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Notices / News Releases

1.1 Notices

1.1.1 OSC Staff Notice 81-724 – Report on Staff's Continuous Disclosure Review of the Fees and Expenses Disclosure by Investment Funds

OSC STAFF NOTICE 81-724 – REPORT ON STAFF'S CONTINUOUS DISCLOSURE REVIEW OF THE FEES AND EXPENSES DISCLOSURE BY INVESTMENT FUNDS

May 8, 2014

PURPOSE

This notice sets out recommendations from staff of the Investment Funds Branch of the Ontario Securities Commission (**Staff** or **we**) based on our observations from a targeted continuous disclosure (**CD**) review of the fees and expenses disclosure practices of investment funds.

OBJECTIVE AND SCOPE OF OUR REVIEW

As part of our broader review of fee disclosure, starting August 2013, Staff conducted targeted CD reviews of the fees and expenses disclosure practices of a sample of fund managers.

Included in our review were 18 fund managers offering various types of investment funds, including conventional mutual funds, exchange-traded funds and closed-end funds. These fund groups have assets under management of approximately $210 billion.

We reviewed their funds' current prospectus and continuous disclosure records, including financial statements, management reports of fund performance (**MRFPs**) and independent review committee reports to examine whether the current disclosure of fees and expenses:

i. provides sufficient information to investors on how the fees and expenses are being charged; and

ii. accurately and fully describes fund managers' allocation of expenses to the funds they manage.

We coordinated our review closely with, and followed similar approaches of, staff in the Compliance and Registrant Regulation Branch (the **CRR Branch**) who regularly conduct reviews of fund expenses as part of their oversight of registrants. Further guidance on expense allocation will be issued by staff in the CRR Branch in their upcoming publication in OSC Staff Notice 33-743 *Guidance on Sales Practices, Expense Allocation and Other Relevant Areas Developed from the Results of the Targeted Review of Large Investment Fund Managers* (**Staff Notice 33-743**).

BACKGROUND

Funds generally pay management fees and operating expenses to cover the various costs of their operation. These typically include costs for various services such as fund administration, portfolio advisory services, fund distribution, security services, safekeeping and custodial services, fund accounting and valuation, and audit and legal services.

Management fees are generally calculated as a percentage of the net assets of a fund and are paid to the fund manager. Operating expenses are either charged directly to the funds as they are incurred or may be covered by a fixed administration fee charged to the fund. The fixed administration fee is calculated as a percentage of the net assets of a fund and is paid to the fund manager in exchange for the fund manager bearing the operating expenses of the fund.

The management agreement or trust agreement between the fund and the fund manager generally sets out which services are covered by the management fees and which services are covered by the operating expenses.

In practice, fund managers have to arrange for their funds' operations to be performed either in-house or by third party service providers. Where a fund manager provides operating services in-house to its funds, and the management agreement does not explicitly stipulate that those services are covered by the management fee, the fund manager may expect to recover the costs of such services, including a portion of its general overhead and administrative expenses, from its funds as operating expenses.

SUMMARY OF OBSERVATIONS

Overall, we noted good general compliance with disclosure requirements related to fees and expenses. In some instances, we noted opportunities for fund managers to enhance the disclosure. Our targeted CD review yielded the following observations regarding fees and expenses disclosure practices and expense allocation practices in the fund industry:

1. Fees and Expenses Disclosure

- We noted varying fee and expense models within the fund industry. While certain fund managers paid for the costs of certain operating services out of their management fees, others charged those costs to their funds as operating expenses. For example, the costs associated with custodians were included in the management fees for some funds, or charged separately as operating expenses for other funds;

- The prospectuses we reviewed generally did not include the detail necessary for investors to know the specific costs and services paid for out of management fees relative to those charged to funds as operating expenses. General "catch-all" wording, such as "general administrative services" or "costs to administer the fund", were often used to describe the costs and services covered by the management fees. Similarly, wording such as "other general operating expenses", "other day-to-day operating expenses", or "general administrative costs" were used to describe operating expenses. Staff frequently needed to refer to the trust agreement or management agreement for greater detail on the services paid for out of management fees; and

- Staff also noted the use of "catch-all" wording in the MRFPs which did not provide sufficient specificity of the services received by the fund in consideration of the management fees paid to the fund manager.[1] Similarly, some funds did not disclose their expenses in the financial statements as separate line items[2] but rather used one catch-all line item, such as "operating costs" or "general operating expenses" to include a variety of fund expenses.

2. Expense Allocation

- About half of the fund managers in our sample allocated part of their expenses to the funds they manage. While allocation practices varied among them, the expenses they generally allocated included such items as salaries, office rent, utilities, printing and copying, postage, and office supplies. The remaining fund managers either did not allocate their expenses to their funds or charged fixed administration fees;

- Fund managers used different allocation models to allocate expenses. Generally, fund managers charged to their funds the proportionate share of their costs based on the time or resources they dedicated to the funds' day-to-day operations. Those costs were further allocated across the family of funds and among various series of each fund using varying metrics such as number of investors in the funds/series or the assets under management of the funds/series;

- The majority of those fund managers who allocated expenses to their funds relied on general disclosure in the prospectus that the funds pay their own operating expenses as a basis to recover expenses from their funds. Only a few of those reviewed briefly mentioned in the prospectus that the fund manager recovers certain costs from their funds; and

- In our review of the financial statements and MRFPs, we observed that the majority of fund managers who allocated expenses to their funds did not provide related party disclosure.[3] Only a few provided note disclosure with respect to the allocation, but failed to provide details such as the amount or measurement basis of the transactions.

Based on these observations from our CD review, Staff make the following recommendations for fees and expenses disclosure and expenses allocation going forward.

1 As required under part B, item 3.3 of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance* (**Form 81-106F1**).

2 As required by section 3.2 of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**).

3 As required by International Accounting Standard 24 *Related Party Disclosures*, and by part B, item 2.5 of Form 81-106F1.

RECOMMENDATIONS

1. Fees and Expenses Disclosure

a. Transparency in Disclosure of Management Fees and Expenses

In Staff's view, the prospectus and continuous disclosure documents should disclose the specific services that the fund manager provides to the fund in consideration of the management fees and the types of expenses charged to the fund as operating expenses. The use of general "catch all" terminology should be avoided.

To meet the standard of full, true and plain disclosure[4], the prospectus should provide details sufficient for investors to clearly distinguish the types of expenses, in particular the types of administrative and operating expenses, that are covered by management fees from those that are covered by operating expenses. Investors should not have to refer to the management or trust agreement to determine whether a particular cost is covered by management fees or charged as a separate operating expense to the funds. Having all the relevant fees and expenses information disclosed in the prospectus will enable investors to compare the different fee models and structures, and make an informed investment decision.

We also remind fund managers to clearly describe the major services paid for out of the management fees in their funds' MRFPs, as well as to provide the required line items in the funds' financial statements, in accordance with existing requirements.[5] We encourage fund managers to disclose as much information as possible regarding the types of operating expenses that are charged to the funds in the financial statements by using relevant and descriptive line items, in addition to the mandated line items.

b. Transparency in Disclosure of Expense Allocation

In Staff's view, fund managers should consider enhancing the transparency of their expense allocation as a way to mitigate the actual and perceived conflicts of interest inherent in such practices (as further discussed below). For example, a fund manager should, to the extent possible, ensure that its funds' prospectus specifies the types of costs the fund manager may recover from its funds. We also remind fund managers to disclose the particulars of the material conflicts of interest in the prospectus.[6]

On the continuous disclosure side, we remind fund managers to comply with related party disclosure requirements and provide the relevant details of the transactions in the funds' financial statements and MRFPs.[7] Disclosure should also explain how the conflicts are mitigated by including, for example, information concerning the policies, practices or guidelines of the funds or the manager relating to the allocation practice in the annual information form. [8]

2. Expense Allocation

a. Conflict of Interest

Fund managers have an inherent conflict of interest when allocating expenses between themselves and the funds they manage. We remind fund managers of their duty to act honestly, in good faith and in the best interests of the fund[9] when allocating expenses. Managers should be able to demonstrate that the allocation of an expense is not inconsistent with their duty of care and that they are not putting their own interests ahead of those of the fund and its securityholders.

Staff expect the general expenses allocated to the funds to have a direct relationship to the daily operation of the funds and to be fair and reasonable to the funds, as if the result of arm's length bargaining. Fund managers should avoid recovering expenses using opaque or complex methodologies that are not intuitive and not directly linked to the services being performed for the funds.

b. Compliance with NI 81-107

Given that the allocation of expenses is generally viewed as a conflict of interest matter, it should be referred to the independent review committee.[10] Fund managers should have policies and procedures in place dealing with the allocation of expenses

4 As required by section 56(1) of the *Securities Act* (Ontario).

5 See notes 1 and 2.

6 As required by Item 19.3 of Form 41-101F2 *Information Required in an Investment Fund Prospectus.*

7 See note 3.

8 As required by Item 12(1)(b) of Form 81-101F2 *Contents of Annual Information Form.*

9 As required by section 116 of the *Securities Act* (Ontario).

10 As required by section 5.1 of National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**).

between the fund manager and its funds.[11] We found that the fund managers selected in our review generally complied with these requirements, and reviewed their policies and procedures at least annually.

c. Appropriate Expense Allocation

Because of the inherent conflict of interest, Staff expect the expenses allocated to the funds to generally be limited to:

- costs and expenses that were necessarily incurred in the daily operation of the funds;
- reasonable costs and expenses that are reasonably incurred in the operation of the funds;
- expenses that are closely linked to the specific operation of the funds; and
- the proportionate share of the allocated expenses can be accurately and readily determined.

Certain costs must be incurred by fund managers to carry out their business as fund managers. Staff are generally of the view that it is not appropriate for funds to pay for the:

- costs and expenses that the fund manager would normally incur in the ordinary course of their operations as fund manager, such as, the compensation paid to their executive officers and directors; or
- costs that are driven by the fund manager's business and organizational initiatives, such as, restructuring and rationalizing funds line-up.[12]

We encourage fund managers to exercise sound judgement in their expense allocation. In situations where it is uncertain whether certain expenses may be appropriately allocated to the funds, fund managers should make their decision having regard to the best interests of securityholders, and avoid any allocation that gives rise to a material conflict of interest for the fund managers.

Please refer to Staff Notice 33-743 for further examples and guidance on this topic to be issued by staff in the CRR Branch.

CONCLUSION

The fees and expenses of a fund are an important consideration for investors. We encourage fund managers to clearly disclose fees and expenses to provide more transparency and clarity, where possible, on what services are paid for out of the management fees, which services are charged as operating expenses and how all the fees and expenses are being allocated. Staff remind fund managers of their duty of care when allocating expenses.

We encourage fund managers to consider the recommendations in the notice when preparing disclosure so as to promote investors' understanding of fees and expenses.

Questions may be referred to:

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[11] As required by section 2.2 of NI 81-107.

[12] See OSC Staff Notice *Issues Arising Out Of Mutual Fund Mergers and Similar Reorganizations* dated September 15, 1995.

1.4 Notices from the Office of the Secretary

1.4.1 Eric Inspektor

FOR IMMEDIATE RELEASE
May 2, 2014

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

AND

IN THE MATTER OF
ERIC INSPEKTOR

TORONTO – The Commission issued an Order in the above named matter which provides that the Hearing be adjourned to June 18, 2014 at 10:00 a.m.

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

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

FOR IMMEDIATE RELEASE
May 2, 2014

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

AND

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

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

1. The Merits Hearing shall proceed on the following schedule:

   a. Staff shall serve and file evidence briefs by May 16, 2014 at 4:00 p.m.;

   b. counsel to GWI, Dunk, DeBoer and Webster shall advise Staff by June 6, 2014 if he intends to examine any of his former clients in this matter;

   c. the Respondents shall serve and file evidence briefs by June 27, 2014 at 4:00 p.m.;

   d. Staff shall serve and file any evidence brief in reply by July 9, 2014 at 4:00 p.m.;

   e. Staff shall serve and file its written submissions by July 25, 2014 at 4:00 p.m.;

   f. the Respondents shall serve and file their written submissions by August 15, 2014 at 4:00 p.m.; and

   g. Staff shall serve and file any written submissions in reply by August 25, 2014 at 4:00 p.m.

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

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1.4.3 Blackwood & Rose Inc. et al.

FOR IMMEDIATE RELEASE
May 2, 2014

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

AND

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

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

A copy of the Reasons and Decision on Sanctions and Costs and the Order dated April 30, 2014 are available at www.osc.gov.on.ca.

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1.4.4 Pro-Financial Asset Management Inc.

FOR IMMEDIATE RELEASE
May 2, 2014

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

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

1. The Third Lapse Date Extension Request is dismissed without prejudice to PFAM bringing an application under section 144 to vary or revoke this order if the audited financial statements and MRFPs for the Pro-Index Funds are filed with the Commission.

2. Notwithstanding that the lapse date for the Pro-Index Funds was previously extended to April 21, 2014, the distribution of securities of the Pro-Index Funds shall cease as of the end of the day on April 21, 2014.

3. The Temporary Order is extended to May 27, 2014.

4. The hearing is adjourned to May 23, 2014 at 10:00 a.m.

A copy of the Order dated April 21, 2014 is available at www.osc.gov.on.ca.

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1.4.5 Sino-Forest Corporation et al.

FOR IMMEDIATE RELEASE
May 2, 2014

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

AND

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

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

1. the pre-hearing conference in this matter be continued on June 23, 2014 at 10:00 a.m.;

2. the dates scheduled for the Revised Translation Motion, namely June 23, 24 and 25, 2014, are vacated;

3. the hearing dates scheduled for February 23, 2015, February 25 to 27, 2015, March 3 to 6, 2015, March 9, 2015 and March 11 to 13, 2015 are vacated; and

4. additional hearing dates for the Merits Hearing are added on June 10 to 12, 2015, June 17 to 19, 2015, June 22 to 26, 2015 and June 29, 2015.

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

A copy of the Order dated May 2, 2014 is available at www.osc.gov.on.ca.

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1.4.6 North American Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
May 6, 2014

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

AND

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

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

(a) the hearing to determine sanctions and costs is adjourned and shall be held on June 23, 2014 at 10:00 a.m.;

(b) the Respondents shall file and serve written submissions on sanctions and costs by June 9, 2014; and

(c) Staff shall file and serve any reply submissions on sanctions and costs by June 16, 2014.

A copy of the Order dated May 6, 2014 is available at www.osc.gov.on.ca.

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Bauer Performance Sports Ltd.

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from requirement to provide audited financial statements of the acquired business in a BAR – it is impracticable to prepare financial statements – filer granted relief to include alternative financial information, comprised of statement of assets acquired and liabilities assumed and statement of operations, as financial statement disclosure for a significant acquisition.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.1.
National Instrument 44-101 Short Form Prospectus Distributions, s. 8.1.
Form 44-101F1, s. 10.2.

April 29, 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
BAUER PERFORMANCE SPORTS LTD.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the "**Legislation**") for relief (the "**Exemptions Sought**") pursuant to part 13 of National Instrument 51-102 *Continuous Disclosure Obligations* ("**NI 51-102**") and part 8 of National Instrument 44-101 *Short Form Prospectus Distributions* ("**NI 44-101**"), respectively, that the Filer be exempt from requirements to provide certain historical financial statements of a business that constitutes a significant acquisition, together with an auditor's report on such financial statements:

a. in a business acquisition report ("**BAR**") required to be filed by the Filer under NI 51-102,

b. in any short form prospectus ("**Prospectus**") which the Filer files pursuant to NI 44-101 that would be required to include or incorporate by reference the financial statements as required by the BAR,

in connection with the Filer's acquisition of the EASTON baseball/softball product line (the "Acquired Assets") from Easton-Bell Sports, Inc.'s ("**EBS**") on April 15, 2014 (the "**Acquisition Date**").

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the *Business Corporations Act* (British Columbia).

2. The Filer is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland, Northwest Territories, Yukon and Nunavut, and is not in default of its reporting issuer obligations under the securities legislation of any of the jurisdictions of Canada.

3. The common shares of the Filer are listed and posted for trading on the TSX under the symbol "BAU".

4. The financial year-end of the Filer is May 31.

5. On February 13, 2014, the Filer announced that it entered into a definitive asset purchase agreement with EBS and certain of its subsidiaries to acquire the Acquired Assets from EBS (the "**Acquisition**"). The Filer announced the closing of the Acquisition on the Acquisition Date.

6. EBS is legally organized as a parent company, providing corporate level support and shared resources and services, as further described below, to three principal operating subsidiaries: (i) Easton Sports, Inc. ("**ESI**"); (ii) Riddell Sports Group, Inc. ("**RSG**"); and (iii) Bell Sports Corp. ("**BSC**"). ESI conducts business in Canada through its wholly-owned operating subsidiary Easton Sports Canada, Inc. ("**ESC**").

7. The Acquisition primarily includes the transfer of substantially all of the assets relating to the Acquired Assets, including all inventory, accounts receivable, real property leases, customer and supplier contracts, intellectual property rights, and the assumption of associated liabilities, along with employees who perform work in connection with the Acquired Assets.

8. The Filer has concluded that the Acquisition constitutes a significant acquisition. Accordingly, the Filer is required to file a BAR within 75 days following the Acquisition Date. In addition, in connection with the filing of any Prospectus following completion of the Acquisition in which the circumstances described in section 10.2(1) of Form 44-101F1 ("**44-101F1**") apply, the Filer will be required to include in any such Prospectus, in accordance with section 10.2(4)(a) or (b) of 44-101F1, financial statements or other information that is required to be included in, or incorporated by reference into, a business acquisition report filed under Part 8 of NI 51-102 or satisfactory alternative financial statements or other information.

9. In the course of their negotiations relating to the Acquisition, the Filer, being aware of the requirements under NI 51-102 and 44-101F1 referred to in the preceding paragraph, held discussions with EBS involving their respective auditors regarding these requirements and the type of financial disclosure required in order to satisfy the requirements under NI 51-102 and 44-101F1. In the course of these discussions, EBS advised the Filer that it did not treat the Acquired Assets as a separate and distinct business or division for accounting purposes, and as a result, EBS did not prepare or maintain stand-alone financial statements specific to the Acquired Assets.

10. EBS further informed the Filer that, in its view, the preparation of "carve-out" financial statements for the Acquired Assets in accordance with the requirements under section 8.4 of NI 51-102 is impracticable due to the following facts:

    a. EBS did not maintain the distinct and separate accounts necessary to prepare the full financial statements of the Acquired Assets. The operations of the Acquired Assets are not attributable to any one stand-alone legal entity, but rather, are embodied in three different legal entities (ESI, ESC and BSC). Revenues for the

Acquired Assets represented approximately 76% of ESI's revenues, approximately 24% of ESC's revenues, and approximately 5% of BSC's revenues. EBS prepares audited annual consolidated financial statements for EBS and its subsidiaries. In addition, EBS prepared stand-alone audited annual financial statements for each of ESI, RSG and BSC for their financial year ended December 29, 2012. No prior or future periods have been audited for ESI, RSG or BSC.

b. EBS provided corporate level support (including administrative support functions such as accounting, tax, legal and human resources) and shared resources and services (such as centralized accounts payable processing, information technology and research and development) to multiple product lines organized in multiple legal entities. As a result, selling, general and administrative expenses (including rent, personnel, insurance, audit, tax, etc.) are not specifically identifiable to specific product lines, including the Acquired Assets. In addition, the ESI and BSC entities incurred costs to support the various product lines within each entity (such as distribution, customer service, accounting, office expenses, utilities, etc.) and similarly, those costs are not specifically identifiable to specific product lines, including the Acquired Assets. Allocations of those costs to the Acquired Assets entails numerous assumptions, a number of which are highly arbitrary, with the result that the allocated costs would be unlikely to be indicative of what the Acquired Assets would have experienced as a stand-alone company.

c. Consistent with the foregoing, EBS's systems and procedures did not provide sufficient information for the preparation of stand-alone income tax and interest/capital cost provisions for the Acquired Assets, nor was this required for internal, regulatory or tax purposes as the Acquired Assets was not operated as a separate business or legal entity.

d. Due to the complimentary nature of EBS's product lines, many of its customers purchased products across multiple product lines, and many of its suppliers provided materials, products and services across multiple product lines. EBS and their systems did not maintain separate order forms and/or invoices for certain transactions related to the Acquired Assets. As a result, receivables and payables records and their related payments from customers and payments to vendors are commingled between the Acquired Assets and other product lines within EBS. Also, since such documents can relate to more than one product line, services, costs and liabilities (such as accrued marketing/cooperative advertising) related to such orders require an allocation to the Acquired Assets which would be unlikely to be indicative of what the Acquired Assets would have experienced as a stand-alone company. While identification of receivables and payables by product line would require a review of invoice and line item detail for each period presented, any attempt to construct cash flow statements for the Acquired Assets would entail numerous assumptions with respect to opening cash balances and sources and uses of cash for financing and operational purposes that are unlikely to be indicative of what the Acquired Assets would have experienced as a stand-alone company.

e. The records are insufficiently detailed to extract information specific to the Acquired Assets as would be required to produce the financial statements as set out in Part 8 of NI 51-102 (and accordingly, section 10.2(4)(a) of 44-101F1) and, in EBS's view, it is impracticable to do so.

f. The assumptions and estimates required for the Filer to "carve out" a complete set of financial statements for the Acquired Assets would by necessity be arbitrary and speculative and undermine the reliability of those statements. Any such statements would not reflect the true nature of the Acquired Assets or be useful to shareholders or investors.

11. Following the Acquisition, the Filer expects to integrate the Acquired Assets into its existing organization structure which will have a different cost structure than that of EBS.

12. Section 8.4 of NI 51-102 requires that the Filer include in the BAR, the following annual financial statements of the Acquired Business:

a. a statement of comprehensive income, a statement of changes in equity and a statement of cash flows for (i) the audited annual period ended December 28, 2013; and (ii) the annual period ended December 29, 2012;

b. an audited statement of financial position as at December 28, 2013;

c. a statement of financial position as at December 29, 2012; and

d. notes to the required financial statements.

13. Section 8.4(5) requires that the Filer include:

    a. a *pro forma* statement of financial position of the Filer as at the date of the Filer's most recent statement of financial position filed that gives effect, as if the Acquisition has taken place as at the date of the pro forma statement of financial position, to the Acquisition; and

    b. a *pro forma* income statement that gives effect to the Acquisition as if it had taken place as at June 1, 2012 for (i) the annual period ended May 31, 2013; and (ii) the most recent interim period of the Filer that ended immediately before the Acquisition Date.

14. Section 10.2(4) of 44-101F1 requires that in any Prospectus filed after completion of the Acquisition but for which the Filer has not yet filed a BAR in respect of the Acquisition under NI 51-102, the Filer would be required to include the financial statements that would be required under NI 51-102, as outlined above in paragraphs 12 and 13, or satisfactory alternative financial statements or other information.

15. The Filer proposes to include the following financial statements in the BAR and in any Prospectus (the "**Alternative Financial Statements**"):

    a. an audited statement of the assets to be acquired and liabilities to be assumed by the Filer as at December 28, 2013 with an unaudited comparative statement of assets and liabilities as at December 29, 2012 prepared in accordance with U.S. GAAP (the "**Statement of Assets Acquired and Liabilities Assumed**") that:

        i. includes all the assets and liabilities acquired;

        ii. includes a statement that the Statement of Assets Acquired and Liabilities Assumed is prepared using accounting policies that are permitted by U.S. GAAP;

        iii. includes a description of the accounting policies used to prepare the Statement of Assets Acquired and Liabilities Assumed; and

        iv. includes an auditor's report that reflects the fact that the Statement of Assets Acquired and Liabilities Assumed was prepared in accordance with the basis of presentation disclosed in the notes to the Statement of Assets Acquired and Liabilities Assumed;

    b. an audited statement of the Acquired Assets' direct revenues and expenses for the year ended December 28, 2013 with an unaudited comparative statement of direct revenues and expenses for the year ended December 29, 2012 (the "**Statement of Direct Revenues and Expenses**"). These statements will be prepared in accordance with U.S. GAAP and include direct revenues generated by the Acquired Assets less expenses directly attributable to the Acquired Assets and will include notes to the statements outlining the basis of preparation and assumptions used. The notes will include the assumptions used for any allocated costs (e.g. distribution and certain selling, general and administrative costs) and the nature of any costs excluded (e.g. treasury, tax, legal, information technology, human resources, interest expense and taxes). The Statement of Direct Revenues and Expenses will:

        i. include a statement that the operating statements are prepared using accounting policies that are permitted by U.S. GAAP;

        ii. include a description of the accounting policies used to prepare the operating statements; and

        iii. include an auditor's report that reflects the fact that the operating statements were prepared in accordance with the basis of presentation disclosed in the notes to the operating statements;

    c. in the event that the circumstances referred to in section 8.4(4) of NI 51-102 are not applicable, an unaudited statement of the assets to be acquired and liabilities to be assumed by the Filer as at the end date of EBS's most recently completed interim period ended before the Acquisition Date, reporting in a manner consistent with the Statement of Assets Acquired and Liabilities Assumed referred to in paragraph (a) above (the "**Interim Statement of Assets Acquired and Liabilities Assumed**"), as well as an unaudited statement of the Acquired Assets' direct revenues and expenses as at the end date of EBS's most recently completed interim period ended before the Acquisition Date, reporting direct revenues and expenses in a manner consistent with the Statement of Direct Revenues and Expenses referred to in paragraph (b) above (the "Interim Statement of Direct Revenues and Expenses");

d. *pro forma* operating statements for the year ended May 31, 2013, that includes the Filer's income statement for the year ended May 31, 2013 and a constructed statement of the Acquired Assets' direct revenues and expenses for the twelve-month period ended March 30, 2013 and *pro forma* operating statements that are based on the most recently completed interim period of the Filer ended before the Acquisition Date (the "**Pro Forma Operating Statements**"); and

e. a *pro forma* balance sheet as at the date of the Filer's most recent balance sheet filed that includes either the Statement of Assets Acquired and Liabilities Assumed or the Interim Statement of Assets Acquired and Liabilities Assumed, as applicable (the "**Pro Forma Balance Sheet**").

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 Exemptions Sought are granted provided that the Filer includes in the BAR and in any Prospectus the Alternative Financial Statements.

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

2.1.2 North American REIT Income Fund et al.

Headnote

Pursuant to National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, the funds and their manager are exempted from the dealer registration requirement for certain limited trading activities to be carried out by these parties in connection with warrant offerings by the funds, as the limited trading activities involve: i) the forwarding of short form prospectuses and the distribution of warrants to acquire units to existing holders of units and ii) the subsequent distribution of units to existing holders of warrants, upon their exercise of the warrants, through an appropriately registered dealer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.1, 3.1, 3.42, 8.5.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.

April 25, 2014

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

AND

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

AND

IN THE MATTER OF
NORTH AMERICAN REIT INCOME FUND (NRF),
NORTH AMERICAN PREFERRED SHARE FUND (NPF),
SENIOR SECURED FLOATING RATE LOAN FUND (FRL)
(collectively, the Funds),

AND

PROPEL CAPITAL CORPORATION
(the Manager) (collectively with the Funds, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filers from the dealer registration requirement in the Legislation in respect of the following:

i. certain trades (the **NRF Warrant Offering Activities**) to be carried out by the Manager, on behalf of NRF, in connection with a proposed offering (the **NRF Warrant Offering**) of warrants (the **NRF Warrants**) to acquire units (the **NRF Units**) of NRF, to be made pursuant to a short-form (final) prospectus (the **NRF Warrant Prospectus**);

ii. certain trades (the **NPF Warrant Offering Activities**) to be carried out by the Manager, on behalf of NPF, in connection with a proposed offering (the **NPF Warrant Offering**) of warrants (the **NPF Warrants**) to acquire units (the **NPF Units**) of NPF, to be made pursuant to a short-form (final) prospectus (the **NPF Warrant Prospectus**); and

iii. certain trades (the **FRL Class A Warrant Offering Activities**) to be carried out by the Manager, on behalf of FRL, in connection with a proposed offering (the **FRL Class A Warrant Offering**) of warrants (the **FRL Class A Warrants**) to acquire Class A Units (the **FRL Class A Units**) of FRL, to be made pursuant to a short-form (final) prospectus (the **FRL Class A Warrant Prospectus**);

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

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

Representations

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

1. Each of the Funds is a trust established by a declaration of trust under the laws of the province of Ontario.

2. The head office of each of the Filers is located in Toronto, Ontario.

3. The Manager is the manager and promoter of the Funds.

4. The Manager was appointed manager for each of the Funds and performs management and administrative services for each of the Funds pursuant to a management agreement between the Manager and the Fund, as applicable.

5. The Funds are reporting issuers in each of the provinces and territories of Canada and none is in default of securities legislation in any jurisdiction.

6. Each of the Funds is subject to certain investment restrictions that among other things, limit the securities that may be acquired by the investment portfolio which the applicable Fund owns.

7. Each of the Funds is not considered to be a mutual fund under securities legislation of the provinces and territories of Canada and none of the Funds is, or has been, in continuous distribution.

8. Each of the Funds' initial public offerings were conducted through the full service investment dealer channel and their units were issued and are held in the book based system of CDS Clearing and Depositary Services (**CDS**).

NRF

9. The authorized capital of NRF consists of an unlimited number of transferable, redeemable NRF Units of a single class, each of which represents an equal undivided interest in the net assets of NRF. The NRF Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**).

10. The investment objectives of NRF are to provide holders of NRF Units with stable monthly cash distributions and the opportunity for capital appreciation.

11. NRF's portfolio consists primarily of listed equity securities of real estate issuers and to a lesser extent issuers principally engaged in the real estate industry in Canada and the United States.

NPF

12. The authorized capital of NPF consists of an unlimited number of transferable, redeemable NPF Units of a single class, each of which represents an equal, undivided interest in the net assets of NPF. The NPF Units are listed and posted for trading on the TSX.

13. The investment objectives of NPF are to provide holders of NPF Units with stable monthly cash distributions and preservation of capital.

14. NPF's portfolio consists principally of Canadian and U.S. preferred shares.

FRL

15. The authorized capital of FRL consists of an unlimited number of classes of transferable, redeemable units, each of which represents an equal, undivided interest in the net assets of FRL attributable to that class. Class A Units and

Class U Units are the only issued and outstanding classes of FRL. The FRL Class A Units are listed and posted for trading on the TSX.

16. The investment objectives of FRL are to provide holders of FRL Units with stable monthly cash distributions, preservation of capital and increased returns in the event that short-term interest rates rise.

17. FRL's portfolio consists primarily of first lien senior secured floating rate corporate loans of U.S. borrowers rated "B-" or higher by Standard & Poor's or "B3" or higher by Moody's Investors Service, Inc.

Warrant Offerings

18. In connection with the NRF Warrant Offering, NRF has filed a preliminary short form prospectus under the securities legislation of Ontario and each of the Passport Jurisdictions. Under the NRF Warrant Offering, each holder of NRF Units, as at a specified record date, will be entitled to receive, for no consideration, one NRF Warrant for each NRF Unit held by such holder.

19. Holders of NRF Warrants will be entitled, upon the exercise of such NRF Warrants, to subscribe for NRF Units, pursuant to subscription privileges provided for in the NRF Warrants, at a subscription price to be specified in the NRF Warrant Prospectus. Two NRF Warrants will entitle the holder to subscribe for one NRF Unit under a basic subscription privilege. Holders of NRF Warrants who exercise NRF Warrants under the basic subscription privilege may also subscribe, pro rata, for additional NRF Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege. The term for the exercise of NRF Warrants (including both the basic subscription privilege and the additional subscription privilege) will not exceed six months.

