



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  
CANADIAN DERIVATIVES CLEARING CORPORATION**

**- AND -**

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

**ORDER  
(Section 144)**

**WHEREAS** the securities of Sino-Forest Corporation (the “Issuer”) currently are subject to a temporary cease trade order made by the Chair exercising the powers of the Commission, pursuant to paragraph 2 of subsection 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), on August 26, 2011, and extended until January 25, 2012 pursuant to subsections 127(7) and (8) of the Act (the “Cease Trade Order”), that trading in securities of the Issuer cease;

**AND WHEREAS** the Cease Trade Order was made based on allegations that, among other things, the Issuer and certain of its officers and directors provided information to the public in documents required to be filed or furnished under Ontario securities laws that may have been false or misleading in a material respect, contrary to the Act;

**AND WHEREAS** Canadian Derivatives Clearing Corporation (“CDCC”) has made an application pursuant to section 144 of the Act for an order varying the Cease Trade Order in order to allow the holders of outstanding put contracts, issued and cleared by CDCC, and

providing for the sale of common shares of the Issuer (the “Put Contracts”), to exercise their rights to sell common shares of the Issuer pursuant to the terms of the Put Contracts, to permit the sellers of the Put Contracts to perform their obligations to purchase common shares of the Issuer pursuant to the terms of the Put Contracts, and to permit CDCC and each of its member firms to perform their obligations under the Rules of CDCC in connection with the exercise and performance of such Put Contracts, including all requisite acts in furtherance thereof;

**AND UPON CDCC** having represented to the Commission as follows:

1. The Issuer is a federally incorporated corporation having its head office in the Province of Ontario and, up until August 26, 2011, the Issuer had its shares listed for trading on the Toronto Stock Exchange. The Issuer is a reporting issuer under the Act.
2. The applicant, CDCC, is a federally incorporated corporation which acts as the central clearing counterparty for exchange-traded derivative products (options and futures) in Canada. CDCC is the issuer of and clearinghouse for the Put Contracts which were traded on the Montreal Exchange prior to the imposition of the Cease Trade Order.
3. There are approximately 8,993 outstanding Put Contracts which collectively provide for the sale and purchase of approximately 899,300 common shares of the Issuer.
4. As long as the Cease Trade Order remains in place, holders of the outstanding Put Contracts are unable to exercise their rights to sell common shares of the Issuer, the sellers of such Put Contracts are unable to perform their obligations under the Put Contracts and CDCC and its member firms may be precluded from performing their obligations under the Rules of CDCC in respect of the exercise of the Put Contracts as they may be required to take acts in furtherance of the trades by holders and sellers of the Put Contracts upon their exercise.
5. On or about September 9, 2011, CDCC notified its members and asked its members to notify affected clients that CDCC was making application to the Commission to allow the exercise of the Put Contracts and that interested parties, and in particular, writers and holders of the Put Contracts, were invited to make written submissions to

CDCC, with a copy to the Commission, with respect to whether CDCC's application should be granted. The notice also advised members that the order sought may include a condition that limits the relief to holders of outstanding Put Contracts who are not current or former members of management or other insiders of the Issuer.

6. CDCC will promptly, following the making of this order, notify its members and ask its members to notify affected clients of the fact that this order will permit the exercise of outstanding Put Contracts but (i) will not permit holders of Put Contracts who do not own common shares of the Issuer to purchase such shares in order to make good delivery upon exercise, and (ii) will not permit holders of Put Contracts who are (a) current or former directors or officers of the Issuer or its subsidiaries, or (b) the beneficial owner of, or person who exercises control or direction over, more than 10% of the outstanding common shares of the Issuer and who has nominated or designated any member of the board of directors of the Issuer or who serves (or whose officers or directors serve) as a director or officer of the Issuer, to sell common shares of the Issuer under Put Contracts.
7. Any CDCC member that owns or acts as agent for a person entitled to exercise a Put Option will be required to furnish an affidavit to CDCC and the Commission setting out the terms of the particular contract and confirming the facts in paragraph 6(ii) above.

**AND WHEREAS** CDCC has broad discretion under the CDCC Rules, subject to the terms of the Cease Trade Order, to address the position of holders of Put Contracts who do not currently own common shares of the Issuer;

**AND WHEREAS** we have considered the submissions of CDCC and Staff of the Commission and the rationale for the Cease Trade Order, and have concluded that the issue of this order, to the extent reasonably possible, balances a number of competing interests in all the circumstances, and achieves the objective of preserving the integrity of the capital markets;

**AND WHEREAS** we are satisfied that it would not be prejudicial to the public interest to make this order;

**IT IS ORDERED**, pursuant to section 144 of the Act, that the Cease Trade Order is hereby varied solely to permit (a) the holders of outstanding Put Contracts issued and cleared by CDCC to exercise their Put Contracts, whether or not such holder is a person described in paragraph 6(i) or 6(ii); (b) the holders of the Put Contracts to sell common shares of the Issuer under the terms of the Put Contracts; (c) the sellers of such Put Contracts to perform their obligations to purchase common shares of the Issuer under the terms of the Put Contracts; and (d) CDCC and its members to carry out their respective obligations under the Rules of CDCC, including all requisite acts in furtherance of the trades described in (a), (b) and (c), provided that this order shall not apply to permit the sale of Issuer common shares by a person described in paragraph 6(i) who does not currently own common shares, or who is an insider or other person described in paragraph 6(ii), and provided further that the Cease Trade Order shall otherwise remain in effect, unamended except as expressly provided in this order.

Dated at Toronto, Ontario this 15<sup>th</sup> day of September, 2011.

*“Mary G. Condon”*

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Mary G. Condon

*“James E. A. Turner”*

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James E. A. Turner

*“Sinan O. Akdeniz”*

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Sinan O. Akdeniz