1.1.2 Assignment of Powers and Duties of the Director to IIROC

ASSIGNMENT OF POWERS AND DUTIES OF THE DIRECTOR TO THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

On September 22, 2009, the Executive Director (**Executive Director**) of the Ontario Securities Commission, with the approval of the Ontario Securities Commission (the **Commission**), issued the Revocation and Assignment (the **New Assignment**), which is published in Chapter 2.2.

The New Assignment revokes and restates an existing assignment (the **Existing Assignment**) of certain registration-related powers and duties to the Investment Industry Regulatory Organization Canada (**IIROC**), under subsection 21.5 of the *Securities Act* (Ontario) (the **OSA**) and section 20 of the *Commodity Futures Act* (Ontario) (the **CFA**), effective September 28, 2009.

The replacement of the Existing Assignment by the New Assignment is being made in conjunction with the coming into force on September 28, 2009 of National Instrument 31-103 *Registration Requirements and Exemptions* (**NI 31-103**), together with certain related amendments to the OSA (which will no longer require the annual renewal of registrations) and the regulations made under the OSA.

The New Assignment includes an assignment to IIROC of the Director's power to impose terms and conditions on the registration under the OSA and CFA of an individual registered representative of an IIROC-member firm during the currency of the representative's registration (and not just at the time of initial registration, as previously provided for in the Existing Assignment).

1.1.3 Notice of Commission Approval of Memorandum of Understanding Respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems

NOTICE OF COMMISSION APPROVAL OF
AN AMENDED MEMORANDUM OF UNDERSTANDING
RESPECTING THE OVERSIGHT OF EXCHANGES AND
QUOTATION AND TRADE REPORTING SYSTEMS

The Commission has approved an amended memorandum of understanding (MOU) among certain members of the Canadian Securities Administrators respecting the oversight of exchanges and quotation and trade reporting systems.

The MOU is subject to the approval of the Minister of Finance for Ontario. The MOU was delivered to the Minister on October 2, 2009. Subject to the Minister's approval, the MOU will take effect on January 1, 2010.

The MOU amends an existing MOU, which came into effect in Ontario in November, 2002. The MOU is being amended to include the addition of a definition for "lead regulator", the inclusion of oversight standards applicable to derivative exchanges and the updating of information and oversight report distribution processes to reflect current practices.

The proposed amendments also separate the list of the lead and exempting regulators for each exchange or QTRS (List of Exchanges) from the MOU to a stand alone document. The List of Exchanges as of September 1, 2009 accompanies this Notice but will likely be amended in the coming months. The List of Exchanges will be re-published once it has been amended.

Memorandum of Understanding
respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems

among:

Alberta Securities Commission (ASC)
Autorité des marchés financiers (AMF)
British Columbia Securities Commission (BCSC)
Manitoba Securities Commission (MSC)
Ontario Securities Commission (OSC)
Saskatchewan Financial Services Commission (SFSC)

(each a Party, collectively the Parties)

The Parties agree as follows:

1. Underlying Principles

(a) Lead Regulator Model

(i) Each recognized exchange (Exchange) and recognized quotation and trade reporting system (QTRS) subject to this Memorandum of Understanding (MOU) has a lead regulator (Lead Regulator) responsible for its oversight and one or more exempting regulators (Exempting Regulator).

(ii) The Exempting Regulator of an Exchange or QTRS exempts it from recognition as an Exchange or QTRS on the basis that:

(A) the Exchange or QTRS is and will continue to be recognized by the Lead Regulator as an Exchange or QTRS;

(B) the Lead Regulator is responsible for conducting the regulatory oversight of the Exchange or QTRS; and

(C) the Lead Regulator will inform the Exempting Regulator of its oversight activities and the Exempting Regulator will have the opportunity to raise issues concerning the oversight of the Exchange or QTRS with the Lead Regulator in accordance with this MOU.

(iii) The Lead Regulator is responsible for conducting an oversight program (the Oversight Program) of the Exchange or QTRS that will include the purpose and matters described in section 3.

(iv) The Parties will act in good faith to resolve issues raised by any Exempting Regulator in connection with the Oversight Program carried out by the Lead Regulator.

(b) Scope

The terms of this MOU are applied by the Parties in respect of the oversight of an Exchange or QTRS identified on a list entitled "List of Exchanges, Lead Regulators and Exempting Regulators in relation to the Memorandum of Understanding respecting the Oversight of Exchanges and Quotation and Trade Reporting Systems" ("List of Exchanges"), published concurrently with this MOU by each Party. The List of Exchanges does not form part of this MOU. It may be amended from time to time and will be published by each Party after any such amendment.

(c) Previous Memorandum of Understanding

This MOU supersedes any prior Memorandum of Understanding about the Oversight of Exchanges and Quotation and Trade Reporting Systems among the ASC, Commission des valeurs mobilières du Québec, now the AMF, BCSC, MSC and OSC.

2. Definition

"Lead Regulator" means the Party that is designated on the List of Exchanges from time to time as being the Lead Regulator responsible for the oversight of a particular Exchange or QTRS by consensus of the Parties that have either recognized or exempted from recognition this Exchange or QTRS or are in the process of doing so.

3. Oversight Program

(a) The purpose of the Oversight Program[1] is to ensure that each Exchange and QTRS meets appropriate standards for market operation and regulation based on the type of activities carried out by the Exchange or QTRS. Where applicable, those standards will include:

(i) fair representation in corporate governance and rule-making;

(ii) effective management of conflicts of interests;

(ii) adequate ownership/control structure;

(iv) financial viability;

(v) sufficient resources to carry out market and regulatory functions;

(vi) fair access for market participants and issuers;

(vii) orderly markets through appropriate review of traded products, trading rules and financial requirements for market participants;

(viii) transparency through timely access to accurate information on orders and trades;

(ix) market integrity through the adoption of rules that are not contrary to the public interest, prohibit unfair trading practices, prevent market manipulation and customer and market abuses and promote just and equitable principles of trades;

(x) monitoring of the conduct of the market participants and enforcement of the rules and requirements governing such conduct;

(xi) proper identification and management of risks;

(xii) effective clearing and settlement arrangements and systems;

(xiii) information sharing and regulatory cooperation;

(xiv) appropriate listed or quoted company regulation;

(xv) adequate financial products and instruments development process;

(xvi) specific trading and position limits;

(xvii) appropriate inventory and stock delivery management procedures; and

(xviii) appropriate coordination regarding the market surveillance of the underlying securities.

