

The Ontario Securities Commission

OSC Bulletin

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

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.4 Notices from the Office of the Secretary

For investor inquiries:

1.4.1 Paul Azeff et al.

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

FOR IMMEDIATE RELEASE
August 21, 2014

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

AND

**IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW,
MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER
AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)**

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

1. the dates previously scheduled for December 16 to 19, 2014 are vacated;
2. by September 8, 2014, Staff will advise counsel for Finkelstein of any new evidence that has not been previously disclosed relating to one of Staff's witnesses, as identified at the pre-hearing conference; and
3. by September 15, 2014, counsel for Finkelstein will advise Staff of any outstanding issues relating to the authenticity of documents.

A copy of the Order dated August 13, 2014 is available at www.osc.gov.on.ca.

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1.4.2 Quadrex Hedge Capital Management Ltd. et al.

**FOR IMMEDIATE RELEASE
August 22, 2014**

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

AND

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

TORONTO – The Commission issued an Order in the above noted matter which provides that the confidential pre-hearing conference scheduled for September 5, 2014 shall be adjourned to October 15, 2014 at 9:00 a.m.

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

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

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

**FOR IMMEDIATE RELEASE
August 25, 2014**

**IN THE MATTER OF
THE COMMODITY FUTURES ACT,
R.S.O. 1990, c. C.20, AS AMENDED**

AND

**IN THE MATTER OF
FAWAD UL HAQ KHAN and
KHAN TRADING ASSOCIATES INC.
carrying on business as MONEY PLUS**

TORONTO – TAKE NOTICE THAT the hearing in the above matter scheduled for August 26 and 27, 2014 has been adjourned *sine die*. An order will be issued shortly.

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1.4.4 Ernst & Young LLP

**FOR IMMEDIATE RELEASE
August 26, 2014**

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

AND

**IN THE MATTER OF
ERNST & YOUNG LLP**

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

1. The Respondent provide Staff with the list of 10 documents that were provided to the Respondent's experts but not disclosed to Staff; and
2. Staff's request for an order requiring the Respondent to provide further detailed evidentiary references for each statement in the Supplementary Facts upon which three of the seven expert reports delivered by the Respondent are based is dismissed.

A copy of the Order dated August 22, 2014 is available at www.osc.gov.on.ca.

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1.4.5 Sino-Forest Corporation et al.

**FOR IMMEDIATE RELEASE
August 26, 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 with certain provisions.

A copy of the Order dated August 21, 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 PGNX Capital Corp.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to have ceased to be a reporting issuer under securities legislation – The issuer's securities are traded only on a market or exchange outside of Canada – The issuer is in the process of winding up; the issuer has distributed almost all of its assets to shareholders; the issuer has ceased all commercial activity and will be dissolved after the liquidation process is complete; shareholders voted to approve the liquidation plan and the application to cease to report; the issuer has undertaken to provide shareholders with alternative disclosure and to notify the securities regulator if they commence an active business and no longer intend to dissolve.

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.

August 15, 2014

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

AND

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

AND

IN THE MATTER OF
PGNX CAPITAL CORP.
(the Filer)

DECISION

Background

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

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

- (a) the British Columbia Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

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

Representations

- 3 This decision is based on the following facts represented by the Filer:
1. the Filer is a corporation incorporated under the *Business Corporations Act* (Alberta) (ABCA);
 2. the Filer's head office address is Suite 300, 1001 Corydon Avenue, Winnipeg, Manitoba, R3M 0B6; previously, the Filer's head office was located at 8, 2604 Enterprise Way, Kelowna, British Columbia, V1X 7Y5;
 3. the Filer currently has 89,160,657 issued and outstanding common shares (Common Shares); the Filer has no other securities outstanding;
 4. the Common Shares are held by approximately 450 holders (shareholders), including 367 Canadian beneficial shareholders, 6 non-Canadian beneficial shareholders, and 78 registered shareholders; of the Canadian shareholders, 193 are from Manitoba, 85 are from Alberta, 95 are from British Columbia, 33 are from Ontario, and 14 are from Saskatchewan;
 5. two shareholders, Canterbury Park Capital L.P. and Canterbury Park Capital (U.S.) L.P., own approximately 77 per cent of the Common Shares;
 6. on August 1, 2012, the Filer completed the sale of its chain of pharmacies to Shoppers Drug Mart Inc. (the Asset Sale);
 7. on November 15, 2012, the Filer completed a cash distribution of \$0.45 per Common Share to shareholders, representing the first tranche of funds released from escrow following the Asset Sale;
 8. the Filer has no active business or commercial operations and its assets consist primarily of cash;
 9. at an annual and special meeting of shareholders of the Filer held on December 18, 2013, holders of 100% of the Common Shares represented at the meeting voted in favour of a special resolution to, among other things:
 - (a) approve and ratify a plan of liquidation (Liquidation Plan) and voluntarily dissolve the Filer;
 - (b) delist the common shares from the NEX Board of the TSX Venture Exchange (NEX); and
 - (c) approve the making of an application for the Filer to cease to be a reporting issuer;
 10. on December 19, 2013, the Filer:
 - (a) completed a cash distribution of \$0.17 per Common Share to shareholders, representing a second tranche of funds released from escrow following the Asset Sale;
 - (b) filed a Statement of Intent to Dissolve under the ABCA; and
 - (c) issued and filed a press release disclosing (among other things) that under the Liquidation Plan, the Filer would make an application for a decision that the Filer is not a reporting issuer;
 11. effective at the close of trading on December 23, 2013, the Common Shares were delisted from trading on NEX; no securities of the Filer 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;
 12. the Filer must secure a clearance certificate from the Canada Revenue Agency before it can dissolve, and anticipates obtaining this certificate by November 30, 2014;
 13. the Filer will satisfy all of its liabilities and distribute all of its assets, and proposes to dissolve in accordance with the Liquidation Plan;
 14. the Filer has no intention to seek public financing by way of offering of securities;

15. on July 31, 2014, the Filer issued and filed a press release disclosing that the Filer has made an application for a decision that the Filer is not a reporting issuer and providing an update on the status of the Liquidation Plan;
16. all issued and outstanding securities of the Filer will be cancelled upon the dissolution of the Filer;
17. the Filer has provided an undertaking to the securities regulatory authority or regulator in each of the Jurisdictions that:
 - (a) as soon as practicable following the decision that the Filer is no longer a reporting issuer, it will issue a news release advising shareholders:
 - (i) that it has ceased to be a reporting issuer;
 - (ii) of the anticipated date of its dissolution and final distribution to shareholders;
 - (b) if it has not dissolved on or before December 31, 2014, it will, on or about that date, issue a news release regarding the status of its liquidation and anticipated timing of its dissolution;
 - (c) if it has not dissolved by March 31, 2015, on or about that date and thereafter on a quarterly basis until it dissolves, issue a news release on the status of its liquidation and anticipated timing of its dissolution;
 - (d) it will notify the Jurisdictions at any time before its dissolution if it:
 - (i) commences an active business or any commercial operations;
 - (ii) proposes to undertake a public or private offering of securities in any jurisdiction; or
 - (iii) files a Revocation of Intent to Dissolve under the ABCA;
 - (e) as soon as practicable after the time of dissolution, the Filer will issue a news release confirming the dissolution;
18. the Filer will be subject to financial statement requirements in section 155 of the ABCA following the granting of the Requested Relief;
19. the Filer is not eligible to use the simplified procedure in CSA Staff Notice 12-307 – *Applications for a Decision that an Issuer is not a Reporting Issuer* or BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* as it has more than 50 security holders worldwide;
20. the Filer will not be a reporting issuer or the equivalent in any jurisdiction immediately following the granting of the Requested Relief; and
21. the Filer is not in default of any of its obligations under the Legislation.

Decision

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

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

“Nigel P. Cave”
Vice Chair
British Columbia Securities Commission

2.1.2 DoubleLine Income Solutions Trust

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Closed-end investment fund exempt from prospectus requirements in connection with resale of securities purchased under market purchase or redemption programs – relief needed so that repurchased securities can be resold in the market without the need for a prospectus each time – fund is a reporting issuer and subject to continuous disclosure requirements – resales by the fund also subject to insider trading restrictions, including applicable hold periods – resales of repurchased or redeemed securities will be made subject to same conditions applicable to resales by a control person – sales to be conducted through the TSX – securities resold in a calendar year must be equivalent to no more than 10% of the fund's outstanding units at beginning of that year – any repurchased securities unsold after 16 months will be cancelled.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 53(1), 74(1).

August 19, 2014

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

AND

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

AND

**IN THE MATTER OF
DOUBLELINE INCOME SOLUTIONS TRUST
(the Filer)**

DECISION

Background

The securities regulatory authority or regulator in the Jurisdiction (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) exempting the Filer from the requirement to file a prospectus (the **Prospectus Requirement**) in connection with the distribution of Class A Units of the Filer (the **Class A 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 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, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Northwest Territories, Nunavut and Yukon.

Interpretation

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

Representations

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

1. The Filer is an unincorporated closed-end investment trust established under the laws of Ontario.
2. The holders of Class A Units and Class U Units (the **Class U Units**, together with the Class A Units, the **Units**) of the Filer (collectively, the **Unitholders**) 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. Accordingly, the Filer is not considered a "mutual fund" as that term is defined in the Legislation.
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 Class A Units are listed and posted for trading on the Toronto Stock Exchange (the **TSX**). As of June 30, 2014, the Filer had 7,632,046 Class A Units and 700,140 Class U Units issued and outstanding.
5. BMO Nesbitt Burns Inc., which was amalgamated pursuant to the *Canada Business Corporations Act*, and has its head office in Toronto, Ontario, is the manager of the Filer.
6. CIBC Mellon Trust Company is the trustee of the Filer.

Mandatory Purchase Program

7. 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 Class A 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 Class A Units are then offered for sale on the TSX (or any successor thereto) is less than 98% of the net asset value (**Net Asset Value**) per Class A Unit, provided that the maximum number of Units that the Filer is required to purchase pursuant to the Mandatory Purchase Program in any rolling 10 business day period is 10% of the number of Class A Units outstanding at the beginning of such 10 business day period.

Discretionary Purchase Program

8. Subject to applicable regulatory requirements and limitations, the Filer may purchase outstanding Class A Units in the market from time to time at prevailing market prices (the **Discretionary Purchase Program** and together with the Mandatory Purchase Program, the **Purchase Programs**).

Monthly Redemptions

9. Subject to the Filer's right to suspend redemptions, Class A Units may be surrendered for redemption (the **Monthly Redemption Program**) on the second last business day of any month (except, starting in 2015, the month of June) (**Monthly Redemption Date**) in order to be redeemed at a redemption price per Class A Unit equal to the Monthly Redemption Amount (as defined in the Filer's long form (final) prospectus dated October 24, 2013 (the **Prospectus**)).

Annual Redemption

10. Subject to the Filer's right to suspend redemptions, Class A Units may be surrendered for redemption (the **Annual Redemption Program** and together with the Monthly Redemption Program, the **Redemption Programs**) on the second last business day of June of each year (the **Annual Redemption Date**) commencing in 2015 at a redemption price per Class A Unit equal to the applicable Net Asset Value per Class A Unit on the Annual Redemption Date, less any costs and expenses incurred by the Filer in order to fund such redemption, including Filer brokerage costs, and less any net realized capital gains or income of the Filer that are distributed to redeeming holders of Class A Units (the **Class A Unitholders**) concurrently with the proceeds of disposition on redemption.

Resale of Repurchased or Redeemed Class A Units

11. Purchases of Class A 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 Class A Units are then listed), the Class A Units repurchased by the Filer pursuant to the Purchase Programs (**Repurchased Class A Units**), or redeemed pursuant to the Redemption Programs (**Redeemed Class A Units**).
13. All Repurchased Class A Units or Redeemed Class A 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 Class A Units or Redeemed Class A Units will not have a significant impact on the market price of the Class A Units.
15. The Filer's constating document requires that any Repurchased Class A Units or Redeemed Class A Units held by the Filer for resale not be resold for less than the applicable repurchase or redemption price paid for such Units by the Filer.
16. Repurchased Class A Units or Redeemed Class A 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.
17. During any calendar year, the Filer will not resell an aggregate number of Repurchased Class A Units and Redeemed Class A Units that is greater than 10% of the number of Class A Units outstanding at the beginning of such calendar year.
18. Prospective purchasers of Repurchased Class A Units or Redeemed Class A Units will have access to the Filer's continuous disclosure, which will be filed on SEDAR.
19. The Legislation provides that a trade by or on behalf of an issuer in previously issued securities of that issuer that have been purchased or redeemed 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 Class A Units or Redeemed Class A Units would be a distribution that is subject to the Prospectus Requirement.

Decision

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

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

- (a) the Repurchased Class A Units and Redeemed Class A 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 Class A 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 Class A Units and Redeemed Class A Units.

"Mary G. Condon"
Commissioner
Ontario Securities Commission

"Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

2.1.3 Canadian Banc Corp. 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 and rights offerings by the funds, as the limited trading activities involve: i) the forwarding of a short form prospectus or rights offering circulars and the distribution of warrants or rights to acquire units to existing holders of units and ii) the subsequent distribution of units to existing holders of warrants or rights, upon their exercise of the warrants or rights, 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.

August 6 , 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
CANADIAN BANC CORP.,
DIVIDEND SELECT 15 CORP.,
FINANCIAL 15 SPLIT CORP.,
INCOME FINANCIAL TRUST AND
NEW COMMERCE SPLIT FUND,
AN INVESTMENT FUND WITHIN
COMMERCE SPLIT CORP.
(collectively, the Funds)**

and

**QUADRAVEST CAPITAL MANAGEMENT INC.
(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 certain trades (the **Offering Activities**) to be carried out by the Manager, on behalf of Canadian Banc Corp. (**BK**), Dividend Select 15 Corp. (**DS**), Financial 15 Split Corp. (**FTN**), Income Financial Trust (**INC**) and New Commerce Split Fund (**YCM**), an investment fund within Commerce Split Corp. (**Commerce Split** and together with BK, DS, FTN and INC, the **Funds**), in connection with an offering (the **Warrant Offering**) of warrants (the **Warrants**) by YCM and offerings (the **Rights Offerings**) of rights (the **Rights**) by each of BK, DS, FTN and INC, in each case to acquire shares or units of the Funds, to be made as applicable pursuant to a short form prospectus (a **Warrant Prospectus**) or a rights offering circular (each a **Circular**).

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) 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 the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador (the **Passport Jurisdictions**).

Interpretation

Defined terms contained 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:

The Funds and the Manager

1. Each of the Funds other than YCM and INC is a mutual fund corporation established under the laws of the province of Ontario.
2. Commerce Split is a mutual fund corporation established under the laws of the province of Ontario. YCM is a separate investment fund within Commerce Split, formed as a result of the capital reorganization of Commerce Split which occurred in 2010. A second investment fund within Commerce Split, known as the Original Commerce Split Fund, was wound up effective October 31,

2012. Accordingly, there is no longer any material distinction between Commerce Split and YCM.

3. INC is a mutual fund trust established under the laws of the province of Ontario.
4. Each of BK and FTN has issued two classes of shares, and YCM has issued three classes of shares, to the public on a basis which requires an equal number of shares of each such class (referred to as a **Unit**) be outstanding at all material times. DS has issued one class of equity shares, and INC one class of mutual fund units, to the public.
5. The head office of each of the Filers is located at 77 King Street West, Suite 4500, Toronto, Ontario, M5K 1K7.
6. The Manager was appointed investment fund manager and portfolio manager for the Funds and performs management and administrative services for the Funds pursuant to separate administration agreements and portfolio management agreements. The Manager is registered as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador and as an adviser in the category of portfolio manager and dealer in the category of exempt market dealer in Ontario.
7. The Funds are each reporting issuers in each of the provinces of Canada and are not in default of securities legislation in any such jurisdiction.
8. While the Funds are considered to be mutual funds under securities legislation of the provinces of Canada, none of the Funds is, nor has a Fund since its inception been, in continuous distribution.
9. The initial public offerings of the Funds were conducted through the full service investment dealer channel and their shares or units were issued and are held in the book based system of CDS Clearing and Depositary Services Inc. (**CDS**).

