT MANAGEMENT (CANADA) INC.

**Project #2186017**

**Issuer Name:**

Cargojet Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

5.5% Convertible Unsecured Subordinated Debentures  
Price: \$1,000 per Debenture

**Underwriter(s) or Distributor(s):**

RBC DOMINION SECURITIES INC.  
CANACCORD GENUITY CORP.  
NATIONAL BANK FINANCIAL INC.  
BMO NESBITT BURNS INC.  
CIBC WORLD MARKETS INC.  
SCOTIA CAPITAL INC  
TD SECURITIES INC..

**Promoter(s):**

-

**Project #2191199**

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**Issuer Name:**

DREAM Unlimited Corp.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

3,200,000.00 - Class A Subordinate Voting Shares  
PRICE: \$15.70 per Subordinate Voting Share

**Underwriter(s) or Distributor(s):**

TD SECURITIES INC.  
CIBC WORLD MARKETS INC.  
RBC DOMINION SECURITIES INC.  
SCOTIA CAPITAL INC.  
BMO NESBITT BURNS INC.  
CANACCORD GENUITY CORP.  
DUNDEE SECURITIES LTD.  
DESJARDINS SECURITIES INC.

**Promoter(s):**

-

**Project #2191334**

---

**Issuer Name:**

First Asset Canadian Dividend Opportunity Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus dated April 21, 2014  
NP 11-202 Receipt dated April 24, 2014

**Offering Price and Description:**

Class A and F units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

First Asset Investment Management Inc.

**Project #2154445**

**Issuer Name:**

Fission Uranium Corp.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

17,968,750 Common Shares Issuable on Exercise of  
17,968,750 Outstanding Special Warrants

**Underwriter(s) or Distributor(s):**

Dundee Securities Ltd.  
Cantor Fitzgerald Canada Corporation  
MacQuarie Capital Markets Canada Ltd.  
Raymond James Ltd.  
BMO Nesbitt Burns Inc.  
TD Securities Inc.  
Clarus Securities Inc.  
Cormark Securities Inc.

**Promoter(s):**

-

**Project #2192366**

---

**Issuer Name:**

General Moly, Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final MJDS Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

21,100,040 Shares of Common Stock Offered  
by the Selling Stockholders  
Common Stock - Preferred Stock - Debt Securities -  
Warrants

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2177631**

---

**Issuer Name:**

Great Northern Gold Exploration Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Final Long Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

40,000,000 Post-Consolidation of Shares  
Offering Price: CDN\$0.25 per Post-Consolidation Share

**Underwriter(s) or Distributor(s):**

Canaccord Genuity Corp.  
Mackie Research Capital Corporation

**Promoter(s):**

Peter Macy  
Daniel Davila  
Matthew Dickson

**Project #2166421**

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**Issuer Name:**

Long Run Exploration Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated April 23, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

23,530,000 Subscription Receipts each representing the  
right to receive one Common Share  
Price \$5.10 per Subscription Receipt

**Underwriter(s) or Distributor(s):**

National Bank Financial Inc.  
Macquarie Capital Markets Canada Ltd.  
Scotia Capital Inc.  
Cormark Securities Inc.  
Canaccord Genuity Corp.  
CIBC World Markets Inc.  
Clarus Securities Inc.  
FirstEnergy Capital Corp.

**Promoter(s):**

-

**Project #2192067**

---

**Issuer Name:**

Purpose Core Dividend Fund  
(ETF shares, Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares and Series XF shares)  
Purpose Tactical Hedged Equity Fund  
(ETF shares, ETF non-currency hedged shares, Series A shares, Series A non-currency hedged shares, Series F shares, Series F non-currency hedged shares, Series I shares, Series D shares, Series XA shares and Series XF shares)  
Purpose Monthly Income Fund  
(ETF shares, Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares and Series XF shares)  
Purpose Total Return Bond Fund  
(ETF shares, Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares and Series XF shares)  
Purpose Best Ideas Fund  
(ETF shares, Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares and Series XF shares)  
Purpose Duration Hedged Real Estate Fund  
(ETF shares, Series A shares, Series F shares, Series I shares, Series D shares, Series XA shares and Series XF shares)  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectuses dated April 21, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