(b) The Lead Regulator will establish and conduct the Oversight Program. At a minimum, the Oversight Program will include the following:

(i) Review of information filed by the Exchange or QTRS on critical financial and operational matters, risk management and significant changes to operations, including information filed under National Instrument 21-101 - Marketplace Operation, related to:

(A) corporate governance;

(B) rules;

(C) systems and operations;

(D) access;

1 The matters outlined in the Oversight Program are intended to set out the minimum level of oversight exercised in respect of an Exchange or QTRS. The Lead Regulator may conduct additional review procedures.

(E) listing criteria and/ or financial instrument development;

(F) fees;

(G) financial viability; and

(H) regulation.

(ii) Review and approval, where applicable, of changes to Exchange or QTRS bylaws, rules, policies, and other similar instruments (Rules) under the procedures established by the Lead Regulator from time to time.

(iii) Periodic oversight review of Exchange or QTRS functions, including to the extent applicable:

(A) corporate finance policies: policies relating to minimum listing or quoting requirements, continuing listing or quoting requirements or tier maintenance requirements, sponsorship and continuous disclosure;

(B) trading halts, suspensions and de-listing procedures;

(C) co-ordination with the markets of the underlying securities;

(D) monitoring of trading and position limits;

(E) surveillance and enforcement: procedures for detection of non-compliance and resolution of outstanding issues;

(F) access: requirements for access to the facilities of the Exchange or QTRS and fair application of those requirements;

(G) information transparency: procedures for the dissemination of market information;

(H) corporate governance: corporate governance procedures, including policy and rule making process;

(I) risk management; and

(J) systems and technology.

(c) The Lead Regulator will retain sole discretion regarding the manner in which the Oversight Program is carried out, including determining the order and timing of its oversight review of the functions under section 3(b)(iii). However, the Lead Regulator will perform the oversight reviews of these functions at least once every three years. Once it has obtained the necessary internal approval and when the final report of the oversight review performed under section 3(b)(iii) is sent to the Exchange or QTRS, the Lead Regulator will also provide a copy of the final report and any responses of the Exchange or QTRS to the report to each Exempting Regulator.

(d) If issuers or parties that are directly affected by a decision of the Exchange or QTRS in the jurisdiction of an Exempting Regulator appeal that decision to the Lead Regulator or request a hearing and review of that decision by the Lead Regulator, the Lead Regulator will provide videoconferencing facilities or other electronic equipment as necessary and appropriate to permit and facilitate the participation of the parties in the proceedings in the jurisdiction of the Exempting Regulator. The Lead Regulator will also provide simultaneous translation facilities or other facilities necessary and appropriate to permit the participation of the parties in the proceedings in French or English, at their request.

(e) The Lead Regulator will inform each Exempting Regulator in writing of any material changes in how it performs its obligations under this MOU.

4. Involvement of an Exempting Regulator

(a) The Lead Regulator acknowledges that an Exempting Regulator may require that the Exchange or QTRS provide to that Exempting Regulator:

(i) copies of information filed by the Exchange or QTRS pursuant to section 3(b)(i) at the same time that the Exchange or QTRS files the information with the Lead Regulator; and

(ii) copies of all Rules that the Exchange or QTRS files with the Lead Regulator under the Lead Regulator's procedures referred to in section 3(b)(ii) at the same time that the Exchange or QTRS files the Rules with the Lead Regulator,

(iii) copies of all final Rules once approved by the Lead Regulator under the Lead Regulator's procedures referred to in section 3(b)(ii);

(iv) in the specific context of an investigation by an Exempting Regulator and upon a specific request from that Exempting Regulator, information in writing about the marketplace participants, the shareholders or the market operations of the Exchange or QTRS.

(b) If an Exempting Regulator advises the Lead Regulator that it has specific concerns regarding the operations of the Exchange or QTRS in the jurisdiction of the Exempting Regulator and requests that the Lead Regulator perform an oversight review of the Exchange or QTRS in that jurisdiction, the Lead Regulator may determine to conduct an oversight review of:

(i) the office of the Exchange or QTRS in the jurisdiction of the Exempting Regulator; or

(ii) a function performed by an Exchange or QTRS office in that jurisdiction.

The Exempting Regulator may, as part of its request, ask that the Lead Regulator include staff of the Exempting Regulator in the Lead Regulator's oversight review. The Lead Regulator may, as a condition of performing the oversight review, request the assistance of staff of the Exempting Regulator in which case the Exempting Regulator will use its best efforts to provide this assistance.

(c) If the Lead Regulator advises the Exempting Regulator that it cannot or will not conduct the oversight review referred to in section 4(b), the Exempting Regulator may conduct the oversight review without the participation of the Lead Regulator. In that case, the Exempting Regulator will provide copies of the results of the oversight review to the Lead Regulator at the same time it sends the results to the Exchange or QTRS.

5. Information Sharing

(a) The Lead Regulator will, upon written request from an Exempting Regulator, provide or request the Exchange or QTRS to provide to the Exempting Regulator any information about the marketplace participants, the shareholders and the market operations of the Exchange or QTRS. This would include shareholder and participating organization lists, product and trading information and disciplinary decisions.

(b) In addition, to the extent practicable and as appropriate in the particular circumstances, the Lead Regulator will inform the Exempting Regulators in advance of any material events, or material decisions taken either by the Lead Regulator or the Exchange or QTRS, that may have a significant impact on the operations or activities of the Exchange or QTRS.

6. Oversight Committee

(a) An oversight committee will continue to have the mandate to act as a forum and venue for the discussion of issues, concerns and proposals related to the oversight of marketplaces by the Parties (Oversight Committee).

(b) The Oversight Committee will include staff representatives from each of the Parties who have responsibility and/or expertise in the areas of marketplace oversight and market regulation.

(c) The Oversight Committee will meet at least once annually in person and will conduct conference calls at least quarterly.