20. NRF intends to apply to list the NRF Warrants, to be distributed under the NRF Warrant Prospectus, on the TSX.

21. The NRF Warrant Offering Activities will consist of:

    a. the distribution of the NRF Warrant Prospectus and the issuance of NRF Warrants to the holders of NRF Units (as at the record date specified in the NRF Warrant Prospectus), after the NRF Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of Ontario and each of the Passport Jurisdictions; and

    b. the distribution of NRF Units to holders of NRF Warrants, upon the exercise of such NRF Warrants by the holder, through a registered dealer that is registered in a category that permits the registered dealer to make such distribution.

22. In connection with the NPF Warrant Offering, NPF has filed a preliminary short form prospectus under the securities legislation of Ontario and each of the Passport Jurisdictions. Under the NPF Warrant Offering, each holder of NPF Units, as at a specified record date, will be entitled to receive, for no consideration, one NPF Warrant for each NPF Unit held by such holder.

23. Holders of NPF Warrants will be entitled, upon the exercise of such NPF Warrants, to subscribe for NPF Units, pursuant to subscription privileges provided for in the NPF Warrants, at a subscription price to be specified in the NPF Warrant Prospectus. Two NPF Warrants will entitle the holder to subscribe for one NPF Unit under a basic subscription privilege. Holders of NPF Warrants who exercise NPF Warrants under the basic subscription privilege may also subscribe, *pro rata*, for additional NPF Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege. The term for the exercise of NPF Warrants (including both the basic subscription privilege and the additional subscription privilege) will not exceed six months.

24. NPF intends to apply to list the NPF Warrants, to be distributed under the NPF Warrant Prospectus, on the TSX.

25. The NPF Warrant Offering Activities will consist of:

    a. the distribution of the NPF Warrant Prospectus and the issuance of NPF Warrants to the holders of NPF Units (as at the record date specified in the NPF Warrant Prospectus), after the NPF Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of Ontario and each of the Passport Jurisdictions; and

    b. the distribution of NPF Units to holders of NPF Warrants, upon the exercise of such NPF Warrants by the holder, through a registered dealer that is registered in a category that permits the registered dealer to make such distribution.

26. In connection with the FRL Class A Warrant Offering, FRL has filed a preliminary short form prospectus under the securities legislation of Ontario and each of the Passport Jurisdictions. Under the FRL Class A Warrant Offering, each

holder of FRL Class A Units, as at a specified record date, will be entitled to receive, for no consideration, one FRL Class A Warrant for each FRL Class A Unit held by such holder.

27. Holders of FRL Class A Warrants will be entitled, upon the exercise of such FRL Class A Warrants, to subscribe for FRL Class A Units, pursuant to subscription privileges provided for in the FRL Class A Warrants, at a subscription price to be specified in the FRL Class A Warrant Prospectus. Two FRL Class A Warrants will entitle the holder to subscribe for one FRL Class A Unit under a basic subscription privilege. Holders of FRL Class A Warrants who exercise FRL Class A Warrants under the basic subscription privilege may also subscribe, *pro rata*, for additional FRL Class A Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege. The term for the exercise of FRL Class A Warrants (including both the basic subscription privilege and the additional subscription privilege) will not exceed six months.

28. FRL intends to apply to list the FRL Class A Warrants, to be distributed under the FRL Class A Warrant Prospectus, on the TSX.

29. The FRL Class A Warrant Offering Activities will consist of:

    a. the distribution of the FRL Class A Warrant Prospectus and the issuance of FRL Class A Warrants to the holders of FRL Class A Units (as at the record date specified in the FRL Class A Warrant Prospectus), after the FRL Class A Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of Ontario and each of the Passport Jurisdictions; and

    b. the distribution of FRL Class A Units to holders of FRL Class A Warrants, upon the exercise of such FRL Class A Warrants by the holder, through a registered dealer that is registered in a category that permits the registered dealer to make such distribution.

30. The Funds are in the business of trading by virtue of their portfolio investing and trading activities. As a result, their capital raising activities, including their respective NRF Warrant Offering Activities, NPF Warrant Offering Activities or FRL Class A Warrant Offering Activities, would require each of the Filers to register as a dealer in the absence of this decision (or another available exemption from the dealer registration requirement).

31. Section 8.5 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) provides that the exemptions from the dealer registration requirements set out in section 3.1 [*Rights offering*] and section 3.42 [*Conversion, exchange, or exercise*] of NI 45-106 no longer apply.

Decision

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

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

A. NRF, and the Manager acting on behalf of NRF, are not subject to the dealer registration requirement in respect of the NRF Warrant Offering Activities;

B. NPF, and the Manager acting on behalf of NPF, are not subject to the dealer registration requirement in respect of the NPF Warrant Offering Activities; and

C. FRL, and the Manager acting on behalf of FRL, are not subject to the dealer registration requirement in respect of the FRL Class A Warrant Offering Activities.

"Vern Krishna"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.1.3 Stanton Asset Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – One time trade of securities between a non-redeemable investment fund and an affiliated fund, both advised by the same portfolio manager, to implement a merger – costs of the merger borne by the manager – relief granted from the self-dealing prohibitions in subparagraphs 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 – Registration Requirements and Exemptions.

Applicable Legislative Provisions

National Instrument 31-103 Registration Requirements and Exemptions, ss. 13.5(2)(b)(ii) and (iii), 15.1.

December 13, 2012

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

AND

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

AND

IN THE MATTER OF
STANTON ASSET MANAGEMENT INC.
(the Filer)

AND

O'LEARY CANADIAN INCOME OPPORTUNITIES FUND 2
(the Terminating Fund)

AND

O'LEARY CANADIAN HIGH INCOME FUND
(the Continuing Fund, and together with the Terminating Fund, the Funds)

DECISION

Background

The securities regulatory authority or regulators in each of the Jurisdictions (**Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for exemptive relief from Section 13.5(2)(b)(ii) and (iii) of National Instrument 31-103 – *Registration Requirements and Exemptions* (**NI 31-103**) in connection with the transfer of the investment portfolio of the Terminating Fund to the Continuing Fund in order to implement the merger (the **Merger**) of the Terminating Fund into the Continuing Fund (the **Exemption Sought**).

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

(a) L'Autorité des marchés financiers is the principal regulator (the **Principal Regulator**) for this application;

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of the provinces of Canada, other than the province of Ontario; 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 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 the Filer:

1. The Filer is a corporation existing under the *Canada Business Corporations Act* with its head office in Montreal, Quebec.

2. The Filer is registered as a portfolio manager under the securities legislation of each of Québec and Ontario (the "**Legislation**").

3. The Filer is the portfolio manager of each Fund and O'Leary Funds Management LP (the "**Manager**") is the manager of each Fund.

4. The Manager proposes to effect the Merger of the Terminating Fund into the Continuing Fund, subject to regulatory approval, on or about December 14, 2012 (the "**Merger Date**").

5. Each Fund was established pursuant to a declaration of trust under the laws of the Province of Ontario.

6. The Funds are reporting issuers under the securities legislation of each province of Canada.

7. Neither the Filer nor either of the Funds is in default of securities legislation in any Canadian jurisdiction.

8. The Terminating Fund is a "non-redeemable investment fund" as defined in the Legislation and units of the Terminating Fund (the "**Units**") are listed on the Toronto Stock Exchange ("**TSX**").

9. The Terminating Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated November 26, 2010 (the "**Terminating Fund Declaration**") and completed its initial public offering on December 17, 2010.

10. The original long form prospectus of the Terminating Fund and the Terminating Fund Declaration provided for the conversion of the Terminating Fund into an open end mutual fund on or about December 14, 2012. In line with the Manager's overall business plan to merge mutual funds with similar investment objectives (usually as a result of conversion or merger of closed-end funds) in order to streamline and consolidate its product line and to achieve the most cost-effective management of all its funds, the Manager proposes to merge the Terminating Fund into the Continuing Fund rather than proceed with the conversion of the Terminating Fund into an open end mutual fund and its subsequent merger into the Continuing Fund.

11. The Continuing Fund is a "mutual fund" as defined in the Legislation and is governed by National Instrument 81-102 – *Mutual Funds* ("**NI 81-102**). The Continuing Fund was originally qualified for distribution as a closed end fund, known as O'Leary Canadian Income Opportunities Fund, by a long form prospectus dated April 29, 2009 and it converted into an open end fund and was qualified for distribution as such by a simplified prospectus dated December 1, 2011, with series X units of the Fund being issued to unitholders of the former closed end fund. Subsequently the Fund was renamed O'Leary Canadian High Income Fund on January 25, 2012 and another open end fund managed by the Manager, known as O'Leary Canadian Equity Income Fund, was merged into it on March 26, 2012.

12. The Continuing Fund currently offers series A, series F, series H, series I, series M and series X units pursuant to a simplified prospectus dated June 18, 2012 (the "**Simplified Prospectus**").

13. The Continuing Fund proposes to file amendments to its Simplified Prospectus and annual information form (and to file an additional fund facts document) to qualify the Series Y Units to be used in the Merger shortly.

14. The Terminating Fund Declaration stipulates that "The investment activities of the Fund are to be conducted in accordance with, among other things, the investment guidelines and restrictions that are applicable to mutual funds pursuant to NI 81-102."

15. Unless an exemption has been obtained, each of the Funds follows the standard investment restrictions and practices established under the applicable securities legislation of each province of Canada.

16. The Manager is of the view that the investment objectives and strategies of the two Funds are substantially similar and that it would be in the best interests of each Fund for the Funds to be merged.

17. The investment objectives of the Terminating Fund are as follows: (a) to maximize total return for holders of Units ("**Unitholders**"), consisting of distributions, interest and dividend income and capital appreciation; and (b) to provide Unitholders with monthly distributions currently targeted to be $0.08 per Unit ($0.96 per annum representing an annual cash distribution of 8% based on the $12.00 per Unit issue price)."

18. The investment strategies of the Terminating Fund, include the following: "The Fund invests in an actively-managed portfolio (the "Portfolio") that is comprised primarily of publicly-traded income trust units as well as investments in dividend-paying equity securities, preferred shares, convertible debt securities and corporate bonds of issuers domiciled in Canada."

19. The investment objectives of the Continuing Fund, as stated in its Simplified Prospectus, are as follows: "to maximize total return for unitholders, consisting of distributions, interest and dividend income and capital appreciation by investing in an actively managed portfolio comprised primarily of publicly-traded dividend-paying equity securities, preferred shares, corporate bonds, and convertible debt securities of mid and large-cap issuers domiciled in Canada. The Fund will seek to provide unitholders with periodic distributions in accordance with the distribution policy established for each series."

20. The investment strategies of the Continuing Fund, as stated in its Simplified Prospectus, include the following:

> "The Fund will invest in an actively managed portfolio comprised primarily of publicly-traded dividend paying equity securities, preferred shares, corporate bonds, and convertible debt securities of mid and large-cap issuers domiciled in Canada. The Fund will not invest more than 30% of its assets in issuers domiciled outside of Canada."

21. The only difference between the investment strategies of the two Funds is the reference to investment in "income trust units" in the strategies of the Terminating Fund. However, the original prospectus of the Terminating Fund stated: "The Fund will initially invest approximately 50% of the assets of the Portfolio in income trust units. Over time as market conditions evolve relating to the conversion of some income trusts to corporations, the Fund will migrate to a focus on dividend-paying common equity securities, preferred shares, convertible debt securities and corporate bonds."

22. Upon completion of the Merger, Unitholders of the Terminating Fund will receive Series Y Units of the Continuing Fund which will have a distribution policy which seeks to provide unitholders with monthly distributions. It is proposed that this policy will be stated in substantially the following manner in the amended Simplified Prospectus:

> "The Fund will seek to provide unitholders of series Y units with monthly distributions in cash. Initially, the Fund will endeavour to distribute $0.72 per annum representing an annual distribution of 7.1% based on a NAV per unit of $10.05 as at October 9, 2012 of O'Leary Canadian Income Opportunities Fund 2(the closed-end fund which merged into the mutual fund, O'Leary Canadian High Income Fund, on December 14, 2012). This amount of annual distribution corresponds to a regular monthly distribution of $0.06 per series Y unit. The monthly distribution amount will be determined by the Manager on an annual basis, taking into account the market conditions, the fees and expenses of the Fund and the portfolio performance. The Manager intends to make the determination in January of each year. The Manager will determine this amount by looking at the NAV of the series on December 31 of the previous year and determine the amount assuming that market conditions remain relatively constant over the coming year. There can be no assurance that the Fund will be able to achieve its monthly distribution objectives."

23. The Manager has reviewed the portfolio of the Terminating Fund and has determined that all of the assets of the Terminating Fund's portfolio are suitable investments for the Continuing Fund and fall within the investment objectives of the Continuing Fund.

24. The Merger will not be a material change for the Continuing Fund, as the net asset value ("**NAV**") of the Continuing Fund is significantly larger than the NAV of the Terminating Fund. The NAV of the Continuing Fund was $172.5 million as of September 28, 2012, whereas the NAV of the Terminating Fund was $118.3 million. As a consequence of this, no unitholder approval of the Continuing Fund is required under section 5.1(g) of NI 81-102.

25. The Merger will be effected with respect to the Terminating Fund, in accordance with the "permitted merger" provisions of the Terminating Fund Declaration. The relevant provisions provide that the Manager may, without obtaining Unitholder approval, undertake a reorganization of the Fund with, or transfer of assets to, a mutual fund trust, if (i) the Fund ceases to continue after the reorganization or transfer of assets; and (ii) the transaction results in Unitholders

becoming securityholders in the mutual fund trust (a "Permitted Merger"), provided that the Permitted Merger is undertaken in accordance with the terms of NI 81-102 whether the Fund is then subject to NI 81-102 or not. As a consequence, since the merger would satisfy all of the provisions of section 5.3(2) of NI 81-102 if the Fund were governed by that instrument, no unitholder approval of the Terminating Fund is required for the merger in accordance with the Terminating Fund Declaration.

26. As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("**NI 81-107**"), an Independent Review Committee ("**IRC**") has been appointed for each of the Funds, and the Manager presented the terms of the Merger to the IRC at a special meeting called for this purpose on October 11, 2012, and requested the IRC's approval of the Merger. The IRC approved the merger as contemplated by 5.3(2)(a) of NI 81-102.

27. The board of directors of O'Leary Funds Management Inc., the general partner of the Manager, also approved the Merger and determined that it is in the best interests of each of the Funds. A press release was issued on October 12, 2012 announcing both the Board approval and the IRC approval. The press release was filed and the material change report in respect of the Merger will be filed on SEDAR under the profile of the Terminating Fund.

28. The press release announces the Merger more than 60 days prior to the Merger Date and unitholders of the Terminating Fund were sent notice of the merger at least 60 days prior to the Merger Date as well. In addition, unitholders of the Terminating Fund have ample opportunity to redeem their Units prior to the Merger in compliance with the redemption provisions set out in the Terminating Fund Declaration, should they wish to do so. The original prospectus and the current annual information form of the Terminating Fund states: "The Units will be redeemable at NAV per Unit on November 30, 2012 (the "First NAV Redemption Date")." This was contemplated as occurring just prior to the conversion into an open end mutual fund and now will occur just prior to the merger into an open end mutual fund.

29. The Merger involves the transfer of the assets of the Terminating Fund to the Continuing Fund which is a mutual fund to which NI 81-102 and NI 81-107 both apply and which is managed by the Manager of the Terminating Fund.

30. All costs and expenses associated with the Merger will be borne by the Manager. No sales charges, redemption fees or other fees or commissions will be payable by unitholders of the Funds in connection with the Merger.

31. The Merger will be implemented on a tax-deferred basis after the expiry of the annual redemption notice period of the Terminating Fund and as soon as practicable on or after December 14, 2012, the date originally scheduled for the conversion of the Terminating Fund into an open end mutual fund.

32. The Merger will be completed in accordance with the provisions of subsections 5.6(1)(a), (b), (c), (d), (g), (h) and (i) and subsection 5.6(2) of NI 81-102, in accordance with section 5.3(2) if it were to apply to the Terminating Fund, thus fulfilling the further requirements of the "permitted merger" provisions of the Terminating Fund Declaration.

33. The management fees for the Terminating Fund (after the increase which was disclosed and scheduled to occur upon conversion into an open end fund, which will now be effected by a merger into an open end fund rather than a conversion) are the same as the management fees for the Series Y Units of the Continuing Fund. As a result, the fee structure of the Terminating Fund and Series Y of the Continuing Fund are substantially similar, as would be required by s. 5.6(1)(a) of NI 81-102.

34. The Terminating Fund and the Continuing Fund are each a mutual fund trust under the *Income Tax Act* (Canada) ("**Tax Act**") and accordingly, units of the Funds are "qualified investments" under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts.

35. No TSX approval is required for the Merger. However, the Terminating Fund will need to comply with the requirements of the TSX to delist.

36. The NAV for units of each Fund is calculated on a daily basis on each day that the TSX is open for trading. The Funds have substantially similar valuation rules and procedures.

37. The Filer is a "responsible person" as defined in the Legislation as a result of being the portfolio manager of the Funds.

38. The transfer of the investment portfolio of the Terminating Fund to the Continuing Fund (and the corresponding purchase of such investment portfolio by the Continuing Fund) as a step in the Merger may be considered a purchase or sale of securities, knowingly caused by a registered adviser that manages the investment portfolio of the Funds, from or to the investment portfolio of (i) an associate of a responsible person (since each Fund is a trust which is an

"associate" of the trustee of the Fund, which is also an affiliate of the adviser and thus a "responsible person"), and (ii) an investment fund for which a "responsible person" acts as an adviser, in each case, contrary to NI 31-103.

39. The Merger would comply with the exemption from section 13.5(2)(b) of NI 31-103 provided in subsection 6.1(4) of NI 81-107 but for subsection 6.1(2)(f). It is not possible to effect the transfer of assets from the Terminating Fund to the Continuing Fund in accordance with the "market integrity requirements", as such term is defined in Section 6.1(1) of NI 81-107, because the purchase and sale of such assets will be effected directly between the Terminating Fund and the Continuing Fund and accordingly will not be printed on the TSX.

40. The Merger is expected to take place using the following steps:

(a) Prior to the Merger Date, the Terminating Fund will sell any securities in its portfolio necessary to meet redemption requests.

(b) Effective as of close of business on last business day prior to the Merger Date, the Units of the Terminating Fund will be de-listed from the TSX.

(c) The value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the Merger Date in accordance with the Terminating Fund Declaration.

(d) The Continuing Fund will acquire the investment portfolio and other assets of the Terminating Fund in exchange for Series Y Units of the Continuing Fund.

(e) The Continuing Fund will not assume liabilities of the Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the Merger Date.

(f) The Series Y Units of the Continuing Fund received by the Terminating Fund will have an aggregate NAV equal to the value of the Terminating Fund's portfolio assets and other assets that the Continuing Fund is acquiring, and the Series Y Units will be issued at their applicable series NAV per unit as of the close of business on the Merger Date.

(g) The Terminating Fund will distribute to its Unitholders a sufficient amount of its net income and net realized capital gains so that it will not be subject to tax under Part I of the Tax Act for its taxation year ending on the Merger Date.

(h) Immediately thereafter, the Terminating Fund will be terminated and the Series Y Units of the Continuing Fund received by the Terminating Fund will be distributed to Unitholders of the Terminating Fund on a dollar for dollar basis in exchange for their Units in the Terminating Fund.

(i) As soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

(j) The Manager will issue a press release forthwith after the Merger is completed announcing the completion of the Merger and the ratio by which Units of the Terminating Fund were exchanged for Series Y Units..

41. In the absence of this order, the Filer would be prohibited from purchasing and selling the securities of the Terminating Fund (and thereby transferring the investment portfolio of the Terminating Fund to the Continuing Fund) in connection with the Merger.

42. In the opinion of the Filer, the Merger will not adversely affect unitholders of the Terminating Fund or the Continuing Fund and will in fact be in the best interests of unitholders of both Funds. The Filer believes that the Merger will be beneficial to unitholders for the following reasons:

(a) the Merger will eliminate the administrative and regulatory costs of operating the Terminating Fund as a separate mutual fund;

(b) the Continuing Fund, after the merger of the two Funds' portfolios, will have a portfolio of even greater size than its current portfolio and will have the potential to grow even more, as the Continuing Fund will be in continuous distribution, and so should offer improved portfolio diversification to unitholders;

(c) Series Y Units of the Continuing Fund will have greater liquidity through daily purchases and redemptions than Units of the Terminating Fund and the Merger will eliminate the discount to NAV for the Terminating Fund;

(d) management fees for the Terminating Fund (after the increase which was scheduled to occur upon conversion into an open end fund) are the same as the management fees for the Series Y Units of the Continuing Fund;

(e) the Continuing Fund, as a result of its greater size, should benefit from a reduction of its management expense ratio as the fixed portion of its administrative and regulatory costs will be paid by a larger number of unitholders; and

(f) the Continuing Fund allows greater unitholder flexibility with respect to switches, reclassifications and conversions into other mutual funds managed by the Manager.

Decision

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

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

(a) upon a request by a Unitholder for financial statements, the Filer will make best efforts to provide the unitholder with financial statements of the Continuing Fund; and

(b) the Terminating Fund and the Continuing Fund with respect to the Merger have an unqualified audit report in respect of their last completed financial period.

"Eric Stevenson"
Le surintendant de l'assistance aux clientèles et de l'encadrement de la distribution

2.1.4 Manulife Asset Management Limited

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from sections 2.3(f), 2.3(h), 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 – Mutual Funds to permit a mutual fund to use ETFs to invest up to 10 percent of its net assets, in aggregate, in gold and other physical commodities – ETFs will be traded on a Canadian or U.S. stock exchange – subject to 10 percent exposure to physical commodities, in aggregate, and certain conditions. This decision revokes and replaces the Previous Decision.

Applicable Legislative Provisions

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

April 30, 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
MANULIFE ASSET MANAGEMENT LIMITED
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator:

(a) to revoke and replace the Previous Decision (as defined below); and

(b) pursuant to section 19.1 of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) to exempt the mutual funds listed in Schedule A attached hereto (each an **Existing Fund** and, collectively, the **Existing Funds**), and each future mutual fund managed by the Filer or an affiliate of the Filer that is subject to NI 81-102 and is an asset allocation fund (as particularized below in the representations), or a "fund of funds" that primarily invests in one or more underlying mutual funds managed by the Filer or by other investment fund managers (together with the Existing Funds, the **Manulife Asset Allocation Funds** and, individually, a **Manulife Asset Allocation Fund**) from clauses:

(i) 2.3(f) and (h) of NI 81-102 to permit the Manulife Asset Allocation Funds to invest indirectly in physical commodities (in addition to gold, which is permitted by clause 2.3(e) of NI 81-102) through investments in Commodity ETFs (as defined below);

(ii) 2.5(2)(a) and (c) of NI 81-102 to permit the Manulife Asset Allocation Funds to invest in exchange-traded funds (**ETFs**) traded on a stock exchange in Canada or the United States that have exposure to one or more physical commodities other than gold or silver, on an unlevered basis (**Commodity ETFs**).

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

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

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

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

Interpretation

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

Representations

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

The Manulife Asset Allocation Funds

1. The Filer is a corporation governed under the *Business Corporations Act* (Ontario) and has its head office located in Toronto, Ontario.

2. The Filer is registered in the categories of commodity trading manager, exempt market dealer, portfolio manager and investment fund manager.

3. The Filer is or will be the manager of each of the Manulife Asset Allocation Funds. The Filer additionally is, or will be, the portfolio advisor and/or trustee of each Manulife Asset Allocation Fund. Affiliates of the Filer are, or may be, portfolio sub-advisor to a Manulife Asset Allocation Fund.

4. The Manulife Asset Allocation Funds are mutual funds whose mandates are to provide investors with a variable mix of multiple asset classes such as Canadian, U.S. and/or other foreign equities, bonds, commodities and/or cash equivalents.

5. Each Manulife Asset Allocation Fund is, or will be, a mutual fund organized and governed under the laws of a jurisdiction of Canada, is, or will be, a reporting issuer under the laws of some or all of the provinces and territories of Canada and is, or will be, governed by the provisions of NI 81-102.

6. Securities of each Manulife Asset Allocation Fund are, have been, or will be, qualified for distribution in some or all of the provinces and territories of Canada under a simplified prospectus and annual information form filed with and receipted by the securities regulators in the applicable jurisdiction(s).

7. Neither the Filer nor any of the Manulife Asset Allocation Funds is in default of securities legislation in the Jurisdictions.

8. In addition to investing in silver and various ETFs pursuant to the decision document granted by the Principal Regulator to the Filer on July 11, 2011, (with the Commodity ETFs, the **Underlying ETFs**) each of the Manulife Asset Allocation Funds wishes to be additionally able to invest, to meet its investment objectives, in Commodity ETFs:

   (a) to a maximum collective limit of 10 percent of its net asset value, taken at market value at the time of the purchase of securities of an Underlying ETF; and

   (b) to a maximum of 2.5 percent of its net asset value of each of the Manulife Asset Allocation Funds in any one commodity sector, other than gold and/or silver, taken at market value at the time of purchase. For this purpose, the relevant commodity sectors are energy, grains, industrial metals, livestock, precious metals (other than gold and silver) and softs (including cocoa, cotton, coffee and sugar).

9. Each Commodity ETF will be a “mutual fund” (as such term is defined under the *Securities Act* (Ontario)) and will be listed and traded on a stock exchange in Canada or the United States.

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

11. The Filer obtained a previous decision dated October 4, 2013 (the **Previous Decision**) exempting the Manulife Asset Allocation Funds from clauses:

    (a) 2.3(f) and (h) of NI 81-102 to permit the Manulife Asset Allocation Funds to invest indirectly in physical commodities (in addition to gold, which is permitted by clause 2.3(e) of NI 81-102) through investments in Commodity ETFs; and

    (b) 2.5(2)(a), (b) and (c) of NI 81-102 to permit the Manulife Asset Allocation Funds to invest in ETFs traded on a stock exchange in Canada or the United States that do not qualify as IPUs (as defined below), that have exposure to one or more Commodity ETFs.

12. The definition of "Manulife Asset Allocation Funds" in the Previous Decision was limited to asset allocation funds structured as "funds of funds". The Requested Relief is required to revise the definition of "Manulife Asset Allocation Funds" to also include asset allocation funds that are not structured as "funds of funds".

13. As of the date of the decision, the Filer will no longer rely on the Previous Decision.

Investments in Commodity ETFs

14. The investment objectives and investment strategies of the Manulife Asset Allocation Funds are designed to offer investors an opportunity to obtain exposure to a broad array of asset classes and strategies. To better fulfill their investment objectives, the Manulife Asset Allocation Funds require the ability to invest indirectly in physical commodities, in addition to gold or silver, through investments in the Commodity ETFs.

15. In addition to investing in securities of ETFs that are "index participation units" (as such term is defined in NI 81-102) (**IPUs**), the Manulife Asset Allocation Funds propose to have the ability to invest in the Commodity ETFs whose securities are not IPUs.

16. Any regulatory concerns, such as undue risk, liquidity concerns or lack of transparency, in connection with the Exemption Sought are mitigated by the following facts:

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

    (ii) In accordance with its investment objective and investment strategies and in addition to its investments indirectly in commodities, the Manulife Asset Allocation Funds will be permitted generally to invest in ETFs.

    (iii) The amount of loss that can result from an investment by a Manulife Asset Allocation Fund in an Commodity ETF will be limited to the amount invested by the Manulife Asset Allocation Fund in securities of the Commodity ETF.

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

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

    (vi) The simplified prospectus of the Manulife Asset Allocation Funds discloses or will disclose the next time it is renewed (i) the fact that the Manulife Asset Allocation Funds have obtained relief to invest in Commodity ETFs, (ii) an explanation of what each category of Commodity ETFs is, (iii) that the Manulife Asset Allocation Funds may invest indirectly in gold and other physical commodities and (iv) the risks associated with such investments and strategies.

17. Any investment by the Manulife Asset Allocation Funds in securities of a Commodity ETF will be made in compliance with the custodian requirements in Part 6 of NI 81-102.

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

19. The Filer has determined that it would be in the best interests of the Manulife Asset Allocation Funds to receive the Exemption Sought.

Decision

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

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

(a) an investment by the Manulife Asset Allocation Fund in securities of a Commodity ETF is in accordance with the fundamental investment objectives and investment strategies of the Manulife Asset Allocation Fund;

(b) the Manulife Asset Allocation Fund will limit its exposure to all physical commodities, including gold and silver, (whether direct or indirect) to no more than 10 percent of the net assets of the Fund in aggregate, taken at market value at the time of purchase;

(c) the Manulife Asset Allocation Fund may not purchase securities of an Commodity ETF if, immediately after the purchase, more than 10 percent of the net assets of the Fund in aggregate, taken at market value at the time of purchase, would consist of securities of Commodity ETFs;

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

(e) the simplified prospectus of the Manulife Asset Allocation Funds discloses or will disclose the next time it is renewed (i) the fact that the Manulife Asset Allocation Funds have obtained relief to invest in Commodity ETFs, (ii) an explanation of what each category of Commodity ETFs is, (iii) that the Manulife Asset Allocation Funds may invest indirectly in gold and other physical commodities and (iv) the risks associated with such investments and strategies.

“Darren McKall”
Manager, Investment Funds Branch
Ontario Securities Commission

SCHEDULE A

LIST OF EXISTING FUNDS

Manulife Balanced Income Private Pool
Manulife Balanced Income Private Trust
Manulife Diversified Income Portfolio
Manulife Diversified Strategies Fund
Manulife Global Managed Volatility Portfolio
Manulife Leaders Balanced Growth Portfolio
Manulife Leaders Balanced Income Portfolio
Manulife Leaders Opportunities Portfolio
Manulife Simplicity Conservative Portfolio
Manulife Simplicity Moderate Portfolio
Manulife Simplicity Balanced Portfolio
Manulife Simplicity Global Balanced Portfolio
Manulife Simplicity Growth Portfolio

2.1.5 U.S. Global Investors (Canada) Ltd. et al.

Headnote

NP 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval granted for change of control of mutual fund manager under s. 5.5(2) of NI 81-102 – The Filer has no current plans to change the manager of the Funds, or to amalgamate or merge the current manager with any other entity, for the foreseeable future.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(2), 19.1.

April 30, 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 U.S. GLOBAL INVESTORS (CANADA) LTD. (U.S. Global)

AND

IN THE MATTER OF GALILEO GLOBAL EQUITY ADVISORS INC. (the Manager) (collectively, the Filers)

AND

IN THE MATTER OF GALILEO HIGH INCOME PLUS FUND and GALILEO GROWTH AND INCOME FUND (the Funds)

DECISION

Background

The principal regulator in the Jurisdiction (the **Decision Maker**) has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for approval pursuant to subsection 5.5(2) of National Instrument 81-102 *Mutual Funds* (**NI 81-102**) of a change of control of the Manager (the **Approval Sought**).

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

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

(b) the Manager has provided notice that section 4.7(1) of Multilateral instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, Québec, Saskatchewan, Northwest Territories, Yukon and Nunavut (together with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

The Filers and the Funds

1. The Manager is a corporation incorporated under the laws of the Province of Ontario. The Manager's head office is located in Ontario.

2. The Manager is registered: (a) in Ontario, as an exempt market dealer, portfolio manager and investment fund manager, (b) in Alberta, as a portfolio manager and exempt market dealer, (c) in Manitoba, as a portfolio manager and exempt market dealer, (d) in British Columbia, as a portfolio manager and exempt market dealer, (e) in Nova Scotia, as a portfolio manager and exempt market dealer, (f) in Québec, as a portfolio manager, exempt market dealer and investment fund manager, and (g) in Newfoundland and Labrador, as an investment fund manager. The Manager is not in default of securities legislation in any of the Jurisdictions.