Warrant Offerings and Rights Offerings

10. The Manager has filed a preliminary short form prospectus in respect of a Warrant Offering for YCM, with Warrants to be issued to holders of its Capital Shares, and a draft rights offering circular in respect of a Rights Offering for each of BK, FTN, DS and INC, with Rights to be issued to holders of their Class A Shares, Class A Shares, Equity Shares and Units, respectively. In this regard, given that the Funds each trade in securities as part of their portfolio investment activities, the Applicants may be considered to engage in the business of trading in securities. As a result, the issuance of Warrants or Rights by the Funds could be considered part of the business of trading by the Funds, requiring that a dealer be

- appointed in connection with the issuance of Warrants or Rights by the Funds.
11. The Warrants or Rights would be issued to such Fund securityholders through CDS and no consideration would be paid to the Funds in respect of the issuance of the Warrants or Rights. The Warrants or Rights would entitle holders thereof to acquire additional Units, shares or mutual fund units of the applicable Fund at a subscription price which will be determined by reference to the Fund's net asset value per Unit (net asset value per equity share in the case of DS and net asset value per mutual fund unit, in the case of INC).
12. The Manager has applied to list any such Warrants or Rights on the TSX and such Warrants or Rights, once issued, may be transferred or exercised by the holder.
13. The term for the exercise of the Warrants will not exceed six months. The term for the exercise of the Rights would not be less than 21 days nor more than 90 days, and the other conditions in section 2.2 of National Instrument 45-101 *Rights Offerings* would be complied with.
14. A Warrant Offering or Rights Offering also provides holders with an additional subscription privilege which will permit holders who exercise their Warrants or Rights to purchase additional Units, shares or mutual fund units not subscribed for initially by holders who were issued Warrants under the Warrant Offering or Rights under the Rights Offering. The terms of the Warrants will be set forth in a warrant indenture and a trust company will act as warrant agent to receive subscriptions from holders of warrants and to perform certain services relating to the exercise and transfer of warrants pursuant to the warrant indenture; similarly, an agency agreement would be entered into in respect of any Rights Offering. The warrant indenture or agency agreement will contain standard anti-dilution provisions designed to protect holders of Warrants or Rights in the event of certain corporate actions which may have a dilutive effect on the Warrants or Rights.
15. All trades in Warrants or Rights and all exercises of Warrants or Rights would be effected through CDS participants who will hold the Warrants or Rights on behalf of beneficial owners. Therefore, beneficial owners who wish to exercise or transfer their Warrants or Rights will need to contact and deal with the CDS participant through which they hold such securities and all such trades will therefore occur through a registered dealer. Accordingly, at the time an investor makes an investment decision, whether to exercise and subscribe for additional Units, shares or mutual fund units of a Fund and pay the subscription price or to sell such Warrant or Right, such trade would be processed through a CDS participant. The Funds will pay an exercise fee at the time a Warrant or Right is exercised to the CDS participant whose client is exercising the Warrant or Right.
16. No such fee will be payable by holders on the issuance of the Warrants or Rights.
17. The Warrant Offering, under a Warrant Prospectus prepared using Form 44-101F1, will consist of the distribution of the Warrant Prospectus and the issuance of Warrants to holders of the applicable class of shares of YCM as at the record date specified in the Warrant Prospectus, after the Warrant Prospectus has been filed and final receipts obtained therefor under the Legislation and the securities legislation of each of the Passport Jurisdictions; and the distribution of Units to holders of the Warrants upon the exercise of such Warrants by the respective holders, will be made through a registered dealer that is registered in a category that permits the registered dealer to make such a distribution.
18. Rights Offerings, under a Circular prepared using Form 45-101F1, will consist of the distribution of the Circular and the issuance of Rights to holders of the applicable classes of shares or units of the Funds as at the record date specified in the Circular, after the Circular has been filed with and accepted by the Commission and the other applicable regulators of each of the Passport Jurisdictions; and the distribution of Units, shares or mutual fund units to holders of the rights upon the exercise of such Rights by the respective holders, will be made through a registered dealer that is registered in a category that permits the registered dealer to make such a distribution.
19. The independent review committee (**IRC**) for each Fund has advised the Manager that in the view of the IRC the making of the Warrant Offering or Rights Offering, as the case may be, achieves a fair and reasonable result for the applicable Fund. The issuance of the Warrants or Rights will be conditional upon the approval of the TSX to such issuance and the listing of the Warrants or Rights, and the securities issuable upon the exercise of such Warrants or Rights, on the TSX.
20. Although the final amendments to National Instrument 81-102 *Mutual Funds* released on June 19, 2014 under the title "*Modernization of Investment Fund Product Regulation (Phase 2)*" (the **NI 81-102 Amendments**) would prohibit investment funds subject to that Instrument (which would include the Funds) from undertaking warrant offerings or rights offerings, due to the regulatory concerns expressed in the NI 81-102 Amendments, the Warrant Offering and Rights Offerings had been contemplated well in advance

of the publication of the NI 81-102 Amendments and the preliminary Warrant Prospectus and most of the draft Circulars had been filed prior to the time the NI 81-102 Amendments were released on June 19, 2014.

21. The Warrants or Rights will be issued to the applicable securityholders of the Funds as soon as practicable after the issuance of a final receipt for the Warrant Prospectus or acceptance of any such Circular, subject to compliance with the applicable rules of the TSX in this regard.
22. As a result of the elimination of the dealer registration exemptions in National Instrument 45-106 *Prospectus and Registration Exemptions (NI 45-106)*, the dealer registration exemption for rights offerings in NI 45-106 and National Instrument 45-101 *Rights Offerings* is no longer available.

Decision

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

The decision of the principal regulator under the Legislation is that the Funds, and the Manager acting on behalf of the Funds, are not subject to the dealer registration requirement in respect of the Offering Activities.

“James Turner”
Vice Chair
Ontario Securities Commission

“Christopher Portner”
Commissioner
Ontario Securities Commission

2.1.4 Caterpillar Financial Services Limited and Caterpillar Financial Services Corporation

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from certain prospectus incorporation by reference requirements to a credit support issuer of guaranteed medium term notes.

Applicable Legislative Provisions

National Instrument 44-101 Short Form Prospectus Distributions.
Form 44-101F1 – Short Form Prospectus.

August 22, 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
CATERPILLAR FINANCIAL SERVICES LIMITED
(the Issuer)**

AND

**CATERPILLAR FINANCIAL SERVICES CORPORATION
(the Guarantor and, together with the Issuer, the Filers)**

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 Decision Maker (the **Legislation**) for a decision pursuant to Part 8 of National Instrument 44-101 – *Short Form Prospectus Distributions (NI 44-101)* that the Filers be exempt from the following requirements (collectively, the **Exemption Sought**):

- (a) under Item 12.1(2.) of Form 44-101F1 – *Short Form Prospectus (Form 44-101F1)* to incorporate by reference the Non-Essential 8-Ks (as defined below) in a Prospectus (as defined below);
- (b) Section 2.1(2) of NI 44-101, to the extent that such requirement to prepare a Prospectus in the form of Form 44-101F1

would include Item 12.1(2.) of Form 44-101F1; and

- (c) Part 3 of NI 44-101, to the extent that such provisions would deem to incorporate by reference the Non-Essential 8-Ks in a Prospectus despite an exemption from Item 12.1(2.) of Form 44-101F1.

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 each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively with the Jurisdiction, 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.

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

The Guarantor

1. The principal executive offices of the Guarantor are located at 2020 West End Ave., Nashville, Tennessee, United State, 37203.
2. The Guarantor is a wholly-owned subsidiary of Caterpillar Inc., a Delaware corporation listed on the New York Stock Exchange under the symbol "CAT".
3. The Guarantor is not a reporting issuer or the equivalent in any of the Jurisdictions.
4. The Guarantor is a "U.S. credit supporter" (as defined in NI 44-101), in that it:
 - (a) was incorporated under the laws of the State of Delaware in 1981;
 - (b) is required to file reports under section 15(d) of the United States *Securities Exchange Act of 1934* (the **1934 Act**);
 - (c) has filed with the United States Securities and Exchange Commission (the **SEC**) all filings required to be made under

Sections 13 and 15(d) of the 1934 Act since the Guarantor first became a reporting company in 1985;

- (d) is not registered or required to be registered as an investment company under the United States *Investment Company Act of 1940*; and
- (e) is not a commodity pool issuer as defined in National Instrument 71-101 – *The Multijurisdictional Disclosure System*.

5. The Guarantor is the "parent credit supporter" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations* (NI 51-102)) in respect of the Issuer Notes Program (as defined below).
6. The Guarantor has outstanding debt securities issued under its notes programs established from time to time in the United States (collectively, the **Guarantor Notes Program**).

The Issuer

7. The Issuer was continued under the *Business Corporations Act* (Ontario) on March 6, 2012.
8. The registered and principal office of the Issuer is located at 3457 Superior Court, Unit 2, Oakville, Ontario, L6L 0C4.
9. The Issuer is a direct wholly-owned finance subsidiary of Caterpillar Financial Nova Scotia Corporation, which is a direct wholly-owned subsidiary of the Guarantor.
10. The Issuer is not in default of any of its obligations under the securities legislation of any Jurisdiction.
11. The Issuer is a "credit support issuer" (as defined in NI 51-102) that qualifies for the exemptions contemplated by, and is in compliance with the requirements and conditions set out in, Section 13.4(2) of NI 51-102.
12. The Issuer became a reporting issuer or its equivalent in the Jurisdictions on July 17, 2001 by virtue of being issued a receipt for a final short form base shelf prospectus filed in each of the Jurisdictions, qualifying the distribution, from time to time during the period that the final short form base shelf prospectus remained valid (the **Issuer Notes Program**), of unsecured, unsubordinated medium term notes of the Issuer (the **Notes**).
13. The outstanding Notes have a "designated rating", as such term is defined in NI 44-101.
14. The Issuer Notes Program has been renewed, and the Issuer expects to continue to renew the Issuer Notes Program, from time to time, through

the filing of further short form base shelf prospectuses (each, a **Prospectus**) in the Jurisdictions.

15. The Notes are fully and unconditionally guaranteed by the Guarantor as to payment of principal, interest and certain other amounts due thereunder and the holders of such Notes are entitled to receive payment from the Guarantor following the failure by the Issuer to make any such payment.

16. Pursuant to Section 12.1(2.) of 44-101F1, the Issuer is required to incorporate by reference all 1934 Act filings of the Guarantor that would be required to be incorporated by reference in a Form S-3 or a Form F-3 registration statement filed under the United States Securities Act of 1933 if the securities distributed under the Prospectus were being registered on Form S-3 or Form F-3.

The Non-Essential 8-Ks

17. In connection with issuances of debt securities by the Guarantor under the Guarantor Notes Program, the Guarantor is required to file with the SEC current reports on Form 8-K (the **Non-Essential 8-Ks**) whose contents are non-financial in nature and are comprised solely of (a) exhibits attaching opinions (and related consents) of legal counsel as to certain matters relating to the notes issued under the Guarantor Notes Program, including certain federal tax matters concerning the notes, the legality of the issuance of such notes, and whether such notes will be binding obligations of the Guarantor, and (b) disclosures referencing such exhibits.

18. The Non-Essential 8-Ks are publicly available under the profile of the Guarantor on the Electronic Data Gathering, Analysis and Retrieval System in the United States and the profile of the Issuer on the *System for Electronic Document Analysis and Retrieval* (**SEDAR**) in Canada.

19. By virtue of the Non-Essential 8-Ks being filed as reports on Form 8-K or being attached as exhibits or being incorporated by reference into the Guarantor's filings with the SEC, the Issuer is required to incorporate the Non-Essential 8-Ks into each Prospectus.

Decision

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

The decision of the Decision Maker under the Legislation is that the Exemption Sought is granted with respect to each Prospectus provided that:

- (a) the Issuer satisfies the conditions in the definition of "credit support issuer" in NI 51-102;
- (b) the Guarantor satisfies the conditions in the definition of "parent credit supporter" in NI 51-102;
- (c) the Notes satisfy the conditions in the definition of "designated credit support securities" in NI 51-102;
- (d) the Issuer complies with all of the other applicable requirements of NI 44-101 and Form 44-101F1, except as varied by this decision or otherwise permitted under National Instrument 44-102 – *Shelf Distributions*;
- (e) the Notes have a "designated rating" as such term is defined in NI 44-101;
- (f) the Issuer discloses in each Prospectus that it has obtained the Exemption Sought; and
- (g) the Issuer files the Non-Essential 8-Ks on SEDAR at the same time or as soon as practicable after the filing by the Guarantor of those documents with the SEC.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.5 Trans Québec & Maritimes Pipeline Inc. and Trans Québec & Maritimes Pipeline Inc., as Mandatary for TQM Pipeline and Company, Limited Partnership

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief from the requirements in section 3.2 of National Instrument 52-107 Acceptable Accounting Principle and Auditing Standards (NI 52-107) that the combined annual and interim financial statements of Trans Québec & Maritimes Pipeline Inc. (TQM Inc.) and Trans Québec & Maritimes Pipeline Inc., as mandatary for TQM Pipeline and Company, Limited Partnership Inc. (TQM Partnership) (the Combined Financial Statements) be prepared in accordance with Canadian GAAP applicable to publicly accountable enterprises to permit TQM Inc. to file the Combined Financial Statements in accordance with U.S. GAAP – revocation or variation of decision – TQM Inc. requests to have certain conditions in existing decision replaced with revised conditions – Existing decision partially revoked – Relief granted subject to a number of conditions.

Applicable Legislative Provisions

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

[Translation]

August 21, 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
TRANS QUÉBEC & MARITIMES PIPELINE INC.,
(TQM INC.)

AND

TRANS QUÉBEC & MARITIMES PIPELINE INC.,
AS MANDATARY FOR TQM PIPELINE AND COMPANY, LIMITED PARTNERSHIP
(THE PARTNERSHIP)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application (the **Application**) from TQM Inc. for a decision under the securities legislation of the Jurisdictions (the **Legislation**) exempting TQM Inc. from the requirements of section 3.2 of *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards* (**Regulation 52-107**) that the combined annual and interim financial statements of TQM Inc. and the Partnership (the **Combined 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 the interim financial report (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) TQM Inc. has provided notice that subsection 4.7(1) of *Regulation 11-102 respecting Passport System* (**Regulation 11-102**) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba,

Nova Scotia, 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 *Regulation 14-101 respecting Definitions*, Regulation 11-102 and Regulation 52-107 have the same meaning if used in this decision; and
- (b) “activities subject to rate regulation” has the meaning ascribed in Part V of the CPA Canada Handbook – Accounting.

Representations

This decision is based on the following facts represented by TQM Inc.:

1. TQM Inc. was incorporated under the *Canada Business Corporations Act* on April 24, 1980. The head office of TQM Inc. is in Montreal, Québec.
2. Each of 9265-0860 Quebec Inc. (**9265**), a wholly owned subsidiary of Gaz Métro Limited Partnership (**Gaz Métro**) and TransCanada PipeLines Limited (**TransCanada**) (hereinafter collectively referred to as the **Partners**) owns 50 percent of the issued and outstanding shares in the share capital of TQM Inc.
3. The Partnership was formed on January 5, 1982 as a general partnership pursuant to the laws of Quebec. TQM Inc. was appointed mandatary of the Partnership to administer and manage the Partnership and to construct and operate a pipeline system in the Province of Québec (the **Pipeline System**) and to carry on its business in accordance with the General Partnership Agreement of the Partnership. On August 24, 1995 the Partnership was converted from a general partnership into a limited partnership governed by the laws of the Province of Québec of which Gaz Métro and TransCanada became the general partners and 3118240 Canada Inc. became the limited partner. Each of the general partners owns a 49.995 percent participation interest in the Partnership and 3118240 Canada Inc. owns the remaining 0.01 percent participation interest.
4. The Pipeline System is regulated by the National Energy Board (the **NEB**) pursuant to the *National Energy Board Act* (the **Act**). Due to the construct of the Act, there was doubt as to whether a partnership was permitted to own and operate a pipeline. As a result, TQM Inc. as a corporate entity was formed to do so on behalf of the Partnership.
5. TQM Inc. operates the Pipeline System, holds registered title to the Pipeline System on behalf of the Partnership and acts on behalf of the Partnership for the purposes of applying for and holding authorizations and certificates from the NEB. TQM Inc. acts solely as a mandatary and does not have an ownership interest in the Partnership, nor does it receive any revenue associated with the Pipeline System.
6. TQM Inc. is a reporting issuer in the Jurisdictions and in each of the Passport Jurisdictions. It is not in default of securities legislation in any jurisdiction in Canada.
7. The Partnership is not a reporting issuer under applicable securities laws.
8. The Partnership has activities subject to rate regulation.
9. TQM Inc. and the Partnership are not SEC issuers and therefore cannot rely on section 3.7 of Regulation 52-107 to file financial statements prepared in accordance with U.S. GAAP.
10. By the order rendered *In the Matter of Trans Québec & Maritimes Pipeline Inc. and Trans Québec & Maritimes Pipeline Inc., as mandatory for TQM Pipeline and Company, Limited Partnership*, on December 28, 2012:
 - (a) TQM Inc. is exempted from the obligations in Parts 4 and 5 of *Regulation 51-102 respecting Continuous Disclosure Obligations*, relating to the filing of annual and interim financial statements on a standalone basis along with the accompanying annual or interim MD&A (**MD&A**) provided that TQM Inc. files Combined Financial Statements and accompanying MD&A based on the Combined Financial Statements (the **51-102 Exemption**);

- (b) TQM Inc. is exempted from the obligations in Parts 4 and 5 of *Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings*, in respect of filing the Chief Executive Officer and Chief Financial Officer certificates that TQM Inc. would normally file if it prepared standalone annual and interim financial statements and accompanying MD&A, provided that the certificates are filed by TQM Inc. in respect of the Combined Financial Statements and accompanying MD&A (the **52-109 Exemption**); and
 - (c) TQM Inc. is exempted from the obligations in Section 3.2 of *Regulation 52-107 respecting Acceptable Accounting Principles and Auditing Standards*, provided that TQM Inc. files Combined Financial Statements prepared in accordance with U.S. GAAP and that information for comparative periods presented in such financial statements is prepared in accordance with U.S. GAAP (the **52-107 Relief**).
11. The 52-107 Relief will expire no later than 1 January 2015. The 51-102 Exemption and the 52-109 Exemption do not have an expiry date.
12. 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 applicable for entities with activities subject to rate regulation.