ETF shares, ETF non-currency hedged shares, Series A shares, Series A non-currency hedged shares, Series F shares, Series F non-currency hedged shares, Series I shares, Series D shares, Series XA shares and Series XF shares

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

Purpose Investments Inc.  
**Project #2174276**

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**Issuer Name:**

Series O and Series F units (unless otherwise indicated):  
RBC Private Global Bond Pool  
RBC Private O'Shaughnessy Canadian Equity Pool (Series O units only)  
RBC Private O'Shaughnessy U.S. Value Equity Pool (Series O units only)  
RBC Private U.S. Mid-Cap Equity Pool  
RBC Private European Equity Pool  
RBC Private Asian Equity Pool  
RBC Private Global Dividend Growth Pool  
Principal Regulator - Ontario

**Type and Date:**

Amendment #2 dated April 9, 2014 to the Simplified Prospectuses and Annual Information Form dated August 19, 2013

NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

RBC Global Asset Management Inc.  
The Royal Trust Company

**Promoter(s):**

-

**Project #2085195**

---

**Issuer Name:**

Red Pine Exploration Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Short Form Prospectus dated April 23, 2014

NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

Minimum Offering: \$1,500,000.00; Maximum Offering: \$3,810,000.00

Up to 30,000,000 Units

Up to 42,000,000 Flow-Through Units

Price: \$0.05 per Unit; and \$0.055 per FT Unit

**Underwriter(s) or Distributor(s):**

SECUTOR CAPITAL MANAGEMENT CORPORATION

**Promoter(s):**

-

**Project #2184674**

---

**Issuer Name:**

Series A, Series F and Series I Securities of  
Sentry Conservative Balanced Income Class\*  
Sentry Conservative Balanced Income Fund  
Sentry Diversified Income Fund  
Sentry Growth and Income Fund  
Sentry Small/Mid Cap Income Fund  
(\* a class of shares of Sentry Corporate Class Ltd.)  
Principal Regulator - Ontario

**Type and Date:**

Amendment No. 1 dated April 2, 2014 to the Simplified  
Prospectuses dated June 4, 2013 (SP amendment no. 1)  
and Amendment No. 2 dated April 2, 2014 (together with  
SP amendment no. 1, "Amendment no. 2") to the Annual  
Information Form dated June 4, 2013  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

Series A, F and I Securities @ Net Asset Value

**Underwriter(s) or Distributor(s):**

Sentry Investments Inc.

**Promoter(s):**

Sentry Investments Inc.

**Project #**2049447 & 2059299

---

**Issuer Name:**

Sprott Gold Bullion Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus dated April 15, 2014  
NP 11-202 Receipt dated April 24, 2014

**Offering Price and Description:**

Series A, Series F and Series I Units @ Net Asset Value

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

SPROTT ASSET MANAGEMENT LP

**Project #**2172915

---

**Issuer Name:**

Sprott Physical Gold Trust  
Principal Regulator - Ontario

**Type and Date:**

Final **Base** Shelf Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

U.S.\$1,500,000,000 Trust Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

SPROTT ASSET MANAGEMENT LP

**Project #**2188751

**Issuer Name:**

Sprott Physical Silver Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Base Shelf Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 23, 2014

**Offering Price and Description:**

U.S.\$1,500,000,000 Trust Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

SPROTT ASSET MANAGEMENT LP

**Project #**2188747

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**Issuer Name:**

Teranga Gold Corporation  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 24, 2014  
NP 11-202 Receipt dated April 24, 2014

**Offering Price and Description:**

36,000,000 Common Shares

Price: \$0.83 per Offered Share

**Underwriter(s) or Distributor(s):**

Cormark Securities Inc.  
MacQuarie Capital Markets Canada Ltd.  
CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
Scotia Capital Inc.  
Canaccord Genuity Corp.  
Desjardins Securities Inc.  
Jennings Capital Inc.