(d) At least quarterly, the Parties will provide to the Oversight Committee a summary report on their oversight activities conducted during the period that will include a summary description of any material changes made to their oversight program, including the procedures for the review and approval of Exchange or QTRS Rules.

(e) At least annually, the Oversight Committee will provide to the Canadian Securities Administrators a written report of the oversight activities of the committee members during the previous period.

7. Issues Forum

(a) The Parties acknowledge that:

(i) more than one Exchange or QTRS may file the same Rules to different Lead Regulators for review and approval at the same time;

(ii) one Exchange or QTRS may file a Rule to its Lead Regulator for review and approval that is the same as an existing Rule adopted by a different Exchange or QTRS with a different Lead Regulator; or

(iii) an Exempting Regulator may have material concerns regarding a Rule that the Exchange or QTRS has filed for review and approval with the Lead Regulator under the Lead Regulator's procedures referred to in section 3(b)(ii).

(b) In the event the circumstances set out in section 7(a) arise, the Lead Regulators will act in good faith to resolve the issues or concerns raised by any of the parties involved in a dispute or disagreement in order to either achieve consistent results among the Lead Regulators or to address the concerns of the Exempting Regulator.

(c) The Parties to this MOU will establish a committee of the Chairs or other senior executives of the parties involved (the "Issues Forum") that will attempt to reach a consensus between the parties on any issue in dispute or disagreement under section 7(a). The Issues Forum will make recommendations to the various parties. Staff of any of the parties involved in a dispute or disagreement may submit the issue in dispute or the matter causing the disagreement to the Issues Forum.

(d) The Issues Forum will include the Chair or another senior executive of each Party involved in a dispute or disagreement under 7(a). For purposes of this section and if there are joint Lead Regulators of an Exchange or QTRS, the joint Lead Regulators of the Exchange or QTRS will be considered to be separate parties.

8. Waiver and Termination

(a) The provisions of this MOU may be waived by mutual agreement of the Parties.

(b) If the Lead Regulator or an Exempting Regulator of an Exchange or QTRS believes that another Party is not satisfactorily performing its obligations under this MOU, it may give written notice to the other Party stating that belief and providing particulars in reasonable detail of the alleged failure to perform. If the Party receiving the notice has not satisfied the notifying Party within two months of the delivery of the notice either that its performance is satisfactory or that it has taken or will take acceptable steps to rectify its performance, the notifying Party may by written notice to the other Party terminate this MOU as it relates to that Exchange or QTRS on a date not less than six months following delivery of the notice of termination. In that case, the notifying Party will send to the Exchange or QTRS a copy of its notice of termination at the same time it sends the notice to all the other Parties.

(c) In the event any significant change to the ownership, structure or operations of an Exchange or QTRS affects the oversight of the Exchange or QTRS, a Lead Regulator or any Exempting Regulator may give written notice to the other Parties stating its concerns. If a resolution cannot be reached within two months of the delivery of the notice, the notifying Party may by written notice to the other Parties terminate this MOU as it relates to the Exchange or QTRS on a date not less than six months following delivery of the notice of termination. In that case, the notifying Party will send to the Exchange or QTRS a copy of its notice of termination at the same time it sends the notice to all the other Parties.

(d) For purposes of this section and if applicable, the joint Lead Regulators of the Exchange or QTRS will be considered one party.

9. Amendments to and Withdrawal from this MOU

(a) This MOU may be amended from time to time as mutually agreed upon by the Parties. Any amendments must be in writing and approved by the duly authorized representatives of each Party. Any amendment of this MOU is subject to Ministerial approval in Ontario and to Governmental approval in Québec. For clarity, the List of Exchanges does not form part of this MOU.

(b) The Parties acknowledge that the securities regulators of any other jurisdiction where an Exchange or QTRS is recognized or exempted from recognition may become a Party to this MOU.

(c) Each Party can, at any time, withdraw from this MOU on at least 90 days written notice to all other Parties.

10. Effective Date

This MOU comes into effect on January 1, 2010.

List of Exchanges, Lead Regulators and Exempting Regulators
in relation to the
Memorandum of Understanding respecting the
Oversight of Exchanges and Quotation and Trade Reporting Systems
As of September 1, 2009

EXCHANGE QTRS	LEAD REGULATOR(S)	EXEMPTING REGULATOR(S)
Bourse de Montréal Inc.	Autorité des marchés financiers	Ontario Securities Commission
CNSX Markets Inc.	Ontario Securities Commission	Alberta Securities Commission Autorité des marchés financiers British Columbia Securities Commission
ICE Futures Canada Inc.	Manitoba Securities Commission	
Natural Gas Exchange Inc.	Alberta Securities Commission	Autorité des marchés financiers Manitoba Securities Commission Ontario Securities Commission
TSX Inc.	Ontario Securities Commission	Alberta Securities Commission Autorité des marchés financiers British Columbia Securities Commission Manitoba Securities Commission
TSX Venture Exchange Inc.	Alberta Securities Commission British Columbia Securities Commission	Autorité des marchés financiers Manitoba Securities Commission Ontario Securities Commission

1.1.4 Request for Comment – CSA/IIROC Joint Consultation Paper 23-404 – Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada

REQUEST FOR COMMENT

CSA/IIROC JOINT CONSULTATION PAPER 23-404

DARK POOLS, DARK ORDERS, AND OTHER DEVELOPMENTS IN MARKET STRUCTURE IN CANADA

Introduction

The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) are publishing for comment in Chapter 6 of this Bulletin CSA/IIROC Consultation Paper 23-404 *Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada*. The purpose of the consultation paper is to solicit feedback on several developments that have occurred in market structure in Canada specifically the emergence of dark pools, different order types, and smart order routers.

The comment period will end on December 29, 2009. Because of the importance of the issues raised in the paper the CSA and IIROC intend to convene a roundtable to discuss the issues and the submissions received. Parties that would like to participate in the roundtable are invited to indicate in their comment letter to Consultation Paper 23-404 that they wish to appear. The discussion will inform possible future work on process and substantive requirements by both the CSA and IIROC.