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:

- (a) the 52-107 Relief is revoked;
- (b) the Exemption Sought is granted to TQM Inc. in respect of the Combined Financial Statements required to be filed on or after the date of this order, provided that TQM Inc. prepares those Combined Financial Statements in accordance with U.S. GAAP; and
- (c) the Exemption Sought will terminate on the earliest of the following:
 - i. 1 January 2019;
 - ii. if the Partnership ceases to have activities subject to rate regulation, the first day of the Partnership's financial year that commences after the Partnership 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.

"Gilles Leclerc"
Superintendent Securities Markets
Autorité des marchés financiers

2.2 Orders

2.2.1 Paul Azeff et al.

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

AND

**IN THE MATTER OF
PAUL AZEFF, KORIN BOBROW,
MITCHELL FINKELSTEIN, HOWARD JEFFREY MILLER
AND MAN KIN CHENG (a.k.a. FRANCIS CHENG)**

ORDER

WHEREAS on September 22, 2010, the Ontario Securities Commission (the “**Commission**”) issued a Notice of Hearing, pursuant to ss. 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Securities Act**”), accompanied by a Statement of Allegations of Staff of the Commission (“**Staff**”) with respect to the respondents Howard Jeffrey Miller (“**Miller**”) and Man Kin Cheng (“**Cheng**”) for a hearing to commence on October 18, 2010;

AND WHEREAS Miller and Cheng were served with the Notice of Hearing and Statement of Allegations dated September 22, 2010 on September 22, 2010;

AND WHEREAS at a hearing on October 18, 2010, counsel for Staff, counsel for Cheng, and Miller, appearing on his own behalf, consented to the scheduling of a confidential pre-hearing conference on January 11, 2011 at 3:00 p.m.;

AND WHEREAS on November 11, 2010, the Commission issued a Notice of Hearing, pursuant to ss. 127 and 127.1 of the *Securities Act*, accompanied by an Amended Statement of Allegations of Staff which added the respondents Paul Azeff (“**Azeff**”), Korin Bobrow (“**Bobrow**”) and Mitchell Finkelstein (“**Finkelstein**”), for a hearing to commence on January 11, 2011;

AND WHEREAS Miller, Cheng, Azeff, Bobrow and Finkelstein (together, the “**Respondents**”) were served with the Notice of Hearing and Amended Statement of Allegations dated November 11, 2010 on November 11, 2010;

AND WHEREAS following a hearing on January 11, 2011, counsel for Staff, counsel for Azeff, Bobrow, Finkelstein and Cheng, and Miller, appearing on his own behalf, attended a confidential pre-hearing conference;

AND WHEREAS at the confidential pre-hearing conference on January 11, 2011, all parties made submissions regarding the disclosure made by Staff and it was ordered by the Commission, on the consent of all parties, that Staff and the Respondents would exchange written proposals concerning outstanding disclosure issues

and that a motion date would be set for February 22, 2011 regarding disclosure issues, if necessary;

AND WHEREAS at the request of the Respondents, and on the consent of Staff, it was agreed that the February 22, 2011 motion date would be adjourned to April 8, 2011;

AND WHEREAS a disclosure motion was held on April 8, 2011 and, after submissions by the parties, the Panel issued a Confidentiality Order and Adjournment Order dated April 8, 2011, adjourning the Respondents’ disclosure motion and the hearing in this matter to a pre-hearing conference, the date of which was to be agreed to by the parties and provided to the Office of the Secretary;

AND WHEREAS on April 18, 2011, Staff filed an Amended Amended Statement of Allegations;

AND WHEREAS the Panel issued an amended Confidentiality Order and Adjournment Order dated April 19, 2011 scheduling, on consent of all parties, a confidential pre-hearing conference on June 2, 2011 at 10:00 a.m.;

AND WHEREAS all parties consented to an adjournment of the confidential pre-hearing conference from June 2, 2011 at 10:00 a.m. to August 17, 2011 at 10:00 a.m. to allow Staff to provide the Respondents with further disclosure in this matter;

AND WHEREAS on July 6, 2011, counsel for Finkelstein served Staff with motion materials seeking a stay of the proceeding against him (the “**Stay Motion**”) and Staff indicated that: a) it intended to bring a motion that the Stay Motion is premature and should be heard at the hearing on the merits (the “**Prematurity Motion**”); and b) it intended to bring a motion to seek leave to put before the Panel at the hearing of the Stay Motion certain “without prejudice” communications (the “**Privilege Motion**”);

AND WHEREAS counsel for Azeff and Bobrow indicated that they intend to bring a motion to compel records from a third party (the “**Third Party**”) and the “**Third Party Records Motion**”);

AND WHEREAS the Respondents advised that they may seek to continue the hearing of the previous disclosure motion, which had been held on April 8, 2011 and had been adjourned on April 8, 2011 and June 1, 2011, or may bring other motions relating to disclosure issues (the “**Disclosure Motion**”);

AND WHEREAS a pre-hearing conference was held on August 17, 2011 and Staff and the Respondents made submissions regarding the scheduling of the various motions, including the Stay Motion, the Prematurity Motion, the Privilege Motion, the Third Party Records Motion and the Disclosure Motion;

AND WHEREAS on August 30, 2011, the Commission ordered that the Privilege Motion be heard on September 26, 2011; the Prematurity Motion and the Stay Motion be heard together commencing on November 9, 2011; the Third Party Records Motion be scheduled to be heard on a date after the Prematurity Motion and the Stay Motion have been heard and decided; the Disclosure Motion be adjourned to a date that will be fixed after the four motions have been heard and decided; and dates for the hearing on the merits of the matter be set after the five motions have been heard and decided (the “**Scheduling Order**”);

AND WHEREAS the Privilege Motion, the Prematurity Motion and the Stay Motion have been heard and decided in accordance with the Scheduling Order;

AND WHEREAS Staff requested a pre-hearing conference to request, among other things, that the Scheduling Order be amended to schedule the Third Party Records Motion, the Disclosure Motion and the hearing on the merits;

AND WHEREAS a pre-hearing conference was held on October 2, 2012 at which time Staff and counsel for the Respondents attended and made submissions;

AND WHEREAS on October 2, 2012, the Commission ordered that the request for a summons to compel the production of certain records of a third party and any motion to quash such summons proceed in accordance with Rule 4.7 of the Commission’s *Rules of Procedure* (2012), 35 O.S.C.B. 10071 (the “**Rules of Procedure**”), and that a pre-hearing conference be held on January 16, 2013 at which time the Commission would consider scheduling the Disclosure Motion and the hearing on the merits;

AND WHEREAS a pre-hearing conference was held on January 16, 2013, and Staff and the Respondents made submissions regarding the scheduling of the Third Party Records Motion, the Disclosure Motion and the hearing on the merits;

AND WHEREAS on January 16, 2013, the Commission ordered that: 1) the Third Party Records Motion to review the issuance of a summons shall be heard on April 8, 2013 at 10:00 a.m.; 2) the Disclosure Motion shall be heard on July 17, 2013 at 10:00 a.m.; and 3) the hearing on the merits shall commence on May 5, 2014, and continue up to and including June 20, 2014, save and except for Monday, May 19 (Victoria Day), and the alternate Tuesdays each month when meetings of the Commission are scheduled, the dates of which are unknown at this time;

AND WHEREAS on February 28, 2013, counsel for Bobrow, on notice to counsel for Azeff and Staff, requested an adjournment of the Third Party Records Motion, and Staff did not oppose the adjournment request, provided that the dates for the Disclosure Motion and the hearing on the merits were preserved;

AND WHEREAS on April 4, 2013, the Commission ordered that the date of April 8, 2013 for the hearing of the Third Party Records Motion be vacated and that the Third Party Records Motion be adjourned to July 9, 2013 at 10:00 a.m.;

AND WHEREAS on May 6, 2013, at the request of Bobrow and Azeff, the Commission issued a summons for documents from the Third Party (the “**Third Party Summons**”);

AND WHEREAS on June 28, 2013, the Third Party filed its motion record for the Third Party Records Motion seeking an order to quash part of the Third Party Summons;

AND WHEREAS the Third Party indicated that it asserted solicitor-client privilege over all documents protected by its privilege;

AND WHEREAS the Third Party Records Motion was scheduled to be argued on July 9, 2013;

AND WHEREAS on July 9, 2013, Staff, counsel for the Third Party and counsel for Bobrow, who also appeared as agent for counsel for Azeff, attended before the Commission and advised that the Third Party Records Motion had been settled on consent of Azeff, Bobrow and the Third Party on the terms of a draft order to be filed with the Commission;

AND WHEREAS on July 9, 2013, counsel for Bobrow, who also appeared as agent for counsel for Azeff, requested that the date for the Disclosure Motion, scheduled for July 17, 2013, be vacated and that the time set aside on July 17, 2013 be scheduled for the hearing of a motion to adjourn the hearing on the merits (the “**Adjournment Motion**”) and a pre-hearing conference;

AND WHEREAS on July 11, 2013, the Commission ordered that: 1) the hearing of the Disclosure Motion, which was scheduled for July 17, 2013, be vacated; 2) the hearing of the Adjournment Motion be held on July 17, 2013 at 9:30 a.m.; and 3) immediately after the hearing of the Adjournment Motion on July 17, 2013, a confidential pre-hearing conference be held on July 17, 2013;

AND WHEREAS on July 16, 2013, the Commission made an order in respect of the Third Party Records Motion (the “**Third Party Records Order**”), which ordered, amongst other things, that the Third Party shall make best efforts to produce, on a rolling productions basis, the documents subject to the Third Party Records Order (the “**Third Party Documents**”) to Bobrow before October 31, 2013, and in any event, no later than December 31, 2013;

AND WHEREAS on July 17, 2013, Staff and counsel for Bobrow, who also appeared as agent for counsel for Azeff, and counsel for Miller, Cheng and Finkelstein attended before the Commission and made

submissions regarding the Adjournment Motion brought by counsel for Bobrow;

AND WHEREAS counsel for Bobrow submitted that he is counsel for a respondent in a criminal matter in another province (the "**Criminal Matter**"), in which target trial dates were set following a case management conference on May 21, 2013, and that the target trial dates in the Criminal Matter conflict with the scheduled dates for the hearing on the merits in this matter;

AND WHEREAS counsel for Bobrow advised the Commission that the target trial dates are expected to be affirmed at the next appearance in connection with the Criminal Matter on July 29, 2013;

AND WHEREAS the Respondents were made aware of the Commission's view that a further request for adjournment would be subject to strict scrutiny and the Commission likely would be reluctant to grant another adjournment of the hearing on the merits;

AND WHEREAS on July 17, 2013, Staff and counsel for Bobrow, who also appeared as agent for counsel for Azeff and Finkelstein, and counsel for Miller and Cheng attended a confidential pre-hearing conference immediately following the hearing of the Adjournment Motion;

AND WHEREAS the Commission encouraged the parties to ensure that any further motions would be brought before the Commission in a timely fashion to avoid any further delay of the hearing on the merits;

AND WHEREAS the parties agreed that a Disclosure Motion will be held on November 20, 2013 at 10:00 a.m. and a confidential pre-hearing conference will be held on January 16, 2014 at 10:00 a.m.;

AND WHEREAS Staff and counsel for Bobrow agreed that counsel for Bobrow will use his best efforts to provide to Staff any relevant Third Party Documents that Bobrow and Azeff intend to rely upon as evidence at the hearing on the merits before June 1, 2014, and in any event, no later than July 1, 2014;

AND WHEREAS on July 29, 2013, the Commission ordered that: 1. the Adjournment Motion brought by Bobrow was granted; 2. the original dates scheduled for the hearing on the merits shall be vacated; 3. the hearing on the merits shall commence on September 15, 2014, and continue up to and including November 7, 2014, save and except for September 23, 25 and 26, 2014, October 7, 13 and 21, 2014 and November 4, 2014; 4. a Disclosure Motion shall be held on November 20, 2013; 5. a confidential pre-hearing conference shall be held on January 16, 2014; and 6. counsel for Bobrow will use his best efforts to provide to Staff any relevant Third Party Documents that Bobrow and Azeff intend to rely upon as evidence at the hearing on the merits before June 1, 2014, and in any event, shall provide such Third Party Documents to Staff no later than July 1, 2014;

AND WHEREAS on November 19, 2013, Staff and counsel for Azeff and Bobrow, the moving parties on the Disclosure Motion, advised the Commission that the parties resolved the Disclosure Motion on consent and without costs, and that Azeff and Bobrow wished to withdraw their Disclosure Motion;

AND WHEREAS on November 20, 2013, the Commission ordered that the Disclosure Motion be withdrawn on a without costs basis and that the hearing date for the Disclosure Motion, being November 20, 2013, be vacated;

AND WHEREAS a confidential pre-hearing conference was held on January 16, 2014 and Staff and counsel for the Respondents attended and made submissions regarding the Respondents' disclosure obligations and provision of witness lists and witness summaries of the Respondents, as well as the authenticity and admissibility of Staff's documents at the hearing on the merits;

AND WHEREAS the parties indicated that they did not have the current intention to bring any further motions prior to the hearing on the merits and the Commission encouraged the parties, once again, to ensure that any further motions be brought before the Commission in a timely fashion to avoid any delay of the hearing on the merits;

AND WHEREAS all parties have the right to bring any motions should issues subsequently arise;

AND WHEREAS on February 7, 2014, the Commission ordered that: 1. the Respondents will advise Staff if they intend to object to the authenticity of any of the documents in Staff's hearing brief by July 1, 2014; 2. the Respondents will make their best efforts to advise Staff if they anticipate objecting to the admissibility of any of the documents in Staff's hearing brief by July 1, 2014 and in any event, no later than August 1, 2014; 3. the Respondents will make their best efforts to advise Staff of any additional documents (which are not in Staff's hearing brief) that they anticipate relying on at the hearing by July 1, 2014 and in any event, no later than August 1, 2014; 4. the Respondents will make their best efforts to provide Staff with witness lists and witness summaries in accordance with Rule 4.5(1), (2) and (3) of the Commission's *Rules of Procedure* by July 1, 2014 and in any event, no later than August 1, 2014; and 5. a further confidential pre-hearing conference shall be held on August 13, 2014 at 10:00 a.m.;

AND WHEREAS on May 21, 2014, counsel for Azeff and Bobrow advised the Registrar of his request to vacate the scheduled hearing dates of October 6, 8 and 9, 2014;

AND WHEREAS on June 2, 2014, the Registrar advised all parties by email that the Hearing Panel is not available to sit on September 15 to 17, 2014, but is available to sit on September 10 to 12, 2014;

AND WHEREAS on June 2, 2014, counsel for Azeff and Bobrow, counsel for Finkelstein and counsel for Cheng advised of their availability via email;

AND WHEREAS on June 3, 2014, Staff and counsel for Azeff and Bobrow attended a motion brought by Staff pursuant to section 152 of the *Securities Act*, and counsel for Azeff and Bobrow and Staff made submissions on their availability;

AND WHEREAS on June 3, 2014, the Panel granted Staff's section 152 motion, and reserved the right of the Respondents to bring a motion under Rule 10.2 of the *Rules of Procedure* returnable on August 13, 2014, in the event that the Superior Court of Quebec orders that the evidence of the Quebec Witnesses shall be taken in Quebec via video and audio link from Montreal;

AND WHEREAS on June 3, 2014, the Commission ordered that: 1. the dates for the hearing on the merits previously scheduled for September 15 to 17, 2014 and October 6, 8 and 9, 2014 be vacated; 2. additional dates for the hearing on the merits were added on November 10 to 14, 2014; and 3. at the August 13, 2014 pre-hearing conference, the parties shall make witness lists, witness summaries and a draft index of documents for a joint proposed hearing brief available;

AND WHEREAS on July 29 and 31, 2014, Staff, counsel for Azeff, Bobrow, Finkelstein and Cheng attended and made submissions on a motion brought by Azeff and Bobrow to adjourn the hearing on the merits (the "**Second Adjournment Motion**") and a cross-motion brought by Staff to sever the matter as against Finkelstein and to preserve the dates set for the hearing on the merits, in the event that the Second Adjournment Motion was granted (the "**Cross-Motion**");

AND WHEREAS by oral reasons provided on July 31, 2014, and written reasons issued on August 8, 2014, the Panel dismissed the Second Adjournment Motion and accordingly did not address Staff's Cross-Motion;

AND WHEREAS in its written reasons dated August 8, 2014, the Panel ordered that, on consent of all the parties, the dates for the hearing on the merits previously scheduled for September 18, 19, 22 and 24, 2014 were vacated and additional dates for the hearing on the merits were added on December 8, 16, 17, 18, and 19, 2014;

AND WHEREAS a pre-hearing conference was held on August 13, 2014 and Staff and counsel for each of the Respondents attended and made submissions on, among other items, matters relating to scheduling;

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

IT IS HEREBY ORDERED that:

1. the dates previously scheduled for December 16 to 19, 2014 are vacated;

2. by September 8, 2014, Staff will advise counsel for Finkelstein of any new evidence that has not been previously disclosed relating to one of Staff's witnesses, as identified at the pre-hearing conference; and
3. by September 15, 2014, counsel for Finkelstein will advise Staff of any outstanding issues relating to the authenticity of documents.

