



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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

**- and -**

**IN THE MATTER OF MING CHAO ZHAO**

**ORDER**

**(Pursuant to subsection 127(1) and section 127.1 of the Securities Act and Rule 12 of the Commission Rules of Procedure)**

**WHEREAS** on May 2, 2013, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing (the “Notice of Hearing”) pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) and Staff of the Commission (“Staff”) filed a Statement of Allegations dated May 2, 2013 (the “Statement of Allegations”) in respect of Ming Chao Zhao (the “Respondent”);

**AND WHEREAS** the Respondent and Staff entered into a Settlement Agreement dated April 30, 2013, (the “Settlement Agreement”) in which they agreed to a settlement in relation to the matters set out in the Notice of Hearing and the Statement of Allegations subject to the approval of the Commission;

**AND WHEREAS** the Commission has reviewed the Notice of Hearing, the Statement of Allegations and the Settlement Agreement and has heard submissions from counsel for Staff and counsel for the Respondent;

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

**IT IS HEREBY ORDERED THAT:**

- (a) the Settlement Agreement is approved;
- (b) pursuant to subsection 127(1)2 of the Act, trading in any securities by the Respondent shall cease permanently, except that trading shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, tax-free savings accounts and self-directed retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which Zhao and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;
- (c) pursuant to subsection 127(1)2.1 of the Act, the acquisition of any securities by the Respondent is prohibited permanently, except that the acquisition of securities shall be permitted in mutual fund, exchange-traded fund or index fund securities for the account of any registered retirement savings plans, tax-free savings accounts and self-directed retirement savings plans (as defined in the *Income Tax Act* (Canada)) in which Zhao and/or his spouse have sole legal and beneficial ownership, and such trading is carried out through a registered dealer in Canada to whom he must give a copy of this Order at the time he opens or modifies these accounts;
- (d) notwithstanding paragraphs (b) and (c) above, Zhao shall be permitted to have 30 calendar days from the date of this Order to effect liquidating trades only of any non-mutual fund securities that he owns in BMO Investorline accounts # 22043142, 22429619, and 21640397 and he must give a copy of this Order to the Chief Compliance Officer of BMO Investorline and provide notice to Staff of the Commission upon completion of his liquidating trades;

- (e) pursuant to subsection 127(1)3 of the Act, any exemptions contained in Ontario securities law do not apply to the Respondent permanently, except for the purpose of trades described in paragraphs (b) and (c) set forth above in this Order;
- (f) pursuant to subsection 127(1)6 of the Act, the Respondent is reprimanded;
- (g) pursuant to subsection 127(1)7 of the Act, the Respondent resign any position he holds as a director or as an officer of any issuer;
- (h) pursuant to subsection 127(1)8 of the Act, the Respondent is prohibited from becoming or acting as a director or as an officer of any issuer for ten years;
- (i) pursuant to subsection 127(1)8.1 of the Act, the Respondent resign any position he holds as a director or as an officer of a registrant;
- (j) pursuant to subsection 127(1)8.2 of the Act, the Respondent is prohibited from becoming or acting as a director or as an officer of a registrant permanently;
- (k) pursuant to subsection 127(1)8.3 of the Act, the Respondent resign any position he holds as a director or as an officer of an investment fund manager permanently;
- (l) pursuant to subsection 127(1)8.4 of the Act, the Respondent is prohibited from becoming or acting as a director or as an officer of an investment fund manager permanently;
- (m) pursuant to subsection 127(1)8.5 of the Act, the Respondent is prohibited from becoming or acting as a registrant, investment fund manager or promoter permanently;
- (n) pursuant to subsection 127(1)9 of the Act, the Respondent pay an administrative penalty of \$750,000 which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act to or for the benefit of third parties;

- (o) pursuant to subsection 127(1)10 of the Act, the Respondent disgorge to the Commission the amount of \$416,719 which is designated for allocation or use by the Commission in accordance with section 3.4(2)(b) of the Act to or for the benefit of third parties, of which \$350,000 shall be paid by the Respondent upon the making of this Order; and
- (p) pursuant to subsection 127.1(1) of the Act, the Respondent pay the costs of the Commission's investigation in the amount of \$30,000.

**DATED** at Toronto this 17th day of May, 2013.

*“Edward P. Kerwin”*

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Edward P. Kerwin