3. The Manager is the investment fund manager and trustee of the Funds and provides investment advice and portfolio management services to the Funds.

4. The Funds are reporting issuers in the Jurisdictions and are not in default of any of the securities law requirements of those Jurisdictions. The securities of the Funds are qualified for distribution in the Jurisdictions by a simplified prospectus and annual information form.

5. The Funds are marketed and distributed through registered dealers.

6. Prior to July 31, 2012, the manager and trustee of the Funds was Galileo Funds Inc. (**GFI**), a wholly-owned subsidiary of the Manager, and the Manager was the portfolio adviser of the Funds. On July 31, 2012, the Manager amalgamated with its wholly-owned subsidiary, GFI, by way of a short-from vertical amalgamation pursuant to section 177 of the Ontario *Business Corporations Act*. The amalgamated corporation continued under the name Galileo Global Equity Advisors Inc. (**GGEA**) and since July 31, 2012, has been the investment fund manager, trustee and portfolio advisor of the Funds. Disclosure pertaining to the amalgamation was provided in the Funds' Simplified Prospectus and Annual Information Form dated August 24, 2012.

7. U.S. Global is a wholly owned subsidiary of U.S. Global Investors, Inc., a Texas corporation. U.S. Global was incorporated under the *Canada Business Corporations Act* on February 14, 2013 for the sole purpose of holding the shares of the Manager, and does not carry on any other business. U.S. Global's parent company, U.S. Global Investors, Inc., is a registered investment adviser under the Investment Advisers Act of 1940, as amended, as adopted in the United States. Headquartered in San Antonio, Texas, U.S. Global Investors, Inc. and its U.S. subsidiaries are principally engaged in the business of providing investment advisory, transfer agency and other services to U.S. Global Investors Funds (a family of thirteen SEC registered mutual funds) as well as other clients.

8. The Manager, U.S. Global and Michael Waring, the President, Chief Executive officer, Chief Investment Officer and Chief Compliance Officer of the Manager, entered into a share purchase agreement on January 18, 2013 that was completed on or around March 31, 2013 through which U.S. Global acquired 500,000 Class A common shares of the Manager. The Filers applied for and received an approval dated March 12, 2013 under subsection 5.5(2) of NI 81-102 in connection with that transaction.

The Proposed Acquisition

9. The Manager, U.S. Global and Michael Waring have entered into an agreement whereby U.S. Global will acquire 150,000 Class B common shares in the capital of the Manager from Michael Waring.

10. Currently, U.S. Global owns 500,000 Class A common shares and Michael Waring owns 500,000 Class B common shares of the Manager. The Class A common shares and Class B common shares have equal voting rights and participate equally in the event of the liquidation, dissolution or winding-up of the Manager. The only difference between the Class A common shares and the Class B common shares is that the directors of the Manager may declare and pay different dividends on the Class A common shares and the Class B common shares.

11. Upon the completion of the Transaction, U.S. Global will own 500,000 Class A common shares and 150,000 Class B common shares, together representing 65% of the outstanding voting shares of the Manager, and Michael Waring will own 350,000 Class B common shares representing 35% of the outstanding voting shares of the Manager. The transaction will result in a change of control of the Manager, since the percentage of the Manager's voting shares held by U.S. Global will increase from 50% to 65% and the percentage of the Manager's voting shares held by Michael Waring will decrease from 50% to 35%. Following the completion of the Transaction, the issued and outstanding shares of the Manager will be owned as follows:

Name of Shareholder	Number of voting Class A common shares	Number of voting Class B common shares	Total Number of voting Class A common and Class B common shares	% of total voting Class A common and Class B common shares
Michael Waring	0	350,000	**350,000**	**35%**
U.S. Global Investors (Canada) Ltd.	500,000	150,000	**650,000**	**65%**
TOTALS:	500,000	500,000	**1,000,000**	**100%**

12. The completion of the Transaction is subject to the satisfaction of closing conditions, including regulatory approvals, and is expected to close on or about April 30, 2014 (the **Closing Date**) following receipt of the regulatory approvals and the expiration of the notice period provided for in section 5.8(1)(a) of NI 81-102.

Proposed Change of Control

13. The Transaction will result in a change of control of the Manager.

14. The current directors of the Manager are Michael Waring, Evelyn Foo, Frank Holmes (the Chief Executive Officer and Chief Investment Officer of U.S. Global Investors, Inc.) and Susan McGee (the President and General Counsel of U.S. Global Investors, Inc.). It is anticipated that the directors of the Manager will remain the same following the closing of the Transaction.

15. The current officers of the Manager are Michael Waring (President, Chief Executive Officer, Chief Investment Officer and Chief Compliance Officer) and Evelyn Foo (Chief Financial Officer and Secretary). It is anticipated that the officers of the Manager will remain the same following the closing of the Transaction.

16. U.S. Global and Michael Waring entered into a shareholders' agreement dated March 31, 2013 which provided that certain material transactions required the unanimous approval of both U.S. Global and Mr. Waring, including (i) amending the Manager's articles or by-laws, (ii) the issuance of additional shares, (iii) changing the principal business of the Manager, entering new lines of business, or exiting the current line of business, (iv) significant corporate acquisitions, divestitures or mergers, and (v) the liquidation, dissolution or winding up of the Manager. As a result of the change in the parties' shareholdings, U.S. Global and Michael Waring intend to amend such shareholders' agreement to provide that certain of the above-noted material transactions will no longer require the approval of Michael Waring. Such amendments will not have any material impact on the day-to-day operations of the Manager or on the management and administration of the Funds within a foreseeable period of time following the closing of the Transaction.

17. A press release describing the Transaction was issued by the Manager on March 3, 2014 and filed under SEDAR Project No. 02170673.

18. Securityholder notice describing the Transaction and the resulting change of control was posted on SEDAR under SEDAR Project No. 02170694 and was sent to securityholders of the Funds on February 28, 2014, pursuant to section 5.8(1)(a) of NI 81-102.

19. A notice regarding the change of control of the Manager was submitted to the Compliance and Registrant Regulation branch of the Ontario Securities Commission on March 3, 2014 pursuant to section 11.10 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. The Filers received a non-objection letter dated April 2, 2014.

20. In respect of the impact of the proposed change of control of the Manager on the management and administration of the Funds:

    (a) The Filers have confirmed that there are no current plans:

        (i) to make any substantive changes to how the Manager operates or manages the Funds;

        (ii) to amalgamate or merge the Manager with another investment fund manager,

(iii) immediately following the Closing Date, to change the manager of the Funds to U.S. Global or an affiliate of U.S. Global; and

(iv) within a foreseeable period of time, to change the Manager to U.S. Global or an affiliate of U.S. Global.

(b) The change of control of the Manager will have no negative consequences on the ability of the Manager to comply with all applicable regulatory requirements or its ability to satisfy its obligations to the Funds.

(c) There is no current intention to change the name of the Manager or the names of the Funds as a result of the Transaction, immediately after the Closing Date.

(d) The Filers currently intend to maintain the Funds as a separately managed fund family with the Manager as the Funds' investment fund manager and portfolio manager, after the Closing Date.

(e) Following the Closing Date, while the percentage of the Manager's voting shares held by U.S. Global will increase from 50% to 65% and the percentage of the Manager's voting shares held by Michael Waring will decrease from 50% to 35%, the Transaction will not result in any material change in how the Manager operates or acts in relation to the Funds. The Transaction will not have a negative impact on the Funds or their securityholders.

(f) There are no current plans to change the Funds' portfolio manager or the individual portfolio managers of the Manager who are responsible for managing the investment portfolios of the Funds within a foreseeable period of time following the closing of the Transaction.

(g) Following the Closing Date, Michael Waring will continue in the role of Chief Investment Officer of the Manager and will continue to have overall responsibility for the investment management activities of the Manager. In addition, the individuals chiefly responsible for the management and administration of the Funds - namely Michael Waring (President, Chief Executive Officer, Chief Investment Officer and Chief Compliance Officer) and Evelyn Foo (Chief Financial Officer and Secretary) - will continue in their current capacities. All directors and officers of the Manager following closing of the Transaction will continue to have the requisite integrity and experience to fulfil their roles.

(h) Although the current members of the Funds' independent review committee (**IRC**) will automatically cease to be members of the IRC by operation of section 3.10(1)(c) of National Instrument 81-107 *Independent Review Committee for Investment Funds* upon the closing of the Transaction, the Manager intends to reappoint them immediately after the Closing Date.

(i) It is not expected that there will be any change to the investment objectives and strategies of the Funds or the expenses that are charged to the Funds as a result of the Transaction.

(j) The proposed Transaction is not expected to adversely impact the financial stability of the Manager or its ability to fulfill its regulatory obligations.

Decision

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

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

"Vera Nunes"
Manager, Investment Funds
Ontario Securities Commission

2.1.6 MD Physician Services Inc.

Headnote

National Policy 11-203 – Process for Exemptive Relief Applications in Multiple Jurisdictions – relief granted from sections 2.5(2)(a) and 2.5(2)(c) of National Instrument 81-102 – Mutual Funds to permit specified mutual funds to invest up to 10 percent of their net assets in U.S. ETFs that track an index, but are not index participation units under NI 81-102. U.S. ETFs subject to U.S. 1940 Investment Companies Act and are not commodity pools in the U.S.

Applicable Legislative Provisions

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

April 29, 2014

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

AND

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

AND

IN THE MATTER OF
MD PHYSICIAN SERVICES INC.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for an exemption pursuant to section 19.1 of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) exempting MDPIM Strategic Yield Pool, MDPIM Strategic Opportunities Pool, MD Strategic Yield Fund and MD Strategic Opportunities Fund (each, a **Strategic Fund** and collectively, the **Strategic Funds**) from clauses 2.5(2)(a) and (c) of NI 81-102 to permit each Strategic Fund to invest in securities of the following U.S. exchange traded funds (collectively, the **US ETFs** and each, a **US ETF**):

1. IQ Hedge Multi-Strategy Tracker ETF;
2. IQ Hedge Macro Tracker ETF; and
3. Proshares Hedge Replication ETF.

(the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Filer is the investment fund manager and portfolio manager of the Strategic Funds, which are publicly offered mutual funds.

2. Two of the Strategic Funds are part of the MDPIM family of mutual funds managed by the Filer (the **MDPIM Funds**), with the remaining two Strategic Funds being part of the MD family of mutual funds managed by the Filer (the **MD Funds**).

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

4. None of the Filer, any MDPIM Fund or any MD Fund is in default of securities legislation in any Jurisdiction.

5. The Strategic Funds are open-end mutual fund trusts that were created under the laws of the Province of Ontario and are reporting issuers in each of Jurisdictions. The Strategic Funds that are part of the MDPIM Funds first commenced offering their securities to the public in February 2013, while the Strategic Funds that are part of the MD Funds first commenced offering their securities to the public in February 2014.

6. The securities of each of the Strategic Funds are currently qualified for distribution pursuant to a simplified prospectus, annual information form and Fund Facts documents for the MDPIM Funds and the MD Funds, respectively, in each of the Jurisdictions (the **Current Prospectus**).

7. As with all of the mutual funds managed by the Filer, the Strategic Funds are available for investment only by "qualified eligible investors", which essentially means that the investors must be either physicians who are members of the Canadian Medical Association or relatives of those individuals.

   (a) The MDPIM Funds are only available to "qualified eligible investors" who are either clients of MD Private Trust Company or MD Private Investment Counsel, a division of the Filer (**MDPIC**), and who have appointed MDPIC to provide them with discretionary portfolio management services and advice. The MDPIM Funds are designed to be a part of managed portfolios of the MDPIM Funds for managed account clients of MDPIC which portfolios will be recommended for the clients by representatives of MDPIC. Investors in the MDPIM Funds pay MDPIC a managed account fee on their entire managed account investments – no management fees are charged to the MDPIM Funds. Presently, the Filer absorbs all expenses otherwise payable by the MDPIM Funds, although it reserves the right to cease to do this. Investors also do not pay any sales or redemption fees in connection with their investment in the MDPIM Funds.

   (b) The MD Funds are only available to "qualified eligible investors" who are clients of MD Management Limited (**MD Management**), a registered investment dealer and member of the Investment Industry Regulatory Organization of Canada (**IIROC**). The fees and charges payable by investors with respect to the MD Funds depend on the series of the MD Fund being invested in and are disclosed in the simplified prospectus and Fund Facts documents of the applicable MD Fund.

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

9. The investment objective of the MDPIM Strategic Yield Pool and MD Strategic Yield Fund is to provide income and long-term capital appreciation. They invest primarily in equity securities, exchange traded funds listed on a Canadian or U.S. stock exchange and fixed income securities that emphasize alternative or non-traditional asset classes or strategies. They will also have exposure to currencies and commodities.

10. The investment objective of the MDPIM Strategic Opportunities Pool and MD Strategic Opportunities Fund is to provide long-term capital appreciation. They invest primarily in equity securities, exchange traded funds listed on a Canadian or U.S. stock exchange and fixed income securities that emphasize alternative or non-traditional asset classes or strategies. They will also have exposure to currencies and commodities.

11. In order to allow each Strategic Fund to more effectively meet its investment objectives, the Filer, in consultation with QS Investors, wishes each Strategic Fund to be permitted to invest in the US ETFs, which are U.S. exchange traded funds that follow an "absolute return" investment strategy. Because of the indices followed by the US ETFs, the US ETFs do not fall within the definition of "index participation unit" as used in NI 81-102, but they can be considered to be "mutual funds", which means the "fund of fund" rules in NI 81-102, without the Exemption Sought, apply to prohibit any investment by the Strategic Funds in the US ETFs.

12. A key benefit of investing in alternative asset classes and strategies is improved portfolio diversification and potentially enhanced returns. For example:

   (a) The investment strategies of the US ETFs typically have a low correlation to traditional asset classes such as bonds and stocks, which in turn gives rise to increased diversification.

   (b) The investment strategies of the US ETFs typically have low exposure to traditional equity and fixed income markets, which in turn can help provide potential risk reduction.

   (c) The investment strategies of the US ETFs offer a highly liquid way of getting access to returns from alternative investment strategies that are otherwise not available to the Strategic Funds.

13. The Filer believes that having the option of allocating a limited portion of each Strategic Fund's assets to the US ETFs will increase diversification opportunities and improve the Strategic Fund's overall risk/reward profile. Reduced access to these US ETFs would result in the diminished ability of QS Investors to diversify the portfolio and to mitigate other economic risks

for the Strategic Funds. By investing in the US ETFs, the Strategic Funds will be able to gain exposure to the benefits of absolute return strategies through stock exchange listed, transparent, regulated and liquid investments. The US ETFs are not themselves "hedge funds" nor are they funds of hedge funds. The US ETFs have highly transparent portfolios and trading information, all of which is available on a daily basis.

14. The US ETFs are those exchange traded funds that QS Investors, in consultation with the Filer, consider the most appropriate investments for the Strategic Funds having regard to the investment objectives and strategies, including risk parameters of the Strategic Funds. QS Investors, in consultation with the Filer, has been unable to source a comparable exchange traded fund that would be suitable for the Strategic Funds and also that would qualify for investment under NI 81-102 by the Strategic Funds as an index participation unit, or that is regulated as a mutual fund by the Canadian securities administrators.

15. Each US ETF is a publicly offered mutual fund subject to the United States Investment Company Act of 1940 (the 40 Act), whose securities are listed for trading on the NYSE Arca. None of the US ETFs are commodity pools in the United States and their investment advisers are not required to register as commodity pool operators in connection with the US ETFs.

16. Each US ETF invests according to a specific named index. To the best of the knowledge of the Filer, after consultation with QS Investors, each US ETF complies with the 40 Act.

17. Each US ETF is regulated in a manner that is identical in all material respects to the regulation of other exchange traded funds listed on stock exchanges in the United States that fall within the definition of "index participation unit" in NI 81-102.

18. The investment objective of the IQ Hedge Multi-Strategy Tracker ETF is to seek results that correspond (before fees and expenses) generally to the price and yield performance of its underlying index, the IQ Hedge Multi-Strategy Index, which seeks to track the "beta" portion of returns (i.e. that portion of the returns of hedge funds that are non-idiosyncratic or unrelated to manager skill) of hedge funds that employ various hedge fund investment styles. It invests at least 80 percent of its net assets (excluding collateral held from securities lending), plus the amount of any borrowings for investment purposes, in the investments included in its underlying index, which includes underlying funds. The underlying index consists of a number of components which include primarily exchange traded funds and/or other exchange-traded vehicles issuing equity securities organized in the U.S. It may also invest in futures contracts and swap agreements. It does not invest in hedge funds and the underlying index does not include hedge funds as underlying index components. It is not a fund of hedge funds.

19. The IQ Hedge Multi-Strategy Tracker ETF is managed by IndexIQ Advisors LLC. It is passively invested according to the underlying index, which was developed by Financial Development Holdco LLC, which is the parent company to the US ETF's investment adviser. Information about this US ETF is publicly available via SEC filings (on EDGAR), but also at the investment adviser's website. This information includes the fund's holdings on a daily basis.

20. The investment objective of the IQ Hedge Macro Tracker ETF is to seek results that correspond (before fees and expenses) generally to the price and yield performance of its underlying index, the IQ Hedge Macro Index, which seeks to track the "beta" portion of the returns (i.e. that portion of the returns of hedge funds that are non-idiosyncratic or unrelated to manager skill) of a combination of hedge funds that pursue a macro strategy and hedge funds pursuing an emerging markets strategy. Macro hedge funds typically employ top-down macro analysis (e.g. political trends, macro economics etc.) to identify dislocations in equity, fixed-income, currency and commodity markets that are expected to lead to large price movements. It invests at least 80 percent of its net assets (excluding collateral held from securities lending), plus the amount of any borrowings for investment purposes, in the investments included in its underlying index, which includes underlying funds. The underlying index consists of a number of components which include primarily exchange traded funds and/or other exchange-traded vehicles issuing equity securities organized in the U.S. It may also invest in futures contracts and swap agreements. It does not invest in hedge funds and the underlying index does not include hedge funds as underlying index components. It is not a fund of hedge funds.

21. The IQ Hedge Macro Tracker ETF is managed by IndexIQ Advisors LLC. It is passively invested according to the underlying index, which was developed by Financial Development Holdco LLC, which is the parent company to the US ETF's investment adviser. Information about this US ETF is publicly available via SEC filings, but also at the investment adviser's website. This information includes the fund's holdings on a daily basis.

22. The investment objective of the Proshares Hedge Replication ETF is to seek results (before fees and expenses) that track the performance of its underlying index, the Merrill Lynch Factor Model – Exchange Series. It invests in a combination of equity securities and derivatives that track the

performance of its underlying index. The underlying index seeks to provide the risk and return characteristics of a hedge fund asset class by targeting a high correlation to the HFRI Fund Weighted Composite Index. The latter HFRI Index is designed to reflect hedge fund industry performance through an equally weighted composite of over 2000 constituent funds. The underlying index is established by Merrill Lynch International and is published under the Bloomberg ticker symbol MLEIFCTX. The factors that comprise the underlying index are (1) the S&P 500 Total Return Index, (2) the MSCI EAFE US Dollar Net Total Return Index, (3) the MSCI Emerging Markets US Dollar Net Total Return Index, (4) the Russell 200 Total Return Index, (5) three-month U.S. Treasury Bills, and (6) the ProShares UltraShort Euro ETF.

23. The Proshares Hedge Replication ETF is managed by ProShare Advisors LLC and passively invested according to the underlying index. It invests in a combination of securities and derivatives that ProShare Advisors believe should track the performance of the underlying index. Information about this US ETF is publically available through the SEC filings and also at ProShares' website. This information includes the fund's holdings on a daily basis.

24. None of the US ETFs are related to the Filer or QS Investors, in that they are managed and administered by other portfolio managers, all of whom are based in the United States.

25. The US ETFs do not seek to provide leveraged returns and the amount of loss that can result from an investment by a Strategic Fund will be limited to the amount invested by the Strategic Fund in the US ETF.

26. Each Strategic Fund previously received relief in the following decisions (the Commodity ETF Decisions):

    (a) MDPIM Strategic Yield Pool and MDPIM Strategic Opportunities Pool – decision of the Jurisdictions dated January 28, 2013; and

    (b) MD Strategic Yield Fund and MD Strategic Opportunities Fund – decision of the Jurisdictions dated February 3, 2014.

27. The Commodity ETF Decisions provided exemptions to permit the Strategic Funds to invest in Commodity ETFs (as defined in those decisions) that are not index participation units.

28. The Filer seeks the Exemption Sought to allow the Strategic Funds to invest in the US ETFs in addition to the Commodity ETFs. Both investments will be subject to an aggregate limit of 10 percent of the assets of each Strategic Fund.

Decision

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

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

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

(b) each US ETF is, immediately before purchase by the Strategic Fund of securities of that US ETF, an investment company subject to the 40 Act in good standing with the SEC;

(c) each US ETF is, immediately before the purchase by the Strategic Fund of securities of that US ETF, not a commodity pool (as defined under applicable U.S. laws) and its investment adviser is not required to register as a commodity pool operator in the U.S. in connection with the US ETFs;

(d) the Strategic Fund may not purchase securities of a US ETF if, immediately after the purchase, more than 10 percent of the net assets of the Strategic Fund in aggregate, taken at market value at the time of purchase, would consist of US ETFs and Commodity Products (as defined in the Commodity ETF Decisions);

(e) the Strategic Fund does not short sell securities of a US ETF;

(f) the securities of each US ETF continue to trade on NYSE Arca; and

(g) the prospectus of the Strategic Fund discloses in the investment strategy section, that the Strategic Fund may invest in the US ETFs and the Commodity Products, subject to the conditions established by this Decision and the Commodity ETF Decision.

"Darren McKall"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.7 Longview Oil Corp.

Headnote

Relief from the formal valuation requirement in connection with a business combination pursuant to Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions – issuer and related party purchaser negotiated terms of the acquisition of the issuer – involvement of related party brings transaction within the definition of a business combination under MI 61-101– related party did not have any special information or degree of influence over the issuer – exemptive relief from formal valuation requirements granted, subject to two conditions: first, the Transaction is not a business combination by virtue of paragraphs (e)(ii) or (e)(iii) of the definition of "business combination" in MI 61-101; and second, the management information circular to be mailed to Longview securityholders in connection with the transaction, (i) discloses that the related party purchaser does not have, or has not had within the preceding 12 months, any board or management representation in respect of the issuer, (ii) identifies and discloses any material information concerning the issuer or its Shares which the related party purchaser may have knowledge of that has not been generally disclosed, and (iii) discloses that the related party purchaser has read the circular and agrees that it identifies and discloses the information required by (ii) above.

Applicable Legislative Provisions

Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, ss. 4.3, 9.1.

May 1, 2014

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

AND

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

AND

IN THE MATTER OF
LONGVIEW OIL CORP.
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption pursuant to Section 9.1 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (the **MI 61-101**) from the formal valuation requirements of Section 4.3 of MI 61-101 in connection with a plan of arrangement (the **Arrangement**) to be completed under the provisions of the *Business Corporations Act* (Alberta) pursuant to an arrangement agreement (the **Arrangement Agreement**) entered into between the Filer and Surge Energy Inc. (**Surge**) on March 31, 2014 (the **Exemption Sought**). Under the Arrangement, Surge will acquire all of the outstanding common shares of the Filer (**Filer Shares**) by issuing to the shareholders of the Filer (other than Surge) (the **Filer Shareholders**) 0.975 common shares of Surge (**Surge Shares**) for each Filer Share.

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-101**) is intended to be relied upon in Quebec.

Interpretation

Terms defined in National Instrument 14-101 *Definitions*, MI 11-102 *Passport System,* NP 11-203 *Procedure and Related Matters*, and MI 61-101 have the same meanings if used in this decision, unless otherwise defined.

Representations

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

1. The Filer is a public oil and gas production company incorporated under the laws of the province of Alberta. The registered office of the Filer is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

2. The Filer is a "reporting issuer" for the purposes of securities legislation in all of the provinces of Canada. The Filer is not in default of any requirement of securities legislation applicable to it.

3. The authorized share capital of the Filer consists of an unlimited number of Filer Shares, of which 47,009,190 are outstanding as of the date hereof.

4. The Filer Shares are listed on the Toronto Stock Exchange (the **TSX**) under the trading symbol "LNV".

5. Surge is a public oil and gas production and exploration company incorporated under the laws of the province of Alberta. The registered office of Surge is located at Suite 4000, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

6. Surge is a "reporting issuer" for the purposes of securities legislation in all of the provinces of Canada. Surge is not in default of any requirement of securities legislation applicable to it.

7. The Surge Shares are listed on the TSX under the trading symbol "SGY".

8. The authorized share capital of Surge consists of an unlimited number of Surge Shares and an unlimited number of preferred shares, of which 179,501,315 common shares and no preferred shares are outstanding as of March 31, 2014.

9. As of the date hereof, Surge owns and controls 9,300,000 Filer Shares, representing approximately 19.8% of the outstanding Filer Shares.

10. On February 4, 2014, the Filer and Advantage Oil & Gas Ltd. (**Advantage**) announced that Advantage had entered into an agreement to sell 21,200,000 Filer Shares, representing approximately 45% of the issued and outstanding Filer Shares and all of the Filer Shares held by Advantage, to a syndicate of underwriters at a price of $4.45 per share (the **Secondary Offering**).

11. On February 7, 2014, the Filer received a non-binding proposal from Surge with respect to a possible business combination pursuant to which Surge would acquire all of the outstanding Filer Shares (the **Original Proposal**).

12. On February 8, 2014, the Filer board of directors (the **Filer Board**) met to review the Original Proposal and determined to appoint a special committee of independent directors (the **Filer Special Committee**) to consider the Original Proposal.

13. On February 10, 2014, the Filer was informed by Surge that Surge had submitted an expression of interest to the underwriters for the Secondary Offering to purchase, and the underwriters had agreed to allocate to Surge, 9,300,000 Filer Shares of the Secondary Offering, representing approximately 19.8% of the issued and outstanding Filer Shares. The Filer did not have any control or participate in any way in the decision of the underwriters to allocate the Filer Shares to Surge pursuant to the Secondary Offering.

14. On February 11, 2014, the Filer engaged BMO Capital Markets as a financial advisor (the **Financial Advisor**) to assist and advise the Filer Board and the Filer Special Committee.

15. On February 28, 2014, Surge purchased 9,300,000 Filer Shares, representing 19.8% of the issued and outstanding Filer Shares, pursuant to the Secondary Offering for $4.45 in cash per Filer Share. As a result of such purchase, Surge became a "related party" (as such term is defined in MI 61-101) of the Filer.

16. On March 3, 2014, the Filer and Surge entered into a confidentiality agreement allowing the Filer to access confidential information relating to Surge to allow the Filer to evaluate a potential transaction between the two parties.

17. On March 13, 2014, the Filer Special Committee met to discuss the due diligence findings and financial perspectives of a transaction between the two parties, and with advice and guidance from its Financial Advisor and legal advisors, also considered various alternatives available to the Filer, including a consideration of other potential parties who may be interested in pursuing a potential transaction with the Filer.

18. On March 19, 2014, the Filer and Surge entered into a non-binding letter of intent and a mutual confidentiality agreement (the **Mutual Confidentiality Agreement**) and between March 19, 2014 and March 31, 2014, the Filer and Surge, with the assistance of their respective legal and financial advisors, conducted confirmatory due diligence reviews and negotiated the terms of the Arrangement Agreement. The Mutual Confidentiality Agreement contained provisions common for this type of transaction.

19. On March 31, 2014, the Filer Special Committee met with its legal and financial advisors to review the terms of the proposed Arrangement Agreement. At that meeting, the Filer's legal advisors reviewed in detail the terms and conditions of the Arrangement Agreement and the Filer Special Committee's legal and fiduciary duties in the context of the proposed transaction. The Financial Advisor delivered a verbal opinion that as at such date, and based upon and subject to certain assumptions, limitations, qualifications and other matters, the consideration to be received by the Filer shareholders pursuant to the Arrangement was fair, from a financial point of view, to the Filer shareholders. Following its deliberations and based, in part, on the advice and analysis provided, including the Fairness Opinion, the Filer Special Committee unanimously determined to recommend that the Board approve the Arrangement Agreement and the transactions contemplated thereby.

20. Immediately following the Filer Special Committee meeting, the Filer Board met, and based on the recommendations of the Filer Special Committee, unanimously approved the entering into of the Arrangement Agreement.

21. On March 31, 2014, Surge and the Filer entered into the Arrangement Agreement. Under the terms of the Arrangement Agreement, Surge will acquire all of the issued and outstanding Filer Shares from

the Filer Shareholders on the basis of 0.975 Surge Shares for each Filer Share. The exchange ratio implies a value of $5.99 per Filer Share based on the closing price of Surge Shares of $6.14 on the close of the TSX on March 31, 2014. Based on that implied value per Filer Share, the consideration to be received by the Filer Shareholders under the Arrangement represents a 35% premium to the price received by Advantage pursuant to the Secondary Offering on February 28, 2014.

22. All of the directors and officers of the Filer have entered into the voting agreements with Surge pursuant to which such directors and officers have agreed to vote all of their Filer Shares in favour of the Arrangement and to otherwise support the Arrangement, subject to the provisions of such voting agreements.

23. The interest of Surge in the Filer and its status as a "related party" of the Filer has not resulted in Surge being provided with any special information or obtaining any degree of influence over the business and operations of the Filer.

24. Except pursuant to the Mutual Confidentiality Agreement and Arrangement Agreement, Surge has not gained any knowledge of, or influence over, the business or operations of the Filer.

25. Surge and the Filer have at all times acted on an arm's length basis.

26. Surge has never had any board or management representation at the Filer, nor have any of Surge's directors, officers or, to its knowledge, employees ever had a material relationship with the Filer, any of its subsidiaries, or any of its directors, officers or employees.

27. Surge has no knowledge of any material information concerning the Filer or the Filer's securities that has not been generally disclosed or will not be generally disclosed at the time the Filer mails its management information circular (the **Information Circular**) to the Filer Shareholders in connection with approval of the Arrangement.

28. The Filer has no knowledge of material information concerning Surge or Surge's securities that has not been generally disclosed or will not be generally disclosed at the time the Filer mails its Information Circular to the Filer Shareholders in connection with approval of the Arrangement.

29. The only non-cash consideration to be received by the Filer shareholders under the Arrangement are the Surge Shares, which are shares of a reporting issuer.

30. The Information Circular to be sent to the Filer Shareholders will state that the Filer has no knowledge of any material information concerning the Filer or the Filer Shares that has not been generally disclosed.

31. There is a "liquid market", as that term is defined in section 1.2 of MI 61-101, in the Surge Shares.

32. The number of Surge Shares to be issued pursuant to the Arrangement will represent less than 25% of the issued and outstanding Surge Shares immediately before the Arrangement.

33. The Surge Shares to be received by the Filer Shareholders will be freely tradeable at the time the Arrangement is completed.

34. Under MI 61-101, the Arrangement would be a "business combination" as Surge, a related party of the Filer (by virtue of owning more than 10% of the outstanding Filer Shares), would acquire the Filer. As a result, sections 4.3 and 4.5 of MI 61-101, respectively, would require that the Filer obtain a formal valuation of the Filer Shares and minority approval in connection with the Arrangement.

35. There is no exemption available in MI 61-101 that would provide an exemption from the formal valuation requirement in these circumstances.

36. The Filer will obtain minority approval for the Arrangement as required under s. 4.5 of MI 61-101 and provide the disclosure in the Information Circular required in section 4.2 of MI 61-101.