**Promoter(s):**

-

**Project #**2192215

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**Issuer Name:**

theScore, Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated April 25, 2014  
NP 11-202 Receipt dated April 25, 2014

**Offering Price and Description:**

26,400,000 Class A Subordinate Voting Shares

Price: \$0.30 per Offered Share

**Underwriter(s) or Distributor(s):**

Beacon Securities Limited  
Canaccord Genuity Corp.

**Promoter(s):**

-

**Project #**2195302

**Issuer Name:**

TransAlta Renewables Inc.  
Principal Regulator - Alberta

**Type and Date:**

Final Short Form Prospectus dated April 22, 2014  
NP 11-202 Receipt dated April 22, 2014

**Offering Price and Description:**

10,950,000 Common Shares  
Price: \$11.40 per Common Share

**Underwriter(s) or Distributor(s):**

CIBC WORLD MARKETS INC.  
RBC DOMINION SECURITIES INC.  
SCOTIA CAPITAL INC.  
TD SECURITIES INC.  
BMO NESBITT BURNS INC.  
NATIONAL BANK FINANCIAL INC.  
MERRILL LYNCH CANADA INC.  
HSBC SECURITIES (CANADA) INC.  
CANACCORD GENUITY CORP.  
DESJARDINS SECURITIES INC.

**Promoter(s):**

-

**Project #2191820**

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**Issuer Name:**

DiaMedica Inc.  
Principal Jurisdiction - Ontario

**Type and Date:**

Preliminary Base Shelf Prospectus dated March 3, 2014  
Withdrawn on April 22, 2014

**Offering Price and Description:**

Cdn\$30,000,000 of  
Common Shares  
Warrants  
Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

**Project #2170656**



## Chapter 12

# Registrations

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### 12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	Otterwood Capital Management Inc.	From: Portfolio Manager and Commodity Trading Manager  To: Investment Fund Manager, Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager	April 23, 2014

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## Chapter 13

# SROs, Marketplaces and Clearing Agencies

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### 13.2 Marketplaces

#### 13.2.1 TSX Inc – OSC Staff Notice of Proposed Changes and Request for Comment – Form 21-101F1 – Mixed Lot and Odd Lot Volumes

##### TSX INC.

##### OSC STAFF NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT

TSX Inc. (TSX) has announced plans to implement changes to its Form 21-101F1 on or about 45 days after approval, and is publishing the Notice of Proposed Changes in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto”.

The changes will introduce enhancements to self-trade order features offered by the TSX and will allow TSX to accept mixed lot and odd lot volumes for specialty priced crosses.

A copy of the TSX Notice including the proposed changes was published on our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

**13.2.2 TSX Inc. – OSC Staff Notice of Proposed Changes and Request for Comment – Form 21-101F1 – Dark Midpoint Orders**

**TSX INC.**

**OSC STAFF NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT**

TSX Inc. (TSX) has announced plans to implement a change to its Form 21-101F1 on or about 45 days after approval, and is publishing the Notice of Proposed Changes in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto”.

The change will decrease the minimum volume required for the Minimum Quantity instruction for the Dark Midpoint order type offered by the TSX from 20 to 5 board lots.

A copy of the TSX Notice including the proposed changes was published on our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

**13.2.3 TSX Inc – OSC Staff Notice of Proposed Changes and Request for Comment – Form 21-101F1 – Market-on-Close Orders**

**TSX INC.**

**OSC STAFF NOTICE OF PROPOSED RULE AMENDMENT AND REQUEST FOR COMMENT**

TSX Inc. (TSX) is publishing for comment rule amendments, in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and the Exhibits Thereto”.

The proposed rule amendments would remove the board lot volume requirement for Market-on-Close (MOC) orders and permit MOC Limit orders to be entered, cancelled and modified in the MOC Book on each trading day from 7:00 a.m. until the time the MOC Imbalance is broadcast.