1.2 Notices of Hearing

1.2.1 Lyndz Pharmaceuticals Inc. et al. – s. 127, 127.1

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

AND

IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
JAMES MARKETING LTD., MICHAEL EATCH AND RICKEY MCKENZIE

NOTICE OF HEARING
(ss. 127 and 127.1 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O., c. S.5., as amended (the "Act") at the offices of the Commission, 20 Queen Street West, Toronto, Ontario, 17th Floor, beginning at 9:30 am on September 24, 2009;

TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission to make one or more of the following orders against Lyndz Pharmaceuticals Inc. (“Lyndz”):

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by and of the Respondent Lyndz cease permanently or for such period as specified by the Commission;

(b) to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondent Lyndz permanently or for such period as specified by the Commission;

(c) to make an order pursuant to section 127(1) clause 9 of the Act requiring the Respondent Lyndz to pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law;

(d) to make an order pursuant to section 127(1) clause 10 of the Act requiring the Respondent Lyndz to disgorge to the Commission any amounts obtained as a result of the non-compliance;

(e) to make an order pursuant to section 127.1 of the Act that the Respondent Lyndz pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

(f) to make such other order or orders as the Commission considers appropriate.

AND TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission to make one or more of the following orders against James Marketing Ltd. ("James Marketing"):

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by and of the Respondent James Marketing cease permanently or for such period as specified by the Commission;

(b) to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondent James Marketing permanently or for such period as specified by the Commission;

(c) to make an order pursuant to section 127(1) clause 9 of the Act requiring the Respondent James Marketing to pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law;

(d) to make an order pursuant to section 127(1) clause 10 of the Act requiring the Respondent James Marketing to dis-orge to the Commission any amounts obtained as a result of the non-comliance;

(e) to make an order pursuant to section 127.1 of the Act that the Respondent James Marketing pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

(f) to make such other order or orders as the Commission considers appropriate.

AND TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission to make one or more of the following orders against Michael Eatch ("Eatch"):

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondent Eatch cease permanently or for such period as specified by the Commission;

(b) to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of securities by the Respondent Eatch be prohibited permanently or for such period as is specified by the Commission;

(c) to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondent Eatch permanently or for such period as specified by the Commission;

(d) to make an order pursuant to subsection 127(1) clause 6 of the Act that the Respondent Eatch be reprimanded by the Commission;

(e) to make an order pursuant to section 127(1) clause 7 of the Act that the Respondent Eatch resign any position that the Respondent holds as a director or officer of an issuer;

(f) to make an order pursuant to section 127(1) clause 8 of the Act that the Respondent Eatch be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

(g) to make an order pursuant to section 127(1) clause 8.2 that the Respondent Eatch be prohibited from becoming or acting as a director or officer of a registrant;

(h) to make an order pursuant to section 127(1) clause 8.4 that the Respondent Eatch be prohibited from becoming or acting as a director or officer of an investment fund manager;

(i) to make an order pursuant to section 127(1) clause 8.5 that the Respondent Eatch be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(j) to make an order pursuant to section 127(1) clause 9 of the Act requiring the Respondent Eatch to pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law;

(k) to make an order pursuant to section 127(1) clause 10 of the Act requiring the Respondent Eatch to disgorge to the Commission any amounts obtained as a result of the non-compliance;

(l) to make an order pursuant to section 127.1 of the Act that the Respondent Eatch pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

(m) to make such other order or orders as the Commission considers appropriate.

AND TO CONSIDER whether, in the opinion of the Commission, it is in the public interest for the Commission to make one or more of the following orders against Rickey McKenzie ("McKenzie"):

(a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities by the Respondent McKenzie cease permanently or for such period as specified by the Commission;

(b) to make an order pursuant to section 127(1) clause 2.1 of the Act that acquisition of securities by the Respondent McKenzie be prohibited permanently or for such period as is specified by the Commission;

(c) to make an order pursuant to subsection 127(1) clause 3 of the Act that any exemptions in Ontario securities law do not apply to the Respondent McKenzie permanently or for such period as specified by the Commission;

(d) to make an order pursuant to subsection 127(1) clause 6 of the Act that the Respondent McKenzie be reprimanded by the Commission;

(e) to make an order pursuant to section 127(1) clause 7 of the Act that the Respondent McKenzie resign any position that the Respondent holds as a director or officer of an issuer;

(f) to make an order pursuant to section 127(1) clause 8 of the Act that the Respondent McKenzie be prohibited from becoming or acting as an officer or director of any issuer permanently or for such period as specified by the Commission;

(g) to make an order pursuant to section 127(1) clause 8.2 that the Respondent McKenzie be prohibited from becoming or acting as a director or officer of a registrant;

(h) to make an order pursuant to section 127(1) clause 8.4 that the Respondent McKenzie be prohibited from becoming or acting as a director or officer of an investment fund manager;

(i) to make an order pursuant to section 127(1) clause 8.5 that the Respondent McKenzie be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;

(j) to make an order pursuant to section 127(1) clause 9 of the Act requiring the Respondent McKenzie to pay an administrative penalty of not more than $1 million for each failure to comply with Ontario securities law;

(k) to make an order pursuant to section 127(1) clause 10 of the Act requiring the Respondent McKenzie to disgorge to the Commission any amounts obtained as a result of the non-compliance;

(l) to make an order pursuant to section 127.1 of the Act that the Respondent McKenzie pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and

(m) to make such other order or orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff, dated September 23, 2009, and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FUTHER NOTICE THAT any party to the proceedings may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 23rd day of September, 2009.

"Daisy Aranha"
per: John Stevenson
Secretary to the Commission

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

AND

**IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
JAMES MARKETING LTD., MICHAEL EATCH AND
RICKEY MCKENZIE**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission ("Staff") make the following allegations:

I. THE RESPONDENTS

1. Lyndz Pharmaceuticals Inc. ("Lyndz") is a company incorporated in Ontario. The corporation's registered office is in Aurora, Ontario, at the residential address of Michael Eatch ("Eatch"). Share certificates in Lyndz have been sold to investors both in Ontario and in the UK. The business activity of Lyndz is purported to be the manufacture and distribution of pharmaceuticals. Lyndz is not a reporting issuer in Ontario and has not filed a prospectus. Its common shares are not known to be listed on any exchange.

2. James Marketing is a company registered in the UK with a registered office in London, England. Shareholders in Lyndz purchased their shares through a payment to James Marketing.