Decision

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

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

(a) the Arrangement is not a business combination by virtue of paragraphs (e)(ii) or (e)(iii) of the definition of "business combination" in MI 61-101; and

(b) the Information Circular to be mailed to the Filer securityholders in connection with the Arrangement:

(i) discloses that Surge does not have, or has not had within the preceding 12 months, any board or management representation in respect of the Filer;

(ii) identifies and discloses any material information concerning the Filer or the Filer Shares which Surge may have knowl-

edge of that has not been generally disclosed; and

(iii) discloses that Surge has read the Information Circular and agrees that it identifies and discloses the information required by (ii) above.

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

2.1.8 Patheon Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for a decision that the issuer is not a reporting issuer under applicable securities laws – issuer in default of its obligation to file and deliver its interim financial statements and related management's discussion and analysis- requested relief granted.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10)(a)(ii).
CSA Staff Notice 12-307 Applications for a Decision that an Issuer is not a Reporting Issuer.

April 24, 2014

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

AND

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

AND

IN THE MATTER OF
PATHEON INC.
(THE FILER)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer (the **Exemptive Relief Sought**).

Under National Policy 11-203 – *Process for Exemptive Relief Applications in Multiple Jurisdictions* (for a coordinated review application):

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

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

Interpretation

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

Representations

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

1. The Filer is an amalgamated entity formed on March 11, 2014 pursuant to Articles of Arrangement filed in connection with a statutory plan of arrangement under section 192 of the *Canada Business Corporations Act* (**CBCA**).

2. The Filer is the entity resulting from the amalgamation (the **Amalgamation**) of Patheon Inc. and JLL/Delta Canada Inc. (**Canco**) and continues to operate under the name "Patheon Inc." following the Amalgamation. References to "**the Filer**" refer to Patheon Inc. following the Amalgamation. References to "**Pre-Amalco Patheon**" refer to Patheon Inc. prior to the Amalgamation

3. Pre-Amalco Patheon was incorporated on January 11, 1993 under the CBCA and has its head office in Mississauga, Ontario

4. The Filer is a reporting issuer in each of the Jurisdictions.

5. The Filer 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.

6. The restricted voting shares of Pre-Amalco Patheon were registered under the United States *Securities Exchange Act of 1934* (the **Exchange Act**).

7. Pre-Amalco Patheon entered into an arrangement agreement with JLL/Delta Patheon Holdings, L.P. (**DPx**), on November 18, 2013 (the **Arrangement Agreement**), under which Pre-Amalco Patheon would be taken private pursuant to a court-approved plan of arrangement (the **Arrangement**) pursuant to the CBCA. The Arrangement was approved by holders of restricted voting shares (**Shareholders**) of Pre-Amalco Patheon at a special meeting of Shareholders held on March 6, 2014, and by the Ontario Superior Court of Justice (Commercial List) by way of a final order issued on March 10, 2014. The Arrangement closed on March 11, 2014 (the **Closing**).

8. In connection with the Closing, Canco, as assignee of DPx under the Arrangement Agreement, acquired all of the outstanding restricted voting shares of Pre-Amalco Patheon, and Pre-Amalco Patheon and Canco were amalgamated under the CBCA and continued as one corporation with the name "Patheon Inc."

9. Prior to the Closing and the Amalgamation, the authorized capital of Pre-Amalco Patheon consisted of an unlimited number of restricted voting shares, of which 140,938,525 were issued and outstanding, and an unlimited number of preferred shares, issuable in series, of which 76,500 Class I Preferred Shares, Series A, 9,175 Class I Preferred Shares, Series B, 150,000 Class I Preferred Shares, Series C, and 150,000 Class I Preferred Shares, Series D were authorized for issuance, of which 150,000 Class I Preferred Shares, Series D were issued and outstanding.

10. In connection with the Arrangement, all of the restricted voting shares outstanding immediately prior to the closing of the Arrangement held by Pre-Amalco Patheon's public shareholders were transferred to Canco in exchange for the share consideration of US$9.32 in cash for each restricted voting share held and the restricted voting shares held by an affiliate of DPx were transferred to Canco in exchange for one common share of Canco for each restricted voting share transferred, and all of the outstanding Class I Preferred Shares, Series D were purchased for cancellation for an aggregate cash payment of US$15.00. All of Pre-Amalco Patheon's outstanding options were deemed to be vested and holders of such options are entitled to receive a cash amount equal to the amount by which US$9.32 exceeds the exercise price of such option. All options with an exercise price equal to or greater than US$9.32 were cancelled without consideration. All payments are subject to applicable withholding taxes, if any.

11. In connection with the Amalgamation and following the transaction noted in paragraph 10 above, all of the issued and outstanding shares of Pre-Amalco Patheon were cancelled without any repayment in the capital thereof.

12. Following the Closing and the Amalgamation, the authorized capital of the Filer consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, of which one series has been designated as Series I Non-Convertible Preferred Shares. Currently, the issued capital of the Filer consists of 118,439,150 common shares. There are no preferred shares or any convertible securities outstanding.

13. Pursuant to the Arrangement, the restricted voting shares of Pre-Amalco Patheon were delisted from the Toronto Stock Exchange on March 12, 2014 and no securities of the Filer are traded on, or listed or quoted on, any other exchange or market.

14. No securities of the Filer, 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.

15. The outstanding securities of the Filer, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 securityholders in each of the jurisdictions of Canada and fewer than 51 security holders in total worldwide.

16. The Filer is not in default of its obligations under the Legislation as a reporting issuer, except for its obligation to file its interim financial statements and related management's discussion and analysis for the period ended January 31, 2014, as required under National Instrument 51-102 – *Continuous Disclosure Obligations* and the related certification of such financial statements and management's discussion and analysis as required under National Instrument 52-109 – *Certification of Disclosure in Filers' Annual and Interim Filings* (collectively, the **Filings**).

17. The Filer is not eligible to use the simplified procedure under the Canadian Securities Administrators Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* because it is currently a reporting issuer in British Columbia and is in default of its obligation to file the Filings under the Legislation of the Jurisdictions as described in paragraph 16.

18. The Filer did not voluntarily surrender its status as a reporting issuer in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because it wanted to avoid the 10-day waiting period under that instrument.

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

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 Exemptive Relief Sought is granted.

"James D. Carnwath"
Commissioner
Ontario Securities Commission

"Christopher Portner"
Commissioner
Ontario Securities Commission

2.1.9 CIBC Asset Management Inc. and Renaissance Covered Call Income Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Mutual fund granted relief from preparing and filing interim management report of fund performance – Fund had not commenced operations – Manager is the sole unitholder.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, s. 4.2.

April 28, 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
CIBC ASSET MANAGEMENT INC.
(the Filer)

AND

RENAISSANCE COVERED CALL INCOME FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer, on behalf of the Fund, for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for an exemption, pursuant to section 17.1 of National Instrument 81-106 – *Investment Fund Continuous Disclosure* (**NI 81-106**) from the requirement contained in section 4.2 of NI 81-106 to file a management report of fund performance (**MRFP**) for the interim period ended February 28, 2014 (the "**Exemption Sought**")

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

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

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

(The Jurisdiction and the Passport Jurisdictions are collectively, 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 in this decision.

Representations

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

1. The Filer is a corporation incorporated under the laws of Canada and has its head office in Toronto, Ontario.

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

3. The Fund is an open-ended mutual fund trust established and organized under the laws of the Province of Ontario on September 4, 2013 pursuant to an amended and restated master declaration of trust dated as of August 30, 2010, as amended.

4. The Fund became a reporting issuer under the applicable securities legislation of the Jurisdictions on September 10, 2013, following the issuance of a receipt by the principal regulator for the final simplified prospectus and annual information form of the Fund dated September 5, 2013.

5. Neither the Fund nor the Filer is in default of securities legislation in any of the Jurisdictions.

6. The Filer prepares and files MRFPs for all of its funds in a timely manner as required by NI 81-106.

7. The fiscal year end of the Fund is August 31. The initial interim period for the Fund ended February 28, 2014.

8. As of February 28, 2014, no securities were issued to the public. The Filer was the sole unitholder of the Fund.

9. As of February 28, 2014, the Fund held only cash in its portfolio.

10. The Filer will prepare and file financial statements for the Fund for the interim period ended February 28, 2014 as required by NI 81-106.

11. In the absence of the Exemption Sought, the Fund would be required to prepare and file in the Jurisdictions an interim MRFP for the period ended February 28, 2014 by April 29, 2014.

12. As the interim MRFP would have been the first MRFP filed by the Fund, it would not have contained financial highlights and past performance, in accordance with Part C, Item 2, Instruction (1) of Form 81-106F1 *Contents of Annual and Interim Management Report of Fund Performance*. The summary of investment portfolio would only have shown the cash held by the Fund, and the management discussion of fund performance would have been minimal as the Fund has not commenced operations.

13. Given the minimal amount of information that the Fund would have been able to provide in the interim MRFP, the cost of preparing, reviewing and filing the interim MRFP would outweigh any benefit.

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.

"Vera Nunes"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.10 Arrow Capital Management Inc. et al.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted for extension of lapse date of prospectus – Lapse date extended due to Filer's inadvertent failure to file a pro forma prospectus not less than thirty days prior to the lapse date as per section 62(2) of the Securities Act (Ontario).

Applicable Legislative Provisions

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

April 29, 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
ARROW CAPITAL MANAGEMENT INC.
(the Manager)

AND

IN THE MATTER OF
EXEMPLAR CANADIAN FOCUS PORTFOLIO

AND

EXEMPLAR DIVERSIFIED PORTFOLIO
(collectively the Portfolios, and
together with the Manager, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) that the time limits pertaining to filing a renewal prospectus of the Portfolios be extended as if the lapse date of the prospectus of the Portfolios dated April 29, 2013, as amended on December 11, 2013, (the **Current Prospectus**) was May 8, 2014 (the **Exemption Sought**).

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

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

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

Interpretation

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

Representations

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

1. The Manager is the investment fund manager and portfolio advisor of the Portfolios. The head office of the Manager is located in Toronto, Ontario.

2. The Portfolios are open-ended commodity pools, each of which is a class of shares of Exemplar Portfolios Ltd., a mutual fund corporation existing under the laws of the province of Ontario.

3. The Portfolios are reporting issuers in the Jurisdiction and each of the Passport Jurisdictions.

4. Neither the Manager nor the Portfolios are in default of the Legislation.

5. The Portfolios filed the Current Prospectus, a long form prospectus dated April 29, 2013, for which it obtained a receipt and under which it has been distributing the Portfolios' respective securities since the date of the Current Prospectus.

6. Other than material changes for which amendments to the Current Prospectus have already been filed and receipted, there have been no material changes in the affairs of the Portfolios since the date of the Current Prospectus. Accordingly, the Current Prospectus, as amended, represents current information regarding the Portfolios.

7. The lapse date for the Current Prospectus is April 29, 2014 (the **Lapse Dat**e) and, to qualify for the timelines stipulated by subsection 62(2) of the *Securities Act* (Ontario) (the **Act**), a *pro forma* prospectus should have been filed no later than March 30, 2014 (the **Pro Forma Filing Deadline**),

being 30 days before the Lapse Date in accordance with subsection 62(2)(a) of the Act.

8. The Manager intended to file a *pro forma* prospectus on or before the Pro Forma Filing Deadline, but through inadvertence failed to do so. As soon as the Manager realized that the Pro Forma Filing Deadline had passed, it filed a pro forma prospectus (the **Renewal Prospectus**) as expeditiously as possible.

9. The Portfolios filed the Renewal Prospectus on April 8, 2014 under SEDAR Project No. 21912427 in connection with the continuous public offering of the securities of the Portfolios beyond the Lapse Date.

10. Subsection 62(5) of the Act provides that the Commission may, upon an application of a reporting issuer, extend, subject to such terms and conditions as it may impose, the time provided by Subsection 62(2) of the Act where in its opinion it would not be prejudicial to the public interest to do so.

11. If the Relief Sought is not granted, the Portfolios will have to cease distribution of their securities to investors after the Lapse Date.

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.

"Vera Nunes"
Manager, Investment Funds Branch
Ontario Securities Commission

2.1.11 Champion Iron Mines Limited – 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).

May 2, 2014

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

Dear Sirs/Mesdames:

Re: Champion Iron Mines Limited (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba and Nova Scotia, Prince Edward Island, New Brunswick 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

2.1.12 FT Portfolio Canada Co.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a), 2.5(2)(e) and 2.5(2)(f) of NI 81-102 to allow certain conventional open-end mutual funds and ETFs to invest in ETFs under common management or managed by an affiliate, and to allow the top funds to pay brokerage commissions for the purchase and sale of the securities of the underlying ETFs – Relief needed because underlying ETFs are mutual funds that do not file a simplified prospectus under NI 81-101 and are not index participation units eligible for exemptions under the rule – Underlying ETFs are subject to NI 81-102, are not commodity pools under NI 81-104, and do not rely on any exemptive relief from the restrictions regarding the purchase of physical commodities, the use of derivatives and the use of leverage – Top funds to apply "look-through" requirement in subsections 2.1(3) and (4) of NI 81-102 to each investment in securities of an Underlying ETF.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a), 2.5(2)(e), 2.5(2)(f).

April 30, 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
FT PORTFOLIO CANADA CO.
(the Filer)

AND

IN THE MATTER OF
THE TOP FUNDS
(defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the Legislation) granting an exemption to the existing mutual funds (the **Existing Top Funds**) and the future mutual funds (the **Future Top Funds**, and collectively with the Existing Top Funds, the **Top Funds**), which are subject to National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) and are managed by the Filer or an affiliate of the Filer, from the following prohibitions in NI 81-102:

(a) subsection 2.1(1) (the **Concentration Restriction**), to permit each Top Fund to purchase a security of an Underlying ETF (as defined below) or enter into a specified derivatives transaction with respect to an Underlying ETF even though, immediately after the transaction, more than 10 percent of the net asset value (**NAV**) of the Top Fund would be invested, directly or indirectly, in the securities of the Underlying ETF;

(b) paragraph 2.2(1)(a), to permit each Top Fund to purchase securities of an Underlying ETF such that, after the purchase, the Top Fund would hold securities representing more than 10 percent of

(i) the votes attaching to the outstanding voting securities of the Underlying ETF; or

(ii) the outstanding equity securities of the Underlying ETF;

(c) paragraph 2.5(2)(a), to permit each Top Fund to invest in securities of an Underlying ETF (as defined below, and which are exchange traded mutual funds that are not subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (**NI 81-101**)); and

(d) paragraphs 2.5(2)(e) and 2.5(2)(f) of NI 81-102, to permit each Top Fund to pay brokerage commissions in relation to its purchase and sale on a recognized exchange (as defined in the *Securities Act* (Ontario)) in Canada of securities of an Underlying ETF

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

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

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

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

Interpretation

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

Representations

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

The Filer

1. The Filer is a corporation formed by amalgamation pursuant to a certificate of amalgamation dated November 29, 2001 under the federal laws of Nova Scotia. The head office of the Filer is located in Toronto, Ontario.

2. The Filer or an affiliate of the Filer acts, or will act, as the investment fund manager of the Top Funds.

3. None of the Filer, the Existing Top Funds or the Existing Underlying ETFs (as defined below), is in default of the securities legislation of any of the provinces and territories of Canada.

The Top Funds

4. The Top Funds are, or will be, open-ended mutual funds organized and governed by the laws of a jurisdiction of Canada.

5. The Top Funds are, or will be, governed by the provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

6. Each Top Fund distributes, or will distribute, its securities pursuant to a prospectus prepared pursuant to NI 81-101 or a prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* (**NI 41-101**).

7. The Top Funds are, or will be, reporting issuers in the provinces and territories of Canada in which their securities are distributed.

8. Each Top Fund wishes to have the ability to invest up to 100% of its NAV in the exchange traded mutual funds listed in Schedule "A" (the **Existing Underlying ETFs**) and such other similar exchange traded mutual funds that may be established and managed by the Filer or an affiliate of the Filer in the future (the **Future Underlying ETFs**, and together with the Existing Underlying ETFs, the **Underlying ETFs**).

9. Each investment by a Top Fund in securities of an Underlying ETF will be made in accordance with the investment objectives of the Top Fund and will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

10. Each Top Fund is not, and will not be, a commodity pool governed by National Instrument 81-104 *Commodity Pools* (**NI 81-104**).

11. No Top Fund has, or will have, a net market exposure greater than 100% of its NAV.

The Underlying ETFs

12. The Filer, or an affiliate of the Filer acts, or will act, as the investment fund manager of each Underlying ETF.

13. Each Underlying ETF is, or will be:

    (a) an open-ended mutual fund, subject to NI 81-102 and NI 41-101, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities;

    (b) a reporting issuer in the provinces and territories of Canada in which its securities are distributed; and

    (c) listed on the Toronto Stock Exchange (the **TSX**) or another recognized exchange in Canada.

14. Each Underlying ETF distributes, or will distribute, its securities pursuant to a prospectus prepared pursuant to NI 41-101.

15. No Underlying ETF holds, or will hold more than 10% of its NAV in securities of other mutual funds unless the securities of the other mutual fund are securities of a money market fund, as defined in NI 81-102, or index participation units (**IPUs**), as defined in NI 81-102, issued by a mutual fund.

16. The securities of the Underlying ETFs do not, or will not constitute IPUs.

17. Each Underlying ETF does not, or will not, pay management or incentive fees which to a reasonable person would duplicate a fee payable by the Top Fund for the same service.

18. If the investment fund manager of a Top Fund (the "**Top Fund Manager**") determines that the management fees and incentive fees payable by an Underlying ETF to its investment fund manager (the "**Underlying ETF Manager**") would duplicate a fee payable by the Top Fund for the same service, the Underlying ETF Manager will pay a management fee rebate to the Top Fund that will not exceed the management fee payable by the Top Fund to the Top Fund Manager in respect of the Top Fund's investment in the Underlying ETF.

19. Holders of securities of an Underlying ETF may:

    (a) sell such securities on the TSX or other recognized exchange in Canada on which the securities are listed for trading;

    (b) redeem such securities in any number for cash at a redemption price equal to 95% of the market price of the security on the applicable exchange on the effective day of redemption; or

    (c) exchange a prescribed number of securities (a **PNU**) (or an integral multiple thereof) of the Underlying ETF for cash and securities, the exchange price being equal to the NAV of the securities of the Underlying ETF tendered for exchange on the effective day of the exchange request.

20. No Underlying ETF will be a commodity pool governed by NI 81-104.

21. No Underlying ETF has, or will have, a net market exposure greater than 100% of its NAV.

22. The Existing Underlying ETFs primarily achieve, and any Future Underlying ETFs will primarily achieve, their investment objectives through direct holdings of securities and, in some circumstances, through investments in specified derivatives for hedging and non-hedging purposes, in accordance with their investment objectives and strategies and with NI 81-102.

23. All brokerage costs related to trades in securities of the Underlying ETFs will be borne by the Top Funds in the same manner as any other portfolio transactions made on an exchange.

24. Each Top Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) generally and in respect of conflicts of interest matters arising from trades in securities of an Underlying ETF. If a Top Fund makes a trade in securities of an Underlying ETF with or through an affiliate or associate of the Filer acting as dealer, the Filer will comply with its obligations under NI 81-107 in respect of any proposed related party transactions. All such related party transactions will be disclosed to securityholders of the applicable Top Fund in its management report of fund performance.

25. The securities of each Underlying ETF are highly liquid, as designated brokers act as intermediaries between investors and each Underlying ETF, standing in the market with bid and ask prices for such securities to maintain a liquid market for them.

Reasons for the Exemption Sought

26. An investment in an Underlying ETF by a Top Fund is an efficient and cost effective alternative to administering one or more investment strategies directly.

27. Absent the Exemption Sought, a Top Fund would be prohibited by subsection 2.1(1) of NI 81-102 from investing more than 10 percent of its NAV in the securities of an Underlying ETF. The Exemption Sought would only grant each Top Fund relief from the Concentration Restriction in respect of the Top Fund's direct or indirect holdings of securities issued by an Underlying ETF. The Exemption Sought would not relieve a Top Fund from the obligation to comply with the Concentration Restriction in respect of the Top Fund's indirect holdings in securities held by an Underlying ETF and each Top Fund will comply with the Concentration Restriction in respect of the Top Fund's indirect holdings in securities held by an Underlying ETF and apply sections 2.1(3) and (4) of NI 81-102.

28. Due to the potential size disparity between the Top Funds and the Underlying ETFs, it is possible that a relatively small investment, on a percentage of NAV basis, by a relatively large Top Fund in an Underlying ETF could result in that Top Fund holding securities representing more than 10% of (i) the votes attaching to the outstanding voting security of the Underlying ETF, or (ii) the outstanding equity securities of that Underlying ETF, contrary to the control restriction in paragraph 2.2(1)(a) of NI 81-102.

29. Absent the Exemption Sought, an investment by a Top Fund in an Underlying ETF would be prohibited by paragraph 2.5(2)(a) of NI 81-102 because the Underlying ETF does not and will not have offered securities under a simplified prospectus in accordance with NI 81-101 as contemplated by section 2.5(2)(a) of NI 81-102. The only material difference between the securities of an Underlying ETF and the securities of any other mutual fund governed by NI 81-102 is the method of distribution. If the Exemption Sought is granted, the Top Funds will be permitted to purchase securities of a mutual fund that is listed on the TSX or another recognized exchange in Canada in the same manner that they are permitted to invest in securities of a mutual fund that is not listed on such an exchange.

30. An investment by a Top Fund in an Underlying ETF would not qualify for the exemption in paragraph 2.5(3)(a) of NI 81-102 from paragraph 2.5(2)(a) of NI 81-102 because the Underlying ETF does not issue IPUs.

31. It is anticipated that many of the trades conducted by the Top Funds would not be of the size necessary for a Top Fund to be eligible to purchase or redeem a PNU directly from the Underlying ETF. As a result, it is anticipated that the majority of trading in respect of securities of the Underlying ETFs will be conducted in the secondary market using the facilities of the TSX or other recognized exchange in Canada.

32. Absent the Exemption Sought, when a Top Fund trades securities of an Underlying ETF on the TSX or other recognized exchange in Canada, paragraphs 2.5(2)(e) and 2.5(2)(f) would not permit the Top Fund to pay any brokerage fees incurred in connection with the trade.

Decision

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

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

(a) a Top Fund does not short sell securities of an Underlying ETF;

(b) the Underlying ETF does not rely on exemptive relief from:

  (i) the requirements of section 2.3 of NI 81-102 regarding the purchase of physical commodities;

  (ii) the requirements of sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or

  (iii) subsections 2.6(a) and 2.6(b) of NI 81-102 with respect to the use of leverage.

(c) each Top Fund and each Underlying ETF is not a commodity pool governed by NI 81-104 and neither the Top Fund nor the Underlying ETF will use leverage;

(d) in connection with the relief from subsection 2.1(1) under this decision allowing a Top Fund to invest more than 10% of its net asset value in the securities of an Underlying ETF, the Top Fund shall, for each investment it makes in securities of an Underlying ETF, apply subsections 2.1(3) and 2.1(4) of NI 81-102 as if those provisions applied to a Top Fund's investments in securities of an Underlying ETF, and accordingly limit a Top Fund's indirect holdings in securities of an issuer held by one or more Underlying ETFs to no more than 10% of the Top Fund's net asset value;

(e) the relief from paragraphs 2.5(2)(e) and 2.5(2)(f) will only apply to the brokerage fees incurred for the purchase and sale of securities of Underlying ETFs by the Top Funds; and

(f) the prospectus of each Top Fund discloses, or will disclose the next time it is renewed after the date of this decision, the fact that the Top Funds have obtained the Exemption Sought to permit the relevant transactions on the terms described in this decision.

"Darren McKall"
Manager, Investment Funds
Ontario Securities Commission

SCHEDULE "A"

EXISTING UNDERLYING ETFs

First Trust AlphaDEX™ Canadian Dividend Plus ETF
First Trust AlphaDEX™ U.S. Dividend Plus ETF (CAD-Hedged)
First Trust AlphaDEX™ Emerging Market Dividend ETF (CAD-Hedged)
First Trust AlphaDEX™ Global Energy Income Plus ETF (CAD-Hedged)
First Trust Senior Loan ETF (CAD-Hedged)

2.1.13 Chemtrade Logistics Income Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – filer is seeking relief from the requirements to include in a business acquisition report certain financial statements required in respect of an acquisition made by the filer constituting a "significant acquisition" – the missing financial statements relate to holding companies that are immaterial to the acquisition or to the filer – required financial statements cannot be prepared under U.S. GAAP – alternative business acquisition report financial disclosure will provide investors with all information material to their understanding of the acquisition. Relief granted subject to alternative business acquisition report financial disclosure being provided.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, ss. 8.4, 13.1.

April 21, 2014

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

AND

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

AND

IN THE MATTER OF
CHEMTRADE LOGISTICS INCOME FUND
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction ("Principal Regulator") has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "Legislation") for an exemption under Part 13 of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102") from the requirements to include in a business acquisition report ("BAR") certain financial statements required under Part 8 of NI 51-102 in respect of an acquisition made by the Filer constituting a "significant acquisition" for the purpose of NI 51-102, provided that the Filer include in the BAR alternative financial information (the "Exemption Sought").

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

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

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

Interpretation

Terms defined in NI 51-102 have the same meaning in this decision as in NI 51-102. Certain other defined terms have the meanings given to them below under "Representations".

Representations

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

1. The Filer is a limited purpose trust existing under the laws of the Province of Ontario and has its head office in Toronto, Ontario.

2. The Filer is a reporting issuer in all Jurisdictions and, to its knowledge, is not in default of its obligations under the securities legislation of any of these jurisdictions.

3. The trust units of the Filer are listed and posted for trading on the Toronto Stock Exchange under symbol "CHE.UN".

4. The financial year end of the Filer is December 31.

5. On December 4, 2013, the Filer announced that it had entered into an agreement to acquire (the "Acquisition") General Chemical Holding Company ("General Chemical"), by way of a merger between a wholly-owned subsidiary of the Filer and ASP GT Holding Corp. ("ASP"), the indirect parent of General Chemical.

6. Prior to the closing of the Acquisition, ASP's direct wholly-owned subsidiary, GenTek Inc. ("GenTek") held a 98.4% direct interest in General Chemical and a 98% direct interest in GenTek Technologies Marketing Inc. ("GTMI"). General Chemical and its subsidiaries collectively operated ASP's chemical business while GTMI and its subsidiaries collectively operated ASP's automotive business.

7. Prior to the closing of the Acquisition, ASP and GenTek did not have any independent operations outside of their ownership of General Chemical and GTMI. ASP filed tax returns with its subsidiaries on a consolidated basis, and tax liabilities were allocated among the companies in the group according to the terms of a tax sharing agreement (which was terminated prior to the closing of the Acquisition). In accordance with the terms of the Acquisition, cash and pre-acquisition tax refunds and liabilities of ASP and GTMI were generally for the account of the shareholders of ASP. Cash flows of ASP and GTMI related to the tax sharing agreement, dividends received from their subsidiaries and dividends paid to their shareholders.

8. Immediately prior to the closing of the Acquisition, GenTek implemented an internal reorganization (the "Reorganization") to spin out GTMI. As a result, at the time of the closing of the Acquisition, ASP and GTMI did not have material operations, assets or liabilities other than their interests in General Chemical.

9. The Acquisition was completed on January 23, 2014.

10. To finance a portion of the Acquisition, the Filer filed a final short form prospectus (the "Prospectus") dated January 16, 2014 in respect of a "bought deal" public offering (the "Offering") of subscription receipts, each representing the right to receive one trust unit of the Filer without further action or payment of additional consideration on the satisfaction of certain conditions.

11. The Offering was completed on January 23, 2014.

12. The Filer, being aware of the financial disclosure requirements under National Instrument 44-101 – *Short Form Prospectus Distributions* ("NI 44-101") in respect of a significant proposed acquisition, held discussions with ASP and their respective auditors regarding the type of financial disclosure required in order to satisfy such requirements.

13. The Filer requested that ASP provide carve-out historical financial statements for ASP reflecting the Reorganization for ASP's financial years ended December 31, 2012 and 2011 and the nine month periods ended September 30, 2013 and 2012 (collectively, the "Historical Carve-Out Financial Statements"), all as contemplated by Part 10 of Form 44-101F1 (and, by extension, Part 8 of NI 51-102 and Section 8.6 of 51-102CP).

14. ASP prepared its financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). ASP determined that the Historical Carve-Out Financial Statements would not be in accordance with U.S. GAAP, and its auditor concurred with ASP. U.S. GAAP requires a legal entity to use a consolidated basis of presentation for its financial statements. In that presentation, all majority-owned subsidiaries – all entities in which a parent has a controlling financial interest – are required to be included. There is no basis of presentation that allows for a legal entity to "carve-out" a business that is currently owned and controlled and exclude it from a set of consolidated financial statements. The Filer's auditor concurred with the foregoing.

15. Prior to filing a preliminary short form prospectus in respect of the Offering, the Filer submitted an application under Part 8 of NI 44-101 from the requirement in Part 10 of Form 44-101F1 (and, by extension, Part 8 of NI 51-102) to include consolidated carve-out financial statements of ASP excluding GMTI in the short form prospectus. In lieu of such financial statements, the Filer proposed to include the following financial statements and information:

    (a) consolidated financial statements of General Chemical, including: (i) audited consolidated statements of operations, balance sheets, statements of cash flows and statements of changes in equity of General Chemical for the years ended December 31, 2012 and 2011, together with the notes thereto and the independent auditors report thereon, and (ii) unaudited consolidated statements of operations, statements of

comprehensive income, balance sheets, statements of cash flows and statements of changes in equity of General Chemical for the nine month periods ended September 30, 2013 and 2012, together with the notes thereto;

(b) a summary of the operations, assets and liabilities of ASP and GenTek as at September 30, 2013, December 31, 2012 and December 31, 2011, presented on a "parent-only" basis and excluding the ownership of their subsidiaries and intercompany balances; and

(c) pro forma consolidated financial statements of the Filer giving effect to the Acquisition, together with the notes thereto, including:

(i) pro forma statement of financial position as at September 30, 2013, that gives effect, as if it had taken place as at the date of the pro forma statement of financial position, to the Acquisition;

(ii) pro forma statement of earnings that gives effect to the Acquisition for the nine month period ended September 30, 2013, as if the Acquisition had taken place at the beginning of the financial year; and

(iii) pro forma statement of earnings that gives effect to the Acquisition for the year ended December 31, 2012, as if the Acquisition had taken place at the beginning of the financial year,

(collectively, the "Alternative Prospectus Financial Disclosure").

16. On January 17, 2014, the Principal Regulator issued a receipt (the "Final Receipt") in respect of the Prospectus. The Final Receipt evidenced the granting by the Principal Regulator of the above-mentioned exemptive relief requested by the Filer. The Prospectus included the Alternative Prospectus Financial Disclosure.

17. The Acquisition is a "significant acquisition" as contemplated by Part 8 of NI 51-102. Accordingly, the Filer is required to file a BAR in respect of the Acquisition.

18. Pursuant to Section 8.4 of NI 51-102 and Item 3 of Form 51-102F4, absent the Exemption Sought, the Filer would be required to include in its BAR for the Acquisition the following financial statements:

(a) consolidated financial statements of ASP, including consolidated statements of operations, statements of comprehensive income, balance sheets, statements of cash flows and statements of changes in equity of ASP for the years ended December 31, 2013 and December 31, 2012, together with the notes thereto;

(b) the independent auditors report on the consolidated financial statements of ASP, including audited consolidated statements of operations, statements of comprehensive income, balance sheets, statements of cash flows and statements of changes in equity of ASP for the year ended December 31, 2013, together with the notes thereto; and

(c) pro forma consolidated financial statements of the Filer giving effect to the Acquisition, together with the notes thereto, including:

(i) pro forma statement of financial position as at December 31, 2013, that gives effect, as if it had taken place as at the date of the pro forma statement of financial position, to the Acquisition; and

(ii) pro forma income statement that gives effect to the Acquisition for the year ended December 31, 2013, as if the Acquisition had taken place at the beginning of the financial year,

(collectively, the "BAR Carve-Out Financial Statements").