DATED at Toronto this 13th day of August, 2014.

"Alan J. Lenczner"

"Anne Marie Ryan"

"Catherine E. Bateman"

2.2.2 Quadrex Hedge Capital Management Ltd. 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
QUADREXX HEDGE CAPITAL MANAGEMENT LTD.,
QUADREXX SECURED ASSETS INC.,
MIKLOS NAGY and TONY SANFELICE**

ORDER

(Rule 9 of the OSC Rules of Procedure)

WHEREAS on January 31, 2014, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) accompanied by a Statement of Allegations dated January 30, 2014 with respect to Quadrex Hedge Capital Management Ltd. (“QHCM”), Quadrex Secured Assets Inc. (“QSA”), Miklos Nagy (“Nagy”) and Tony Sanfelice (“Sanfelice”) (collectively, the “Respondents”);

AND WHEREAS on February 20, 2014, Staff of the Commission (“Staff”) filed an affidavit of Sharon Nicolaides sworn February 19, 2014 setting out Staff’s service of the Notice of Hearing dated January 31, 2014 and Staff’s Statement of Allegations dated January 30, 2014 on counsel for the Respondents;

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

AND WHEREAS on February 20, 2014, the Commission ordered the hearing be adjourned to April 17, 2014 at 9:30 a.m. for the purpose of scheduling a date for a confidential pre-hearing conference as may be appropriate;

AND WHEREAS on April 17, 2014, Staff, counsel for QHCM, QSA and Nagy and counsel for Sanfelice attended before the Commission;

AND WHEREAS on April 17, 2014, Staff advised the Commission of a correction to be made regarding the initial electronic disclosure made on February 20, 2014, in that disclosure was made of approximately 14,000 pages of documents rather than of approximately 14,000 documents;

AND WHEREAS on April 17, 2014, Staff further advised the Commission that it had recently sent out electronic disclosure of a further 6,800 pages of documents and advised that disclosure by Staff is not yet complete;

AND WHEREAS on April 17, 2014, the Commission ordered that the hearing be adjourned to a

confidential pre-hearing conference to be held on September 5, 2014 at 10:00 a.m.;

AND WHEREAS on August 20, 2014, Nagy’s counsel advised the Commission that Nagy was no longer available to attend the pre-hearing conference scheduled for September 5, 2014 as he would be out of the country until September 19, 2014 because of the illness of a family member living abroad and that Nagy’s counsel was not available thereafter until the week of October 13, 2014;

AND WHEREAS Nagy requests an adjournment of the pre-hearing conference to October 15, 2014 and the other Respondents and Staff consent to the adjournment;

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

IT IS HEREBY ORDERED that the confidential pre-hearing conference scheduled for September 5, 2014 shall be adjourned to October 15, 2014 at 9:00 a.m.

DATED at Toronto this 20th day of August, 2014.

“Christopher Portner”

2.2.3 Ernst & Young LLP

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

AND

**IN THE MATTER OF
ERNST & YOUNG LLP**

ORDER

WHEREAS on December 3, 2012 the Ontario Securities Commission (the "Commission") issued a Notice of Hearing in relation to a Statement of Allegations issued pursuant to section 127 of the *Securities Act*, R.S.O. c. S.5, as amended, with respect to Ernst & Young LLP (the "Respondent");

AND WHEREAS the Notice of Hearing stated that an initial hearing before the Commission would be held on January 7, 2013;

AND WHEREAS the Commission convened a hearing on January 7, 2013 and the matter was adjourned to a confidential pre-hearing conference to be held on March 4, 2013;

AND WHEREAS a confidential pre-hearing conference was held on March 4, 2013 and the matter was adjourned to a further confidential pre-hearing conference to be held on June 24, 2013;

AND WHEREAS a confidential pre-hearing conference was held on June 24, 2013 and the matter was adjourned to a further confidential pre-hearing conference to be held on September 6, 2013;

AND WHEREAS on September 19, 2013, the Commission ordered that the hearing on the merits (the "Merits Hearing") shall commence on November 11, 2014 and that Staff's case shall be presented on the following dates in 2014: November 11-14, 17, 19-21, 25-28, December 1, 3-5, 9-12, 15 and 17-19, or on such other dates as may be ordered by the Commission and that the Respondent's case shall be presented on the following dates in 2015: January 14-16, 20-23, 26, 28-30, February 3-6, 9, 11-13, 17-20, 23, 25-27, and March 3-6, or on such other dates as may be ordered by the Commission, and that a further confidential pre-hearing conference be held on October 30, 2013 at 10:00 a.m.;

AND WHEREAS a confidential pre-hearing conference was held on October 30, 2013 and both parties made submissions and requested that a further confidential pre-hearing conference be scheduled;

AND WHEREAS on October 30, 2013 the Commission ordered, among other things, that the Respondent's proposed disclosure motion proceed on December 19, 2013 at 10:00 a.m. and that a further

confidential pre-hearing conference be held on January 27, 2014 at 11:00 a.m.;

AND WHEREAS the Respondent advised Staff and the Commission that it did not intend to proceed with its proposed disclosure motion on December 19, 2013;

AND WHEREAS on December 17, 2013, the Commission ordered that the Respondent's proposed disclosure motion would not proceed on December 19, 2013, without prejudice to the Respondent's right to bring such further motion as may be necessary at a later date;

AND WHEREAS Staff and the Respondent agreed that it was not necessary to convene a pre-hearing conference on January 27, 2014;

AND WHEREAS on January 23, 2014, the Commission ordered that the pre-hearing conference scheduled for January 27, 2014 at 11:00 a.m. be vacated;

AND WHEREAS Staff requested a confidential pre-hearing conference which was held on July 25, 2014 and Staff and counsel to the Respondent attended and submissions were made;

AND WHEREAS on July 29, 2014 the Commission ordered, among other things, that the pre-hearing conference be continued on August 12, 2014 at 2:30 p.m.;

AND WHEREAS the confidential pre-hearing conference that began on July 29, 2014 continued on August 12, 2014 and Staff and counsel to the Respondent attended and submissions were made;

AND WHEREAS Staff requested a ruling requiring the Respondent to provide (i) detailed evidentiary references for each statement in the supplementary facts brief (the "Supplementary Facts") upon which Staff allege three of the seven expert reports delivered by the Respondent are based and (ii) a list of the documents provided to certain of the Respondent's experts in order to permit Staff to fairly and properly prepare for the Merits Hearing and to ensure an efficient and effective Merits Hearing;

AND WHEREAS Staff submitted that the Supplementary Facts document is a 25 page narrative which deals with issues central to the Merits Hearing which is not adequately supported by documentary or testimonial evidence;

AND WHEREAS Staff further submitted that the Supplementary Facts document fails to provide the factual underpinning for most of the assertions therein;

AND WHEREAS Staff entered into evidence two exhibits to support their position concerning the Supplementary Facts document;

AND WHEREAS on July 28, 2014 the Respondent delivered, by letter dated July 28, 2014 from

Linda Fuerst of Lenczner Slaght to Yvonne Chisholm, Senior Litigation Counsel, Ontario Securities Commission, lists of documents (labeled as Appendix A to E to the letter of July 28, 2014) that were provided to each of the Respondent's experts;

AND WHEREAS the Respondent submitted that all the documents that were provided to the Respondent's experts are identified in the lists that have been provided to Staff;

AND WHEREAS the Respondent delivered, by letter dated June 20, 2014, from Linda Fuerst of Lenczner Slaght to Yvonne Chisholm, Senior Litigation Counsel, Ontario Securities Commission, with a DVD of documents enclosed that were not previously provided to Staff but were provided to the Respondent's experts;

AND WHEREAS the Respondent undertakes to further provide Staff with a list of 10 documents that were provided to the Respondent's experts but not disclosed to Staff due to oversight on the part of the Respondent;

AND WHEREAS subrule 4.6(5) of the *Rules of Procedure of the Commission* (2012), 35 OSCB 10071 (the "*Rules of Procedure*") provides that an [expert's] affidavit or [expert's] report referred to in subrules 4.6(2), 4.6(3) and 4.6(4) shall include (a) the name, address and qualifications of the expert; (b) the substance of the expert's evidence; and (c) a list of any documents that the expert will refer to;

AND WHEREAS both Staff and the Respondent submitted that *Horodinsky Farms Inc. v. Zeneca Corp.* (2006) 83 O.R. (3d) 792 (C.A.) ("*Conceicao Farms*") established that the scope of information that may be obtained by a party "clearly encompasses not only the expert's opinion but the facts on which the opinion is based, the instructions upon which the expert proceeded, and the expert's name and address" (*Conceicao Farms* at para 14) and this proposition was applied in other cases cited to us;

AND WHEREAS the Panel has considered the submissions of Staff and the Respondent, the scope of information that must be provided to opposing parties pursuant to subrule 4.6(5) of the *Rules of Procedure* and the case law;

AND WHEREAS the Panel is of the opinion that in this case the Respondent has met the obligation under subrule 4.6(5) of the *Rules of Procedure* and the principles established in the case law;

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

IT IS HEREBY ORDERED THAT:

1. The Respondent provide Staff with the list of 10 documents that were provided to the Respondent's experts but not disclosed to Staff; and

2. Staff's request for an order requiring the Respondent to provide further detailed evidentiary references for each statement in the Supplementary Facts upon which three of the seven expert reports delivered by the Respondent are based is dismissed.

DATED at Toronto this 22nd day of August, 2014.

"Mary G. Condon"

"Sarah B. Kavanagh"

2.2.4 Sino-Forest Corporation et al. – s. 152

**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
(Section 152 of the Securities Act)**

WHEREAS on May 22, 2012, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), accompanied by a Statement of Allegations of Staff of the Commission (“Staff”) with respect to the respondents Sino-Forest Corporation, Allen Chan, Albert Ip, Alfred C.T. Hung, George Ho, Simon Yeung and David Horsley;

AND WHEREAS by Orders dated August 26, 2013, October 10, 2013, December 2, 2013, January 31, 2014 and May 2, 2014 the Commission ordered the hearing on the merits in this matter (the “Hearing on the Merits”) to commence on September 2, 2014 and to continue on dates specified in those Orders until June 29, 2014;

AND WHEREAS on July 21, 2014, the Commission approved a settlement agreement between Staff and David Horsley;

AND WHEREAS on July 24, 2014 and August 21, 2014, Staff brought a motion to obtain an Order of the Commission authorizing Staff to apply to the Ontario Superior Court of Justice for an Order (i) appointing the hearing panel in this matter (the “Hearing Panel”) to take the evidence of witnesses outside of Ontario for use in this proceeding; and (ii) providing for the issuance of a letter of request directed to the judicial authorities of Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), requesting the issuance of such process as is necessary to compel Yosanda Chiang, Kenny Wong and Chris Ma (the “Hong Kong Witnesses”) to attend before the Hearing Panel via videolink to give testimony on oath during the Hearing on the Merits;

AND WHEREAS the Hong Kong Witnesses are residents of Hong Kong;

AND WHEREAS the Hong Kong Witnesses have relevant evidence to provide at the Hearing on the Merits;

IT IS HEREBY ORDERED THAT Staff may make an application to the Ontario Superior Court of Justice for an Order:

- (a) appointing the members of the Hearing Panel to take the evidence outside of Ontario of the Hong Kong Witnesses for use in this proceeding before the Commission;
- (b) providing for the issuance of a letter of request directed to the appropriate judicial authorities of Hong Kong, requesting the issuance of such process as is necessary to compel the Hong Kong Witnesses to attend before the members of the Hearing Panel to give testimony on oath or otherwise and to produce documents and things relevant to the subject matter of this proceeding;
- (c) providing that the examinations of the Hong Kong Witnesses (the “Examinations”) shall take place in Hong Kong on a date to be set by the Commission on reasonable notice to the Hong Kong Witnesses;
- (d) prescribing that the procedural and evidentiary rules of Ontario will apply to the Examinations to the extent permissible by the laws of Hong Kong; and
- (e) providing that the Examinations shall be conducted via videolink to the Hearing on the Merits so that the members of the Hearing Panel, sitting in Toronto, are able to observe and participate in the Examinations and make any required evidentiary rulings.

DATED at Toronto this 21st day of August, 2014.

“Mary G. Condon”

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Arkady Burdo

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

AND

IN THE MATTER OF
THE REGISTRATION OF ARKADY BURDO

SETTLEMENT AGREEMENT

Introduction

1. This settlement agreement (the **Settlement Agreement**) relates to the registration status under the *Securities Act* (Ontario) (the **Act**) of Arkady Burdo (**Burdo**).

Agreed Statement of Facts

2. Staff of the Ontario Securities Commission (**Staff** of the **OSC**) and Burdo agree to the facts as stated herein.

Arkady Burdo

3. Burdo is registered under the Act as a dealing representative in the category of scholarship plan dealer, sponsored by Global RESP Corp.
4. Burdo was first registered under the Act on November 21, 2000. With the exception of some very brief periods of non-renewal, he has been registered under the Act continuously since that time.
5. The only securities in which Burdo has ever been authorized to trade under the Act are securities of scholarship plans, educational plans or educational trusts.

The Investment Program

6. In or about 2007 and 2008, Roger T. Blair (**Blair**) and I. Jeffrey Eshun, acting on behalf of their company "Solutions 21 Financial," offered investors an opportunity to participate in a "Revenue Capital Agreement" (an **RCA**) in which investors would lend money to a company called Xeris Capital Initiative Ltd. (**Xeris**) (the **Investment Program**). The purported business of Xeris related to a real estate development in the Caribbean.
7. Burdo attests that he personally participated in the Investment Program.

Burdo's Dealings With VV

8. In 2001, Burdo sold a variety of financial products to his client VV, including a scholarship plan for one of VV's children and a number of insurance products for VV and his wife. There have been no problems or issues with any of these products VV purchased from Burdo. VV expressed a low risk tolerance to Burdo at the time he purchased these products.
9. VV is an inexperienced investor with limited investment knowledge.
10. Burdo admits that he engaged in the following acts in furtherance of VV's investment in the Investment Program:
 - (a) In or about 2007, Burdo introduced VV to the Investment Program. VV was interested in the Investment Program because of its projected rate of return.

- (b) Burdo, as a participant himself, explained, in general terms, the business of the Investment Program to VV.
- (c) Burdo, as a participant himself, explained the minimum investment required to participate in the Investment Program and the projected returns associated with an investment.
- (d) VV ultimately contributed \$56,400 USD from a home equity line of credit to the Investment Program on January 11, 2008.
- (e) Burdo provided VV with an RCA for signature in VV's home, and indirectly provided the RCA on VV's behalf to the principals of the Investment Program.

Conduct Subsequent to VV's Participation in the Investment Program

- 11. Between 2008 and 2010, VV contacted Burdo to obtain updates on the status of his investment in the Investment Program. Burdo consistently told VV that, according to his knowledge, the Investment Program was working properly.
- 12. Burdo provided VV with cheques from a third party covering VV's bank interest in 2009 and 2010. Each of these cheques was in the amount of \$1,800 CAD.
- 13. In or about February 2011, VV sought to redeem his investment. It was only after this request that Burdo advised VV that the principals of the Investment Program were experiencing difficulties in redeeming matured investments.
- 14. Although Burdo did not communicate this information to VV until 2011, Burdo attests that he had been informed by Blair in the autumn of 2010 that the Investment Program had limited resources to redeem investments. Burdo's own investment could not be redeemed.
- 15. VV suffered a total loss of his principal invested in the Investment Program. VV must now pay back his home equity line of credit, plus interest.
- 16. Burdo acknowledges that he referred a number of other clients to a promoter of the Investment Program and of other investments. Some of these other clients suffered total or partial losses of the principal of their investments. Burdo admits to acting in furtherance of other trades in securities by, for example, responding to investors' questions about the investment vehicles rather than merely referring them to the relevant issuer or promoter.
- 17. Burdo attests that he suffered a total loss of his principal as a result of his own participation in the Investment Program, and that he received no compensation for referring others to participate in the Investment Program.

Staff Recommends Suspension of Registration

- 18. On December 27, 2013, Staff informed Burdo that Staff had recommended to the Director that his registration be suspended pursuant to section 28 of the Act, and informing him of his right to request an opportunity to be heard (an OTBH).
- 19. On January 13, 2014, counsel for Burdo notified Staff in writing that Burdo wished to have an OTBH before the Director made a decision regarding Staff's recommendation.

Admission of Non-Compliance with Ontario Securities Law

- 20. On the basis of the Agreed Statement of Facts, Burdo admits that he acted in furtherance of trades in securities other than those permitted by his category of registration, contrary to subsection 25(1) of the Act and subsection 7.1(2)(c) of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.
- 21. On the basis of the Agreed Statement of Facts, Burdo admits that he failed to properly discharge all of his obligations as a registered dealing representative under the Act.