A copy of the TSX Notice including the proposed rule amendments was published on our website at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

### 13.3 Clearing Agencies

#### 13.3.1 LCH.Clearnet LLC – Notice of Commission Order – Application for Exemptive Relief

**LCH.CLEARNET LLC (LCH)**  
**APPLICATION FOR EXEMPTIVE RELIEF**  
**NOTICE OF COMMISSION ORDER**

On April 25, 2014, the Commission issued an order under section 147 of the *Securities Act* (Ontario) (Act) exempting LCH from the requirement in subsection 21.2(0.1) of the Act to be recognized as a clearing agency (Order), subject to terms and conditions as set out in the Order.

The Commission published LCH's application and draft exemption order for comment on February 20, 2014 on the OSC website at [http://www.osc.gov.on.ca/en/Marketplaces\\_ca\\_20140220\\_rfc-app-exempt-lch-clearnet-llc.htm](http://www.osc.gov.on.ca/en/Marketplaces_ca_20140220_rfc-app-exempt-lch-clearnet-llc.htm) and at (2014) 37 OSCB 2038. A comment letter was received from the TMX Group Limited. A copy of the comment letter is posted at [www.osc.gov.on.ca](http://www.osc.gov.on.ca). We summarize below the main comments and Staff's responses to them. In issuing the Order, no changes were made to the draft order published for comment.

A copy of the Order is published in Chapter 2 of this Bulletin.

Comment	Response
<p>The commenter's principal concern is that the Commission, in evaluating applications for exemptive relief, may grant more deference to foreign regulators than it grants to other Canadian provincial regulators (e.g. U.S. regulators) in clearing agency oversight. The commenter suggests that this absence of reciprocity between Canadian and U.S. regulators creates an unlevel playing field between Canadian based and foreign clearing agencies resulting in barriers to growth for domestic entities and increased costs to Canadian market participants. It suggests that the Commission should add reciprocity to its criteria as outlined in OSC Staff Notice 24-702 Regulatory Approach to Recognition and Exemption from Recognition of Clearing Agencies (<b>Notice 24-702</b>).</p>	<p>During the review process of an application for clearing agency recognition or exemption from the recognition requirement, OSC staff assess the oversight regime in the home jurisdiction of the applicant and do not differentiate between non-Canadian and other Canadian provincial regulatory regimes. Notice 24-702 makes it clear that we are prepared to exempt a clearing agency if it does not pose significant risk to the Ontario capital markets and is subject to an appropriate regulatory and oversight regime in another jurisdiction by its home regulator.</p> <p>The concept of reciprocity is not a relevant factor in deciding whether to recognize or exempt a clearing agency. We do not recommend incorporating reciprocity as part of any Ontario regulatory approaches towards financial market infrastructures (FMIs). The OSC is committed to adopting international standards governing FMIs, particularly the CPSS-IOSCO's <i>Principles for financial market infrastructures</i> (PFMIs). The PFMIs require central banks, market regulators, and other relevant authorities to cooperate with each other. Specifically, "Responsibility E" of the PFMIs requires international authorities to cooperate with each other, domestically and internationally, in promoting the safety and efficiency of FMIs. Reciprocity is not consistent with the policy intent of Responsibility E.</p>
<p>The commenter is of the view that it does not seem reasonable for the Commission to grant exemptive relief from the requirement of recognition as a clearing agency in Ontario to LCH on the basis of its US regulatory status, while hesitating to grant the same exemptive relief to a Canadian clearing agency regulated by another provincial securities regulator.</p>	<p>The Commission has issued orders in the past exempting ICE Clear Canada and the Natural Gas Exchange Inc., two Canadian clearing agencies, from the requirement to be recognised as clearing agencies. The exemptions are based on our view that they do not pose systemic risk to Ontario and based on our reliance on their primary regulators, the Manitoba Securities Commission and Alberta Securities Commission, respectively. This approach that is applied to Canadian clearing agencies is consistent with our approach to LCH and other foreign exempted clearing agencies.</p>

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