19. In lieu of the foregoing financial statements, the Filer proposes to include the following financial statements and information in the BAR:

(a) consolidated financial statements of General Chemical, including consolidated statements of operations, statements of comprehensive income, balance sheets, statements of cash flows and statements of changes in equity of General Chemical for the years ended December 31, 2013 and December 31, 2012, together with the notes thereto;

(b) independent auditors report on the consolidated financial statements of General Chemical, including audited consolidated statements of operations, statements of comprehensive income, balance sheets, statements of

cash flows and statements of changes in equity of General Chemical for the year ended December 31, 2013, together with the notes thereto;

(c) a summary of the operations, assets and liabilities of ASP and GenTek as at December 31, 2013 and December 31, 2012, presented on a "parent-only" basis and excluding the ownership of their subsidiaries and intercompany balances; and

(d) pro forma consolidated financial statements of the Filer giving effect to the Acquisition, together with the notes thereto, including:

(i) a pro forma statement of financial position as at December 31, 2013 that gives effect to the Acquisition as if it had taken place as at December 31, 2013; and

(ii) a pro forma statement of earnings for the year ended December 31 that gives effect the Acquisition as if it had taken place at the beginning of the financial year,

(collectively, the "Proposed BAR Financial Disclosure").

20. Pursuant to section 3.11 of National Instrument 52-107 – *Acceptable Accounting Principles and Auditing Standards* ("NI 52-107"), the acquisition statements to be included in the BAR may be prepared in accordance with U.S. GAAP, which is the basis upon which ASP and its subsidiaries prepare their financial statements.

21. The BAR Carve-Out Financial Statements cannot be prepared in accordance with U.S. GAAP.

22. The Proposed BAR Financial Disclosure will provide investors with specific financial information about the business acquired by the Filer and provide substantially the same financial information as would be provided if the BAR Carve-Out Financial Statements were included in the BAR.

23. The Principal Regulator granted substantially similar relief in connection with the Offering by permitting the Filer to include the Alternative Prospectus Financial Disclosure in the Prospectus as described above.

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 is that the Exemption Sought is granted provided that the BAR includes (or incorporates by reference) the Proposed BAR Financial Disclosure.

"Shannon O'Hearn"
Manager, Corporate Finance

2.1.14 Desjardins Investments Inc. and the Desjardins Floating Rate Income Fund

Headnote

Policy Statement 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from subsection 2.1(1) of Regulation 81-102 respecting Mutual Funds to permit high-yield fixed-income mutual fund to invest more than 10% of net asset value in securities issued by a foreign government or permitted supranational agency, subject to certain conditions.

Applicable Legislative Provisions

Regulation 81-102 respecting Mutual Funds, ss. 2.1(1), 19.1.

May 1, 2014

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

AND

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

AND

IN THE MATTER OF
DESJARDINS INVESTMENTS INC.
(the Filer)

AND

THE DESJARDINS FLOATING RATE INCOME FUND
(the Fund)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer on behalf of the Fund for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for an exemption under section 19.1 of *Regulation 81-102 respecting Mutual Funds* (c. V-1.1, r. 39) (**Regulation 81-102**) from the concentration restriction in subsection 2.1(1) of Regulation 81-102 in order to permit the Fund to invest more than 10% of their asset net value, immediately after a transaction, in Foreign Government Securities (as defined below) (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of *Regulation 11-102 respecting Passport System* (c. V-1.1, r. 1) (**Regulation 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, Yukon Territory, Nunavut and, Northwest Territories, and

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

Interpretation

Terms defined in *Regulation 14-101 respecting Definitions* (c. V-1.1, r. 3), Regulation 11-102, *Regulation 25-101 respecting Designated Rating Organizations* (c. V-1.1, r. 8.1) and Regulation 81-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

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

The Filer

1. The Filer is a corporation incorporated under the *Business Corporation Act* (CQLR, c. S 31.1) of Québec.

2. The Filer's head office is located at 1 Complexe Desjardins, CP 7, 36th South Tower, Montréal, Québec, Canada, H5B 1B2.

3. The Filer, or an affiliate of the Filer, will be the investment fund manager, promoter, registrar and transfer agent of the Fund.

4. The Filer is duly registered as an investment fund manager in Québec, Ontario and Newfoundland and Labrador.

5. The Filer is not in default of securities legislation in any of the jurisdictions of Canada.

The Fund

6. The Fund will be an open-ended investment trust established under the laws of Québec pursuant to an amended and restated declaration of trust dated January 5, 2009, as amended. Desjardins Trust will act as trustee.

7. On February 25, 2014, the Fund filed with each jurisdiction of Canada a preliminary prospectus governed by *Regulation 81-101 respecting Mutual Fund Prospectus Disclosure* (c. V-1.1, r. 38) in order to proceed with an initial public offering of the Fund's units. It is expected that the Fund will become a reporting issuer in all jurisdictions of Canada upon the issuance of a receipt for its final prospectus (the **Final Prospectus**).

8. The Fund is a mutual fund and upon issuance of a receipt for its Final Prospectus, it will be subject to Regulation 81-102.

9. Desjardins Global Asset Management Inc. (**DGAM**) will act as portfolio manager of the Fund and will be also responsible for retaining a portfolio sub-adviser for the Fund. DGAM is duly registered in the Alberta, British Columbia, Manitoba, Nova Scotia, Ontario, Québec and Saskatchewan as an adviser in the category of portfolio manager. DGAM is also duly registered in Québec as a derivatives portfolio manager pursuant to the *Derivatives Act* (RSQ, c. I-14.01) (the **Derivatives Act**) and in Ontario as a commodity trading manager pursuant to the *Commodity Futures Act* (RSO 1990, c. C.20) (the **Commodity Futures Act**).

10. The Fund's investment objective will be to provide a high income while minimizing the effects of interest rates fluctuations. The Fund will invest primarily in floating-rate and fixed-rate debt securities of issuers throughout the world and enter into derivatives instruments transactions to generate a floating rate income.

11. PIMCO Canada Corp. (**PIMCO**) will act as sub-adviser for the Fund. PIMCO is duly registered as adviser in the category of portfolio manager in Alberta, British-Columbia, Manitoba, Saskatchewan, Nova Scotia, Québec and Ontario. PIMCO is also duly registered in Québec as derivatives portfolio manager pursuant to the Derivatives Act and in Ontario as commodity trading manager pursuant to the Commodity Act.

Reasons for the Exemption Sought

12. The Filer would like the Fund to have the flexibility to invest up to:

    (a) 20% of its net asset value, immediately after a transaction, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AA" by Standard & Poor's Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more designated rating organizations or their DRO affiliates; and

    (b) 35% of its net asset value, immediately the transaction, in evidences of indebtedness of any one issuer, if those securities are issued by issuers described in subparagraph (a) above and are rated "AAA" by Standard & Poor's Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates.

    (such evidences of indebtedness are collectively referred to as **Foreign Government Securities**).

13. Subsection 2.1(1) of Regulation 81-102 prohibits the Fund from purchasing a security of an issuer, entering into a specified derivatives transaction or purchasing index participation units if, immediately after the transaction, more than 10% of the net asset value of the Fund would be invested in securities of any issuer (the **Concentration Restriction**).

14. The Concentration Restriction does not apply to a purchase of, among other things, a government security as defined in section 1.1 of Regulation 81-102, which means an evidence of indebtedness that is issued, or fully and unconditionally guaranteed as to principal and interest, by any of the government of Canada, the government of a jurisdiction or the government of the United States of America.

15. Foreign Government Securities do not meet the definition of government security, as defined in Regulation 81-102.

16. The Exemption Sought, which relaxes the limitations in the Concentration Restriction, will enhance the ability of the Fund to pursue and achieve its investment objective.

17. Standard & Poor's uses two general categories to derive a credit rating for government debt, namely economic risk and political risk. The first category is a quantitative assessment of a government's ability to meet its debt obligations. The second is the government's preparedness to meet its obligations, for a government may be able to pay, but be unwilling to do so for policy reasons. Standard & Poor's rates issuers on a scale from the highest credit rating of AAA to a lowest rating of D. The Exemption Sought contemplates only investing in the two highest rating levels of investment grade debt. Other designated rating organizations have similar practices.

18. Higher concentration limits may allow the Fund to benefit from investment efficiencies and reduced transaction costs as certain foreign government treasury offerings are more readily available for investment and trades can be completed faster in certain markets that are more readily accessible to foreign investment.

19. The credit risk and liquidity characteristics of the Foreign Government Securities are similar to the credit risk and liquidity characteristics of the types of securities that fall within the meaning of government security in Regulation 81-102. As such, a limited increase in the maximum percentage of the net asset value of the Fund that can be invested in the Foreign Government Securities will not result in a material increase of the credit risk and the concentration risk of the Fund.

20. The Filer believes that the Exemption Sought is not contrary to the public interest, is in the best interest of the Fund and represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Fund.

Decision

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

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

1. the Fund may only invest up to:

   (a) 20% of its net asset value, immediately after a transaction, in evidences of indebtedness of any one issuer if those evidences of indebtedness are issued, or guaranteed fully as to principal and interest, by supranational agencies or governments other than the government of Canada, the government of a jurisdiction or the government of the United States of America and are rated "AA" by Standard & Poor's Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more designated rating organizations or their DRO affiliates;

   (b) 35% of its net asset value, immediately after a transaction, in evidences of indebtedness of any one issuer, if those securities are issued by issuers described in subparagraph (a) above and are rated "AAA" by Standard & Poor's Rating Services (Canada) or its DRO affiliate, or have an equivalent rating by one or more other designated rating organizations or their DRO affiliates;

2. subparagraphs (a) and (b) above cannot be combined for any one issuer;

3. the securities that are purchased pursuant to the Exemption Sought are traded on a mature and liquid market;

4. the acquisition of the evidences of indebtedness pursuant to the Exemption Sought is consistent with the fundamental investment objective of the Fund;

5. the prospectus of the Fund will disclose any additional risks associated with the concentration of net assets of the Fund in securities of fewer issuers, such as the potential additional exposure to the risk of default of the issuer in which the Fund has so invested and the risks, including foreign exchange risks, of investing in the country in which that issuer is located; and

6. the prospectus of the Fund will disclose, in the investment strategies section, the details of the exemption granted along with the conditions imposed and the type of securities covered by the Exemption Sought.

"Josee Deslauriers"
Senior Director, Investment Funds
and Continuous Disclosure
Autorité des marchés financiers

2.1.15 Emera Incorporated and Nova Scotia Power Incorporated

Headnote

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

Applicable Legislative Provisions

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

April 28, 2014

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

AND

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

AND

IN THE MATTER OF
EMERA INCORPORATED AND NOVA SCOTIA POWER INCORPORATED
(the Filers)

DECISION

Background

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

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

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

(b) the Filers have provided notice that section 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the Passport 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

In this decision:

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

(b) "activities subject to rate regulation" has the meaning ascribed in the Chartered Professional Accountants Canada Handbook (the "CPA Canada Handbook") as at the date hereof.

Representations

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

1. Emera Incorporated (Emera) and Nova Scotia Power Incorporated (NSPI) are incorporated under the *Companies Act* (Nova Scotia). The head office of each Filer is located at Barrington Tower, Scotia Square, 1223 Lower Water Street, Halifax, Nova Scotia, B3J 3S8.

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

3. NSPI is a subsidiary of Emera and its financial statements are consolidated into the financial statements of Emera.

4. Each Filer has activities subject to rate regulation.

5. Neither of the Filers is an SEC issuer.

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

7. By orders dated November 15, 2011, in the case of NSPI, and May 17, 2012, in the case of Emera, the Filers have been granted relief substantially similar to the Exemption Sought (together, the Existing Relief).

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

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

Decision

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

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

(a) the Existing Relief is revoked;

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

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

(i) 1 January 2019;

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

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

"Kevin Redden"
Director, Corporate Finance
Nova Scotia Securities Commission

2.1.16 Australian REIT Income Fund and Harvest Portfolios Group Inc.

Headnote

Pursuant to National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions, the fund and their manager are exempted from the dealer registration requirement for certain limited trading activities to be carried out by these parties in connection with warrant offerings by the fund, as the limited trading activities involve: i) the forwarding of short form prospectuses and the distribution of warrants to acquire units to existing holders of units and ii) the subsequent distribution of units to existing holders of warrants, upon their exercise of the warrants, through an appropriately registered dealer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25(1), 74(1).
Multilateral Instrument 11-102 Passport System, s. 4.7(1).
National Instrument 45-106 Prospectus and Registration Exemptions, ss. 2.1, 3.1, 3.42, 8.5.
National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations, s. 8.5.

May 2, 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
AUSTRALIAN REIT INCOME FUND
(the Fund)

AND

HARVEST PORTFOLIOS GROUP INC.
(the Manager) (collectively with the Fund, the Filers)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filers for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) exempting the Filers from the dealer registration requirement in the Legislation in respect of certain trades (the **Warrant Offering Activities**) to be carried out by the Manager, on behalf of the Fund, in connection with a proposed offering (the **Warrant Offering**) of Class A warrants (the **Class A Warrants**) to acquire Class A units (the **Class A Units**) of the Fund, and Class F warrants (the **Class F Warrants**) to acquire Class F units (the **Class F Units**) of the Fund, to be made pursuant to a short form (final) prospectus (the **Warrant Prospectus**). The Class A Units and the Class F Units are collectively referred to as **Units**. The Class A Warrants and the Class F Warrants are collectively referred to as Warrants.

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

1. the Ontario Securities Commission is the principal regulator for this application; and

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

Interpretation

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

Representations

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

1. The Fund is a trust established by a declaration of trust dated February 26, 2013 under the laws of the province of Ontario (the **Declaration of Trust**).

2. The Manager is the manager, trustee and promoter of the Fund.

3. The Manager was appointed as manager of the Fund and performs management functions and administrative services for the Fund pursuant to the Declaration of Trust.

4. The Manager has retained Macquarie Private Portfolio Management Limited as the portfolio manager to provide portfolio management services to the Fund.

5. The Manager has retained Avenue Investment Management Inc. as the investment advisor in respect of the Fund's currency hedging strategy.

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

7. The Fund is not a mutual fund under securities legislation of the provinces and territories of Canada.

8. The head office of each of the Filers is located in Oakville, Ontario.

9. The authorized capital of the Fund consists of an unlimited number of Class A Units and Class F Units. The Class A Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**). The Class F Units are not listed on any exchange, including the TSX.

10. The Fund filed a final long form prospectus dated February 26, 2013, under the securities legislation of Ontario and each of the Passport Jurisdictions for the initial public offering of Units

11. The Fund is not, nor has it ever been, in continuous distribution of securities.

12. The investment objectives of the Fund are to provide holders of Units (**Unitholders**) with: (i) stable monthly cash distributions; and (ii) the opportunity for capital appreciation. The Fund invests in an actively managed portfolio comprised primarily of equity securities listed on the Australian Securities Exchange issued by Australian real estate investment trusts and to a lesser extent, issuers principally engaged in the real estate industry in Australia.

13. The Fund's portfolio consists of securities issued by Australian REITs and other issuers principally engaged in the real estate industry in Australia.

14. The Fund is subject to certain investment restrictions that, among other things, limit the securities that may be acquired for the investment portfolio of the Fund.

15. In connection with the Warrant Offering, the Fund has filed a preliminary short form prospectus, under the securities legislation of Ontario and each of the Passport Jurisdictions. Under the Warrant Offering, each holder of a Class A Unit as at a specified record date will be entitled to receive, for no consideration, one Class A Warrant for each Class A Unit held by such holder and each holder of a Class F Unit as at a specified record date will be entitled to receive, for no consideration, one Class F Warrant for each Class F Unit held by such holder.

16. Holders of Class A Warrants and Class F Warrants will be entitled, upon the exercise of their Class A Warrants and Class F Warrants, to subscribe for Class A Units and Class F Units, respectively, pursuant to subscription privileges provided for in the Warrants, at a subscription price to be specified in the Warrant Prospectus. Two Warrants of a class will entitle the holder to subscribe for one Unit of such class under a basic subscription privilege. Holders of Warrants who exercise Warrants under the basic subscription privilege may also subscribe, *pro rata*, for additional Units that are not subscribed for by other holders under the basic subscription privilege, pursuant to the terms of an additional subscription privilege.

17. The term for the exercise of Warrants (including both the basic subscription privilege and the additional subscription privilege) will not exceed six months.

18. The Fund will apply to list the Class A Warrants and the Class A Units issuable on the due exercise of the Class A Warrants on the TSX. The Class F Warrants and the Class F Units will not be listed on any exchange. The Warrants, once issued, may be transferred or exercised by the holder.

19. The Warrant Offering Activities will consist of:

    (a) the distribution of the Warrant Prospectus and the issuance of Warrants to the Unitholders (as at the record date specified in the Warrant Prospectus), after the Warrant Prospectus has been filed, and receipts obtained, under the securities legislation of Ontario and each of the Passport Jurisdictions; and

    (b) the distribution of Units to holders of Warrants, upon the exercise of such Warrants by the holder, through a registered dealer that is registered in a category that permits the registered dealer to make such distribution.

20. The Fund is in the business of trading by virtue of its portfolio investing and trading activities. As a result, its capital raising activities, including the Warrant Offering Activities, would require each of the Filers to register as a dealer in the absence of this decision (or another available exemption from the dealer registration requirement).

21. Section 8.5 of National Instrument 45-106 *Prospectus and Registration Exemptions* (**NI 45-106**) provides that the exemptions from the dealer registration requirements set out in section 3.1 [*Rights offering*] and section 3.42 [*Conversion, exchange, or exercise*] of NI 45-106 no longer apply.

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 Fund, and the Manager acting on behalf of the Fund, are not subject to the dealer registration requirement in respect of the Warrant Offering Activities.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"James D. Carnwath"
Commissioner
Ontario Securities Commission

2.1.17 American Core Sectors Dividend Fund

Headnote

Multilateral Instrument 11-102 Passport System and National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Closed-end investment fund exempt from prospectus requirements in connection with the sale of units repurchased from existing security holders pursuant to market purchase programs and by way of redemption of units by security holders subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am. ss. 53, 74.

Citation: Re American Core Sectors Dividend Fund , 2014 ABASC 155

April 25, 2014

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

AND

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

AND

IN THE MATTER OF
AMERICAN CORE SECTORS DIVIDEND FUND
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the D**ecision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting the Filer from the requirement to file a prospectus (the **Prospectus Requirement**) in connection with the distribution of units of the Filer (the **Units**) that have been repurchased by the Filer pursuant to the Purchase Programs (as that term is defined below) or redeemed by the Filer pursuant to the Redemption Programs (as that term is defined below) (the **Exemption Sought**).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102

Passport System (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland and Labrador, Yukon, Northwest Territories, and Nunavut; and

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

Interpretation

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

Representations

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

1. The Filer is an unincorporated closed-end investment trust established under the laws of Alberta.

2. The Filer is not considered to be a "mutual fund" as defined in the Legislation because the holders of Units are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of the Filer.

3. The Filer is a reporting issuer or equivalent in each of the provinces and territories of Canada and is not in default of any of the requirements of securities legislation applicable to it.

4. The Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**). As of December 19, 2013 the Filer had 5,000,000 Units issued and outstanding.

5. Middlefield Limited (the **Manager**), which was incorporated pursuant to the *Business Corporations Act* (Alberta), is the manager and the trustee of the Filer.

Mandatory Purchase Program

6. The constating document of the Filer provides that the Filer, subject to certain exceptions and compliance with any applicable regulatory requirements, is obligated to purchase (the **Mandatory Purchase Program**) any Units offered on the TSX (or any successor thereto) if, at any time after the closing of the Filer's initial public offering, the price at which Units are then offered for sale on the TSX (or any successor thereto) is less than 95% of the net asset value of the Filer per Unit, provided that the maximum number of Units that the Filer is required to purchase pursuant to the Mandatory Purchase Program in any calendar quarter is 1.25% of the number of Units outstanding at the beginning of each such period.

Discretionary Purchase Program

7. The constating document of the Filer provides that the Filer, subject to applicable regulatory requirements and limitations, shall have the right, but not the obligation, exercisable in its sole discretion, at any time, to purchase outstanding Units in the market at prevailing market prices (the **Discretionary Purchase Program** and, together with the Mandatory Purchase Program, the **Purchase Programs**).

Monthly Redemptions

8. Subject to the Filer's right to suspend redemptions, Units may be surrendered for redemption (the **Monthly Redemption Program**) on the last business day of each month in order to be redeemed at a redemption price per Unit equal to the Monthly Redemption Price per Unit (as defined in the Filer's long form (final) prospectus dated November 28, 2013 (the **Prospectus**)).

Annual Redemptions

9. Subject to the Filer's right to suspend redemptions, Units may be surrendered for redemption (the **Annual Redemption Program**) on July 31 of each year commencing in 2015 at a redemption price per Unit equal to the Redemption Price per Unit (as defined in the Prospectus).

Additional Redemptions

10. At the sole discretion of the Manager and subject to the receipt of any necessary regulatory approvals, the Manager may from time to time allow additional redemptions of Units (**Additional Redemptions** and, together with the Monthly Redemption Program and the Annual Redemption Program, the **Redemption Programs**), provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by the Manager or an affiliate thereof then being offered to the public by prospectus.

Resale of Repurchased Units or Redeemed Units

11. Purchases of Units made by the Filer under the Purchase Programs or Redemption Programs are exempt from the issuer bid requirements of the Legislation pursuant to exemptions contained therein.

12. The Filer wishes to resell, in its sole discretion and at its option, through one or more securities

dealers and through the facilities of the TSX (or another exchange on which the Units are then listed), the Units repurchased by the Filer pursuant to the Purchase Programs (**Repurchased Units**) or redeemed pursuant to the Redemption Programs (**Redeemed Units**).

13. All Repurchased Units or Redeemed Units will be held by the Filer for a period of four months after the repurchase or redemption thereof by the Filer (the Holding Period), prior to any resale.

14. The resale of Repurchased Units or Redeemed Units will not have a significant impact on the market price of the Units.

15. Repurchased Units or Redeemed Units that the Filer does not resell within 12 months after the Holding Period (that is, within 16 months after the date of repurchase or redemption, as applicable) will be cancelled by the Filer.

16. During any calendar year, the Filer will not resell an aggregate number of Repurchased Units and Redeemed Units that is greater than 5% of the number of Units outstanding at the beginning of such calendar year.

17. Prospective purchasers of Repurchased Units or Redeemed Units will have access to the Filer's continuous disclosure, filed on SEDAR.

18. The Legislation provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased by that issuer is a distribution and, as such, is subject to the Prospectus Requirement. In the absence of the Exemption Sought, any sale by the Filer of Repurchased Units or Redeemed Units would be a distribution that is subject to the Prospectus Requirement.

Decision

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

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

(a) the Repurchased Units and Redeemed Units are otherwise sold by the Filer in compliance with the Legislation through the facilities of and in accordance with the regulations and policies of the TSX or of any other exchange on which the Units are then listed; and

(b) the Filer complies with the conditions of paragraphs 1 through 5 of subsection 2.8(2) of National Instrument 45-102 *Resale of Securities* with respect to the sale of the Repurchased Units and Redeemed Units.

For the Commission:

"Stephen Murison"
Vice-Chair

"Tom Cotter"
Vice-Chair

2.2 Orders

2.2.1 Eric Inspektor – s. 127

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

AND

IN THE MATTER OF
ERIC INSPEKTOR

ORDER
(Section 127)

WHEREAS on March 28, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), in relation to a Statement of Allegations filed by Staff of the Commission ("Staff") on March 28, 2014, to consider whether it is in the public interest to make certain orders against Eric Inspektor (the "Respondent");

AND WHEREAS the Notice of Hearing set a hearing in this matter for April 15, 2014 at 10:00 a.m. (the "Hearing");

AND WHEREAS on April 8, 2014, the Hearing was rescheduled by the Commission to commence on April 30, 2014 at 10:00 a.m.;

AND WHEREAS at the Hearing on April 30, 2014, Staff submitted *inter alia* that its disclosure to the Respondent would be substantially complete before the end of May 2014;

AND WHEREAS the Panel considered the submissions of Staff and counsel to the Respondent and the Commission is of the opinion that it is in the public interest to make this order;

IT IS ORDERED that the Hearing be adjourned to June 18, 2014 at 10:00 a.m.

DATED at Toronto, this 30th day of April, 2014.

"Christopher Portner"

2.2.2 Ground Wealth Inc. et al.

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

AND

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

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS Staff and counsel to GWI, Dunk and DeBoer appeared and made submissions, and Smith, Webster, Armadillo Texas, Armadillo Nevada and Armadillo Oklahoma did not appear;

AND WHEREAS Staff requested that the scheduled date for Staff's Motion on February 6, 2014 be re-scheduled and counsel to GWI, Dunk and DeBoer consented;

AND WHEREAS, on January 21, 2014, the Commission ordered that the scheduled date for Staff's Motion on February 6, 2014 be vacated and the hearing for Staff's Motion would be held on March 4, 2014 at 10:00 a.m.

AND WHEREAS Staff's Motion did not proceed on March 4, 2014;

AND WHEREAS on March 20, 2014, Staff applied to convert the Merits Hearing from an oral hearing to a written hearing, pursuant to Rule 11 of the Commission's *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the "*Rules of Procedure*");

AND WHEREAS on March 24, 2014, the Commission held a further confidential pre-hearing conference, and Staff and counsel to GWI, Dunk, DeBoer and Webster appeared and made submissions;

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

AND WHEREAS on March 24, 2014, the Commission ordered that the pre-hearing conference be adjourned and would continue on March 28, 2014 at 9:45 a.m.;

AND WHEREAS on March 28, 2014, the Commission held a further confidential pre-hearing conference, and Staff and counsel to GWI, Dunk, DeBoer and Webster appeared and made submissions;

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

AND WHEREAS on April 7, 2014, the Commission ordered that:

1. the Merits Hearing was converted to a hearing in writing, pursuant to Rule 11 of the *Rules of Procedure* and would proceed on the following schedule:

    a. Staff shall serve and file evidence briefs by May 2, 2014 at 4:00 p.m.;

    b. counsel to GWI, Dunk, DeBoer and Webster shall advise Staff by May 23, 2014 if he intends to examine any of his former clients in this matter;

    c. the Respondents shall serve and file evidence briefs by June 13, 2014 at 4:00 p.m.;

    d. Staff shall serve and file any evidence brief in reply by June 25, 2014 at 4:00 p.m.;

    e. Staff shall serve and file its written submissions by July 11, 2014 at 4:00 p.m.;

    f. the Respondents shall serve and file their written submissions by August 1, 2014 at 4:00 p.m.; and

    g. Staff shall serve and file any written submissions in reply by August 11, 2014 at 4:00 p.m.;

2. the Respondents shall have 10 days from the date of the Order to serve any notice of objection under Rule 11.7 of the *Rules of Procedure*; and

3. the dates scheduled for the oral Merits Hearing, being April 14, 15, 21, 23-25, 28-30 and May 1-2, 5 and 7, 2014, were vacated;

AND WHEREAS on April 28, 2014, Staff delivered correspondence to the Commission (the "April 2014 Letter") advising that on April 25, 2014, Staff received a substantial new volume of evidence that it was unable to review and analyze prior to the deadline of May 2, 2014 for the service and filing of Staff's evidence briefs;

AND WHEREAS Staff requested that the schedule set out in the Commission's Order dated April 7, 2014 for the Merits Hearing be amended to move each deadline to two weeks into the future;

AND WHEREAS Staff advised the Commission that counsel to GWI, Dunk, DeBoer and Webster stated that he had no objection to Staff's requested amendment to the schedule;

AND WHEREAS Staff advised the Commission that the April 2014 Letter was delivered to Armadillo Texas, Armadillo Nevada and Smith, and Staff did not receive a response from these respondents;

AND WHEREAS Staff submitted that Armadillo Oklahoma could not be served with the April 2014 Letter;

IT IS HEREBY ORDERED that:

1. The Merits Hearing shall proceed on the following schedule:

    a. Staff shall serve and file evidence briefs by May 16, 2014 at 4:00 p.m.;

    b. counsel to GWI, Dunk, DeBoer and Webster shall advise Staff by June 6, 2014 if he intends to examine any of his former clients in this matter;

    c. the Respondents shall serve and file evidence briefs by June 27, 2014 at 4:00 p.m.;

    d. Staff shall serve and file any evidence brief in reply by July 9, 2014 at 4:00 p.m.;

e. Staff shall serve and file its written submissions by July 25, 2014 at 4:00 p.m.;

f. the Respondents shall serve and file their written submissions by August 15, 2014 at 4:00 p.m.; and

g. Staff shall serve and file any written submissions in reply by August 25, 2014 at 4:00 p.m.

DATED at Toronto this 30th day of April, 2014.

"Mary G. Condon"

2.2.3 Blackwood & Rose Inc. et al. – ss. 127, 127.1

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

AND

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

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on January 29, 2013, a Statement of Allegations and a Notice of Hearing were issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") in respect of Blackwood & Rose Inc. ("**Blackwood**"), Steven Zetchus ("**Zetchus**") and Justin Kreller ("**Kreller**") (collectively, the "**Respondents**");

AND WHEREAS the Commission conducted a hearing in writing on the merits in this matter;

AND WHEREAS the Commission issued its Reasons and Decision on the merits on December 17, 2013 (the "**Merits Decision**");

AND WHEREAS the Commission concluded that the Respondents committed fraud and contravened Ontario securities law and acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS the Commission conducted a hearing on March 12, 2014 with respect to the sanctions and costs to be imposed 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 clause 2 of subsection 127(1) of the Act, each of Blackwood and Zetchus shall cease trading in any securities permanently and Kreller shall cease trading in securities for a period of 10 years from the date of this Order;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Blackwood or Zetchus is prohibited permanently and the acquisition of any securities by Kreller is prohibited for a period of 10 years from the date of this Order;

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law not apply permanently to either Blackwood or Zetchus and that any exemptions in Ontario securities law not apply to Kreller for a period of 10 years from the date of this Order;

(d) pursuant to clause 6 of subsection 127(1) of the Act, each of Zetchus and Kreller are reprimanded;

(e) pursuant to clause 8, 8.2 and 8.4 of subsection 127(1) of the Act, Zetchus is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8, 8.2 and 8.4 of subsection 127(1) of the Act, Kreller be prohibited for a period of 10 years from becoming or acting as a director or officer of any reporting issuer, registrant, investment fund manager or any issuer that engages in any distribution of securities to the public;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, Zetchus is prohibited permanently from becoming or acting as a registrant, an investment fund manager or as a promoter and Kreller is prohibited for a period of 10 years from becoming or acting as a registrant, an investment fund manager or as a promoter;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Blackwood and Zetchus shall pay to the Commission on a joint and several basis an administrative penalty of $100,000, for their contraventions of Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Blackwood and Zetchus shall disgorge to the Commission on a joint and several basis the amount of USD$15,634 obtained by them as a result of their non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(j) pursuant to clause 9 of subsection 127(1) of the Act, Kreller shall pay to the Commission an administrative penalty of $25,000 for his contraventions of Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(k) pursuant to subsection 37(1) of the Act, each of Zetchus and Kreller are prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives; and

(l) pursuant to section 127.1 of the Act, Zetchus shall pay to the Commission costs of $37,000 and Kreller shall pay costs of $12,000;

(m) notwithstanding clauses (a), (b), (c), (f) and (g) of this Order, those prohibitions shall continue to apply to Kreller after the 10-year period from the date of this Order until such time as Kreller pays to the Commission the amounts referred to in clauses (j) and (l) of this Order.