3. Eatch is a resident of Ontario and lives at the registered business address of Lyndz. He is the president of Lyndz and the sole director and shareholder of Lyndz Pharma Ltd. ("Lyndz UK"), a company registered in the UK operating out of the same office services facility as James Marketing Ltd. ("James Marketing"). Eatch has never been registered with the Ontario Securities Commission (the "Commission").

4. Rickey Blair McKenzie ("McKenzie"), a resident of Newmarket, Ontario, is the sole director and shareholder of James Marketing. McKenzie has never been registered with the Commission.

II. OVERVIEW

5. The Respondents diverted funds raised through the sale of shares in Lyndz to the personal benefit of Eatch and McKenzie via James Marketing and Lyndz UK contrary to section 126.1(b) of the Securities Act (the "Act").

6. The Respondents distributed securities in Lyndz in Ontario without being registered to do so under the Act, without having filed a prospectus and without the benefit of an applicable exemption contrary to section 53(1) of the Act.

7. Eatch and Lyndz made statements in shareholder correspondence and marketing materials that were materially misleading or untrue or failed to state facts that were required to be stated to make the statements not misleading, contrary to section 126.2(1)(a) of the Act. These representations included the claim, with the intention of effecting a trade in the securities of Lyndz, that a person or company would repurchase the outstanding securities of Lyndz, contrary to s. 38(1)(a) of the Act.

8. Eatch and Lyndz purported to issue shares in Lyndz and conducted themselves as if the corporation was a going concern during a 26 month period when Lyndz was dissolved as an Ontario corporation contrary to sections 126.1(b) and 126.2(1)(a) of the Act.

III. PARTICULARS OF THE ALLEGATIONS

9. From 1999 through 2008, funds raised through the sale of shares in Lyndz were paid both to James Marketing and Lyndz UK. Monies paid to James Marketing were split between McKenzie and Eatch according to a specific agreement, with part of Eatch's share going to Lyndz UK and part being paid to him in cash. Eatch used the Lyndz UK account as if it were his own, purchasing personal items and covering his living expenses.

10. In March 2006, Lyndz's Certificate of Incorporation was cancelled under section 240 of the Ontario *Business Corporations Act*, dissolving the company by operation of statute. Lyndz remained dissolved until May 2008, when Articles of Revival were filed. Eatch continued to issue shares in Lyndz during the 26 months that Lyndz was dissolved.

11. From November 1999 through December 2007, Eatch and Lyndz distributed Lyndz's shares on more than 100 occasions. More than 40 of those distributions were to Ontario residents. None of the Respondents is registered under the Act to trade securities in Ontario, no prospectus was filed for Lyndz and no exemption applied to the transactions.

12. Eatch drafted and distributed marketing materials on behalf of Lyndz containing materially misleading or untrue statements or failing to state facts which it was necessary to state to make the statements not misleading.

13. Lyndz' business plan, dated April 2008 and authored by Eatch (the "April 2008 Business Plan"), stated that Lyndz was going to purchase a British Columbia pharmaceuticals manufacturing

facility when the facility in question had already been sold to another purchaser.

14. From 2003 through 2008, Eatch drafted and distributed a series of letters to Lyndz' shareholders on the letterhead of Lyndz and James Marketing purporting to describe a series of offers the company had allegedly received to re-purchase the outstanding shares of Lyndz and to finance various alleged projects. The letters quoted specific prices at which shares would be purchased, named purchasing corporations and quoted amounts of funding pledged. None of the alleged offers described in the letters delivered by Eatch resulted in either the re-purchase of shares or the financing of Lyndz' projects. At least one of the alleged purchaser corporations did not even exist.

IV. CONDUCT CONTRARY TO THE PUBLIC INTEREST

15. By diverting funds raised from the distribution of Lyndz' shares for their personal benefit, Eatch and McKenzie have engaged in a fraud on the investors in Lyndz, contrary to s. 126.1(b) of the Act and contrary to the public interest.

16. By continuing to conduct themselves as if Lyndz was an active legal entity and purporting to issue securities when they knew the company had been dissolved, Eatch and Lyndz have engaged in a fraud on the investors in Lyndz, contrary to s. 126.1(b) of the Act and contrary to the public interest.

17. By making statements which, at the time and in light of the circumstances under which they were made, were materially misleading or untrue or failed to state facts that were required to be stated to make the statements not misleading, Eatch and Lyndz acted contrary to s. 126.2(1)(a) of the Act and contrary to the public interest.

18. By representing, with the intention of effecting a trade in the securities of Lyndz, that a person or company will repurchase the outstanding securities of Lyndz, Eatch and Lyndz acted contrary to s. 38(1)(a) of the Act and contrary to the public interest.

19. By distributing shares in Ontario when no prospectus had been filed, without a receipt having been issued and without the benefit of an applicable exemption, Lyndz and Eatch acted contrary to s. 53(1) of the Act and contrary to the public interest.

20. Staff reserve the right to make such further and other allegations as Staff may advise and the Commission may permit.

DATED at Toronto this 23rd day of September, 2009.

1.2.2 Mega-C Power Corporation et al.

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR AND 1248136 ONTARIO LIMITED

NOTICE OF HEARING

TAKE NOTICE that the Ontario Securities Commission will hold a hearing at the offices of the Commission located at 20 Queen Street West, Toronto, 17th Floor, Hearing Room B, on Tuesday, September 29, 2009 at 2:30 p.m. to consider whether to approve a Settlement Agreement entered into by Staff of the Commission and Rene Pardo.

DATED at Toronto, this 28th day of September, 2009.

"John Stevenson"
Secretary to the Commission

1.2.3 Robert Kasner – s. 127

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

AND

IN THE MATTER OF
ROBERT KASNER

NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act* (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Wednesday, September 30, 2009, at 9:00 a.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and the respondent Robert Kasner.

