

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

AND IN THE MATTER OF HAHN INVESTMENT STEWARDS & CO. INC.

**AND IN THE MATTER OF A DECISION OF THE INVESTMENT INDUSTRY
REGULATORY ORGANIZATION OF CANADA**

HAHN INVESTMENT STEWARDS & CO INC. ("HAHN") REQUESTS A HEARING AND REVIEW by the Ontario Securities Commission (the "Commission") pursuant to section 21.7 of the Act of a decision of the Investment Industry Regulatory Organization of Canada ("IIROC") made October 17, 2008 (the "Decision"), at such time and place as the Commission may advise, at the 17th Floor Hearing Room, 20 Queen Street West, Toronto, Ontario.

HAHN is directly affected by the Decision.

HAHN REQUESTS:

1. An Order pursuant to Section 21.7 of the Act setting aside the Decision.
2. An Order cancelling or, in the alternative, re-pricing, all trades made by or on behalf of Hahn and its clients in the following securities on October 14, 2008 between 9:30 a.m. and the suspension of trading in certain of these securities commencing around 9:36 a.m. (listed by their symbol on the Toronto Stock Exchange ("TSX")):
 - a) XFN
 - b) XIN
 - c) XIC
 - d) XSP
 - e) XIU

3. Such other relief as counsel may advise and the Commission deems just.

THE GROUNDS FOR REVIEW ARE AS FOLLOWS:

4. Hahn manages portfolios of assets for individual investors. Hahn employs an investment strategy comprised exclusively of Exchange Traded Funds ("ETFs").
5. An ETF is designed with the objective of replicating the performance of the specific market index which it tracks.
6. The share price of an ETF tends to stay very close to its net asset value ("NAV"). The difference between the total return of an ETF's NAV and the underlying index which it tracks is known as the "tracking error".
7. Historically, the tracking error for the ETFs in question ranged from 0.17% to 1.8% per year.
8. On October 14, 2008, several of the ETFs in question opened for trading at prices that were completely out of line with their underlying indices. Orders were filled for Hahn's clients at these inflated prices immediately following the opening of trading.
9. In particular, XIN, an ETF which tracks the Morgan Stanley Capital International Europe Australasia and Far East stock index (MSCI EAFE), opened for trading on October 14, 2008 63.93% higher than its previous day's closing price while the MSCI EAFE index opened only 7.94% higher.
10. Trading in XIN alone cost Hahn's clients more than \$1 million. In total, Hahn's clients paid approximately \$1.45 million more for the securities than the fair value of the securities at the time of trading.

11. The subject ETFs' opening prices, as calculated by the TSX, were materially unreflective of the true values implied by the underlying exchanges which they track. Three of the ETFs in question, namely XIN, XFN, and XIC, were halted for trading within 10 minutes of opening.
12. The TSX has been unable to explain to date why the securities in question were permitted to open at all or to confirm why they were suspended from trading shortly thereafter.
13. In all, the trades were unreasonable as contemplated in Section 10.9(1)(d) and 10.9(2) of the Uniform Market Integrity Rules ("UMIR") and ought to have been set aside by IIROC. A copy of Section 10.9 of UMIR is attached at Tab 2.
14. In concluding that the trades were reasonable, IIROC focused erroneously on the price movement of the ETFs from their opening price to the price at which Hahn's orders were filled. IIROC failed to appreciate, however, that the calculated opening prices of the ETFs were themselves grossly misaligned (by as much as 57.4%) with their underlying indices. A copy of the reasons for IIROC's decision is attached at Tab 1.
15. The integrity of the Canadian markets generally and public confidence in trading in ETFs, in particular, necessitate that the Decision be reversed and the trades cancelled or re-priced.
16. Such further or other grounds as counsel may advise.

HAHN INTENDS TO RELY ON the evidence contained in the Affidavit of Tyler Mordy sworn November 13, 2008 and the Exhibits thereto. A copy of Mr. Mordy's Affidavit is attached at Tab 3.

Dated: November 13, 2008

**PALIARE ROLAND
ROSENBERG ROTHSTEIN LLP**
Barristers & Solicitors
250 University Avenue, Suite 501
Toronto, Ontario M5H 3E5

Jeffrey Larry (LSUC #44608D)
Tel: (416) 646-4330
Fax: (416) 646-4331

**Counsel for Hahn Investments
Stewards & Co. Inc.**

TO: THE ONTARIO SECURITIES COMMISSION
P.O. Box 55, 19th Floor
20 Queen Street West
Toronto, Ontario
M5H 3S8

**Attention: John Stevenson, Secretary to the
Commission**

**AND TO: INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA**
121 King St. West, Suite 1600
Toronto, Ontario
M5H 3T9

**Attention: Rosemary Chan, Senior Vice President
& General Counsel**

AND TO: BARCLAYS GLOBAL INVESTORS CANADA LIMITED
BCE Place, 161 Bay Street, Suite 2500
Toronto, Ontario
M5J 2S1

Attention: Warren Collier, Chief Operating Officer

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ONTARIO SECURITIES COMMISSION

Proceeding commenced at Toronto

REQUEST FOR HEARING AND REVIEW

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Barristers & Solicitors
250 University Avenue, Suite 501
Toronto, Ontario M5H 3E5

Jeffrey Larry (LSUC #44608D)
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