DATED at Toronto, Ontario this 30th day of April, 2014.

"James E. A. Turner"

2.2.4 Pro-Financial Asset Management Inc.

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

AND

IN THE MATTER OF
PRO-FINANCIAL ASSET MANAGEMENT INC.

ORDER

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AND WHEREAS PFAM's counsel provided to Staff and to the Commission and made submissions based on an affidavit of Stuart McKinnon sworn December 11, 2013 which was not marked as an exhibit on December 12, 2013 at the Commission hearing held that day;

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

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

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

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

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

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

AND WHEREAS on January 15, 2014, PFAM's counsel advised Staff that the prospectus for the distribution of securities of the Pro- Index Funds had passed its lapse date on January 14, 2014 and PFAM's counsel requested a lapse date extension of 40 days from Staff;

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

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

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

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

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

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

AND WHEREAS on February 21, 2014, PFAM's counsel was unavailable to attend before the Commission so the Commission ordered: (i) the Temporary Order be extended to March 6, 2014; (ii) the hearing be adjourned to March 3, 2014 at 11:00 a.m.; and (iii) a confidential pre-hearing conference proceed on February 25, 2014 at 3:30 p.m.;

AND WHEREAS PFAM's counsel requested in his prehearing conference memorandum an extension to the lapse date for the Pro-Index Funds which was previously extended to February 24, 2014 by Commission order dated January 21, 2014 (the "Further Lapse Date Relief");

AND WHEREAS in connection with a confidential pre-hearing conference on February 25, 2014 and the appearance on March 3, 2014, Staff filed the affidavit of Michael Ho sworn February 24, 2014 and written submissions dated February 28, 2014 to oppose the request for the Further Lapse Date Relief and PFAM's counsel filed the affidavits of Stuart McKinnon sworn February 21, 2014 and March 3, 2014 and a factum dated March 3, 2014 in support of the Further Lapse Date Relief;

AND WHEREAS on March 3, 2014, counsel for PFAM requested that submissions relating to the Further Lapse Date Relief be heard *in camera* and the Commission agreed to this request and the parties made oral submissions *in camera* on the issue of whether the Commission should grant the Further Lapse Date Relief;

AND WHEREAS on March 3, 2014, the Commission ordered that the Further Lapse Date Relief would be granted until April 7, 2014 subject to: (i) PFAM issuing a news release, in a form satisfactory to Staff, to ensure that investors receive full disclosure of the matters identified by Staff as set out below; and (ii) PFAM only being permitted to distribute securities of the Pro-Index Funds to existing securityholders of the Pro-Index Funds;

AND WHEREAS on March 3, 2014, the Commission advised, in the public portion of the hearing, that there had been two Director decisions recently made affecting PFAM (the "Director Decisions") and PFAM's counsel advised that the affected parties would seek a hearing and review under subsection 8(2) of the Act of both of the Director Decisions on an expedited basis;

AND WHEREAS on March 4, 2014, the Commission ordered: (i) the terms and conditions imposed on PFAM's registration by the Temporary Order be deleted and replaced with new terms and conditions which provided that PFAM shall not accept any new clients or open any new client accounts of any kind in respect of its Managed Accounts and that PFAM may only distribute securities of the Pro-Index Funds to existing securityholders of the Pro-Index Funds (the "Distribution Restriction"); (ii) PFAM be granted the Further Lapse Date Relief under subsection 62(5) of the Act to extend the lapse date for the Pro-Index Funds to April 7, 2014 subject to the conditions that: (a) PFAM issue a news release by March 6, 2014, in a form satisfactory to Staff, providing disclosure about the specific items set out in the March 4, 2014 order; and (b) PFAM comply with the terms of the March 4, 2014 order; (iii) the hearing be adjourned to April 7, 2014 at 10:00 a.m.; and (iv) the Temporary Order be extended to April 10, 2014;

AND WHEREAS on March 6, 2014, a confidential prehearing conference was held to consider a motion by counsel to the Purchaser and the Investor to vary the Distribution Restriction imposed by the Commission in the March 4, 2014 order, so that PFAM could continue distributing securities until April 7, 2014 to new investors after issuing the press release provided for in the March 4 order (the "Variation Motion");

AND WHEREAS on March 6, 2014, the Commission was of the view that the hearing of the Variation Motion should proceed only after a notice of the Variation Motion has been filed with the Secretary's office so that the public could be advised of the hearing;

AND WHEREAS on March 6, 2014, the Commission ordered that: (i) portions of the Commission decision of March 3, 2014 imposing the Distribution Restriction and deleting and replacing the terms and conditions on PFAM's registration and operation be stayed until March 11, 2014; (ii) PFAM be granted lapse date relief to extend the lapse date for the Pro-Index Funds to March 11, 2014; (iii) the Purchaser and the Investor file notice of the Variation Motion with the Secretary's office; and (iv) the Variation Motion be adjourned to March 11, 2014 at 1:00 p.m.;

AND WHEREAS the Purchaser and Investor's counsel filed the affidavit of Diego Beltran sworn March 5, 2014, the affidavit of Stuart McKinnon sworn March 11, 2014 and written submissions dated March 6, 2014 in support of the Variation Motion and Staff filed the affidavit of Michael Ho sworn March 10, 2014 and written submissions dated March 10, 2014 to oppose the Variation Motion;

AND WHEREAS on March 11, 2014, the Purchaser and the Investor's counsel made a request that the hearing of the Variation Motion proceed *in camera* and Staff opposed the request and the Purchaser and Investor's counsel and Staff made oral submissions and the Commission denied the request that the hearing proceed *in camera*;

AND WHEREAS on March 11, 2014, Staff opposed the Variation Motion and the Purchaser and Investor's counsel and Staff made oral submissions on the Variation Motion and Staff advised that a separate order will be required to cease the distribution of securities of the Pro-Index Funds to new investors as of March 11, 2014 if the Variation Motion is dismissed;

AND WHEREAS on March 11, 2014, the Commission ordered that: (i) the Variation Motion be dismissed; and (ii) the distribution of securities of the Pro-Index Funds to new investors be ceased as of the end of the day on March 11, 2014;

AND WHEREAS PFAM filed the affidavit of Stuart McKinnon sworn April 4, 2014 in support of its request for a further lapse date extension (the "Third Lapse Date Extension Request") and requested that the affidavit be treated on a confidential basis and Staff filed an affidavit of Mostafa Asadi sworn April 4, 2014 and opposed the Third Lapse Date Extension Request on the basis that PFAM has not filed the annual audited financial statements or the annual management reports of fund performance for the Pro-Index Funds which were due on March 31, 2014;

AND WHEREAS on April 7, 2014, PFAM's counsel requested that the submissions of the parties be heard *in camera* and Staff opposed the request and the Commission directed PFAM's counsel and Staff to make oral submissions *in camera*;

AND WHEREAS on April 7, 2014, Staff requested permission to provide a copy of the affidavit of Stuart McKinnon sworn April 4, 2014 to IAS or its legal counsel prior to the argument of PFAM's Third Lapse Date Request and PFAM's counsel opposed Staff's request;

AND WHEREAS on April 7, 2014, the parties made submissions *in camera* and the Commission directed that the affidavit of Stuart McKinnon sworn April 4, 2014 shall not be received on a confidential basis and directed that the correspondence between Staff and PFAM's counsel be treated as confidential;

AND WHEREAS on April 7, 2014, the Commission ordered that: (i) the lapse date for the Pro-Index Funds be extended to April 21, 2014; (ii) the affidavit of Stuart McKinnon sworn April 4, 2014 shall appear on the public record except for exhibits containing the correspondence between Staff and PFAM's counsel, including enclosures; (iii) Staff shall be entitled to provide a copy of the affidavit of Stuart McKinnon sworn April 4, 2014 to IAS or IAS' legal counsel subject to the conditions that IAS shall treat as confidential all correspondence between PFAM and Staff forming part of the affidavit and IAS shall only use the affidavit to assist Staff in the ongoing proceeding; (iv) the Temporary Order be extended to April 21, 2014; and (v) the hearing be adjourned to April 17, 2014 at 11:00 a.m. to argue the Third Lapse Date Extension Request.

AND WHEREAS on April 17, 2014, Staff filed the affidavit of Michael Ho sworn April 11, 2014 to oppose the Third Lapse Date Extension Request and PFAM filed the affidavit of Stuart McKinnon sworn April 16, 2014 in support of the Third Lapse Date Extension Request;

AND WHEREAS on April 17, 2014, PFAM's counsel requested that the submissions of the parties on the Third Lapse Date Extension Request be heard *in camera* and Staff opposed PFAM's request and the Commission directed that the parties' submissions on the Third Lapse Date Extension Request would not be heard *in camera*;

AND WHEREAS on April 17, 2014, PFAM's counsel made oral submissions and filed written submissions dated April 7 and 17, 2014 in support of the Third Lapse Date Extension Request and Staff made oral and filed written submissions dated April 14, 2014 to oppose PFAM's request and after hearing the parties' submissions, the Commission reserved its decision and adjourned the hearing to April 21, 2014 at 2:00 p.m.;

AND WHEREAS on April 21, 2014, the Commission dismissed the Third Lapse Date Extension Request and provided oral reasons for its decision;

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

IT IS HEREBY ORDERED that:

1. The Third Lapse Date Extension Request is dismissed without prejudice to PFAM bringing an application under section 144 to vary or revoke this order if the audited financial statements and MRFPs for the Pro-Index Funds are filed with the Commission.

2. Notwithstanding that the lapse date for the Pro-Index Funds was previously extended to April 21, 2014, the distribution of securities of the Pro-Index Funds shall cease as of the end of the day on April 21, 2014.

3. The Temporary Order is extended to May 27, 2014.

4. The hearing is adjourned to May 23, 2014 at 10:00 a.m.

DATED at Toronto this 21st day of April, 2014.

"James E. A. Turner"

2.2.5 Sino-Forest Corporation et al.

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

AND

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

ORDER

WHEREAS the Ontario Securities Commission ("the Commission") issued a Notice of Hearing (the "Notice of Hearing") and Statement of Allegations in this matter dated May 22, 2012 pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990 c. S.5, as amended in respect of Sino-Forest Corporation ("Sino-Forest"), Allen Chan ("Chan"), Albert Ip ("Ip"), Alfred C.T. Hung ("Hung"), George Ho ("Ho"), Simon Yeung ("Yeung") and David Horsley ("Horsley");

AND WHEREAS on May 22, 2012, the Notice of Hearing gave notice that a hearing would be held on July 12, 2012 at 10:00 a.m. before the Commission;

AND WHEREAS on July 12, 2012, counsel for Staff, counsel for Sino-Forest, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared before the Commission and consented to the hearing being adjourned to October 10, 2012;

AND WHEREAS on July 12, 2012 the hearing in this matter was adjourned to October 10, 2012 at 10:00 a.m.;

AND WHEREAS on October 10, 2012 the hearing in this matter was adjourned to January 17, 2013;

AND WHEREAS on January 17, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared before the Commission and requested that the hearing be adjourned to May 13, 2013 for the purpose of conducting a pre-hearing conference;

AND WHEREAS on January 17, 2013 the Commission ordered that a pre-hearing conference be held on May 13, 2013;

AND WHEREAS on May 13, 2013 a pre-hearing conference was commenced before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the May 13, 2013 pre-hearing conference;

AND WHEREAS on May 13, 2013 the Commission ordered that the pre-hearing conference in this matter continue on July 19, 2013;

AND WHEREAS on July 19, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the July 19, 2013 pre-hearing conference;

AND WHEREAS on July 19, 2013 the Commission ordered that the pre-hearing conference in this matter continue on August 13, 2013;

AND WHEREAS on August 13, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS the Commission was satisfied that Sino-Forest was provided with notice of the August 13, 2013 pre-hearing conference;

AND WHEREAS on August 13, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley all made submissions regarding the scheduling of the hearing on the merits (the "Merits Hearing");

AND WHEREAS on August 13, 2013 counsel for Ip, Hung, Ho and Yeung requested that a motion for particulars and further disclosure be scheduled (the "Particulars Motion");

AND WHEREAS on August 13, 2013 the Commission ordered that:

1. the Merits Hearing shall commence on June 2, 2014 at 10:00 a.m., and continue as follows:

   a) Staff's case in the Merits Hearing shall be held on the following dates: June 2, 2014; June 4 to June 6, 2014; June 10 to June 13, 2014; June 16, 2014; June 18 to June 20, 2014; June 24 to June 27, 2014; June 30, 2014; July 3 to 4, 2014; July 8 to 11, 2014; July 14, 2014; July 16 to 18, 2014; July 22 to 25, 2014; August 11, 2014; August 13 to 15, 2014; August 19 to 22, 2014; August 25, 2014; August 27 to 29, 2014; September 2 to 5, 2014; September 8, 2014; September 10 to 12, 2014, and September 15, 2014 or on such other dates as ordered by the Commission;

   b) the Respondents' case in the Merits Hearing be held October 15 to 17, 2014; October 20, 2014; October 22 to 24, 2014; October 28 to 31, 2014; November 3, 2014; November 5 to 7, 2014; November 11, 2014; November 19 to 21, 2014; November 25 to 28, 2014; December 1, 2014; December 3 to 5, 2014; December 9 to 12, 2014; December 15, 2014; December 17 to 19, 2014; January 7 to 9, 2015; January 12, 2015; January 14 to 16, 2015; January 20 to 23, 2015; January 26, 2015; January 28 to 30, 2015; February 3 to 6, 2015; February 9, 2015; and February 11 to 13, 2015 or on such other dates as ordered by the Commission;

2. the Particulars Motion be held on October 16, 2013 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

3. the pre-hearing conference in this matter be continued on September 10, 2013, at 2:00 p.m., or such other date and time as ordered by the Commission.

AND WHEREAS on September 10, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on September 10, 2013 counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley all made submissions with respect to the timetable for service of Staff's hearing briefs in connection with the Merits Hearing;

AND WHEREAS on September 10, 2013 the Commission ordered that (i) Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before February 3, 2014; and (ii) the pre-hearing conference in this matter be continued on October 10, 2013 at 10:00 a.m. (the "September 10 Order");

AND WHEREAS on October 10, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on October 10, 2013 counsel for Ip, Hung, Ho and Yeung requested that the hearing date scheduled for the Particulars Motion be vacated;

AND WHEREAS on October 10, 2013 counsel for Ip, Hung, Ho and Yeung further requested that the Commission vacate the dates scheduled for the Merits Hearing on October 20 and 22 to 24, 2014 to accommodate a scheduling conflict;

AND WHEREAS on October 10, 2013 the Commission ordered that:

1. the hearing date scheduled for the Particulars Motion, namely October 16, 2013, is vacated;

2. the hearing dates scheduled for October 20 and 22 to 24, 2014 for the Respondents' case in the Merits Hearing are vacated and further hearing dates are hereby scheduled for February 17 to 20, 2015; and

3. the pre-hearing conference in this matter be continued on November 21, 2013 at 11:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary.

AND WHEREAS on November 21, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on November 21, 2013, the Commission ordered that the pre-hearing conference in this matter be continued on December 2, 2013 at 10:00 a.m.;

AND WHEREAS on December 2, 2013 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on December 2, 2013, counsel for Chan requested that a motion in connection with certain translated documents be scheduled (the "Translation Motion");

AND WHEREAS on December 2, 2013 counsel for Ip, Hung, Ho and Yeung requested that certain dates scheduled for the Merits Hearing be vacated and counsel for Chan and counsel for Horsley joined in the request;

AND WHEREAS Staff opposed the request to vacate the hearing dates;

AND WHEREAS on December 2, 2103 the Commission ordered that:

1. the hearing dates scheduled for June 2, 2014; June 4 to June 6, 2014; June 10 to June 13, 2014; June 16, 2014; June 18 to June 20, 2014; June 24 to June 27, 2014; June 30, 2014; July 3 to 4, 2014; July 8 to 11, 2014; July 14, 2014; July 16 to 18, 2014; July 22 to 25, 2014; August 11, 2014; August 13 to 15, 2014; August 19 to 22, 2014; August 25, 2014; August 27 to 29, 2014 are vacated;

2. the Merits Hearing shall commence on September 2, 2014 and continue on the dates previously agreed to by the parties and ordered by the Commission;

3. the parties shall discuss their availability for further hearing dates in advance of the next pre-hearing conference and further dates for the Merits Hearing shall be set at the next pre-hearing conference;

4. the September 10 Order is varied such that Staff shall serve its hearing briefs in connection with the Merits Hearing on the Respondents on or before April 1, 2014;

5. the Translation Motion shall be held on January 31, 2014 commencing at 10:00 a.m., or such other date and time as ordered by the Commission; and

6. the pre-hearing conference in this matter be continued on January 31, 2014 at 10:00 a.m. or such other date and time as agreed to by the parties and set by the Office of the Secretary;

AND WHEREAS by email to the Secretary's Office on January 24, 2014, counsel for Chan requested that the date scheduled for the Translation Motion be vacated;

AND WHEREAS on January 31, 2014 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and no one appeared on behalf of Sino-Forest;

AND WHEREAS on January 31, 2014, the parties requested that a further Translation Motion be scheduled (the "Revised Translation Motion");

AND WHEREAS on January 31, 2014, the parties provided the Panel with their availability for further hearing dates for the Merits Hearing;

AND WHEREAS on January 31, 2014, the Commission ordered that:

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

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

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

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

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

AND WHEREAS on February 18, 2014 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung, counsel for Horsley and counsel for Sino-Forest appeared and made submissions;

AND WHEREAS on February 18, 2014, the Commission ordered that:

1. Staff shall serve its witness statements on the Respondents in compliance with the following schedule:

   a) for witnesses who are members of Staff, Staff shall serve its witness statements on the Respondents on or before May 1, 2014;

   b) for witnesses who are not members of Staff, Staff shall serve its witness statements on the Respondents on or before June 2, 2014;

2. the Respondents shall each serve their respective hearing briefs in connection with the Merits Hearing on Staff on or before July 2, 2014;

3. the Respondents shall each serve their respective witness lists and witness statements on Staff on or before August 1, 2014; and

4. the pre-hearing conference in this matter be continued on March 18, 2014 at 10:00 a.m.;

AND WHEREAS on March 18, 2014 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and made submissions;

AND WHEREAS on April 1, 2014, the Commission ordered that the pre-hearing conference in this matter be continued on April 22, 2014 at 3:00 p.m.;

AND WHEREAS on April 22, 2014 the pre-hearing conference continued before the Commission, at which counsel for Staff, counsel for Chan, counsel for Ip, Hung, Ho and Yeung and counsel for Horsley appeared and made submissions and no one appeared on behalf of Sino-Forest;

AND WHEREAS on April 22, 2014 counsel for Chan and counsel for Ip, Hung, Ho and Yeung requested that the dates scheduled for the Revised Translation Motion be vacated;

AND WHEREAS on April 22, 2014, counsel for Chan requested that certain dates scheduled for the Merits Hearing be vacated;

IT IS HEREBY ORDERED that:

1. the pre-hearing conference in this matter be continued on June 23, 2014 at 10:00 a.m.;

2. the dates scheduled for the Revised Translation Motion, namely June 23, 24 and 25, 2014, are vacated;

3. the hearing dates scheduled for February 23, 2015, February 25 to 27, 2015, March 3 to 6, 2015, March 9, 2015 and March 11 to 13, 2015 are vacated; and

4. additional hearing dates for the Merits Hearing are added on June 10 to 12, 2015, June 17 to 19, 2015, June 22 to 26, 2015 and June 29, 2015.

DATED at Toronto this 2nd day of May, 2014.

“Mary G. Condon”

2.2.6 Champion Iron Mines Limited – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT,
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
CHAMPION IRON MINES LIMITED
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant having represented to the Commission that:

1 The Applicant is an "offering corporation" as that term is defined in subsection 1(1) of the OBCA, and has an authorized capital consisting of an unlimited number of common shares.

2 The registered and head office of the Applicant is located at 20 Adelaide Street East, Suite 301, Toronto, Ontario M5C 2T6.

3 Pursuant to articles of incorporation dated December 24, 2013, Champion Exchange Limited (**Canco**) was incorporated under the laws of the Province of Ontario as a wholly-owned subsidiary of Mamba Minerals Limited (**Mamba**), in order to implement the Arrangement (as defined below).

4 In connection with a plan of arrangement between Mamba, the Applicant and Canco, on March 27, 2014, shareholders of the Applicant approved by special resolution a plan of arrangement (the **Arrangement**) pursuant to which, among other things, certain directors and officers of the Applicant would become the directors and officers of Mamba and all of the outstanding securities of the Applicant held by securityholders of the Applicant would be exchanged for securities of Mamba (and in some instances Canco), with the result being that the Applicant would become a wholly-owned subsidiary of Mamba and security-holders of the Applicant would, upon completion of the Arrangement and the automatic exchange of securities provided thereby, become equivalent securityholders in Mamba.

5 On March 28, 2014, a final order of the Superior Court of Justice (Ontario) was granted approving the Arrangement (Court File No: CV-14-10442-00CL).

6 Pursuant to articles of arrangement dated March 31, 2014 (the **Effective Date**), the Arrangement became effective as of 12:01 a.m. (the **Effective Time**) on the Effective Date.

7 As of the Effective Time:

(a) the Applicant became the wholly-owned subsidiary of Mamba;

(b) the former securityholders of the Applicant became equivalent security-holders of Mamba upon the automatic exchange of their securities of the Applicant; and

(c) Mamba became a reporting issuer in the jurisdictions of Canada in which the Applicant was a reporting issuer immediately prior to the Effective Time.

8 Mamba changed its name to "Champion Iron Limited" effective March 31, 2014.

9 Effective at the opening of markets on March 31, 2014, the common shares of the Applicant were de-listed from the Toronto Stock Exchange in substitution for the common shares of Mamba, which have been listed and are posted for trading under the trading symbol "CIA".

10 No securities of the Applicant are traded on a "marketplace" as defined in National Instrument 21-101 *Marketplace Operation*.

11 The Applicant voluntarily surrendered its reporting issuer status in the Province of British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* and has received confirmation from the British Columbia Securities Commission dated April 14, 2014 that, effective April 14, 2014, the Applicant is not a reporting issuer in the Province of British Columbia.

12 The Applicant has applied to the jurisdictions in Canada (other than the Province of British Columbia) in which it is a reporting issuer for an order that it has ceased to be a reporting issuer, (the **Relief Requested**) and, upon the granting of the Relief Requested and the order for which this application is made, the Applicant will not be a reporting issuer or equivalent in any jurisdiction in Canada.

13 The Applicant is not in default of any securities legislation in any jurisdiction in Canada in which the Applicant is currently a reporting issuer.

14 The Applicant has no plans to seek public financing by offering its securities in Canada.

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

IT IS ORDERED pursuant to subsection 1(6) of the OBCA, that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED May2, 2014.

"Edward Kirwin"
Commissioner
Ontario Securities Commission

"Judith Robertson"
Commissioner
Ontario Securities Commission

2.2.7 HHT Investments Inc. – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B 16, as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED
(the OBCA)

AND

IN THE MATTER OF
HHT INVESTMENTS INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public;

AND UPON the Applicant representing to the Commission that:

1. The Applicant is an "offering corporation" as defined in the OBCA, and has an authorized capital consisting of an unlimited number of common shares (the **Shares**).

2. The head office of the Applicant is located at 66 Wellington Street West, Suite 4100, Toronto, Ontario M5K 1B7.

3. On March 27, 2014, the Applicant completed its qualifying transaction by way of a plan of arrangement (the **Arrangement**) under the OBCA with Boulevard Industrial Real Estate Investment Trust (the **REIT**).

4. Shareholders of the Applicant approved the Arrangement at the special meeting of shareholders held on March 7, 2014. The Arrangement was also approved pursuant to a final order issued by the Ontario Superior Court of Justice (Commercial List) on March 11, 2014.

5. Pursuant to a plan of arrangement under Section 182 of the OBCA (the "**Arrangement**"), among other things: (i) the issued and outstanding common shares of the Applicant were exchanged for Trust Units of the REIT on a one (1) for one (1) basis (the "**Exchange Ratio**"); and (ii) the issued

and outstanding options and warrants to purchase common shares of the Applicant were exchanged for Unit Options and warrants of the REIT to purchase Trust Units based upon the Exchange Ratio, on terms and conditions identical to the terms and conditions of the original options and warrants. The Applicant became wholly-owned by the REIT upon completion of the Arrangement.

6. The Shares were delisted from the TSX Venture Exchange on April 4, 2014.

7. No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.

8. A *Voluntary Surrender of Reporting Issuer Status* application was made to the British Columbia Securities Commission on April 4, 2014 and a corresponding order was issued by the British Columbia Securities Commission on April 14, 2014.

9. The Applicant applied for an order that it is not a reporting issuer in Ontario pursuant to subclause 1(10)(a)(ii) of the *Securities Act* (Ontario) in accordance with the simplified procedure set out in OSC Staff Notice 12-703 *Applications for a Decision that an Issuer is not a Reporting Issuer* on April 14, 2014 and is not a reporting issuer or the equivalent in any other jurisdiction in Canada (the **Securities Act Order**). The Securities Act Order was granted on April 25, 2014.

10. The Applicant has no intention to seek public financing by way of an offering of securities.

11. The Applicant is not a reporting issuer or equivalent in any jurisdiction of Canada.

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

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED at Toronto this 2nd day of May, 2014.

"Edward P. Kerwin"
Commissioner
Ontario Securities Commission

"James Cornwath"
Commissioner
Ontario Securities Commission

2.2.8 North American Financial Group Inc. et al. – Rule 9 of the OSC Rules of Procedure

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

AND

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

ORDER
(Rule 9 of the Commission's
Rules of Procedure (2012), 35 O.S.C.B. 10071)

WHEREAS on December 28, 2011, the Ontario Securities Commission (the "**Commission**") issued a Notice of Hearing (the "**Notice of Hearing**"), pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"), accompanied by a Statement of Allegations dated December 28, 2011 filed by Staff of the Commission ("**Staff**") with respect to North American Financial Group Inc., North American Capital Inc., Alexander Flavio Arconti and Luigino Arconti (collectively, the "**Respondents**");

AND WHEREAS a hearing on the merits in this matter was held before the Commission on April 29 and 30, May 1-3, 6, 8-10, 22 and 23 and September 11, 2013;

AND WHEREAS following the hearing on the merits, the Commission issued its Reasons and Decision with respect to the merits on December 11, 2013;

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

(a) Staff shall file and serve written submissions on sanctions and costs by February 14, 2014;

(b) the Respondents shall file and serve written submissions on sanctions and costs by March 7, 2014;

(c) Staff shall file and serve written reply submissions on sanctions and costs by March 14, 2014; and

(d) the hearing to determine sanctions and costs will be held at the offices of the Commission at 20 Queen Street West, Toronto, commencing on March 24, 2014 at 10:00 a.m.;

AND WHEREAS on January 22, 2014, counsel for the Respondents, Ian R. Smith ("**Smith**"), brought a motion for leave to withdraw as representative for the Respondents, pursuant to Rule 1.7.4 of the Commission's

Rules of Procedure (2012), 35 O.S.C.B. 10071 (the "**Motion**"), which Motion was unopposed by Staff;

AND WHEREAS on January 31, 2014, the Commission granted leave to Smith to withdraw as counsel of record for the Respondents;

AND WHEREAS on February 14, 2014, Staff filed and served its written submissions on sanctions and costs;

AND WHEREAS on March 6, 2014, Alexander Gillespie notified the Commission that he had been retained to act for the Respondents, that the Respondents requested an adjournment of the hearing to determine sanctions and costs to March 28, 2014, that the Respondents requested modifications to the timetable for the delivery of submissions as set out in the Order of the Commission dated December 11, 2013 and that Staff did not oppose the Respondents' requests;

AND WHEREAS on March 10, 2014, the Commission ordered that:

(a) the hearing to determine sanctions and costs, scheduled for March 24, 2014 at 10:00 a.m., is adjourned and shall be held on March 28, 2014 at 10:00 a.m.;

(b) Staff shall file and serve any additional evidence and supplementary submissions on sanctions and costs by March 10, 2014;

(c) the Respondents shall file and serve written submissions on sanctions and costs by March 21, 2014; and

(d) Staff shall file and serve any reply submissions on sanctions and costs by March 26, 2014;

AND WHEREAS on March 20, 2014, the Respondents requested an adjournment of the hearing to determine sanctions and costs from March 28, 2014 to April 2, 2014 and Staff did not object to this request;

AND WHEREAS on March 20, 2014, the Commission granted the Respondents' request to adjourn the hearing on sanctions and costs to April 2, 2014;

AND WHEREAS on March 26, 2014, prior to a formal order being issued in relation to the adjournment of the hearing on sanctions and costs to April 2, 2014, the Respondents sought a further adjournment of the hearing on sanctions and costs to allow counsel for the Respondents additional time to review the file he received from the Respondents' former counsel and to prepare his clients' written submissions on sanctions and costs;

AND WHEREAS Staff objected to a further adjournment of the hearing on sanctions and costs;

AND WHEREAS on March 27, 2014, the Commission ordered that:

(a) the hearing to determine sanctions and costs be adjourned and shall be held on May 7, 2014 at 10:00 a.m.;

(b) the Respondents shall file and serve written submissions on sanctions and costs by April 25, 2014; and

(c) Staff shall file and serve any reply submissions on sanctions and costs by May 2, 2014;

AND WHEREAS on May 5, 2014, counsel for the Respondents requested an appearance before the Commission to seek permission for late delivery of the Respondents' written submissions on sanctions and costs;

AND WHEREAS on May 6, 2014, Staff and counsel for the Respondents attended before the Commission, at which time counsel for the Respondents advised the Commission that he required additional time to May 16, 2014 to complete his clients' written submissions on sanctions and costs, and therefore the Respondents sought an adjournment of the hearing on sanctions and costs scheduled for May 7, 2014;

AND WHEREAS on May 6, 2014, Staff objected to a further adjournment of the hearing on sanctions and costs;

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) the hearing to determine sanctions and costs is adjourned and shall be held on June 23, 2014 at 10:00 a.m.;

(b) the Respondents shall file and serve written submissions on sanctions and costs by June 9, 2014; and

(c) Staff shall file and serve any reply submissions on sanctions and costs by June 16, 2014.

DATED at Toronto this 6th day of May, 2014.

"James D. Carnwath"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Blackwood & Rose Inc. et al. – s. 127

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

AND

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

REASONS AND DECISION ON SANCTIONS AND COSTS
(Section 127 of the Securities Act)

Hearing:	March 12, 2014		
Decision:	April 30, 2014		
Panel:	James E. A. Turner	–	Vice-Chair
Submissions:	Carlo Rossi	–	For Staff of the Ontario Securities Commission
		–	No one appeared for any of the Respondents

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REASONS AND DECISION ON SANCTIONS AND COSTS

I. BACKGROUND

[1] This was a hearing before the Ontario Securities Commission (the "**Commission**") to consider pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") whether it is in the public interest to make an order with respect to sanctions and costs against Blackwood & Rose Inc. ("**Blackwood**"), Steven Zetchus ("**Zetchus**") and Justin Kreller ("**Kreller**") (collectively, the "**Respondents**").