BY REASON OF the allegations set out in the Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this "29th" day of September, 2009

"John Stevenson"
Secretary to the Commission

1.2.4 Ernest Anderson et al. – s. 127

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

AND

**IN THE MATTER OF
ERNEST ANDERSON, GOLDEN GATE FUNDS LP,
BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND**

**NOTICE OF HEARING
(s. 127 of the Securities Act)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act* (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on October 2, 2009, at 10:00 a.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to make an order:

(a) that trading in any securities by or of Berkshire Capital Limited, GP Berkshire Capital Limited and Panama Opportunity Fund (the "Berkshire Entities") cease permanently pursuant to paragraph 2 of section 127(1) of the Act;

(b) that acquisition of any securities by the Berkshire Entities is prohibited permanently pursuant to paragraph 2.1 of section 127(1) of the Act;

(c) that any exemptions contained in Ontario securities laws do not apply to the Berkshire Entities pursuant to paragraph 3 of section 127(1) of the Act;

(d) that Berkshire Entities be reprimanded pursuant to paragraph 6 of section 127(1) of the Act.

BY REASON OF the allegations set out in the Statement of Allegations of Staff, dated September 21, 2009, and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 28th day of September, 2009

"John Stevenson"
Secretary to the Commission

1.2.5 Ernest Anderson et al. – s. 127

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

AND

IN THE MATTER OF
ERNEST ANDERSON,
GOLDEN GATE FUNDS LP,
BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND

NOTICE OF HEARING
(s. 127 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the Securities Act (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on October 2, 2009, at 10:00 a.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and Ernest Anderson and Golden Gate Funds LP;

BY REASON OF the allegations set out in the Statement of Allegations of Staff, dated September 21, 2009, and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 28th day of September, 2009

"John Stevenson"
Secretary to the Commission

1.3 News Releases

1.3.1 Canadian Securities Regulators Prepare for Upcoming Changeover to International Financial Reporting Standards

FOR IMMEDIATE RELEASE
September 25, 2009

CANADIAN SECURITIES REGULATORS PREPARE FOR UPCOMING CHANGEOVER TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Toronto – The Canadian Securities Administrators (CSA) today published for comment National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards*, its Companion Policy and related amendments that are aimed at ensuring a smooth transition from current Canadian Generally Accepted Accounting Principles (GAAP) to International Financial Reporting Standards (IFRS).

National Instrument 52-107 sets out acceptable accounting principles and auditing standards for issuers and registrants to use when filing or delivering financial statements to securities regulatory authorities or securities regulators. The proposed materials are intended to provide an efficient transition mechanism for issuers and registrants to reflect the change to IFRS , and produce high quality financial reporting for investors.

"The Canadian marketplace is making a fundamental change to its accounting standards, which reflects broader acceptance of a single set of accounting standards at the international level," said Jean St-Gelais, CSA Chair and President & Chief Executive Officer of the AMF. "The CSA wants to ensure Canada's market participants clearly understand how this change affects securities regulation so that they will be prepared when the change to IFRS is made."

For financial years beginning on or after January 1, 2011, domestic issuers and registrants will be required to use IFRS as incorporated into the Canadian Institute of Chartered Accountants Handbook. The proposed materials address changes to securities legislation that will result from the change to IFRS. This includes, for example, changes in terminology and disclosure requirements.

The CSA today also published notices that propose IFRS-related changes to certain prospectus, continuous disclosure and certification rules. The proposed materials are posted on various CSA members' websites and are available for comment until December 24, 2009.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

For more information:

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1.3.2 National Registration Regime Implemented: Canadian Securities Regulators Announce New Registration Rules and Streamlined Process for Dealers and Advisers

FOR IMMEDIATE RELEASE
September 28, 2009

NATIONAL REGISTRATION REGIME IMPLEMENTED: CANADIAN SECURITIES REGULATORS ANNOUNCE NEW REGISTRATION RULES AND STREAMLINED PROCESS FOR DEALERS AND ADVISERS

Toronto – The Canadian Securities Administrators (CSA) announced that new rules are taking effect today across Canada that apply to firms and individuals who deal in securities, provide investment advice or manage investment funds. In addition, a streamlined process for dealer and adviser registration in multiple jurisdictions is now in effect.

National Instrument 31-103 *Registration Requirements and Exemptions*, and related rules and amendments, create a new Canada-wide registration regime. This important initiative reflects an extensive consultation process that began in 2005. When the CSA published the new rules on July 17, 2009, they announced the rules would come into effect on September 28, 2009, pending approval by the appropriate provincial and territorial government authorities, which is now complete.

"The coming into force of this new registration regime is a significant achievement toward modernizing and increasing the efficiency of the registration system," said Jean St-Gelais, Chair of the CSA and President & Chief Executive Officer of the Autorité des marchés financiers (Québec).

The new regime has higher proficiency standards for some registrants. It also has enhanced rules for consumer disclosure, referral arrangements, handling investor complaints, and disclosing and addressing conflicts of interest. As well, the new regime introduces a registration requirement for investment fund managers, exempt market dealers and senior officers responsible for compliance. The new rules recognize that the registration regime must accommodate a wide variety of business models, scales of operation, clients and products.

The passport system for registrants, which comes into force with NI 31-103, creates a streamlined process for dealer and adviser registration in multiple jurisdictions, replacing the current National Registration System. The new national registration regime is the foundation for this system.

The CSA is also making some amendments to National Instrument 45-106 *Prospectus and Registration Exemptions* to further harmonize and streamline requirements for using some exemptions and to complement changes to the registration regime in National Instrument 31-103.

On June 12, 2009 the CSA published CSA Staff Notice 31-311 *Proposed NI 31-103 Registration Requirements and Exemptions – Transition into the new Registration Regime*, which provides guidance for the transition from the existing registration regime to the new registration regime under NI 31-103. In order to make the transition as smooth and efficient as possible, CSA staff have outlined in the Notice several items of which registrants should be aware, including proposed changes to the National Registration Database (NRD), the conversion by firms and individuals to new categories of registration and the transition period to comply with new requirements under NI 31-103.

As part of the transition, the NRD is scheduled to be shut down from September 25 to October 12, 2009 to allow for the conversion to new categories of registration. During this time, firms would have read-only access to the database and would need to submit material information to their securities regulator and then re-file that material on the NRD after the database reopens on October 12, 2009. Any filings made during this period must be paper filings.