Joint Recommendation to Director

- 22. In order to resolve the OTBH requested by Burdo, and on the basis of the Agreed Statement of Facts and the admission of non-compliance with Ontario securities law, Staff and Burdo (the **Parties**) have agreed to the following terms, and make the following joint recommendation to the Director:
 - (a) The registration of Burdo as a dealing representative shall be suspended pursuant to section 28 of the Act, and he may apply for a reactivation of registration after a period of 18 months. If Burdo applies for a

reactivation of registration, the conduct giving rise to this Settlement Agreement may be considered by Staff in assessing his suitability for registration, together with any other relevant consideration; and

- (b) Burdo will successfully complete the Conduct and Practices Handbook Course before applying to be registered as a dealing representative in the category of scholarship plan dealer.

23. The Parties submit that their joint recommendation is reasonable, having regard to the following factors:

- (a) The misconduct by Burdo was significant and investors, including VV, suffered financial losses as a result of investments referred to them by Burdo;
- (b) Burdo attests that he did not profit from any losses caused by, or misconduct engaged in by, the principals of the Investment Program, and in fact himself suffered a total loss of his principal invested in the Investment Program;
- (c) Burdo attests that although he did not recover his own investment in the Investment Program, he assisted three investors in obtaining full early redemptions of their investment in the Investment Program, and others in obtaining partial early redemptions;
- (d) Burdo has not previously been the subject of any regulatory action by the OSC relating to allegations of misconduct;
- (e) Burdo has accepted full responsibility for his misconduct and has expressed remorse for that misconduct; and
- (f) By agreeing to this Settlement Agreement, Burdo has saved the Director the time and resources that would have been required for an OTBH.

24. The Parties acknowledge that if the Director does not accept this joint recommendation:

- (a) This joint recommendation and all discussions and negotiations between the Parties in relation to this matter shall be without prejudice to the Parties; and
- (b) Burdo will be entitled to an OTBH in accordance with section 31 of the Act in respect of any recommendation that may be made by Staff regarding his registration status.

"Michael Denyszyn"
Michael Denyszyn
Senior Legal Counsel,
Compliance and Registrant Regulation

"Leo Klug"
Leo Klug
Counsel for Arkady Burdo

"August 21, 2014"
Date

"August 21, 2014"
Date

Decision of the Director

Having reviewed and considered the agreed facts, admissions, representations and submissions contained in the settlement agreement (the **Settlement Agreement**) signed on behalf of Arkady Burdo and by staff of the Ontario Securities Commission on August 21, 2014, and on the basis of those agreed facts, admissions, representations and submissions, I, Marianne Bridge, in my capacity as Director under the *Securities Act* (Ontario) (the **Act**), accept the joint recommendation of the parties, and make the following decision pursuant to section 28 of the Act:

- (i) Effective immediately, the registration of Arkady Burdo as a dealing representative is suspended.
- (ii) Mr. Burdo may apply for reactivation of registration after a period of 18 months from today's date. If Mr. Burdo applies for reactivation of registration, the conduct giving rise to the Settlement Agreement may be considered by Staff in assessing his suitability for registration, together with any other relevant consideration.
- (iii) Mr. Burdo must successfully complete the Conduct and Practices Handbook Course before applying to be registered as a dealing representative in the category of scholarship plan dealer.

"August 21, 2014"
Date

"Marianne Bridge"
Director

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Atikwa Resources Inc.	25 August 14	5 September 14		
Canada Renewable Bionergy Corp.	11 August 14	22 August 14	22 August 14	
Newlox Gold Ventures Corp.	11 August 14	22 August 14		25 August 14
Porto Energy Corp.	13 August 14	25 August 14	25 August 14	
Sierra Madre Developments Inc.	12 August 14	25 August 14	25 August 14	
TAC Gold Corporation	11 August 14	22 August 14	22 August 14	
Valhalla Resources Ltd.	11 August 14	22 August 14	22 August 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

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
Penn West Petroleum Ltd.	8 August 14	20 August 14	20 August 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

REPORT OF TRADES ON FORM 45-106F1 AND 45-501F1

There are no Reports of Exempt Distribution on Forms 45-106F1 or 45-501F1 (Reports) in this Bulletin.

Reports filed on or after February 19, 2014 must be filed electronically.

As a result of the transition to mandated electronic filings, the OSC is considering the most effective manner to make data about filed Reports available to the public, including whether and how this information should be reflected in the Bulletin. In the meantime, Reports filed with the Commission continue to be available for public inspection during normal business hours.

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated August 18, 2014
NP 11-202 Receipt dated August 18, 2014

Offering Price and Description:

\$150,025,000.00 - 4,250,000 Units
Price: 35.30 per Unit

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #2243967

Issuer Name:

Bioniche Life Sciences Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated August 21, 2014
NP 11-202 Receipt dated August 21, 2014

Offering Price and Description:

MAXIMUM OFFERING \$* (* UNITS)
MINIMUM OFFERING \$* (* UNITS)
Price: \$* per Unit

Underwriter(s) or Distributor(s):

DUNDEE SECURITIES LTD.

Promoter(s):

-

Project #2247737

Issuer Name:

Bioniche Life Sciences Inc.
Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Short Form Prospectus
dated August 22, 2014 dated August 21, 2014
NP 11-202 Receipt dated August 25, 2014

Offering Price and Description:

\$5,014,000.00
21,800,000 UNITS
Price: \$0.23 per Unit

Underwriter(s) or Distributor(s):

DUNDEE SECURITIES LTD.
CLARUS SECURITIES INC.
EURO PACIFIC CANADA INC.

Promoter(s):

-

Project #2247737

Issuer Name:

Brompton Lifeco Split Corp.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated August 15, 2014
NP 11-202 Receipt dated August 18, 2014

Offering Price and Description:

Maximum: \$* - Up to * Preferred Shares and * Class A
Shares

Prices: \$ * per Preferred Share and \$ * per Class A Share

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #2246099

Issuer Name:

Enbridge Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Base Shelf Prospectus dated August 19, 2014
NP 11-202 Receipt dated August 19, 2014

Offering Price and Description:

US\$7,000,000,000
DEBT SECURITIES
COMMON SHARES
PREFERENCE SHARES

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2246772

Issuer Name:

Front Street MLP and Infrastructure Income Class
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated August 15, 2014
NP 11-202 Receipt dated August 18, 2014

Offering Price and Description:

Series A, Series B, Series F, Series I, Series X, Series UB,
Series UF and Series UI Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

Front Street Capital 2004

Project #2246352

Issuer Name:

Fidelity Conservative Balanced Currency Neutral Private
Pool
Fidelity Conservative Balanced Private Pool
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated August 20, 2014
NP 11-202 Receipt dated August 20, 2014

Offering Price and Description:

Series B, Series S5, Series S8, Series I, Series I5, Series
I8, Series F, Series F5 and Series F8 Securities

Underwriter(s) or Distributor(s):

Fidelity Investments Canada ULC

Promoter(s):

FIDELITY INVESTMENTS CANADA ULC

Project #2247318

Issuer Name:

Golden Queen Mining Co. Ltd.
Principal Regulator - British Columbia

Type and Date:

Preliminary Base Shelf Prospectus dated August 21, 2014
NP 11-202 Receipt dated August 22, 2014

Offering Price and Description:

US\$70,000,000.00
Common Shares
Warrants
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2247990

Issuer Name:

Mandalay Resources Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated August 20, 2014
NP 11-202 Receipt dated August 21, 2014

Offering Price and Description:

\$44,000,000.00
40,000,000 Common Shares
Price: \$1.10 per Offered Share

Underwriter(s) or Distributor(s):

BMO NESBITT BURNS INC.

Promoter(s):

-

Project #2245517

Issuer Name:

Milestone Apartments Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Base Shelf Prospectus dated August 20, 2014
NP 11-202 Receipt dated August 20, 2014

Offering Price and Description:

C\$650,000,000.00
Units
Debt Securities

Warrants

Subscription Receipts

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2247068

Issuer Name:

RBC Quant EAFE Dividend Leaders (CAD Hedged) ETF
RBC Quant Emerging Markets Dividend Leaders ETF
RBC Quant European Dividend Leaders (CAD Hedged) ETF

RBC Quant European Dividend Leaders ETF
RBC Quant U.S. Dividend Leaders (CAD Hedged) ETF
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated August 22, 2014
NP 11-202 Receipt dated August 25, 2014

Offering Price and Description:

CAD Units and USD Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

RBC GLOBAL ASSET MANAGEMENT INC.

Project #2248547

Issuer Name:

Sprott 2014-II Flow-Through Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Long Form Prospectus dated August 20, 2014
NP 11-202 Receipt dated August 22, 2014

Offering Price and Description:

Maximum: \$20,000,000 - 800,000 Limited Partnership Units

Price per Unit: \$25

Minimum Subscription: \$5,000 (200 Units)

Underwriter(s) or Distributor(s):

RBC Dominion Securities Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

National Bank Financial Inc.

Canaccord Genuity Corp.

GMP Securities L.P.

Desjardins Securities Inc.

Manulife Securities Incorporated

Raymond James Ltd.

Sprott Private Wealth L.P.

Promoter(s):

SPROTT 2014-II CORPORATION

Project #2247899

Issuer Name:

TDb Split Corp.

Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated August 18, 2014
NP 11-202 Receipt dated August 18, 2014

Offering Price and Description:

Maximum: \$ * - * Priority Equity Shares and * Class A Shares

Prices: \$ * per Priority Equity Share and \$ * per Class A Share

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

GMP Securities L.P.

Canaccord Genuity Corp.

Raymond James Ltd.

Promoter(s):

-

Project #2246194

Issuer Name:

TDb Split Corp.

Principal Regulator - Ontario

Type and Date:

Amended and Restated Preliminary Short Form Prospectus dated August 19, 2014

NP 11-202 Receipt dated August 20, 2014

Offering Price and Description:

Maximum: \$24,450,000 - 1,500,000 Priority Equity Shares and 1,500,000 Class A Shares

Prices: \$10.20 per Priority Equity Share and \$6.10 per Class A Share

Underwriter(s) or Distributor(s):

National Bank Financial Inc.

CIBC World Markets Inc.

RBC Dominion Securities Inc.

Scotia Capital Inc.

TD Securities Inc.

BMO Nesbitt Burns Inc.

GMP Securities L.P.

Canaccord Genuity Corp.

Raymond James Ltd.

Promoter(s):

-

Project #2246194

Issuer Name:

Allied Properties Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

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

Offering Price and Description:

\$172,528,750.00
4,887,500 Units
Price: \$35.30 per Unit

Underwriter(s) or Distributor(s):

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

Promoter(s):

-

Project #2243967

Issuer Name:

Anchor Managed Defensive Income Fund
Anchor Managed Dividend Growth Fund
Anchor Managed High Income Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated August 15, 2014
NP 11-202 Receipt dated August 22, 2014

Offering Price and Description:

Class A Units, Class F Units, Verus Class A Units and
Verus Class F Units @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Scotia Managed Companies Administration Inc.
Project #2233537

Issuer Name:

Callidus Capital Corporation
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated August 18, 2014
NP 11-202 Receipt dated August 19, 2014

Offering Price and Description:

\$600,000,000
Common Shares

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2240017

Issuer Name:

Fiera Tactical Bond Yield Fund II
Principal Regulator - Quebec

Type and Date:

Final Long Form Prospectus dated August 15, 2014
NP 11-202 Receipt dated August 19, 2014

Offering Price and Description:

Class A Units and class F Units
Underwriter(s) or Distributor(s)

-

Promoter(s):

FIERA CAPITAL CORPORATION
Project #2230966

Issuer Name:

Mackenzie Ivy Canadian Balanced Fund
(Series A, D, F, F8, G, I, O, O6, PW, PWF, PWF8, PWT8,
PWX, PWX8, T6 and T8)

Mackenzie Ivy Global Balanced Fund

(Series A, D, F, F8, I, O, PW, PWF, PWF8, PWT8, PWX,
PWX8, T6 and T8)

Principal Regulator - Ontario

Type and Date:

Amendment No. 5 dated August 14,
2014 to the Simplified Prospectuses dated September 27,
2013 ("SP amendment no. 5") and for Amendment No. 7
dated August 14, 2014 to the Annual Information Form of
the above issuers dated September 27, 2013 (together with
SP amendment no. 5, "Amendment no. 7")
NP 11-202 Receipt dated August 22, 2014

Offering Price and Description:

Series A, D, F, F8, G, I, O, O6, PW, PWF, PWF8, PWT8,
PWX, PWX8, T6 and T8

Underwriter(s) or Distributor(s):

Quadrus Investment Services Ltd.
LBC Financial Services Inc.
LBC Financial Services Inc.

Promoter(s):

Mackenzie Financial Corporation
Mackenzie Financial Capital Corporation
Project #2103259

Issuer Name:

NEI Ethical International Equity Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated August 1, 2014 to the Simplified
Prospectus and Annual Information Form dated June 26,
2014
NP 11-202 Receipt dated August 20, 2014

Offering Price and Description:

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

Underwriter(s) or Distributor(s):

Credential Asset Management Inc.

Promoter(s):

Northwest & Ethical Investments L.P.
Project #2207619

Issuer Name:

Peregrine Diamonds Ltd.
Principal Regulator - British Columbia

Type and Date:

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

Offering Price and Description:

\$15,103,535.00
Offering of 143,843,194 Rights to Subscribe for
71,921,597 Units at \$0.21 per Unit
each Unit consisting of one Common Share and one
Common Share Purchase Warrant

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2242555

Issuer Name:

RBC Target 2014 Corporate Bond Index ETF
RBC Target 2015 Corporate Bond Index ETF
RBC Target 2016 Corporate Bond Index ETF
RBC Target 2017 Corporate Bond Index ETF
RBC Target 2018 Corporate Bond Index ETF
RBC Target 2019 Corporate Bond Index ETF
RBC Target 2020 Corporate Bond Index ETF
RBC Target 2021 Corporate Bond Index ETF
RBC 1-5 Year Laddered Corporate Bond ETF
Principal Regulator - Ontario

Type and Date:

Final Long Form Prospectus dated August 21, 2014
NP 11-202 Receipt dated August 25, 2014

Offering Price and Description:

Exchange traded fund at net asset value

Underwriter(s) or Distributor(s):

-

Promoter(s):

RBC Global Asset Management Inc.

Project #2231739

Issuer Name:

Redwood Global Macro Class
(Series A, F and I Shares)
Redwood Equity Growth Class
(Series A and F Shares)
Redwood Income Growth Class
(Series A and F Shares)
(Each a class of shares of Ark Mutual Funds Ltd.)
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated August 13, 2014
NP 11-202 Receipt dated August 20, 2014

Offering Price and Description:

Series A, F and I Shares @ Net Asset Value

Underwriter(s) or Distributor(s):

-

Promoter(s):

Redwood Asset Management Inc.

Project #2231425

Issuer Name:

True North Apartment Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Base Shelf Prospectus dated August 19, 2014
NP 11-202 Receipt dated August 20, 2014

Offering Price and Description:

\$500,000,000.00
Trust Units
Debt Securities
Subscription Receipts
Warrants
Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2242915

Issuer Name:

Elkwater Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Rights Offering Circular dated July 30, 2014
Accepted on July 30, 2014

Offering Price and Description:

\$6,728,474. While the maximum gross proceeds from
the Offering would be \$6,728,474, only a maximum
amount of \$478,474

Underwriter(s) or Distributor(s):

-

Promoter(s):

-

Project #2234310

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	WealthSimple Financial Inc.	Portfolio Manager	August 19, 2014
Voluntary Surrender	Jemekk Capital Management Inc.	Investment Fund Manager, Portfolio Manager and Exempt Market Dealer	August 20, 2014
Change in Registration Category	Kingship Capital Corp.	From: Portfolio Manager To: Portfolio Manager, Investment Fund Manager and Exempt Market Dealer	August 22, 2014

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 TriAct Canada Marketplace LP – Notice of Proposed Changes and Request for Comment – Changes to the MATCH Now Trading System

TRIACT CANADA MARKETPLACE LP NOTICE OF PROPOSED CHANGES AND REQUEST FOR COMMENT Changes to the MATCH Now Trading System

TriAct Canada Marketplace LP (“TriAct”) has announced plans to implement the changes described below on or about 60 days after approval. TriAct is publishing this Notice of Proposed Changes in accordance with the “Process for the Review and Approval of Rules and the Information Contained in Form 21-101F2 and the Exhibits Thereto”. Market participants are invited to provide the Commission with comment on the proposed changes.

Feedback on the proposed changes should be in writing and submitted by **September 29, 2014** to:

Market Regulation Branch
Ontario Securities Commission
22nd Floor, Box 55
20 Queen Street West
Toronto, Ontario M5H 3S8
Fax: (416) 595-8940
e-mail: marketregulation@osc.gov.on.ca

And to:

Torstein Braaten
Chief Compliance Officer
TriAct Canada Marketplace LP
The Exchange Tower
130 King Street West, Suite 1050
Toronto, Ontario M5X 1B1
Fax: (416) 368-9148
e-mail: Torstein.Braaten@triactcanada.com

Feedback received will be made public on the OSC website. Upon completion of the review by OSC staff, and in the absence of any regulatory concerns, notice will be published to confirm the completion of Commission staff's review and to outline the intended implementation date of the changes.