[2] The hearing on the merits was heard in writing and the decision on the merits was issued on December 17, 2013 (the "**Merits Decision**").

[3] Following the release of the Merits Decision, we held a separate hearing on March 12, 2014 to consider submissions from Staff of the Commission ("**Staff**") regarding sanctions and costs (the "**Sanctions and Costs Hearing**"). No one appeared for the Respondents at the Sanctions and Costs Hearing.

[4] I am satisfied that the Notice of Hearing of the Sanctions and Costs Hearing and the submissions of Staff were served on the Respondents and that Staff took reasonable steps to provide notice of this proceeding to the Respondents. Therefore, I am entitled to proceed in their absence in accordance with section 7 of the *Statutory Power Procedures Act*, R.S.O. 1990, c. S.22 and Rule 7.1 of the Commission's *Rules of Procedure*.

[5] These are my reasons and decision as to the appropriate sanctions and costs to be ordered against the Respondents. A Sanctions and Costs Order is attached as "Schedule A" to these reasons.

II. THE MERITS DECISION

[6] In a Statement of Allegations dated January 29, 2013, Staff alleged that the Respondents held themselves out as engaging in the business of trading in securities and through misrepresentations, deceit and other fraudulent means solicited members of the public in the United States to transfer funds to Blackwood purportedly in furtherance of transactions involving the purchase and/or sale of securities.

[7] I concluded in the Merits Decision that each of the Respondents engaged in and held themselves out as engaging in the business of trading in securities without registration in circumstances in which no exemption from registration was available, contrary to section 25 of the Act and each of the Respondents directly or indirectly engaged in or participated in an act, practice or course of conduct relating to securities which they knew, or reasonably ought to have known, perpetrated a fraud on investors, contrary to subsection 126.1(b) of the Act. Further, I concluded that Zetchus authorized, permitted or acquiesced in Blackwood's non-compliance with Ontario securities law and was therefore deemed under section 129.2 of the Act to also have not complied with Ontario securities law. Finally, I held that the conduct of each of the Respondents was contrary to the public interest and harmful to the integrity of the Ontario capital markets.

[8] My reasons for reaching these conclusions are summarized in the Merits Decision as follows:

> [64] There is ample evidence in the Vanderlaan Affidavit demonstrating that the Respondents engaged in conduct relating to securities that they knew or reasonably ought to have known would perpetrate a fraud on the Gigapix Shareholders in connection with the Gigapix Scheme.
>
> [65] The Respondents deceived investors with respect to the nature of the Gigapix Scheme and the Gigapix Shareholders suffered actual loss of all amounts they sent to Blackwood.
>
> [66] Zetchus represented Blackwood to be an established firm with a broad and reputable client base. The Blackwood Website described Blackwood as a "specialized boutique firm, serving Venture Capital Companies, Corporate & Institutional Clients, as well as Individual Consumers, Small and Middle Market Businesses and Large Corporations with a full range of Market Data & Trending Metrics Research". The Blackwood Website also indicated, among other things, that Blackwood:
>
> - [serves] more than 2000 consumer and small business relationships;
> - offers industry leading support through a suite of innovative services;
> - serves clients in more than 20 countries;
> - has relationships with U.S. Fortune 500 companies and Fortune Global 500; and
> - has a team of analysts that provide specialized data research and trending metrics.
>
> [67] In reality, the evidence shows that Blackwood had only been established in August 2012, had no clients, no business relationships, no analysts, no innovative services and the only deposits, other than those from the Gigapix Shareholders, into the Blackwood bank accounts came from Zetchus's mother and from the sale of a list of potential investors to an individual that Zetchus declined to name in his compelled interview.

[68] The Gigapix Shareholders were all solicited by Blackwood on the basis that Blackwood could arrange for the sale of their shares. The Individual Respondents' own admissions in the compelled testimony acknowledge that the solicitations were based on deceitful representations about Blackwood's business and about its role in the fictitious acquisition of Gigapix shares.

[69] Kreller lied about his name and made representations to the Gigapix Shareholders that he knew or ought to have known were false and misleading. Kreller knew that the salespersons at Blackwood used aliases; he saw the information on the Blackwood website and acknowledged that he knew it was inaccurate. He knew he was not working for an established firm and he knew or ought to have known that by soliciting two of the Gigapix Shareholders on the basis of these fraudulent representations that a deprivation would likely result.

[70] Kreller attempted to mislead the Examiner and others by telling them that Blackwood had acquired shares from a distressed brokerage and offered to sell shares that Blackwood did not in fact own. Kreller also suggested to one potential investor that Blackwood had "insider information" with respect to Barrick and Dundee, when it in fact did not.

[71] Kreller was reckless as to the consequences of his actions, including the risk that perpetuating Zetchus's misrepresentations would result in a deprivation of two of the Gigapix Shareholders.

…

[76] Based on the foregoing, Staff has established dishonest acts on the part of Blackwood, Zetchus and Kreller and a deprivation to the Gigapix Shareholders. The evidence establishes subjective awareness and subjective intent on the part of Blackwood, Zetchus and Kreller to perpetrate a fraud.

[84] The evidence in this case overwhelmingly establishes that the Respondents engaged in and held themselves and itself out as engaging in the business of trading in securities.

[85] I find that the evidence establishes that:

(a) Blackwood was held out, through the Blackwood Website and the representations to members of the public by Zetchus and Kreller, as an established firm engaged in the business of trading in securities;

(b) the Gigapix Shareholders were solicited by the Respondents to: (i) send funds to purportedly open trading accounts with Blackwood; (ii) purchase shares in two publicly listed companies: Barrick and Dundee, and one private company; and (iii) sell shares they held in Gigapix, on the basis of deceitful representations made by the Respondents in connection with that solicitation;

(c) the Respondents sent emails and other documents to the Gigapix Shareholders in support of their solicitations that purported to, among other things, confirm the terms of transactions involving the purchase or sale of securities, provide deposit instructions to the investors, record the investors' investment preferences, provide Blackwood with authority to undertake trades on the investors' behalf, and promote transactions involving the sale of securities;

(d) Blackwood received funds from the Gigapix Shareholders in connection with the purported transactions involving the sale of their Gigapix shares and Zetchus and Kreller profited from their conduct; and

(e) Kreller worked on a commission basis and received a commission for one of the transactions.

…

[93] Zetchus was the sole director and directing mind of Blackwood during the Material Time and he authorized, permitted and acquiesced in all the conduct undertaken on behalf of Blackwood. Among other things, the evidence shows that Zetchus:

(a) incorporated Blackwood;

(b) rented the office space on behalf of Blackwood and hired salespersons;

(c) supervised Kreller;

(d) created the Blackwood Website;

(e) opened the Blackwood bank accounts and was the sole signatory on those accounts;

(f) solicited the Examiner; and

(g) misappropriated the funds that the Gigapix Shareholders sent to Blackwood.

[94] Zetchus was a director and officer of Blackwood and I find that he authorized, permitted and acquiesced in Blackwood's non-compliance with Ontario securities law described in these reasons. Accordingly, he is deemed pursuant to section 129.2 of the Act to have also failed to comply with Ontario securities law.

(Merits Decision at paras. 64 to 71, 76, 84, 85, 93 and 94)

[9] I will consider my findings and conclusions in the Merits Decision in determining the appropriate sanctions and costs order in this matter.

III. SANCTIONS AND COSTS REQUESTED BY STAFF

[10] Staff requests the following sanctions and costs orders:

(a) with respect to Blackwood that:

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

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Blackwood be prohibited permanently;

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

(iv) pursuant to clause 10 of subsection 127(1) of the Act, Blackwood disgorge to the Commission, on a joint and several basis with Zetchus, the amount of $15,634 obtained as a result of its non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(b) with respect to Zetchus that:

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

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Zetchus be prohibited permanently;

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

(iv) pursuant to clause 6 of subsection 127(1) of the Act, Zetchus be reprimanded;

(v) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Zetchus be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

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

(vii) pursuant to clause 9 of subsection 127(1) of the Act, Zetchus pay an administrative penalty in the amount of $100,000 for his failure to comply with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(viii) pursuant to clause 10 of subsection 127(1) of the Act, Zetchus disgorge to the Commission, on a joint and several basis with Blackwood, the amount of $15,634 obtained as a result of his non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act; and

(ix) pursuant to subsection 37(1) of the Act, Zetchus be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives;

(c) with respect to Kreller that:

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

(ii) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Kreller be prohibited permanently;

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

(iv) pursuant to clause 6 of subsection 127(1) of the Act, Kreller be reprimanded;

(v) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Kreller be prohibited permanently from becoming or acting as a director or officer of any reporting issuer, registrant, investment fund manager or any issuer that engages in a distribution of securities to the public;

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

(vii) pursuant to clause 9 of subsection 127(1) of the Act, Kreller pay an administrative penalty in the amount of $25,000 for his failure to comply with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(viii) pursuant to clause 10 of subsection 127(1) of the Act, Kreller disgorge to the Commission the amount of $1,000 obtained as a result of his non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act; and

(ix) pursuant to subsection 37(1) of the Act, Kreller be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives.

IV. STAFF SUBMISSIONS

Administrative Penalties

[11] Staff seeks orders that Zetchus pay an administrative penalty in the amount of $100,000 and that Kreller pay an administrative penalty in the amount of $25,000.

[12] The Commission has held that an administrative penalty should be of a magnitude sufficient to ensure effective specific and general deterrence. Factors to be considered in determining an appropriate administrative penalty include: the scope and seriousness of a respondent's misconduct; whether there were multiple and/or repeated breaches of the Act; whether the respondent realized any profit as a result of his or her misconduct; the amount of money raised from investors; the harm caused to investors; and the level of administrative penalties imposed in other cases. (*Limelight Entertainment Inc. (Re)* (2008) 31 OSCB 12030 ("***Limelight Sanctions***"), at paras. 67 and 71)

[13] Applying these principles, and considering the amount of disgorgement sought, together with the totality of the sanctions requested, Staff submits that the administrative penalties sought are appropriate and proportionate to the respective conduct of the Respondents.

Disgorgement

[14] Staff seeks an order, pursuant to clause 10 of subsection 127(1) of the Act, requiring each of the Respondents to disgorge to the Commission all amounts obtained as a result of their non-compliance with Ontario securities law.

[15] S taff seeks a disgorgement order that Blackwood and Zetchus jointly and severally disgorge $15,634 to the Commission, being the total amount obtained by them as a result of their non-compliance with Ontario securities law. Staff submits that Kreller should be required to disgorge $ 1,000, the amount Staff estimates that Kreller made in cash and other compensation while at Blackwood.

[16] Pursuant to clause 10 of subsection 127(1) of the Act, the Commission has the power to order disgorgement of "any amounts obtained as a result of the non-compliance" with Ontario securities law. The Commission has previously held that "all money illegally obtained from investors can be ordered to be disgorged, not just the 'profit' made as a result of the activity" (Act, *supra* at subsection 127(1)10, *Limelight Sanctions*, *supra*, at para. 49).

[17] In *Limelight Sanctions*, the Commission held that it should consider the following factors when contemplating a disgorgement order:

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

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

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

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

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

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

[18] Staff submits that the following factors support the disgorgement orders requested:

(a) the amounts requested were obtained as a result of the Respondents' fraudulent conduct in breach of Ontario securities law;

(b) the misconduct was serious and investors were harmed by the fraud; and

(c) the amount obtained has been ascertained.

[19] Staff submits that an order for disgorgement of the entire amount obtained from investors would achieve the objectives of general and specific deterrence, would be proportionate to the Respondents' conduct and would be consistent with other Commission decisions.

Staff's Conclusions on Sanctions

[20] Staff submits that this matter involves egregious conduct by the Respondents involving significant contraventions of the Act in circumstances where the Respondents showed a complete disregard for investors and the integrity of the capital markets. The Respondents perpetrated a fraud on investors and the Commission found that both Zetchus and Kreller had subjective intent to perpetrate that fraud. The Respondents pose an on-going risk to Ontario investors and capital markets.

[21] In Staff's submission, the Respondents' intentional fraudulent conduct warrants their permanent removal from Ontario capital markets to protect investors and the integrity of those capital markets in the future.

[22] While the Respondents' fraudulent scheme was detected and restrained at an early stage, Staff submits that their conduct clearly shows that they were willing to lie and deceive investors in order to profit personally.

[23] The Respondents' conduct undermined the integrity of and confidence in the Ontario capital markets and caused significant harm to investors.

[24] Staff submits that the Respondents should also be ordered to disgorge all amounts obtained as a result of their non-compliance with Ontario securities law and be ordered to pay administrative penalties that are more than simply a cost of doing business.

[25] Staff submits that Zetchus and Kreller have demonstrated an utter lack of regard for the capital markets and the investors they deceived. There is a need to send a strong message to the Respondents and the public at large that involvement in these types of schemes will result in significant sanctions.

[26] Staff notes that neither Zetchus nor Kreller attended any of the hearings in connection with this matter, either personally or through a representative, nor did they present evidence, make submissions, otherwise acknowledge the seriousness of their improprieties or express remorse. At best, they demonstrated a casual indifference to the proceedings. Staff submits that such casual indifference ought to be interpreted as a lack of recognition of the seriousness of their improprieties.

Costs

[27] Staff also seeks an order for payment of Commission investigation and hearing costs pursuant to section 127.1 of the Act. Staff requests total costs of $49,692.50 to be apportioned as follows:

(a) Zetchus shall pay $37,269.38, representing 75% of the total costs sought; and

(b) Kreller shall pay $12,423.12, representing 25% of the total costs sought.

[28] Rule 18.2 of the Commission's *Rules of Procedure* provides that the Commission may consider the following factors in determining whether to order costs under section 127.1 of the Act:

(a) whether the respondent failed to comply with a procedural order or direction of the Panel;

(b) the complexity of the proceeding;

(c) the importance of the issues;

(d) the conduct of Staff during the investigation and during the proceeding, and how Staff's conduct contributed to the costs of the investigation and the proceeding;

(e) whether the respondent contributed to a shorter, more efficient, and more effective hearing, or whether the conduct of the respondent unnecessarily lengthened the duration of the proceeding;

(f) whether any step in the proceeding was taken in an improper, vexatious, unreasonable, or negligent fashion or in error;

(g) whether the respondent participated in the proceeding in a way that helped the Commission understand the issues before it;

(h) whether the respondent participated in a responsible, informed and well-prepared manner;

(i) whether the respondent co-operated with Staff and disclosed all relevant information;

(j) whether the respondent denied or refused to admit anything that should have been admitted; or

(k) any other factors the Panel considers relevant.

(Ontario Securities Commission *Rules of Procedure*, Rule 18.2)

[29] Staff submits that they used a conservative approach in preparing their bill of costs. The bill of costs reflects only the time spent by the primary investigator, Wayne Vanderlaan, Senior Investigator, and the primary litigator, Carlo Rossi, Litigation Counsel, involved in this matter.

[30] Staff submits that the amounts set out in paragraph [27] of these reasons are reasonable in the circumstances and that a costs order on the terms requested by Staff is in the public interest.

V. NO SUBMISSIONS BY THE RESPONDENTS

[31] None of the Respondents appeared or participated in the hearing on the merits or in the Sanctions and Costs Hearing.

VI. SANCTIONS

(i) The Law on Sanctions

[32] The Commission's dual mandate is (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 (Act, *supra* at section 1.1).

[33] The Commission's objective when imposing sanctions is not to punish past conduct but rather to restrain future conduct that may be harmful to Ontario investors or capital markets. This objective was described in *Re Mithras Management Ltd.* as follows:

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

[34] Further, the Supreme Court of Canada has recognized general deterrence as an additional factor that the Commission may consider when imposing sanctions. In *Cartaway Resources Corp.*, [2004] 1 S.C.R. 672 at para. 60 the Supreme Court 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".

[35] The Commission must ensure that the sanctions imposed in each case are proportionate to the circumstances and conduct of each respondent. The Commission has previously identified the following as some of the factors that a panel should consider when imposing sanctions:

(a) the seriousness of the conduct and the breaches of the Act;

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

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

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

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

(f) the size of any profit obtained or loss avoided from the illegal conduct;

(g) the size of any financial sanction or voluntary payment;

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

(i) the reputation and prestige of the respondent;

(j) the remorse of the respondent; and

(k) any mitigating factors.

(*Re Belteco Holdings Inc.* (1998), 21 OSCB 7743 at p. 7746 and *Re M.C.J.C. Holdings Inc. and Michael Cowpland* (2002), 25 OSCB 1133 at para. 26)

[36] Ultimately, the sanctions I impose must protect Ontario's capital markets and investors by restricting or barring the Respondents from participating in our markets and by deterring others from using our jurisdiction to perpetrate fraudulent schemes which are abusive of investors outside Ontario.

Relevant Commission Decisions

[37] In *Al-Tar Energy Corp.*, the Commission considered the appropriate sanctions to be imposed in the context of a fraudulent investment scheme. (*Al-Tar Energy Corp (Re)* (2011), 34 OSCB 447 ("***Al-Tar Sanctions***")

[38] The Panel summarized its approach to sanctions in that case:

> Overall, the sanctions that we impose must protect investors and Ontario capital markets by barring or restricting the Respondents from participating in those markets in the future and by sending a clear message to the Respondents and others participating in our capital markets that the type of misconduct identified in this matter will not be tolerated.
>
> (*Al-Tar Sanctions*, *supra*, at para. 26)

[39] The Commission found that the public interest "require[d] that the Respondents be restrained permanently from any future participation in the capital markets". In addition to permanent market conduct prohibitions, the Panel ordered that the respondents disgorge all amounts illegally obtained and pay significant administrative penalties. (*Al-Tar Sanctions*, *supra*, at para. 82)

[40] The Panel emphasized that an administrative penalty "must be more than a fee for or cost of carrying out a fraudulent scheme":

> The Individual Respondents engaged in fraudulent conduct that warrants the imposition of substantial administrative penalties. We do not consider the amount of the administrative penalties requested by staff to be sufficient to deter similar conduct in the future. In our view, to be a deterrent, the amount of the administrative penalty must bear some reference to the amount raised from investors through the investment scheme. In addition, in cases where fraud and repetitive conduct over an extended period is involved, higher administrative penalties are necessary. In order to deter, an administrative penalty must be more than a fee for or a cost of carrying out a fraudulent scheme.
>
> (*Al-Tar Sanctions*, *supra*, at para. 47)

[41] The Commission's approach to sanctions in cases of fraudulent investment schemes was reflected in *Al-Tar* and has been applied in recent cases including *Global Partners Capital (Re)* (2011), 34 OSCB 10023, *Goldpoint Resources Corp. (Re)* (2013), 36 OSCB 1464 and *Global Energy Group, Ltd. (Re)* (2013), 36 OSCB 12153.

[42] This reasoning also underpins the Commission's decisions in cases involving "advance-fee" schemes. Those schemes are designed to extract an advance or upfront payment from investors on the basis of some fictitious transaction such as an offer to purchase shares held by an investor at inflated prices. In both *Sunwide Finance Inc. (Re)* (2009), 32 OSCB 4671 and *Lehman Brothers & Associates Corp. (Re)* (2012) 35 OSCB 5357 ("***Lehman Brothers***"), cases involving an advance fee scheme, the Commission concluded that the respondents should be permanently barred from the capital markets and, in the case of *Lehman Brothers*, that substantial financial sanctions were appropriate.

[43] There are no Commission decisions where a relatively small amount of money was raised fraudulently from investors. Staff submits that the amount raised is a factor to consider when ordering administrative penalties. However, Staff says that where the intent to defraud investors exists, significant sanctions are warranted, irrespective of the amount raised from investors. Further, Staff submits that an administrative penalty must be sufficient to ensure specific and general deterrence. An administrative penalty must not simply be a cost of doing business.

[44] Staff submits that all of the sanctions they have requested are reasonable and appropriate in the circumstances.

(ii) Findings and Conclusions as to Sanctions

Specific Factors Applicable in this Matter

[45] In considering the factors referred to in paragraph [35] of these reasons, I find the following factors and circumstances to be most relevant in this matter, based on the findings in the Merits Decision (set out in paragraph [8] of these reasons):

(a) the conduct of the Respondents was clearly egregious; as noted above, the Respondents solicited and sold investments they knew were a sham, lied to and misled investors and misappropriated USD $15,634 of investors' funds;

(b) all of the Respondents breached a number of key provisions of the Act which are intended to protect investors from the very conduct that occurred here; the Respondents actions caused damage to the integrity of Ontario's capital markets and were clearly contrary to the public interest;

(c) Zetchus and Kreller solicited shareholders in Gigapix Studios, Inc. ("**Gigapix**" and the "**Gigapix Shareholders**") to send funds to Blackwood purportedly to facilitate the sale of the Gigapix shares held by the Gigapix Shareholders (the "**Gigapix Scheme**"); that solicitation was made by telephone to investors located outside of Ontario;

(d) as part of the Gigapix Scheme, the Gigapix Shareholders were told by Zetchus and Kreller that Blackwood had buyers for their Gigapix shares but that various advance payments were required to be made in order to complete the sales. These representations were false and were designed to fraudulently extract money from the Gigapix Shareholders;

(e) Kreller's communications with investors included the use of an alias and deceitful and false statements;

(f) Zetchus and Kreller knew or ought to have known that they were selling securities in breach of the Act;

(g) the funds received from investors were misappropriated by Zetchus and were not used to further any transactions involving the purchase of Gigapix shares;

(h) the investors have received no consideration for their payments; and

(i) in addition to the Gigapix Scheme, Zetchus and Kreller, through Blackwood, solicited U.S. residents to send funds to Blackwood for the purported purpose of opening an account with Blackwood and to purchase shares Blackwood said it held in several companies; Zetchus and Kreller used deceit, falsehood and other fraudulent means to solicit these funds from the investors.

[46] While I recognise that a relatively small amount of money was obtained by the Respondents from investors, it is important that I impose significant sanctions in order to emphasize that we will not tolerate conduct in this jurisdiction intended to defraud investors located outside of Ontario. That conduct is unacceptable.

Trading and Other Prohibitions

[47] One of the Commission's objectives in imposing sanctions is to restrain future conduct that could be harmful to investors or Ontario's capital markets. In this case, I find that the public interest requires the Commission to restrain the Respondents from future participation in Ontario capital markets.

[48] Staff requested a permanent ban against each of the Respondents trading any securities, acquiring any securities, relying on any prospectus exemptions or acting as a registrant, an investment fund manager or a promoter. Staff also requested a permanent ban for Zetchus from becoming or acting as a director or officer of *any issuer*, registrant or investment fund manager. In respect of Kreller, Staff requested a permanent ban from becoming or acting as a director of *a reporting issuer*, registrant, investment fund manager or any issuer that engages in any distribution of securities to the public. In Staff's submission, the more limited restriction on being a director or officer for Kreller is appropriate given his relatively limited role and his young age. Staff submits that a ban on the terms requested does not unnecessarily restrict Kreller's ability to earn a living.

[49] Staff submits that, given the Panel's findings in the Merits Decision that the Respondents engaged in deceitful conduct by means of telephone calls to investors outside Canada, the individual respondents should be permanently prohibited from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading or acting in furtherance of a trade in securities, pursuant to subsection 37(1) of the Act. I agree with this submission and find that such prohibitions are in the public interest.

[50] In all of the circumstances, I have concluded that it is in the public interest to make the market conduct orders requested by Staff as they relate to Blackwood and Zetchus. Because of Kreller's young age and more limited involvement in the Gigapix Scheme, I have restricted certain of the prohibitions applicable to him to a 10-year period. Those prohibitions shall, however, continue to apply to Kreller after the 10-year period until such time as Kreller pays to the Commission the administrative penalty and costs award imposed on him. Accordingly, I impose the following sanctions:

(a) a permanent cease trade order against Blackwood and Zetchus and a 10-year cease trade order against Kreller;

(b) a permanent prohibition order against Blackwood and Zetchus acquiring any securities and a 10-year prohibition order against Kreller acquiring any securities;

(c) a permanent removal of exemptions order against Blackwood and Zetchus and a 10-year removal of exemptions order against Kreller;

(d) an order that Zetchus be prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(e) an order that Kreller be prohibited for a period of 10 years from becoming or acting as a director or officer of any reporting issuer, registrant, investment fund manager or any issuer that engages in any distribution of securities to the public;

(f) an order that Zetchus be prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter and an order that Kreller be prohibited for a period of 10 years from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(g) an order that each of Zetchus and Kreller be prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives; and

(h) an order reprimanding each of Zetchus and Kreller.

Disgorgement

[51] Subsection 127(1)10 of the Act provides that a person or company that has not complied with Ontario securities law can be ordered to disgorge to the Commission "any amounts obtained" as a result of the non-compliance. The disgorgement remedy is intended to ensure that such persons do not obtain financial benefits from their breaches of the Act and to provide specific and general deterrence.

[52] In considering the issue of a disgorgement order, I have considered the factors referred to in paragraph [17] of these reasons.

[53] In my view, a disgorgement order against Blackwood and Zetchus for the full amount obtained from investors is appropriate in these circumstances. It was Zetchus who concocted, orchestrated and carried out the Gigapix Scheme and misappropriated investors' funds. I will order that Blackwood and Zetchus disgorge to the Commission US $15,634 on a joint and several basis. That amount represents the total amount that was obtained by Blackwood and Zetchus from investors. I impose joint and several liability on Blackwood and Zetchus because, as stated in the Merits Decision, Zetchus was the directing and controlling mind of Blackwood.

[54] Staff requested an order that Kreller disgorge to the Commission $1,000, being the amount he obtained from Zetchus for his participation in the Gigapix Scheme. Kreller estimated that of that $1,000, between $200 and $400 was for commissions, and the remainder was for a cell phone which was given to him by Zetchus to facilitate his role at Blackwood. Staff submits that the $1,000 is compensation which Kreller received directly as a result of his conduct in breach of the Act. I am not satisfied that the full amount of $1,000 constitutes "an amount obtained" by Kreller within the meaning of subsection 127(1)10 of the Act. In all the circumstances, I will not make a disgorgement order against Kreller.

Administrative Penalties

[55] In my view, it is appropriate in this matter to impose administrative penalties against Zetchus and Kreller. I have considered the submissions made by Staff as to the appropriate administrative penalties in this case. Staff submits that, while the amount obtained by the Respondents is significantly less than any previous fraud case before the Commission, substantial administrative penalties are warranted. Staff submits that had the Respondents' conduct not been detected as early as it was, they would have continued to raise funds from investors through their fraudulent scheme.

[56] The $100,000 administrative penalty requested by Staff for Zetchus appears to be one of the lowest administrative penalties imposed by the Commission on the directing mind of a fraudulent scheme, and the $25,000 administrative penalty requested by Staff for Kreller appears to be the lowest such penalty that has been ordered by the Commission in a fraud case.

[57] In imposing the following administrative penalties, I have considered my findings in the Merits Decision and the respective roles and involvement of each Respondent in the illegal conduct involved in this matter.

[58] I will order that an administrative penalty of $100,000 be paid to the Commission by Blackwood and Zetchus on a joint and several basis, and that an administrative penalty of $25,000 be paid by Kreller. I note that Staff did not request that Blackwood and Zetchus pay the $100,000 penalty on a joint and several basis but in the circumstances I find that to be appropriate. Blackwood, Zetchus and Kreller committed multiple violations of the Act and committed a fraud that caused significant financial harm to investors. Zetchus was the directing and controlling mind of Blackwood and orchestrated the Gigapix Scheme and misappropriated investors' funds. Substantial administrative penalties are justified because the Respondents intentionally misled and defrauded investors.

VII. COSTS

[59] Staff seeks an order for the payment of $49,692.50 of the costs of the investigation and hearing in this matter, to be apportioned as follows:

(a) an order that Zetchus pay $37,269.38, representing 75% of the total costs sought: and

(b) an order that Kreller pay $12,423.12, representing 25% of the total costs sought.

[60] A costs order pursuant to section 127.1 of the Act is not a sanction. An order of costs is a way of recovering the costs of an investigation or hearing from the persons or companies who have breached Ontario securities law or acted contrary to the public interest. A costs order will not necessarily recover the entirety of the costs incurred by the Commission, but it is appropriate that a respondent contribute to the costs of a hearing where there has been a finding that the respondent has contravened Ontario securities law or acted contrary to the public interest.

[61] Staff has submitted a bill of costs supporting the costs awards requested. The amount requested by Staff reflects only the time spent by the primary investigator and litigator in this matter. Staff submits that the amounts requested for costs are proportionate and reasonable in the circumstances. I agree with their submission.

[62] I order that costs in the amount of $37,000 shall be paid to the Commission by Zetchus and that costs in the amount of $12,000 shall be paid to the Commission by Kreller.

VIII. CONCLUSION

[63] For the reasons discussed above, I have concluded that the sanctions I impose in this matter are proportionate to the respective conduct and culpability of each Respondent in the circumstances and are in the public interest. I will issue a sanctions and costs order in the form appended to these reasons.

DATED at Toronto, this 30th day of April, 2014.

"James E. A. Turner"

Schedule "A"

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

AND

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

ORDER
(Sections 127 and 127.1 of the Securities Act)

WHEREAS on January 29, 2013, a Statement of Allegations and a Notice of Hearing were issued pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**") in respect of Blackwood & Rose Inc. ("**Blackwood**"), Steven Zetchus ("**Zetchus**") and Justin Kreller ("**Kreller**") (collectively, the "**Respondents**");

AND WHEREAS the Commission conducted a hearing in writing on the merits in this matter;

AND WHEREAS the Commission issued its Reasons and Decision on the merits on December 17, 2013 (the "**Merits Decision**");

AND WHEREAS the Commission concluded that the Respondents committed fraud and contravened Ontario securities law and acted contrary to the public interest, as described in the Merits Decision;

AND WHEREAS the Commission conducted a hearing on March 12, 2014 with respect to the sanctions and costs to be imposed 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 clause 2 of subsection 127(1) of the Act, each of Blackwood and Zetchus shall cease trading in any securities permanently and Kreller shall cease trading in securities for a period of 10 years from the date of this Order;

(b) pursuant to clause 2.1 of subsection 127(1) of the Act, the acquisition of any securities by Blackwood or Zetchus is prohibited permanently and the acquisition of any securities by Kreller is prohibited for a period of 10 years from the date of this Order;

(c) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions in Ontario securities law not apply permanently to either Blackwood or Zetchus and that any exemptions in Ontario securities law not apply to Kreller for a period of 10 years from the date of this Order;

(d) pursuant to clause 6 of subsection 127(1) of the Act, each of Zetchus and Kreller are reprimanded;

(e) pursuant to clause 8, 8.2 and 8.4 of subsection 127(1) of the Act, Zetchus is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;

(f) pursuant to clause 8, 8.2 and 8.4 of subsection 127(1) of the Act, Kreller be prohibited for a period of 10 years from becoming or acting as a director or officer of any reporting issuer, registrant, investment fund manager or any issuer that engages in any distribution of securities to the public;

(g) pursuant to clause 8.5 of subsection 127(1) of the Act, Zetchus is prohibited permanently from becoming or acting as a registrant, an investment fund manager or as a promoter and Kreller is prohibited for a period of 10 years from becoming or acting as a registrant, an investment fund manager or as a promoter;

(h) pursuant to clause 9 of subsection 127(1) of the Act, Blackwood and Zetchus shall pay to the Commission on a joint and several basis an administrative penalty of $100,000, for their contraventions of Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(i) pursuant to clause 10 of subsection 127(1) of the Act, Blackwood and Zetchus shall disgorge to the Commission on a joint and several basis the amount of USD$15,634 obtained by them as a result of their non-compliance with Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(j) pursuant to clause 9 of subsection 127(1) of the Act, Kreller shall pay to the Commission an administrative penalty of $25,000 for his contraventions of Ontario securities law, such amount to be designated for allocation or use by the Commission pursuant to subsection 3.4(2)(b)(i) or (ii) of the Act;

(k) pursuant to subsection 37(1) of the Act, each of Zetchus and Kreller are prohibited permanently from telephoning from within Ontario to any residence within or outside Ontario for the purpose of trading in any security or derivative or in any class of securities or derivatives; and

(l) pursuant to section 127.1 of the Act, Zetchus shall pay to the Commission costs of $37,000 and Kreller shall pay costs of $12,000;

(m) notwithstanding clauses (a), (b), (c), (f) and (g) of this Order, those prohibitions shall continue to apply to Kreller after the 10-year period from the date of this Order until such time as Kreller pays to the Commission the amounts referred to in clauses (j) and (l) of this Order.