NI 31-103, and related rules and amendments, as well CSA Staff Notice 31-311 are available on various CSA members' websites.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

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Donn MacDougall
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NATIONAL INSTRUMENT 31-103
REGISTRATION REQUIREMENTS AND EXEMPTIONS

BACKGROUNDER

Registration Reform Project

- The new national instrument is the centrepiece of the "Registration Reform Project". This is the largest project ever undertaken by the Canadian Securities Administrators (CSA).
- The project involves the harmonization, streamlining and modernization of the different sets of registration rules that exist in each of the provinces and territories.
- Today, securities dealers and advisers must comply with different rules in each Canadian jurisdiction where they are registered to carry on business.
- Under the new regime, a single national instrument will govern their conduct and a single set of rules will lay out the procedures they need to follow to become registered.
- The related passport system and Ontario's interface with the passport system will mean a single point of contact for registration.
- A more comprehensive and up-to-date registration regime will not only provide for more efficient business operations, it will also help regulators discharge their important investor protection mandate.

Registration

- Securities industry professionals are required to register with the securities commission in each province or territory where they do business.
- Securities commissions have mandates to protect investors and foster fair and efficient capital markets. Registrants are screened for integrity, proficiency and solvency. They are registered in categories according to the type of business they do and must conduct business in compliance with regulations enforced by the commissions.
- The new registration regime published today will provide Canada-wide rules for the conduct of registrants and regulatory procedures they must follow.

History, goals and substance of Project

- The first concept paper for the registration reform project was published in February 2006.
- Rule proposals were published for comment in February 2007 and February 2008, with extensive consultation undertaken at each stage.
- A better system of registration requirements will help ensure investor protection and foster a more efficient business environment.
- Until now, the rules for the conduct of registrants were different for each province and contained in various rules within provinces. Now there will be basically just one set of rules.
- Harmonizing and streamlining regulations in this way will make it easier to regulate to a common standard across the country and easier for registrants to comply with the regulations.
- Some registration requirements needed to be modernized to reflect new concerns or new regulatory approaches. The new national instrument also addresses this need.
- The reforms will directly impact the approximately 2,000 firms and 130,000 individuals who are registered today.

Investor protection

- Investors often rely heavily on registrants.
- Examples of enhanced investor protection under the new registration regime:
    - A key element of the new regime is fostering a culture of compliance.
    - CEOs will have to register as the "ultimate designated person" who is responsible for the existence of an effective compliance system at their firms.
    - Firms must also register a chief compliance officer who will be responsible for day-to-day operation of the compliance system.
    - Those who administer investment funds (e.g. mutual funds) will be required to register for the first time (these are called "investment fund managers").
    - Dealers who sell securities under certain exemptions from the usual requirements under securities regulations will have to register for the first time (these are called "exempt market dealers"; currently only Ontario and Newfoundland and Labrador have a similar requirement but it is less comprehensive).

- There are new requirements for referral arrangements, handling investor complaints and risk-based capital and insurance.
- There are expanded requirements for consumer disclosure, and disclosing and addressing conflicts of interest.
- There are higher proficiency requirements for some registration categories.

Business efficiency

- Examples of fostering efficient business environment under the new registration regime:
  - Common requirements across Canada for the first time.
  - Over 30 individual categories of registration will be reduced to five and 60 firm categories reduced to eight.
  - Registered individuals will be able to transfer automatically between employers as long as no concerns are raised on their conduct.
  - Firms will no longer have to renew their registration every year
  - Rules will be more flexible in some areas with a less prescriptive approach in recognition that registered firms vary greatly in their size and the range of business they undertake.
  - New registration categories accommodate specialized operations.
  - The requirement to register for dealers will be driven by whether or not they are actually in the business of trading securities (this is called the "business trigger") – instead of today's sometimes very technical requirement that can capture trading activity incidental to a firm's primary business.

Streamlined procedures

- In addition to NI 31-103, the registration reform project includes revisions to the rules that govern registration procedures.
- Efficiencies for industry have been achieved with the removal of regulatory burdens that do not enhance investor protection.
- Registration procedures are set out in the National Registration Database (NRD) rules, which have been amended, and in the passport system and Ontario's passport interface.
- The passport system allows individuals and firms to register in more than one province or territory by dealing only with the "principal regulator". Although Ontario is not adopting the passport system, it can be a principal regulator under that system. This means Ontario-based registrants only need to deal with the OSC, even when they are also active in other parts of Canada. The CSA has also today issued a press release concerning the publication of the passport rules.

Securities Act amendments

- Provinces and territories have amended their Securities Acts to accommodate the new registration regime in their legislative framework. Most recently, Ontario has adopted such amendments in its budget bill that received Royal Assent in June and have now been proclaimed into force (Bill 162, the *Budget Measures Act, 2009*). Quebec adopted the Act amendments in its Bill 8 (*an Act to amend the Securities Act and other legislative provisions*), also assented in June and now proclaimed into force.

Transition to new regime

- Guidance to the industry on how the new registration regime will be implemented by regulators is set out in CSA Notice 31-311 *Transition into new Registration Regime under NI 31-103*, which was published on June 12, 2009.

1.3.3 CSA and IIROC Publish Joint Consultation Paper on Dark Pools, Dark Orders and Other Developments in Market Structure in Canada

FOR IMMEDIATE RELEASE
September 30, 2009

CSA AND IIROC PUBLISH
JOINT CONSULTATION PAPER ON
DARK POOLS, DARK ORDERS AND
OTHER DEVELOPMENTS IN
MARKET STRUCTURE IN CANADA

Toronto – The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) published today a Joint Consultation Paper on *Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada*.

Over the past few years, the Canadian capital markets have experienced an evolution of market structure. Equity trading in Canada has moved from a centralized marketplace to an environment of multiple marketplaces, where exchanges and alternative trading systems trade the same securities.

The Joint Consultation Paper outlines some of the recent developments that have taken place in Canadian market structure such as the introduction of marketplaces that offer no pre-trade transparency (dark pools), the introduction of new order types, including those that have limited or no transparency (dark orders), the interaction of visible and dark orders on the same trading platform, and the introduction of smart order routers. The Consultation Paper also describes the characteristics of an efficient and effective market that are used to analyze the impact of these developments.

"New developments in market structure can have far reaching impact," said Jean St-Gelais, CSA Chair and President and Chief Executive Officer of the Autorité des marchés financiers. "It is important that we engage all participants in the market including investors, both retail and institutional, in this important dialogue."