If you have any questions concerning the information below please contact Torstein Braaten Chief Executive Officer and Chief Compliance Officer for TriAct Canada Marketplace LP at 416-874-0919.

A. Description of Changes to the MATCH Now Trading System

TriAct is proposing four changes to the MATCH Now trading system which are as follows:

1. TriAct Canada Odd Lot Trading Facility: the trading of odd lots at the Canadian Best Bid Offer¹
2. Expanding the list of securities that can trade at the Canadian Best Bid Offer when both the active and passive orders are greater than 50 Standard Trading Units or \$100,000 in value

¹ MATCH Now calculates a Canadian Best Bid Offer from all Canadian protected markets as designated by IIROC and the Canadian Securities Administrators.

3. Trade all securities listed on Canadian Securities Exchange and add debentures, notes, USD settled securities that are listed on TSX and TSX Venture Exchanges
4. Event Driven Matching: a continuous matching option when liquidity orders are booked

1. MATCH Now Odd Lot Facility

TriAct subscribers will be able to send odd lot orders to the MATCH Now Marketflow order entry session to reach the MATCH Now Odd Lot book. Odd Lot Liquidity Providers will only trade with marketable² Odd Lot orders at the Canadian Best Bid Offer (CBBO). Odd Lot Liquidity Providers will buy odd lots at the Canadian Best Bid and sell at the Canadian Best Offer. Odd lot orders that are not marketable will be rejected. An order containing at least one board lot and an odd lot (mixed lot) will also be accepted. For these mixed lot orders, the odd lot portion will be routed to the MATCH Now Odd Lot book and the board lot portion will be routed to MATCH Now's regular board lot book. If there is insufficient liquidity on MATCH Now to fully execute the order, any remaining volume will be canceled back. Both board lot and odd lot executions will not trade when a security is in a halted, locked or crossed market condition.

There can be multiple odd lot liquidity providers for the same symbol but each liquidity order submitted must be at least 99 shares. The odd lot liquidity providers can enter liquidity orders prior to market open at 9:30 am EST. Orders received prior to market open will be randomly assigned a priority rank when the trading day commences. There is a separate Odd Lot liquidity order queue for buys and sells of each symbol. Odd Lot liquidity orders entered after 9:30 am market open will be added to the end of the queue. The Odd Lot Liquidity Provider will use a unique UMIR Trader ID to enter orders and will be restricted to one buy and one sell per symbol to ensure they are only represented in the queue once per side per symbol. The Odd Lot liquidity Provider can amend open orders and retain priority in the queue but if they cancel and resubmit a new order it goes to the bottom of the queue. Broker preferring applies to the MATCH Now Odd Lot order book so odd lot orders can skip the queue to trade with the same Subscriber. In all cases when the Odd Lot Liquidity Provider trades with an incoming odd lot order it will fill the entire odd lot and then move to the bottom of the order book queue. When an odd lot liquidity order drops below 99 shares, it will be cancelled back to the odd lot liquidity provider.

In MATCH Now odd lot liquidity providers have no obligations for providing liquidity on any security. Liquidity providers also do not receive any priority based on the amount of liquidity they provide. Since there are no obligations or special benefits given to odd lot liquidity providers, there are no limitations or restrictions on who can provide odd lot liquidity so long as they have Direct Electronic Access and a UMIR Trader ID. The sponsoring Subscriber will however have to set-up a new FIX connection with TriAct to access the odd lot liquidity destination for each of their odd lot liquidity providers (Proprietary or Client orders).

MATCH Now will use the UMIR definition for an odd lot which is an order with a quantity that does not conform to the board lots established by the prior days' closing price. Odd Lots are defined as orders where the previous day's closing price is:

- \$1 or above and the volume is less than 100 shares
- \$0.10 to \$0.99 and the volume is less than 500 shares
- \$0.005 to \$0.095 and the volume is less than 1000 shares

TriAct Canada Odd Lot Trading Facility will only match orders between 9:30 am and 4:00 pm (EST).

Appendix A provides details how the Odd Lot liquidity book operates.

2. Expanded list of securities that can trade at the Canadian BBO

This proposed order feature will expand the list of securities that are eligible to trade at the Canadian BBO which TriAct previously restricted to Exchange Traded Funds. The new list will include interlisted securities (listed in Canada and the US) as part of a six month pilot study to determine the scope of the final list. MATCH Now proposes to allow "Large" Marketflow Orders to trade with passive liquidity providing orders at the Canadian Best Bid or Best Offer (CBBO).

MATCH Now will run a two stage pilot for a total of six months on interlisted securities. The first three months of the pilot will focus on the top 100 interlisted securities equally weighted by volume, value and frequency of transactions that are greater than \$1.00 with the second half of the pilot will focus on 1) the same securities along with the next 70 interlisted securities or 2) a subset of the first 100 and/or some additional non-interlisted securities. MATCH Now will provide notice of any changes to the list of eligible securities, 30 days before they are allowed to trade at the CBBO. Once the pilot is complete the feature will be

² In order to trade a Marketflow Odd Lot order it must be submitted as a market order or as a buy with a limit price equal to or higher than the Canadian Best Offer or as a sell with a limit price equal to or lower than the Canadian Best Bid.

expanded to more symbols, disabled or continued in its limited form based on feedback from the industry and regulators with reasonable notice to subscribers.

Upon entry to MATCH Now, these Large Marketflow orders will need to qualify as being sufficiently large so that they do not require price improvement as per the Provisions Respecting Dark Liquidity³. Liquidity Providers will have the same order entry size restrictions as Large Marketflow orders.

The qualifying criteria used to determine if an order is sufficiently large: i) the order is greater than 50 standard trading units (board lots) or ii) the value of the order is greater than \$100,000 CAD. The order value for buys is determined by the original order quantity times the Canadian Best Offer (CBO) and for sells is determined by the original order volume times the Canadian Best Bid (CBB). MATCH Now will be applying the same qualifying filter to both Marketflow Orders and Liquidity Orders upon receipt before they can qualify for trading at the CBBO.

Once qualified, on receipt, a Marketflow or Liquidity order will remain eligible to trade at the CBBO until it is completed or cancelled. All Marketflow orders are Immediate or Cancel (“IOC”) orders and will only participate in one matching session with one or many contra Liquidity Orders. The unfilled balances of Marketflow orders are returned to the Subscriber/Access Vendor for routing to other markets. The Large ETF Liquidity Orders will remain open until completed or cancelled.

MATCH Now will qualify each Liquidity order upon receipt even if it is a correction to a former order. If a Liquidity Order volume or limit is corrected lower, so that it is below the qualifying criteria then it will be required by MATCH Now to provide meaningful price improvement instead of trading at the CBBO this order will be set to provide “Minimal Price Improvement”⁴ to Marketflow orders.

Liquidity orders offering mid-point price improvement will trade ahead of orders providing the minimal or no price improvement. Subscribers have the option to configure their Marketflow orders/trader IDs to trade only at mid-point even if the order qualifies as a large order that can trade at the CBBO. These mid-point only Marketflow orders will not trade with either Minimal Price Improvement orders or with liquidity orders at the CBBO.

Continuing with current practice, MATCH Now will not execute these trades at the CBBO when the CBBO is locked or crossed.

3. Trading securities listed on CSE as well as debentures and US Dollar settled securities listed on TSX and TSX-V

TriAct plans to trade all securities listed on Canadian Securities Exchange and add debentures, notes, USD settled securities that are listed on TSX and TSX Venture Exchanges. Debentures will be traded and priced in board lots of \$1,000 principal. US Dollar settled securities will trade in standard board lot sizes set by UMIR and may be included in the MATCH Now Odd Lot Facility. Both the listed debentures and US Dollar settled securities will trade with the same trading priority and price improvement options as other listed equity do on MATCH Now. Orders for US Dollar settled securities require US Dollar limit prices and will settle with CDS between the two counterparties in US Dollars. Listed debentures will trade on standard pricing where 100 is par. MATCH Now will report to CDS the accrued interest amount for listed debentures and the settlement currency for all securities which will be either Canadian or US Dollars.

4. Event Driven Matching

TriAct plans to change the auction process for new Liquidity Orders posted passively in MATCH Now. Passively posted liquidity orders will immediately trigger a call auction for the security when it is received by the MATCH Now liquidity destination. The entry of the LP Order is the “event” that triggers the timing of the auction, hence the name for this change “Event Driven Matching”. Event Driven Matching will also run periodic call auctions among every 5 seconds +/- 2 seconds on a randomized basis. Trades will continue to be priced at mid-market, saving each liquidity provider 50% of the spread. Transactions between Liquidity and Marketflow orders occur on a continuous basis at the mid-market price, minimal price improvement or at the CBBO depending on the amount price improvement being offered and the amount of liquidity available. Subscribers will be able to opt out of Event Driven Matching when they post a new order or when they are passive in the liquidity destination.

B. Expected Implementation Date

TriAct plans to announce an implementation schedule for all five changes once regulatory approval is received. Each change will be made available for testing for at least sixty days. After successful testing, each feature will be released to the production environment at the start of the following month. Technical and launch notices will be provided to regulators and subscribers 30 days prior to implementation.

³ <http://www.securities-administrators.ca/aboutcsa.aspx?id=1045&terms=Provisions+Respecting+Dark+Liquidity> April 13, 2012

⁴ See Notice of Proposed Changes and Request for Comment: TriAct Canada Marketplace LP dated March 28, 2013 for description of minimal price improvement feature <http://www.osc.gov.on.ca/en/39842.htm>

TriAct plans to start trading Odd Lots and the expanded list of interlisted securities at the CBBO in Q4 of 2014.

TriAct will then add the CSE securities, listed debentures and USD Settled securities along with Event Driven Matching in early Q1 2015.

C. *Rationale for proposed Change:*

1. Odd Lots

We believe it is important for TriAct be able to support trading of odd lot orders and the odd lot portion of mixed lot orders. TriAct has noticed that many orders from both Institutional and Retail investors include an Odd Lot portion and up until now the Odd Lot has been rejected back to the sender. TriAct intends to offer a cost effective alternative to the market making models on other marketplaces without the requirement of guarantees or complex spread goals. TriAct also believes that a true Fair Access model where all participants from proprietary traders, registered traders and institutional clients can supply or take odd lot liquidity at their discretion will improve the liquidity available to all industry participants. MATCH Now intends to provide an additional source of odd lot liquidity at a lower fee to what is now guaranteed on the market making ATS' and Exchanges.

2. Trading at the CBBO

With the successful launch of trading Large ETF orders at the CBBO, many of TriAct's subscribers suggested that we expand this to all symbols. We however believe that conducting a pilot would allow us to determine the appropriate number of eligible securities, so as to ensure no adverse consequences. Throughout the pilot study, TriAct will solicit feedback from Subscribers, the OSC and IIROC. Based on empirical evidence seen with ETFs and the fact that other marketplaces can already execute large dark orders at the CBBO we believe that there will be no noticeable impact on price discovery. We believe that Subscribers will find size improvement over and cost savings over the displayed marketplaces when they execute large orders on MATCH Now at the CBBO.

3. Trading CSE, debentures and USD settled securities

Over the years, TriAct received feedback from Subscribers that we should trade all symbols listed on the TSX, TSX-V and CSE. These symbols would then benefit from MATCH Now's features and successful business model. This change will make it easier for Smart Order Routers to send orders to MATCH Now as more symbols will be accepted and SORs will no longer need to handle a reject for an invalid symbol that can trade on other marketplaces.

4. Event Driven Matching.

MATCH Now has historically been designated as a call auction marketplace. We, however, believe that we are more of a hybrid; a call auction for the Liquidity to Liquidity orders and a continuous market when Marketflow orders trade with Liquidity Orders. The change to Event Driven Matching will tip the scales to make MATCH Now a Continuous market with periodic call auctions. This will mean that Liquidity Orders will immediately execute if there is contra liquidity in the same manner as a Marketflow order. We believe that this will provide a better experience for traders that post liquidity. For the traders that want to maintain variability of randomized calls, they can opt out of this feature.

D. *The expected impact of the proposed significant changes on market structure for Subscribers, Investors and capital markets:*

MATCH Now is not a protected market as designated by the CSA. Subscribers use MATCH Now to seek out the benefits of a completely non-displayed marketplace. Subscribers do not have to route orders to MATCH Now but we believe that they will achieve better execution for their orders when they check for liquidity and price improvement in MATCH Now. From a market structure point of view, MATCH Now is a complementary destination to source liquidity for Retail, Institutional and Proprietary traders. At MATCH Now they can all find liquidity without first displaying their trading interests. The overall; Canadian market structure will not change other than some odd lots orders and liquidity may migrate to MATCH Now to trade at the CBBO. Those odd lots will however trade at the same or better price than they would have executed on another marketplace. MATCH Now hopes that more interlisted volume would return to Canada to get executed in size on MATCH Now at the CBBO.

E. *Expected impact of the significant changes on TriAct's compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:*

We foresee no negative impact to Fair Access for any of the proposed changes. All the proposed changes are available to all Subscribers and by extension available to their customers. None of the changes restrict access by class of investor or type of Subscriber. In addition, MATCH Now strives to minimize technological requirements needed to access all the benefits, features and products of MATCH Now. Order attributes can be set by the Subscriber with a Fix tag value. TriAct support team can also set, change, or configure these attributes if their service provider does not offer that functionality in their Execution Management

System. MATCH Now does not segment Subscriber's order flow nor does it provide differentiated pricing to participants based on size or volumes.

F. Will the significant change require Subscribers and service vendors to modify their systems after implementation of the changes

TriAct believes the technology impact of the proposed changes will be minor for Subscribers, investors, vendors and the Canadian capital markets. For those Subscribers who chose to provide liquidity to the TRIACT Odd Lot Trading Facility they will need to make small amendments to their systems so they can send to a new destination. Subscribers can easily by-pass MATCH Now or instruct TriAct Trade Support staff to set a default to avoid trading at the CBBO if they always want to receive mid-point price improvement on all executions.

G. Do the significant changes currently exist on other Canadian marketplaces

The proposed changes already exist on other Canadian marketplaces with the primary difference being that MATCH Now has no displayed orders that have priority over dark orders.

1. Other Canadian Exchanges and ATS' offer trade execution of Odd Lots at the CBBO
2. Other Canadian Exchanges and ATS' can execute dark orders at the CBBO if they qualify as greater than 50 standard trading units or greater than \$100,000 of value. The one difference is that the other marketplaces must ensure all displayed liquidity at the CBBO on its own market or better priced orders on other displayed marketplaces are executed before the dark order is traded at the local marketplace BBO
3. Other Canadian Exchanges and ATS' trade all listed securities, MATCH Now is one of the last marketplaces to offer trading in all listed securities such as debentures
4. Other Canadian Exchanges and ATS' offer continuous dark trading

Appendix A – Odd-Lot Matching Examples

MATCH Now Odd Lot Order Book Matching Examples

Pre-Market and Order Entry

Step 1 – Pre-market orders are booked into MATCH Now Odd Lot liquidity destination

Entry Time	Order Volume	Limit Price	Buy/Sell	Broker
8:30 am	12,000	MRKT	Buy	Broker A
8:35 am	10,000	MRKT	Buy	Broker B
8:45 am	20,000	MRKT	Buy	Broker C

Step 2 - MATCH Now opens for trading at 9:30 am, MATCH Now randomizes the order of odd lot liquidity:

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:35 am	1	10,000	MRKT	Buy	Broker B
8:45 am	2	20,000	MRKT	Buy	Broker C
8:30 am	3	12,000	MRKT	Buy	Broker A

Step 3 - New Orders arrive they are ranked at time of time of arrival after the market opens for trading.