DATED at Toronto, Ontario this 30th day of April, 2014.

“James E. A. Turner”

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		

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
Family Memorial Inc.	2 May 14	14 May 14			
Goldtrain Resources Inc.	2 May 14	14 May 14			
Greenstar Agricultural Corporation	5 May 14	16 May 14			
Red Tiger Mining Inc.	2 May 14	14 May 14			
Sendero Mining Corp.	5 May 14	16 May 14			

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Carpathian Gold Inc.	4 April 14	16 April 14	16 April 14		
Family Memorial Inc.	2 May 14	14 May 14			
Goldtrain Resources Inc.	2 May 14	14 May 14			
Greenstar Agricultural Corporation	5 May 14	16 May 14			
Mediterranean Resources Ltd.	08 April 14	21 April 14	21 April 14		
Red Tiger Mining Inc.	2 May 14	14 May 14			
Sendero Mining Corp.	5 May 14	16 May 14			

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND 45-501F1

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
08/09/2013	9	Azul Ventures Inc. - Units	700,000.00	8,750,000.00
08/15/2013 to 08/20/2013	52	BERGEN RESOURCES INC. (AMENDED) - Flow-Through Shares	8,999,999.00	17,666,664.00
07/22/2013	28	Biosign Technologies Inc. - Units	500,000.00	18,000,000.00
10/21/2013	13	BRAVADA GOLD CORPORATION (AMENDED) - Units	97,382.78	4,869,139.00
11/29/2013	1	BSAR (Eglinton) LP - Units	3,300,000.00	220.00
10/16/2013	4	COREFOUR INC. (AMENDED) - Preferred Shares	2,000,000.00	3,174,603.00
07/06/2012 to 06/28/2013	1415	Dynamic Alpha Performance Fund - Units	52,521,138.30	7,292,741.12
10/26/2012 to 01/25/2013	2	Dynamic Contrarian Fund - Units	36,782.99	6,572.16
07/27/2012 to 05/24/2013	23	Dynamic Income Opportunities Fund - Units	1,412,142.57	119,990.08
02/22/2013	4	Dynamic Multi Strategy Hedge Fund - Units	492,813.56	98,562.71
07/27/2012 to 05/24/2013	5	Dynamic Power Emerging Markets Fund - Units	33,976.25	8,738.74
07/06/2012 to 06/28/2013	80	Dynamic Power Hedge Fund - Units	3,946,074.16	140,087.45
07/04/2012 to 06/28/2013	849	Dynamic Real Estate & Infrastructure Income Fund - Units	32,190,436.15	2,283,676.50
01/01/2013 to 12/31/2013	15	Fiera Absolute Bond Yield Fund - Units	6,159,792.00	615,133.00
01/01/2013 to 12/31/2013	242	Fiera Active Fixed Income Fund - Units	574,792,090.00	53,585,791.00
01/01/2013 to 12/31/2013	37	Fiera All Country World Equity Fund - Units	157,209,073.00	1,725,929.00
01/01/2013 to 12/31/2013	2	Fiera Balanced EFT Fund (Endowment, Foundation & Trust) - Units	1,832,067.00	4,643.00
01/01/2013 to 12/31/2013	13	Fiera Balanced Fund - Units	22,434,857.00	1,934,310.00
01/01/2013 to 12/31/2013	38	Fiera Balanced Integrated Fund - Units	30,528,337.00	1,939,496.00
01/01/2013 to 12/31/2013	70	Fiera Bond Fund - Units	73,029,640.00	862,765.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	3	Fiera Canada Plus Equity Fund - Units	2,436,536.00	219,541.00
01/01/2013 to 12/31/2013	50	Fiera Canadian Bond Fund - Ethical - Units	194,020,024.00	4,613,828.00
01/01/2013 to 12/31/2013	25	Fiera Canadian Equity Core Fund - Units	47,735,408.00	149,040.00
01/01/2013 to 12/31/2013	119	Fiera Canadian Equity Core II Fund - Units	60,218,617.00	513,707.00
01/01/2013 to 12/31/2013	54	Fiera Canadian Equity Focused Fund - Selexia - Units	25,904,829.00	214,162.00
01/01/2013 to 12/31/2013	68	Fiera Canadian Equity Fund - CWM - Units	1,533,100.00	130,173.00
01/01/2013 to 12/31/2013	85	Fiera Canadian Equity Growth Fund - Units	13,312,918.00	1,771,174.00
01/01/2013 to 12/31/2013	1	Fiera Canadian Equity Growth II Fund - Units	1,054,257.00	9,364.00
01/01/2013 to 12/31/2013	17	Fiera Canadian Equity Pool - Selexia - Units	12,944,800.00	33,207.00
01/01/2013 to 12/31/2013	16	Fiera Canadian Equity Small Cap Core Fund - Units	30,079,967.00	198,443.00
01/01/2013 to 12/31/2013	4	Fiera Canadian Equity Small Cap Core II Fund - Units	7,299,917.00	596,771.00
01/01/2013 to 12/31/2013	46	Fiera Canadian Equity Value ESG Fund - Units	51,256,143.00	4,281,835.00
01/01/2013 to 12/31/2013	32	Fiera Canadian Equity Value Fund - Units	57,981,751.00	4,637,752.00
01/01/2013 to 12/31/2013	84	Fiera Canadian Fixed Income Fund - CWM - Units	2,177,177.00	220,731.00
01/01/2013 to 12/31/2013	130	Fiera Canadian High Income Equity Fund - Units	57,542,955.00	5,288,904.00
01/01/2013 to 12/31/2013	131	Fiera Cash in Action Fund - Units	264,521,795.00	5,783,497.00
01/01/2013 to 12/31/2013	19	Fiera Cash Management Fund - Units	42,119,002.00	4,211,900.00
01/01/2013 to 12/31/2013	24	Fiera Credit Fund - Units	41,571,584.00	4,135,822.00
01/01/2013 to 12/31/2013	75	Fiera Diversified Balanced Fund - Units	9,793,359.00	913,062.00
01/01/2013 to 12/31/2013	170	Fiera Diversified Lending Fund - Units	70,140,151.00	6,983,961.00
01/01/2013 to 12/31/2013	1	Fiera Fixed Income and Currency Arbitrage Fund - Units	104,850,065.00	10,131,686.00
01/01/2013 to 12/31/2013	227	Fiera Global Equity Fund - Units	396,740,458.00	36,948,239.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	3	Fiera Global Macro Fund - Units	465,000.00	46,236.00
01/01/2013 to 12/31/2013	258	Fiera Infrastructure Fund - Units	55,897,353.00	5,387,684.00
01/01/2013 to 12/31/2013	6	Fiera Integrated Fixed Income - Long Term Fund - Units	13,640,870.00	1,353,623.00
01/01/2013 to 12/31/2013	22	Fiera Integrated Fixed Income - Short Term Fund - Units	49,621,008.00	499,526.00
01/01/2013 to 12/31/2013	72	Fiera Integrated Fixed Income - Universe Fund - Units	52,045,677.00	5,637,162.00
01/01/2013 to 12/31/2013	97	Fiera International Equity ESG Fund - Units	53,459,180.00	3,086,721.00
01/01/2013 to 12/31/2013	535	Fiera International Equity Fund - Units	80,411,522.00	110,600.00
01/01/2013 to 12/31/2013	3	Fiera LDI 3X Federal Real Return Bond Fund - Units	17,253,500.00	217,920.00
01/01/2013 to 12/31/2013	1	Fiera LDI Provincial Bond 1-5 Years Fund - Units	8,543,820.00	85,366.00
01/01/2013 to 12/31/2013	6	Fiera LDI Provincial Bond 10-20 Years Fund - Units	46,758,175.00	468,634.00
01/01/2013 to 12/31/2013	8	Fiera LDI Provincial Bond 20+ Years Fund - Units	89,201,836.00	916,542.00
01/01/2013 to 12/31/2013	2	Fiera LDI Provincial Bond 5-10 Years Fund - Units	13,144,852.00	131,006.00
01/01/2013 to 12/31/2013	10	Fiera Long-Term DB Risk Management Fund - Units	197,624,917.00	21,495,594.00
01/01/2013 to 12/31/2013	14	Fiera Long Bond Fund - Units	84,522,987.00	7,989,409.00
01/01/2013 to 12/31/2013	35	Fiera Long Short Equity Fund - Units	7,916,355.00	790,823.00
01/01/2012 to 12/31/2012	10	Fiera Long Short Equity Fund (Amended) - Units	4,586,000.00	462,809.19
01/01/2013 to 12/31/2013	14	Fiera Multi-Strategy Fund - Units	3,053,026.00	305,303.00
01/01/2013 to 12/31/2013	394	Fiera Multi-Strategy Income Fund - Units	161,592,420.00	21,102,281.00
01/01/2013 to 12/31/2013	31	Fiera North American Market Neutral Fund - Units	17,670,486.00	1,781,486.00
01/01/2013 to 12/31/2013	34	Fiera Private Wealth Canadian Equity Value Fund - Units	3,451,101.00	268,041.00
01/01/2013 to 12/31/2013	52	Fiera Real Estate Fund - Units	25,660,538.00	2,562,921.00
01/01/2013 to 12/31/2013	28	Fiera Sceptre Balanced Core Fund - Units	81,908,214.00	590,092.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	164	Fiera Short Term Core Fund - Units	32,101,545.00	2,827,025.00
01/01/2013 to 12/31/2013	339	Fiera Short Term Investment Fund - Units	72,409,955.00	2,989,392.00
01/01/2013 to 12/31/2013	186	Fiera Short Term Plus Fund - Units	75,375,783.00	73,041.00
01/01/2013 to 12/31/2013	10	Fiera Small Cap Equity Fund - Units	4,134,407.00	270,846.00
01/01/2013 to 12/31/2013	130	Fiera Tactical Fixed Income Fund - Units	222,053,164.00	20,729,738.00
01/01/2013 to 12/31/2013	1	Fiera US Equity Fund - Units	6,000.00	79.00
01/01/2013 to 12/31/2013	218	Fiera US Equity Fund - Units	24,190,938.00	4,595,049.00
01/01/2013 to 12/31/2013	58	Fiera U.S. Equity ESG Fund - Units	67,408,463.00	5,836,706.00
01/01/2013 to 12/31/2013	181	Fiera U.S. Equity Tax Exempt Fund - Units	27,702,687.00	46,140.00
05/10/2013	5	General Growth Properties, Inc. - Common Shares	18,542,847.40	797,885.00
01/01/2013 to 12/31/2013	3	Goldman Sachs Hedge Fund Opportunities Ltd. - Common Shares	4,654,867.50	45,250.00
01/01/2013 to 12/31/2013	1	Goldman Sachs Hedge Fund Select: Halcyon Partners Offshore Ltd. - Common Shares	1,879,789.56	17,955.77
01/01/2013 to 12/31/2013	1	Goldman Sachs Princeton Fund Ltd. - Common Shares	771,825.00	7,500.00
03/14/2014	19	IOU FINANCIAL INC. (AMENDED) - Units	978,800.00	2,447,000.00
07/31/2013 to 08/06/2013	29	LEGEND POWER SYSTEMS INC. (AMENDED) - Common Shares	279,823.00	8,237,660.00
09/30/2013 to 11/12/2013	7	Northleaf Global Private Equity Investors (Canada) VI LP - Limited Partnership Units	282,407,750.00	27,250.00
01/31/2014	8	Sarona Frontier Markets Fund I LP - Limited Partnership Units	2,146,888.00	1,718,996.00
01/17/2013 to 12/19/2013	6	Seamark Pooled Balanced Fund - Units	2,159,300.70	N/A
03/15/2013 to 12/17/2013	16	Seamark Pooled Low Volatility Equity Fund - Units	3,305,357.33	N/A
03/01/2013 to 05/01/2013	1	Stone Milliner Macro Fund Inc. - Common Shares	329,985.00	N/A
01/01/2013 to 12/31/2013	3	TD Emerald 2020 Retirement Target Date Pooled Fund Trust - Units	7,664,639.00	680,565.00
01/01/2013 to 12/31/2013	3	TD Emerald 2030 Retirement Target Date Pooled Fund Trust - Units	12,046,819.00	939,266.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	3	TD Emerald 2040 Retirement Target Date Pooled Fund Trust - Units	13,765,657.00	1,045,417.00
01/01/2013 to 12/31/2013	3	TD Emerald 2050 Retirement Target Date Pooled Fund Trust - Units	6,372,441.00	488,556.00
01/01/2013 to 12/31/2013	6	TD Emerald 20+ Strip Bond Pooled Fund Trust - Units	227,306,024.00	23,429,933.00
01/01/2013 to 12/31/2013	3	TD Emerald Active Canadian Corporate Bond Pooled Fund Trust - Units	27,293,325.00	2,647,807.00
01/01/2013 to 12/31/2013	1	TD Emerald Active Canadian Long Bond Pooled Fund Trust - Units	5,000,000.00	513,637.00
01/01/2013 to 12/31/2013	2	TD Emerald Active Core Canadian Bond Pooled Fund Trust - Units	34,000,000.00	3,423,222.00
01/01/2013 to 12/31/2013	33	TD Emerald Canadian Bond Pooled Fund Trust - Units	140,730,821.00	13,040,428.00
01/01/2013 to 12/31/2013	8	TD Emerald Canadian Core Plus Bond Pooled Fund Trust - Units	93,273,812.00	9,401,346.00
01/01/2013 to 12/31/2013	1	TD Emerald Canadian Government Bond Pooled Fund Trust - Trust Units	17,298,036.00	1,734,175.00
01/01/2013 to 12/31/2013	19	TD Emerald Canadian Long Bond Broad Market Pooled Fund Trust - Units	210,492,293.00	19,061,018.00
01/01/2013 to 12/31/2013	26	TD Emerald Canadian Long Bond Pooled Fund Trust - Units	497,838,567.00	44,061,918.00
01/01/2013 to 12/31/2013	4	TD Emerald Canadian Long Government Bond Pooled Fund Trust - Units	45,442,619.00	4,367,636.00
01/01/2013 to 12/31/2013	10	TD Emerald Canadian Market Capped Pooled Fund Trust - Units	20,664,076.00	14,547,111.00
01/01/2013 to 12/31/2013	9	TD Emerald Canadian Real Return Bond Pooled Fund Trust - Units	109,769,221.00	8,246,340.00
01/01/2013 to 12/31/2013	1	TD Emerald Core Canadian Equity Pooled Fund Trust - Units	5,000,100.00	500,100.00
01/01/2013 to 12/31/2013	3	TD Emerald Enhanced Canadian Equity Pooled Fund Trust - Units	237,890.00	24,988.00
01/01/2013 to 12/31/2013	1	TD Emerald Enhanced Hedged U.S. Equity Pooled Fund Trust - Units	500,000.00	60,719.00
01/01/2013 to 12/31/2013	3	TD Emerald Enhanced U.S. Equity Pooled Fund Trust - Units	1,401,773.00	94,619.00
01/01/2013 to 12/31/2013	13	TD Emerald Global Equity Pooled Fund Trust - Units	42,148,094.00	5,253,319.00
01/01/2013 to 12/31/2013	2	TD Emerald Global Equity Shareholder Yield Pooled Fund Trust - Units	63,650,000.00	5,580,385.00
01/01/2013 to 12/31/2013	4	TD Emerald Hedged Synthetic International Equity Pooled Fund Trust - Units	50,638,206.00	4,396,665.00
01/01/2013 to 12/31/2013	8	TD Emerald Hedged Synthetic U.S. Equity Pooled Fund Trust - Units	73,448,262.00	7,990,532.00

Transaction Date	No. of Purchasers	Issuer/Security	Total Purchase Price ($)	No. of Securities Distributed
01/01/2013 to 12/31/2013	6	TD Emerald Hedged U.S. Equity Pooled Fund Trust II - Units	16,774,418.00	1,618,151.00
01/01/2013 to 12/31/2013	12	TD Emerald Low Volatility Canadian Equity Pooled Fund Trust - Units	261,657,438.00	18,229,225.00
01/01/2013 to 12/31/2013	3	TD Emerald Low Volatility Emerging Market Equity Pooled Fund Trust - Units	11,405,689.00	1,140,569.00
01/01/2013 to 12/31/2013	13	TD Emerald Low Volatility Global Equity Pooled Fund Trust - Units	230,116,008.00	14,998,996.00
01/01/2013 to 12/31/2013	6	TD Emerald Low Volatlity All World Equity Pooled Fund Trust - Units	25,409,820.00	2,158,379.00
01/01/2013 to 12/31/2013	29	TD Emerald Pooled U.S. Fund - Units	236,531,966.00	10,530,679.00
01/01/2013 to 12/31/2013	2	TD Emerald Provincial Long Bond Pooled Fund Trust - Units	140,257,666.00	13,872,878.00
01/01/2013 to 12/31/2013	4	TD Emerald Retirement Income Pooled Fund Trust - Units	2,881,067.00	288,991.00
01/01/2013 to 12/31/2013	20	TD Harbour Capital Balanced Fund - Trust Units	1,330,126.99	11,427.17
01/01/2013 to 12/31/2013	2	TD Lancaster Balanced Fund II - Units	977,505.00	97,171.00
01/01/2013 to 12/31/2013	2	TD Lancaster Canadian Equity Fund - Units	345,349.00	39,092.00
01/01/2013 to 12/31/2013	17	TD Lancaster Fixed Income Fund II - Units	358,591,637.00	25,728,730.00

Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
Altius Minerals Corporation
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated May 1, 2014
NP 11-202 Receipt dated May 1, 2014
Offering Price and Description:
$65,002,000.00 - 4,643,000 Common Shares
Price: $14.00 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):
-
Project #2198470

Issuer Name:
Ballard Power Systems Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Base Shelf Prospectus dated April 30, 2014
NP 11-202 Receipt dated April 30, 2014
Offering Price and Description:
US$100,000,000.00
Common Shares
Preferred Shares
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2201523

Issuer Name:
Bellatrix Exploration Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Base Shelf Prospectus dated May 2, 2014
NP 11-202 Receipt dated May 2, 2014
Offering Price and Description:
CDN$750,000,000.00
Common Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2203469

Issuer Name:
Goldman Sachs U.S. Income Builder Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 29, 2014
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
Maximum: $ * - * Class A Units and/or Class U Units
Price: $10.00 per Class A Unit and U.S.$10.00 per Class U Unit
Minimum purchase: 100 Class A Units or Class U Units
Underwriter(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
GMP Securities L.P.
Raymond James Ltd.
Canaccord Genuity Corp.
Desjardins Securities Inc.
Industrial Alliance Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Promoter(s):
Brompton Funds Limited
Project #2199285

Issuer Name:
Hemisphere Energy Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated April 30, 2014
NP 11-202 Receipt dated April 30, 2014
Offering Price and Description:
$10,000,125.00 - 13,333,500 Common Shares
Price: $0.75 per Common Share
Underwriter(s) or Distributor(s):
Canaccord Genuity Corp.
Dundee Securities Ltd.
Industrial Alliance Securities Inc.
Integral Wealth Securities Limited
PI Financial Corp.
Promoter(s):
-
Project #2198125

Issuer Name:
Kinaxis Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 2, 2014
NP 11-202 Receipt dated May 2, 2014
Offering Price and Description:
Cdn$ * - * Common Shares
Price: Cdn$ * per Offered Share
Underwriter(s) or Distributor(s):
BMO NESBITT BURNS INC.
CANACCORD GENUITY CORP.
TD SECURITIES INC.
RBC DOMINION SECURITIES INC.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
CORMARK SECURITIES INC.
Promoter(s):
-
Project #2203436

Issuer Name:
PineBridge Investment Grade Preferred Securities Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated April 29, 2014
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
Maximum: $ * - * Units
Price: $25.00 per Unit
Minimum: * Units
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Genuity Corp.
GMP Securities L.P.
Raymond James Ltd.
Desjardins Securities Inc.
Mackie Research Capital Corporation
Manulife Securities Incorporated
Burgeonvest Bick Securities Limited
Dundee Securities Limited
Industrial Alliance Securities Inc.
Laurentian Bank Securities Inc.
Promoter(s):
BMO Nesbitt Burns Inc.
Project #2199301

Issuer Name:
PrairieSky Royalty Ltd.
Principal Regulator - Alberta
Type and Date:
Amended and Restated Preliminary Long Form Prospectus dated April 30, 2014
NP 11-202 Receipt dated May 1, 2014
Offering Price and Description:
$ * - 32,500,000 Common Shares
Price: $ * per Common Share
Underwriter(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
National Bank Financial Inc.
Peters & Co. Limited
Altacorp Capital Inc.
Firstenergy Capital Corp.
GMP Securities L.P.
Promoter(s):
Encana Corporation
Project #2193099

Issuer Name:
RB Energy Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus (NI 44-101) dated May 1, 2014
NP 11-202 Receipt dated May 1, 2014
Offering Price and Description:
$22,032,000.00 - 32,400,000 Common Shares
Price: $0.68 per Offered Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Scotia Capital Inc.
GMP Securities L.P.
Euro Pacific Canada Inc.
Promoter(s):
-
Project #2202983

Issuer Name:
Searchtech Ventures Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus (TSX-V) dated May 5, 2014
NP 11-202 Receipt dated May 5, 2014
Offering Price and Description:
Minimum of $ * - * Common Shares
Maximum of $ * - * Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
M Partners Inc.
Promoter(s):
-
Project #2204006

Issuer Name:
PowerShares 1-3 Year Laddered Floating Rate Note Index ETF
PowerShares Laddered U.S. 0-5 Year Corporate Bond Index ETF
PowerShares S&P Emerging Markets Low Volatility Index ETF
PowerShares S&P International Developed Low Volatility Index ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated May 2, 2014
NP 11-202 Receipt dated May 5, 2014
Offering Price and Description:
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Invesco Canada Ltd.
Project #2203629

Issuer Name:
Tweed Marijuana Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated April 30, 2014
NP 11-202 Receipt dated May 1, 2014
Offering Price and Description:
$15,000,000.00 - 4,687,500 Common Shares
Price: $3.20 per Share
Underwriter(s) or Distributor(s):
GMP Securities LP
Jacob Securities Inc.
Promoter(s):
Bruce Linton
Charles Rifici
Project #2201262

Issuer Name:
Yangarra Resources Ltd.
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated April 29, 2014
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
$25,000,250.00 - 22,727,500 Common Shares
Price: $1.10 per Common Share
Underwriter(s) or Distributor(s):
ALTACORP CAPITAL INC.
CLARUS SECURITIES INC.
DUNDEE SECURITIES iNC.
ACUMEN CAPITAL FINANCE PARTNERS LIMITED
INDUSTRIAL ALLIANCE SECURITIES INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2196618

Issuer Name:
GOODWOOD CAPITAL FUND
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated May 2, 2014
NP 11-202 Receipt dated May 5, 2014
Offering Price and Description:
Mutual fund units at net asset value
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2180814

Issuer Name:
HealthLease Properties Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated April 29, 2014
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
$70,000,000.00
7,000,000 Units
Price: $10.00 per Offered Unit
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Canaccord Genuity Corp.
CIBC World Markets Inc.
Scotia Capital Inc.
TD Securities Inc.
Dundee Securities Ltd.
Raymond James Ltd.
Euro Pacific Canada Inc.
Promoter(s):
-
Project #2193919

Issuer Name:
Horizons Morningstar Hedge Fund Index ETF
Principal Regulator - Ontario
Type and Date:
Final Long Form Prospectus dated April 30, 2014
NP 11-202 Receipt dated May 5, 2014
Offering Price and Description:
Class E units and Advisor Class units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2179161

Issuer Name:
Melcor Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated April 30, 2014
NP 11-202 Receipt dated April 30, 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):
-
Project #2194387

Issuer Name:
NexGen North American Growth Registered Fund
(Regular Front End Load Series, Regular F Series, High Net Worth Front End Load Series, High
Net Worth F Series, Ultra High Net Worth Front End Load Series and Institutional Front End
Load Series, Deferred Load Series and Low Load Series Units)
NexGen North American Small / Mid Cap Registered Fund
(Regular Front End Load Series, Regular F Series, High Net Worth Front End Load Series, High
Net Worth F Series, Ultra High Net Worth Front End Load Series and Institutional Front End
Load Series, Deferred Load Series and Low Load Series Units)
NexGen North American Growth Tax Managed Fund
(Capital Gains Class Series, Return of Capital Class Series, Dividend Tax Credit Class Series
and Compound Growth Class Series Shares)
NexGen North American Small / Mid Cap Tax Managed Fund
(Capital Gains Class Series, Return of Capital Class Series, Dividend Tax Credit Class Series
and Compound Growth Class Series Shares)
Principal Regulator - Ontario
Type and Date:
Amendment #3 dated April 14, 2014 to the Simplified Prospectuses and Annual Information Form dated May 31, 2013
NP 11-202 Receipt dated April 30, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
NexGen Financial Limited Partnership
Promoter(s):
NEXGEN FINANCIAL LIMITED PARTNERSHIP
Project #2049281

Issuer Name:
Open Text Corporation
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated May 1, 2014
NP 11-202 Receipt dated May 2, 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):
-
Project #2197304

Issuer Name:
Pattern Energy Group Inc.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated May 5, 2014
NP 11-202 Receipt dated May 5, 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:
PIMCO Monthly Income Fund (Canada)
(Series A, Series F, Series I, Series M and Series O units, Series A(US$, Hedged), Series F(US$,
Hedged), Series I(US$, Hedged), Series M(US$, Hedged) and Series O(US$, Hedged) units)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated March 14, 2014 to the Simplified Prospectus and Annual Information Form dated July 8, 2013
NP 11-202 Receipt dated May 1, 2014
Offering Price and Description:
Series A, Series F, Series I, Series M and Series O units
Underwriter(s) or Distributor(s):
-
Promoter(s):
PIMCO Canada Corp.
Project #2072621

Issuer Name:
REDWOOD UNCONSTRAINED BOND CLASS
(FORMERLY REDWOOD FLEXIBLE BOND CLASS)
REDWOOD GLOBAL EQUITY STRATEGY CLASS
(Series X, Y, A and F shares)
(Each a class of shares of Ark Mutual Funds Ltd.)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated April 25, 2014
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
Series X, Y, A and F shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
Redwood Asset Management Inc.
Project #2164884

Issuer Name:
SPROTT GLOBAL INFRASTRUCTURE FUND
(formerly Exemplar Global Infrastructure Fund)
(Series A, Series F and Series I Units)
SPROTT TIMBER FUND
(formerly Exemplar Timber Fund)
(Series A, Series F, Series I and Series L Units)
SPROTT GLOBAL AGRICULTURE FUND
(formerly Exemplar Global Agriculture Fund
(Series A, Series F, Series I and Series L Units)
Principal Regulator - Ontario
Type and Date:
Amended and Restated Simplified Prospectuses and Annual Information Form dated April 10, 2014 (the amended prospectus) amending and restating the Simplified Prospectuses and Annual Information Form dated December 11, 2013
NP 11-202 Receipt dated May 1, 2014
Offering Price and Description:
Series A, Series F and Series I Units
Underwriter(s) or Distributor(s):
BluMont Capital Corporation
Promoter(s):
BluMont Capital Corporation
Project #2050329

Issuer Name:
Sprott Physical Platinum and Palladium Trust
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated April 28, 2014
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
Sprott Asset Management LP
Project #2194143

Issuer Name:
Talisman Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated May 2, 2014
NP 11-202 Receipt dated May 2, 2014
Offering Price and Description:
US$3,500,000,000.00
Debt Securities
Common Shares
Preferred Shares
Subscription Receipts
Warrants
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2190929

Issuer Name:
Talisman Energy Inc.
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated May 2, 2014
NP 11-202 Receipt dated May 2, 2014
Offering Price and Description:
$1,000,000,000.00
Medium Term Note Debentures
(unsecured)
Underwriter(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Desjardins Securities Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
-
Project #2190930

Issuer Name:
TD Managed Income Portfolio (Investor Series, Premium Series, H-Series and K-Series)
TD Managed Income & Moderate Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series)
TD Managed Balanced Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series)
TD Managed Aggressive Growth Portfolio (Investor Series and Premium Series)
TD Managed Maximum Equity Growth Portfolio (Investor Series and Premium Series)
TD FundSmart Managed Income Portfolio (Investor Series, Premium Series, H-Series and K-Series)
TD FundSmart Managed Income & Moderate Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series)
TD FundSmart Managed Balanced Growth Portfolio (Investor Series, Premium Series, H-Series and K-Series)
TD FundSmart Managed Aggressive Growth Portfolio (Investor Series and Premium Series)
TD FundSmart Managed Maximum Equity Growth Portfolio (Investor Series and Premium Series)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 24, 2014 to the Simplified Prospectuses and Annual Information Form dated October 24, 2013
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series and Premium Series units only)
TD Investment Services Inc. (for Investor Series and Premium Series units)
TD Investment Services Inc. (for Investor Series and e-Series units)
Promoter(s):
TD Asset Management Inc.
Project #2112013

Issuer Name:
TD Managed Income Portfolio (Advisor Series and T-Series)
TD Managed Income & Moderate Growth Portfolio (Advisor Series and T-Series)
TD Managed Balanced Growth Portfolio (Advisor Series and T-Series)
TD Managed Aggressive Growth Portfolio (Advisor Series)
TD Managed Maximum Equity Growth Portfolio (Advisor Series)
TD FundSmart Managed Income Portfolio (Advisor Series and T-Series)
TD FundSmart Managed Income & Moderate Growth Portfolio (Advisor Series and T-Series)
TD FundSmart Managed Balanced Growth Portfolio (Advisor Series and T-Series)
TD FundSmart Managed Aggressive Growth Portfolio (Advisor Series)
TD FundSmart Managed Maximum Equity Growth Portfolio (Advisor Series)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated April 24, 2014 to the Simplified Prospectuses and Annual Information Form dated October 24, 2013
NP 11-202 Receipt dated April 29, 2014
Offering Price and Description:
Advisor Series and T-Series
Underwriter(s) or Distributor(s):
TD Investment Services Inc. (for Investor Series and Premium Series units only)
TD Investment Services Inc. (for Investor Series and Premium Series units)
Promoter(s):
TD Asset Management Inc.
Project #2112019

Issuer Name:
UBS (Canada) High Yield Debt Fund
Type and Date:
Final Simplified Prospectus dated April 25, 2014
Receipted on April 30, 2014
Offering Price and Description:
Series B, D and F units
Underwriter(s) or Distributor(s):
-
Promoter(s):
UBS Global Asset Management (Canada) Inc.
Project #2176138

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
Change in Registration Category	IPSol Capital Inc.	From: Investment Fund Manager, Exempt Market Dealer and Portfolio Manager To: : Investment Fund Manager, Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager	April 29, 2014
Voluntary Surrender of Registration	AlphaEngine Global Investment Solutions LLC	Commodity Trading Manager	April 30, 2014

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