Entry Time	Order Volume	Limit Price	Buy/Sell	Broker
10:00 am	200	MRKT	Buy	Broker D
10:30 am	8,000	MRKT	Buy	Broker E

Step 4 – Example of ranking for trades at 10:45 am

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:35 am	1	10,000	MRKT	Buy	Broker B
8:45 am	2	20,000	MRKT	Buy	Broker C
8:30 am	3	12,000	MRKT	Buy	Broker A
10:00	4	200	MRKT	Buy	Broker D
10:30	5	8,000	MRKT	Buy	Broker E

Round Robin and Broker Prefrencing

Incoming Active Odd Lot Order #1 from Broker F to Sell 67 shares

Trades with **Broker B (first in ranking)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:35 am	1 (moves to 6)	10,000 - 67	MRKT	Buy	Broker B
8:45 am	2	20,000	MRKT	Buy	Broker C
8:30 am	3	12,000	MRKT	Buy	Broker A
10:00	4	200	MRKT	Buy	Broker D
10:30	5	8,000	MRKT	Buy	Broker E

Incoming Active Odd Lot Order #2 from Broker D to Sell 52 shares

Trades with **Broker D (broker preferencing)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:45 am	2	20,000	MRKT	Buy	Broker C
8:30 am	3	12,000	MRKT	Buy	Broker A
10:00 am	4 (moves to 7)	200 - 52	MRKT	Buy	Broker D
10:30 am	5	8,000	MRKT	Buy	Broker E
8:35 am	6	9,933	MRKT	Buy	Broker B

Incoming Active Odd Lot Order #3 from Broker G to Sell 39 shares

Trades with **Broker C (next in line)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:45 am	2 (moves to 8)	20,000 - 39	MRKT	Buy	Broker C
8:30 am	3	12,000	MRKT	Buy	Broker A
10:30 am	5	8,000	MRKT	Buy	Broker E
8:35 am	6	9,933	MRKT	Buy	Broker B
10:00 am	7	148	MRKT	Buy	Broker D

Incoming Active Odd Lot Order #4 from Broker A Sell 15 shares

Trades with **Broker A (broker preferencing but happens to be next in line)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:30 am	3 (moves to 9)	12,000 - 15	MRKT	Buy	Broker A
10:30 am	5	8,000	MRKT	Buy	Broker E
8:35 am	6	9,933	MRKT	Buy	Broker B
10:00 am	7	148	MRKT	Buy	Broker D
8:45 am	8	19,961	MRKT	Buy	Broker C

Incoming Active Odd Lot Order #5 from Broker H Sell 89 shares

Trades with **Broker E (next in line)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
10:30 am	5 (moves to 10)	8,000 - 89	MRKT	Buy	Broker E
8:35 am	6	9,933	MRKT	Buy	Broker B
10:00 am	7	148	MRKT	Buy	Broker D
8:45 am	8	19,961	MRKT	Buy	Broker C
8:30 am	9	11,985	MRKT	Buy	Broker A

Incoming Active Odd Lot Order #5 from Broker D Sell 55 shares

Trades with **Broker D (broker preferencing)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:35 am	6	9,933	MRKT	Buy	Broker B
10:00 am	7 (cancels back order)*	148 - 55	MRKT	Buy	Broker D
8:45 am	8	19,961	MRKT	Buy	Broker C
8:30 am	9	11,985	MRKT	Buy	Broker A
10:30 am	10	7,911	MRKT	Buy	Broker E

*** Broker D buy fills back buy of 55 shares and cancels back the remaining 93 shares which is less than 99 shares**

Incoming Active Odd Lot Order #6 from Broker H Sell 27 shares

Trades with **Broker B (next in line)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:35 am	6 (moves to 11)	9,933 - 27	MRKT	Buy	Broker B
8:45 am	8	19,961	MRKT	Buy	Broker C
8:30 am	9	11,985	MRKT	Buy	Broker A
10:30 am	10	7,911	MRKT	Buy	Broker E

At 10:59 am Broker C cancels his buy order

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:45 am	8	cancelled	MRKT	Buy	Broker C
8:30 am	9	11,985	MRKT	Buy	Broker A
10:30 am	10	7,911	MRKT	Buy	Broker E
8:35 am	11	9,906	MRKT	Buy	Broker B

Incoming Active Odd Lot Order #7 from Broker J Sell 88 shares

Trades with **Broker A (next in line)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
8:30 am	9 (moves to 12)	11,985 - 88	MRKT	Buy	Broker A
10:30 am	10	7,911	MRKT	Buy	Broker E
8:35 am	11	9,906	MRKT	Buy	Broker B

At 11:00 am Broker D adds new buy order

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
10:30 am	10	7,911	MRKT	Buy	Broker E
8:35 am	11	9,906	MRKT	Buy	Broker B
8:30 am	12	11,897	MRKT	Buy	Broker A
11:00 am	13	20,000	MRKT	Buy	Broker D

At 11:05 am Broker B adds new buy order but from a different trading ID

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
10:30 am	10	7,911	MRKT	Buy	Broker E
8:35 am	11	9,906	MRKT	Buy	Broker B
8:30 am	12	11,897	MRKT	Buy	Broker A
11:00 am	13	20,000	MRKT	Buy	Broker D
11:05 am	14	10,000	MRKT	Buy	Broker B-2

Incoming Active Odd Lot Order #8 from Broker B Sell 45 shares

Trades with **Broker B (broker preferencing)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
10:30 am	10	7,911	MRKT	Buy	Broker E
8:35 am	11 (moves to 15)	9,906 - 45	MRKT	Buy	Broker B
8:30 am	12	11,897	MRKT	Buy	Broker A
11:00 am	13	20,000	MRKT	Buy	Broker D
11:05 am	14	10,000	MRKT	Buy	Broker B-2

Incoming Active Odd Lot Order #9 from Broker B Sell 55 shares

Trades with **Broker B-2 (broker preferencing)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
10:30 am	10	7,911	MRKT	Buy	Broker E
8:30 am	12	11,897	MRKT	Buy	Broker A
11:00 am	13	20,000	MRKT	Buy	Broker D
11:05 am	14	10,000 - 55	MRKT	Buy	Broker B-2
8:35 am	15 (moves to 15)	9,861	MRKT	Buy	Broker B

Incoming Active Odd Lot Order #10 from Broker H Sell 20 shares

Trades with **Broker E (next in line)**

Entry Time	Ranking	Order Volume	Limit Price	Buy/Sell	Broker
10:30 am	10 (moves to 16)	7,911 - 20	MRKT	Buy	Broker E
8:30 am	12	11,897	MRKT	Buy	Broker A
11:00 am	13	20,000	MRKT	Buy	Broker D
11:05 am	14	10,000 - 55	MRKT	Buy	Broker B-2
8:35 am	15	9,861	MRKT	Buy	Broker B

13.2.2 TSX – Notice of Approval – Market on Close Facility and Amendments to Section 4-902 of the TSX Rule Book

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

MARKET ON CLOSE FACILITY AND AMENDMENTS TO SECTION 4-902 OF THE TORONTO STOCK EXCHANGE RULE BOOK

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information contained in Form 21-101F1 and the Exhibits thereto (the “Protocol”), Toronto Stock Exchange (“TSX”) has adopted, and the OSC has approved, amendments (the “Amendments”) to Section 4-902 of the Toronto Stock Exchange Rule Book (the “TSX Rules”). The Amendments are public interest amendments to the TSX Rules. The Amendments were published for public comment in a request for comments on May 1, 2014 (“Request for Comments”).

Reasons for the Amendments

In response to client requests to re-examine the structure of the Market-on-Close (“MOC”) facility, TSX hosted a number of forum discussions and individual meetings with Buy Side institutions and Sell Side dealers. Those consulted were market professionals, well versed with both the rules of continuous trading and the closing auction offered on TSX and were also significant users of the MOC facility. They represented trading interests across Canada and the United States.

We learned that the board lot restriction for closing orders created an inconvenience for MOC users who would like a definitive closing price for a given basket of securities, but where the constituent composition may result in mixed or odd lot orders. In dealing with this restriction today, participants often place board lot volumes into the MOC facility, while placing remaining odd lot quantity into the continuous session just prior to the close, ultimately being filled by the registered trader at prices different than the closing price. These odd lot orders entered just before the close also increase registered trader’s overnight risk as there is not enough time to off-load any accumulated positions.

We also discovered that the MOC facility works well for traders who are seeking the closing price but are less price sensitive. It was identified by the MOC users that there are traders with discretion over their orders whose goal is to achieve the closing price but with the additional objective of value preservation. Allowing price limits on orders entered prior to the imbalance dissemination would aid value preservation and enable traders to utilize the MOC facility for orders over which they have discretion.

Therefore we had proposed to remove the board lot volume restriction for MOC and Limit-on-Close (“LOC”) order entries. MOC and LOC orders will be accepted into the MOC book with board lot, mixed lot and odd lot volumes and to allow LOC order entry prior to the imbalance dissemination.

Summary and Text of the Final Amendments

TSX received seven comment letters in response to the Request for Comments. A summary of the comments submitted, together with TSX’s responses, is attached as **Appendix A**.

TSX respects the public comment process and appreciates the value such public input provides. TSX thanks the commenters for their submissions.

As a result of the comments received from the Request for Comments, TSX is proposing that:

- MOC Limit Orders that do not contribute to the MOC Imbalance at the time of broadcast will be able to be cancelled after the MOC Imbalance is broadcast;
- the definition of “MOC Imbalance” (as defined in the TSX Rule Book) will be replaced in order to reflect the fact that In addition to MOC orders, LOC orders that are priced equal to or more aggressive than the TSX BBO mid-point at the time of the calculation will be considered when determining the MOC imbalance; and
- certain housekeeping amendments to clarify that Rule 4-902(2)(d) is intended to refer to MOC Limit Orders that are not included as part of the MOC Imbalance broadcast.

A blackline to the Amendments showing changes made since the Request for Comments is attached as **Appendix B**.

The Amendments will be finalized in the form attached as Appendix C.

Effective Date

The Amendments will become effective on December 1, 2014.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

1. BMO Capital Markets (BMO)
2. Canadian Security Traders Association, Inc. (CSTA)
3. ITG Canada Corp. (ITG)
4. National Bank Financial (NBF)
5. RBC Capital Markets (RBC)
6. TD Asset Management (TDAM)
7. TD Securities, Inc. (TDSI)

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments published in the OSC Bulletin on May 1, 2014.

<i>Summarized Comments Received</i>	<i>TSX Response</i>
Comments were received that were supportive of adding the ability to allow mixed/odd-lots to the MOC facility so to bring the TSX MOC facility in-line with international standards. (BMO, ITG, NBF, RBC, TDAM)	TSX acknowledges and appreciates the support from the commenters with respect to the inclusion of mixed/odd lots to the MOC facility.
Comments were received that agreed (in principle) with the proposal to allow LOC orders prior to 3:40 pm but suggested certain variations to how such orders would be implemented or commented that certain functionality issues should be addressed (BMO, CSTA, ITG, NBF, RBC, TDAM).	TSX acknowledges this comment and addresses the particulars of implementation and further functionality below.
Commenters indicated that the National Best Bid/Offer should be used to calculate the mid-point (which is used as a reference to determine whether an order is marketable) rather than the TSX Best Bid/Offer. (BMO, CSTA, ITG, RBC)	TSX acknowledges the comments received. The TSX MOC facility derives the official closing price for all securities admitted to it from the liquidity in the MOC book and the TSX central limit order book. In deriving the closing price for each symbol, transaction volumes and prices from trading activity in the last 20 minutes of the TSX CLOB are used to verify if the calculated closing price is within acceptable parameters to be set or if additional liquidity must be solicited. Only orders within the TSX books are eligible to derive the official closing price. When selecting a reference point from which it would be determined that LOC orders will contribute to the imbalance calculation it was important that the orders and prices that would derive the closing price provide the basis from which LOC orders should be included. If at some point in time additional marketplace liquidity is eligible to set the closing price it may be considered to include this liquidity in arriving at an imbalance reference price.
<p>A number of comments were received addressing the handling of LOC orders that did not contribute to the 3:40 imbalance calculation (non-marketable LOC orders).</p> <p>Some commenters indicated that these orders should remain in the MOC facility as they help reduce volatility, but that participants should have the option to cancel these orders. (BMO, CSTA - some, TDAM)</p> <p>Other commenters felt that these orders should be cancelled by the marketplace. (RBC, TDSI, TDAM, CSTA-some)</p>	TSX recognizes that introduction of pre-imbalance LOC orders reduces the participants' ability to estimate the closing price range. It is our view that this will occur regardless of how the imbalance is calculated at 3:40pm and how the pre-imbalance orders are handled, when compared to the current MOC facility model where the imbalance is based only on market orders. However, we believe (and as confirmed by some commenters) that the proposed model incentivises all players to put their best price forward, and therefore improves price discovery, increases liquidity in the facility and minimizes opportunities to influence the price.

Summarized Comments Received	TSX Response
	<p>In our view, non-marketable LOC orders on the imbalance offsetting side have largely the same impact on the price formation as the offsetting LOC orders entered after 3:40pm and should not in any way increase uncertainty or add to information asymmetry, but may increase available offsetting liquidity at 4:00pm and contribute to price discovery. On the other hand, non-marketable LOC orders on the imbalance side have the potential to dampen the price volatility in case of imbalance flipping.</p> <p>With this in mind, TMX believes that automatically cancelling non-marketable LOC orders only serves to remove liquidity from the MOC book which in turn reduces the facility's ability to dampen price volatility while weakening the price formation process of the auction. Furthermore, non-contributing orders at 3:40pm may become tradable at 4:00pm and should be executed if offsetting liquidity exists.</p> <p>We therefore believe that non-marketable LOC orders should be allowed to stay in the facility.</p>
	<p>However, TSX accepts that participants may wish to revise their non-marketable LOC orders if the market has moved away from their limit in the last 20 minutes of trading, which is not possible under the original proposal where all pre-imbalance LOC orders are locked. In response, TSX is proposing to revise the proposal and permit LOC orders that did not contribute to the imbalance publication to be cancelled.</p>
<p>Commenters highlighted that LOC orders that remain in the book without contributing to the imbalance may become marketable between the 3:40 PM imbalance dissemination and the 4:00 PM closing call, resulting in an on-close imbalance that is not disseminated, thus offering no opportunity for participants to provide offsetting liquidity.(CSTA, TDSI)</p>	<p>The MOC model publishes only one imbalance and offsetting liquidity is solicited to address this imbalance at this time. Within the last 20 minutes the market may remain static, move in the direction of the imbalance or in the opposite direction of the imbalance. Unless the facility moves to a continuous imbalance publication (which was discussed with the MOC user community prior to the Request for Comment and did not receive support) as a viable option the imbalance can only reflect the supply/demand dislocation at 3:40pm.</p>
<p>Comments indicated that any participants entering LOC orders which are not part of the imbalance will be aware of the existence of such an order in the book and of the resulting impact on the end-of-day clearing price; such participants would therefore be at an information advantage over the rest of the market. (CSTA, TDSI)</p>	<p>When offsetting LOCs are entered today they remain undisclosed in the MOC book only known to the person that submitted the order. Given the number of competing orders in the MOC facility with varying volumes and price levels and the use of undisplayed liquidity in the CLOB through the use of iceberg orders, we do not believe a participant will have a greater chance of anticipating the end of day closing price under the Amendments than today.</p>
<p>A comment was received which suggested that a material standard of aggressiveness be included in the imbalance indication, because, in the commenter's opinion, a lack of a requirement for material aggressiveness will be dilutive to the risk transfer capacity of the facility. The inclusion of orders that are at or barely through the 3:40 pm reference price will allow new possibilities to game, and introduce new uncertainty to the community of users of the MOC facility and discourage overall participation. The commenter indicated that a minimum standard of aggressiveness relative to the 3:40 pm mid-point reference price should strike a balance between offering reasonable limit control and genuine intent and urgent need to transact at the closing price and</p>	<p>As noted above, accepting LOC orders prior to the imbalance message has the potential to reduce the participants' ability to estimate the 4:00pm closing price range, but at the same time incentivises all players to participate with their best price put forward thereby contributing to price discovery, and reduces the opportunities to influence the price.</p> <p>However, we disagree that orders that are at or barely through the 3:40 pm reference price will allow new possibilities to game the facility or further increase uncertainty.</p>

Summarized Comments Received	TSX Response
<p>suggested, as a starting point, the greater of five ticks or 1% from the 3:40 pm reference price. (RBC)</p>	<p>Under the proposed model where the facility will not be automatically cancelling non-marketable LOC orders, only considering aggressive LOCs could lead to an under represented imbalance or even a wrong sided imbalance being broadcast given the liquidity in the MOC book at the time the imbalance was determined.</p> <p>Another consequence of only permitting aggressive priced LOC orders based on set parameters introduces an indicative closing price range based on the liquidity in the TSX CLOB at 3:40pm. During the MOC consultation sessions which preceded the Amendments, comments were received that additional transparency should not be included in the imbalance publication. Artificially constraining LOC orders would provide additional transparency into the imbalance.</p>
<p>A commenter indicated that the proposed deployment timeline (November 2014) is too aggressive because the proposal, in the view of the commenter, puts the onus on participants to ensure that orders that were previously represented in the market and then cancelled by the marketplace are re-entered which may introduce operational issues which did not previously exist. (TDSI)</p>	<p>The Amendments do not include the marketplace cancelling previously booked LOC orders. While we acknowledge the implementation timeline concern, we believe that TSX has provided ample time, in accordance with securities laws and guidance from securities regulator, for participants and vendors to modify their systems for the proposed changes. We also note that participants may continue to use the facility in the current manner until such time when they are ready to fully manage pre-imbalance LOC orders.</p> <p>The Amendments will be provided in an external test environment prior to the production implementation date for the period of time as required under Section 12.3 of National Instrument 21-101 <i>Marketplace Operations</i>.</p>
<p>A number of commenters included proposals for additional improvements of the MOC facility:</p> <ul style="list-style-type: none"> • Including Dark Orders in the closing auction • Preventing 'flipped imbalances' • Implementing Closing Offset orders • Amending Price Movement Extension functionality • Adjust MOC facility to handle a situation whereby a MOC-eligible stock is halted for a single stock circuit breaker (SSCB) near to the time of the close, if IIROC proceeds with the proposal to amend the SSCB model to 4:00pm • Reviewing eligibility of ETFs and structured products from the MOC facility • Adjusting the pricing structure to apply a fee cap at the parent order rather than the fill level 	<p>These proposed changes are outside of the scope of the Amendments, but TSX appreciates the input into how the facility could further be improved. We will take these comments into consideration as we continue to examine our trading facilities, including the MOC facility.</p> <p>We anticipate initiating an industry consultation process on these proposals later this year.</p>

APPENDIX B

TSX Rule BOOK

Rule 1-101 Definitions (Amended)

"MOC Imbalance" means the difference between the aggregate eligible buy MOC Market Order and MOC Limit Order volume and aggregate eligible sell MOC Market Order and MOC Limit Order volume calculated in the manner determined by the Exchange.

[...]

4-902 MARKET-ON-CLOSE

(1) Eligible Securities

MOC Orders may only be entered for MOC Securities.

(2) MOC Order Entry

- (a) MOC Market Orders and MOC Limit Orders may be entered, cancelled and modified in the MOC Book on each Trading Day from 7:00 a.m. until the time the MOC Imbalance is broadcast. MOC Market Orders and MOC Limit Orders that are included in the MOC Imbalance broadcast ~~submitted prior to the imbalance broadcast~~ may not be cancelled or modified after the MOC Imbalance is broadcast.
- (b) The MOC Imbalance is calculated and broadcast on each Trading Day at twenty minutes before the closing time.
- (c) Repealed (April 19, 2010)
- (d) Following the broadcast of the MOC Imbalance, until the closing time on each Trading Day, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance. MOC Limit Orders not included as part of the MOC Imbalance broadcast may be cancelled until the closing time.
- (e) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the MOC Imbalance for a period of ten minutes after the closing time. MOC Limit Orders may not be cancelled during this time period.

Amended (~~November 14,~~ December 1, 2014)

(3) Closing Call

- (a) The Closing Call shall occur on each Trading Day at the closing time. The Closing Call in a MOC Security shall be delayed for a period of ten minutes in the event that the price that would be the calculated closing price for the MOC Security exceeds the volatility parameters determined by the Exchange. The Exchange will forthwith broadcast a message identifying the MOC Security that is subject to the delay.
- (b) In the event that the price that would be the calculated closing price for a MOC Security exceeds the closing price acceptance parameters determined by the Exchange at the end of the delay period set out in Rule 4-902(43)(a), the calculated closing price for the MOC Security will be the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security.
- (c) Orders shall execute in the Closing Call in the following sequence:
 - (i) MOC Market Orders shall trade with offsetting MOC Market Orders entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (ii) MOC Market Orders shall trade with offsetting MOC Market Orders, according to time priority; then
 - (iii) MOC Market Orders shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

- (iv) MOC Market Orders shall trade with offsetting limit orders in the Closing Call, according to time priority; then
 - (v) limit orders in the Closing Call shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (vi) remaining orders in the Closing Call shall trade according to time priority.
- (d) An order for a MOC Security shall not execute if, at the close:
 - (i) an automatic closing delay has been initiated in the MOC Security because the calculated closing price exceeds the volatility parameters determined by the Exchange; or
 - (ii) the participation of the MOC Security has been otherwise delayed by a Market Surveillance Official.
- (4) Unfilled Orders
 - (a) Except as otherwise provided in this Rule, all MOC Orders that are not completely filled in the Closing Call shall expire at the end of the Closing Call and will be removed from the Book and the MOC Book.
 - (b) In the event that the closing price acceptance parameters are exceeded for a MOC security, MOC Market Orders shall trade with offsetting MOC Orders and any limit orders at the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security. All remaining MOC Orders will be removed from the Book and the MOC Book.
 - (c) All other orders, that are not marked as MOC, that are not completely filled in the Closing Call shall be eligible for trading in the Special Trading Session.
- (5) Application of Exchange Requirements

Except as otherwise provided in this Rule, all Exchange Requirements shall apply to the entry and execution of MOC Orders.

APPENDIX C
TSX RULE BOOK

Rule 1-101 Definitions (Amended)

“MOC Imbalance” means the difference between the aggregate eligible buy MOC Market Order and MOC Limit Order volume and aggregate eligible sell MOC Market Order and MOC Limit Order volume calculated in the manner determined by the Exchange.

[...]

4-902 MARKET-ON-CLOSE

(1) Eligible Securities

MOC Orders may only be entered for MOC Securities.

(2) MOC Order Entry

- (a) MOC Market Orders and MOC Limit Orders may be entered, cancelled and modified in the MOC Book on each Trading Day from 7:00 a.m. until the time the MOC Imbalance is broadcast. MOC Market Orders and MOC Limit Orders that are included in the MOC Imbalance broadcast may not be cancelled or modified after the MOC Imbalance is broadcast.
- (b) The MOC Imbalance is calculated and broadcast on each Trading Day at twenty minutes before the closing time.
- (c) Repealed (April 19, 2010)
- (d) Following the broadcast of the MOC Imbalance, until the closing time on each Trading Day, MOC Limit Orders may be entered in the MOC Book on the contra side of the MOC Imbalance. MOC Limit Orders not included as part of the MOC Imbalance broadcast may be cancelled until the closing time.
- (e) In the event of a delay of the Closing Call for a MOC Security, MOC Limit Orders may be entered in the MOC Book for such security on the contra side of the MOC Imbalance for a period of ten minutes after the closing time. MOC Limit Orders may not be cancelled during this time period.

Amended (December 1, 2014)

(3) Closing Call

- (a) The Closing Call shall occur on each Trading Day at the closing time. The Closing Call in a MOC Security shall be delayed for a period of ten minutes in the event that the price that would be the calculated closing price for the MOC Security exceeds the volatility parameters determined by the Exchange. The Exchange will forthwith broadcast a message identifying the MOC Security that is subject to the delay.
- (b) In the event that the price that would be the calculated closing price for a MOC Security exceeds the closing price acceptance parameters determined by the Exchange at the end of the delay period set out in Rule 4-902(3)(a), the calculated closing price for the MOC Security will be the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security.
- (c) Orders shall execute in the Closing Call in the following sequence:
 - (i) MOC Market Orders shall trade with offsetting MOC Market Orders entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (ii) MOC Market Orders shall trade with offsetting MOC Market Orders, according to time priority; then
 - (iii) MOC Market Orders shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then

- (iv) MOC Market Orders shall trade with offsetting limit orders in the Closing Call, according to time priority; then
 - (v) limit orders in the Closing Call shall trade with offsetting limit orders in the Closing Call entered by the same Participating Organization, according to time priority, provided that neither order is an unattributed order; then
 - (vi) remaining orders in the Closing Call shall trade according to time priority.
- (d) An order for a MOC Security shall not execute if, at the close:
 - (i) an automatic closing delay has been initiated in the MOC Security because the calculated closing price exceeds the volatility parameters determined by the Exchange; or
 - (ii) the participation of the MOC Security has been otherwise delayed by a Market Surveillance Official.
- (4) Unfilled Orders
 - (a) Except as otherwise provided in this Rule, all MOC Orders that are not completely filled in the Closing Call shall expire at the end of the Closing Call and will be removed from the Book and the MOC Book.
 - (b) In the event that the closing price acceptance parameters are exceeded for a MOC security, MOC Market Orders shall trade with offsetting MOC Orders and any limit orders at the price at which most shares will trade, leaving the least imbalance, where the price does not exceed the closing price acceptance parameters determined by the Exchange for such security. All remaining MOC Orders will be removed from the Book and the MOC Book.
 - (c) All other orders, that are not marked as MOC, that are not completely filled in the Closing Call shall be eligible for trading in the Special Trading Session.
- (5) Application of Exchange Requirements

Except as otherwise provided in this Rule, all Exchange Requirements shall apply to the entry and execution of MOC Orders.

13.2.3 TSX – Notice of Approval – Enhanced Self-Trade Order Features and Acceptance of Mixed Lot and Odd Lot Volumes for Specialty Priced Crosses

TORONTO STOCK EXCHANGE

NOTICE OF APPROVAL

ENHANCED SELF-TRADE ORDER FEATURES AND ACCEPTANCE OF MIXED LOT AND ODD LOT VOLUMES FOR SPECIALTY PRICED CROSSES

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information contained in Form 21-101F1 and the Exhibits thereto (the “Protocol”), Toronto Stock Exchange (“TSX”) has adopted, and the OSC has approved, the following Proposed Changes to TSX’s order types (the “Proposed Changes”) to enhance self-trade order features and accept mixed lot and odd lot volumes for specialty priced crosses. The Proposed Changes were published for public comment in a request for comments on May 1, 2014 (“Request for Comments”).

Overview

Self Trade Features

Currently the TSX Cancel Newest self-trade order instruction prevents a trade between two orders from the same broker with self-trade prevention instructions and with matching self-trade keys, by cancelling the incoming order.

To provide additional options for participants seeking to prevent or manage wash trades, TSX is introducing the following two additional self-trade prevention instructions and one self-trade management instruction:

1. *Cancel Oldest Self-Trade Prevention*

The Cancel Oldest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys. The passive order will be cancelled and the active order will trade up or down to its limit, booking any remaining volume if eligible.

2. *Decrement Largest and Cancel Smallest Self-Trade Prevention*

The Decrement Largest and Cancel Smallest self-trade prevention instruction will prevent an incoming order from executing against a passive order from the same broker with a self-trade prevention instruction and matching self-trade keys.

- If both orders are equivalent size both orders will be cancelled.
- If orders are not equivalent in size, the smaller order will be cancelled and the larger order will be decremented by the size of the smaller order.
- If the larger order was passive the remaining volume will continue to rest in the book.
- If the larger order was active the balance of the order will trade up or down to its limit, booking any remaining volume if eligible.

3. *Self-Trade Management*

The Self-trade management instruction will permit an incoming order to execute with a passive order from the same broker with a self trade management instruction and matching self-trade keys, however this trade will be suppressed from the public feed. Self-trade management applies only to unintentional self-trading and therefore does not affect the current handling of Crosses.

TSX Specialty Priced Crosses

Specialty priced crosses (Basis, Contingent, STS, VWAP) will be accepted with mixed lot and odd lot volumes. Contingent crosses with mixed lot volumes will be permitted to establish a last sale price in the same manner as a board lot contingent cross.

Reasons for the Amendments

The Proposed Changes are related to self trade prevention and management features, introduced to assist market participants in preventing wash trades. These changes will provide more opportunities for individuals to participate on both sides of the market without unintentionally violating 'wash trading' rules described in UMIR 2.2. The Proposed Change related to specialty priced crosses has been requested by participants of the TSX and is a common feature available in the Canadian market.

Summary and Text of the Final Amendments

TSX received one comment letter in response to the Request for Comments. A summary of the comments submitted, together with TSX's responses, is attached as **Appendix A**.

TSX respects the public comment process and appreciates the value such public input provides. TSX thanks the commenters for their submissions.

Effective Date

The Amendments will become effective on December 1, 2014.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

CIBC World Markets Inc. (CIBC)

Capitalized terms used and not otherwise defined shall have the meaning given in the Request for Comments published in the OSC Bulletin on May 1, 2014.

<i>Summarized Comments Received</i>	<i>TSX Response</i>
A comment was received that was generally supportive of self trade prevention order types and allowing mixed and odd lot special priced crosses. The commenter also recommended certain steps with respect to the preferred methodology for implementation of these Proposed Changes, chiefly consisting of stakeholder and industry group consultation, as well as marketplace co-ordination. Finally the commenter requested that the TSX review its proposed use of FIX tags as well as consider whether trading fees should apply to suppressed trades. (CIBC)	The proposed implementation was reviewed against other implementations of the same/similar functionality in the industry. In addition, TSX participated in a FIX Protocol meeting with industry participants to review proposed FIX tag/value implementation. Although trading fee are outside of the scope of these Proposed Changes, the TSX appreciates these comments and will review and, if warranted, address fee matters at a later date.

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Chapter 25

Other Information

25.1 Consents

25.1.1 Senator Minerals Inc. – s. 4(b) of the Regulation

Headnote

Consent given to an offering corporation under the Business Corporations Act (Ontario) to continue under the Business Corporations Act (British Columbia).

Statutes Cited

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 181.

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

Regulations Cited

Ont. Reg. 289/00, as am., s. 4(b), made under the Business Corporations Act, R.S.O. 1990, c. B.16, as am.

**IN THE MATTER OF
R.R.O 1990, REGULATION 289/00, AS AMENDED
(the "Regulation")
MADE UNDER THE BUSINESS CORPORATIONS ACT
(ONTARIO), R.S.O. 1990, c.B.16, AS AMENDED
(the "OBCA")**

AND

**IN THE MATTER OF
SENATOR MINERALS INC.**

**CONSENT
(Subsection 4(b) of the Regulation)**

UPON the application of Senator Minerals Inc. (the "**Applicant**") to the Ontario Securities Commission (the "**Commission**") requesting the consent from the Commission, pursuant to subsection 4(b) of the Regulation, for the Applicant to continue into the Province of British Columbia, (the "**Continuance**") pursuant to Section 181 of the OBCA;

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

AND UPON the Applicant having represented to the Commission that:

1. The Applicant was incorporated under the OBCA effective January 13, 1972 under the name Manbar Explorations Limited. The Applicant changed its name to "Senator Minerals Inc." on November 12, 1998. The Applicant's subsidiaries

are 515427 BC Ltd., a company incorporated under the laws of the Province of British Columbia, and Senator Minerals US Inc., a company incorporated under the laws of the State of Nevada, both of which are wholly-owned by the Applicant.

2. The Applicant's registered office is located at 40 King Street West, Suite 3100, Toronto Ontario, M5H 3Y2.

3. The authorized capital of the Applicant consists of an unlimited number of common shares ("**Common Shares**") and an unlimited number of special shares issuable in series ("**Special Shares**"), of which there are currently 1,152,179 Common Shares and no Special Shares issued and outstanding. The Common Shares of the Applicant are listed for trading on the TSX Venture Exchange under the symbol "SNR". The Common Shares are also listed for trading on the Frankfurt Stock Exchange.

4. The Applicant proposes to make an application to the Director under the OBCA pursuant to Section 181 of the OBCA (the "**Application for Continuance**") for authorization to continue into the Province of British Columbia under the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57 (the "**BCBCA**").

5. Pursuant to subsection 4(b) of the Regulation, the Application for Continuance must, in the case of an "offering corporation" (as defined in the OBCA), be accompanied by a consent from the Commission.

6. The Applicant is an "offering corporation" under the OBCA and is a reporting issuer under the *Securities Act* (Ontario) R.S.O. 1990, c. S.5 as amended (the "**Act**"), and is also a reporting issuer under the securities legislation of British Columbia and Alberta, with its principal regulator being British Columbia. The Applicant is not a reporting issuer or the equivalent in any other jurisdiction.

7. The Applicant's mineral exploration business is currently focused on developing the Harbey Gold Project, a property located on Vancouver Island, British Columbia, in which the Applicant has the option to acquire a 100% interest in the Project.

8. The Applicant is not in default under any provision of the OBCA and the Act, or any of the regulations or rules made under the OBCA and the Act or under the securities legislations of any other jurisdiction in which it is a reporting issuer.

9. The Applicant is not a party to any proceeding or, to the best of its information, knowledge or belief, any pending proceeding under the OBCA and the Act or under the securities legislation of any other jurisdiction where it is a reporting issuer.
 10. A summary of the material provisions of the proposed articles of the continued corporation was provided to the Applicant's shareholders (the "**Shareholders**") in its management information circular (the "**Circular**") for its January 2, 2014 annual general and special meeting (the "**Meeting**"). The Circular was mailed to shareholders of record at the close of business on December 5, 2013 and was filed on SEDAR on December 12, 2013.
 11. In accordance with the OBCA, the Act and the Applicant's constating documents, the special resolution of shareholders to be obtained at the Meeting in connection with the proposed Continuance (the "**Continuance Resolution**") required the approval of a minimum majority of 66 2/3% of the aggregate votes cast by the shareholders present in person or by proxy at the Meeting. Each shareholder is entitled to one vote for each Common Share held.
 12. The Applicant's shareholders had the right to dissent with respect to the proposed Continuance pursuant to Section 185 of the OBCA, and the Circular disclosed full particulars of this right in accordance with applicable law.
 13. The Continuance Resolution was unanimously approved at the Meeting by the Applicant's voting shareholders in respect of the Continuance Resolution. None of the shareholders of the Applicant exercised dissent rights pursuant to section 185 of the OBCA.
 14. Three of the Applicant's directors are resident in British Columbia, and the fourth director is resident in Alberta.
 15. Given that the Applicant's business, headquarters and management are located in British Columbia, the Applicant believes it is most appropriate to be governed under the corporate law of British Columbia.
 16. Following the Continuance:
 - a. the Applicant intends to remain a reporting issuer in Ontario and in each of the other jurisdictions where it is currently a reporting issuer;
 - b. the Applicant's registered office will be located in Vancouver, British Columbia;
 - c. the Applicant's head office will be located in Vancouver, British Columbia; and
 - d. the Applicant will continue to keep the British Columbia Securities Commission as its principal regulator.
 17. The material rights, duties and obligations of a corporation governed by the BCBCA are substantially similar to those of a corporation governed by the OBCA.
- AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;
- THE COMMISSION HEREBY CONSENTS** to the continuance of the Applicant as a corporation under the BCBCA.
- DATED** at Toronto, Ontario this 19th day of August, 2014.
- "Mary G. Condon"
Commissioner
Ontario Securities Commission
- "Sarah B. Kavanagh"
Commissioner
Ontario Securities Commission

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