The Consultation Paper, which is open for public comment until December 29, 2009, discusses the evolution of the Canadian market, the characteristics of an efficient and effective market, specific issues for consideration and the conclusion and comment process.

"The structure of our capital markets is constantly evolving," said Susan Wolburgh Jenah, President and CEO of IIROC. "Given our mandate to protect investors, we want to ensure that all of the issues raised in the paper are explored."

The CSA and IIROC are soliciting feedback to encourage discussion on the specific issues and questions raised in the Consultation Paper. All participants in the market are encouraged to respond to issues raised and questions asked in the Paper and participate in a roundtable discussion that will follow to ensure that all related issues are explored.

The Joint CSA/IIROC Consultation Paper on *Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada* is available on the websites of various CSA members and IIROC.

The CSA, the council of the securities regulators of Canada's provinces and territories, co-ordinates and harmonizes regulation for the Canadian capital markets.

IIROC is the national self-regulatory organization which oversees all investment dealers and trading activity on debt and equity marketplaces in Canada.

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1.4 Notices from the Office of the Secretary

1.4.1 Lyndz Pharmaceuticals Inc. et al.

FOR IMMEDIATE RELEASE
September 24, 2009

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

AND

IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
JAMES MARKETING LTD., MICHAEL EATCH AND
RICKEY MCKENZIE

TORONTO – The Office of the Secretary issued a Notice of Hearing setting the matter down to be heard on September 24, 2009, at 10:00 a.m.

Following the hearing held today the Commission issued an Order which provides that on consent that the hearing on the merits for this matter is set to begin on May 31, 2010.

A copy of the Notice of Hearing dated September 23, 2009, Statement of Allegations of Staff of the Ontario Securities Commission dated September 23, 2009 and the Order dated September 24, 2009 are available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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1.4.2 Oversea Chinese Fund Limited Partnership et al.

FOR IMMEDIATE RELEASE
September 24, 2009

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

AND
IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP, WEIZHEN TANG AND ASSOCIATES INC., WEIZHEN TANG CORP. AND WEIZHEN TANG

TORONTO – The Commission issued an Order today which provides that (1) the Temporary Order is extended to October 23, 2009; and (2) the hearing in this matter is adjourned to October 22, 2009 at 10:00 a.m. or as soon thereafter as the hearing can be held.

A copy of the Order dated September 24, 2009 is available at **www.osc.gov.on.ca**.

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1.4.3 Mega-C Power Corporation et al.

FOR IMMEDIATE RELEASE
September 25, 2009

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO, GARY USLING, LEWIS TAYLOR SR., LEWIS TAYLOR JR., JARED TAYLOR, COLIN TAYLOR AND 1248136 ONTARIO LIMITED

TORONTO – Following a hearing held on September 17, 2009, the Commission issued an Order approving the Settlement Agreement reached between Staff of the Commission and Gary Usling in the above named matter.

A copy of the Order dated September 17, 2009 approving the settlement agreement and the Settlement Agreement dated September 16, 2009 are available at **www.osc.gov.on.ca**.

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1.4.4 Mega-C Power Corporation et al.

FOR IMMEDIATE RELEASE
September 28, 2009

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR AND 1248136 ONTARIO LIMITED

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Rene Pardo. The hearing will be held on September 29, 2009 at 2:30 p.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated September 28, 2009 is available at **www.osc.gov.on.ca**.

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1.4.5 Robert Kasner

FOR IMMEDIATE RELEASE
September 29, 2009

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

AND

IN THE MATTER OF
ROBERT KASNER

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Robert Kasner. The hearing will be held on September 30, 2009 at 9:00 a.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated September 29, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
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For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.6 Ernest Anderson et al.

FOR IMMEDIATE RELEASE
September 30, 2009

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

AND

IN THE MATTER OF
ERNEST ANDERSON,
GOLDEN GATE FUNDS LP,
BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND

TORONTO – The Office of the Secretary issued a Notice of Hearing on September 28, 2009 setting the matter down to be heard on October 2, 2009 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter.

A copy of the Notice of Hearing dated September 28, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

Carolyn Shaw-Rimmington
Assistant Manager,
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416-593-2361

For investor inquiries: OSC Contact Centre
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1-877-785-1555 (Toll Free)

1.4.7 Ernest Anderson et al.

FOR IMMEDIATE RELEASE
September 30, 2009

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

AND

IN THE MATTER OF
ERNEST ANDERSON,
GOLDEN GATE FUNDS LP,
BERKSHIRE CAPITAL LIMITED,
GP BERKSHIRE CAPITAL LIMITED AND
PANAMA OPPORTUNITY FUND

TORONTO – The Office of the Secretary issued a Notice of Hearing for a hearing to consider whether it is in the public interest to approve a settlement agreement entered into by Staff of the Commission and Ernest Anderson and Golden Gate Funds LP. The hearing will be held on October 2, 2009 at 10:00 a.m. in Hearing Room B on the 17th floor of the Commission's offices located at 20 Queen Street West, Toronto.

A copy of the Notice of Hearing dated September 28, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
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1-877-785-1555 (Toll Free)

1.4.8 Adrian Samuel Leemhuis et al.

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

AND

**IN THE MATTER OF
ADRIAN SAMUEL LEEMHUIS,
FUTURE GROWTH GROUP INC.,
FUTURE GROWTH FUND LIMITED,
FUTURE GROWTH GLOBAL FUND LIMITED,
FUTURE GROWTH MARKET NEUTRAL
FUND LIMITED, FUTURE GROWTH
WORLD FUND, AND ASL DIRECT INC.**

TORONTO – Following a hearing held in the above noted matter, the Commission issued an Order which provides that (1) the Temporary Order dated April 22, 2008, as varied, is further extended to November 7, 2009; and (2) the hearing to consider the extension of the Temporary Order dated April 22, 2008, as varied, is adjourned to November 6, 2009 at 10:00 a.m., without prejudice to either party moving pursuant to the Rules to vary the Order under section 144 or for any other appropriate relief.

A copy of the Order dated September 29, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
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& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

Carolyn Shaw-Rimmington
Assistant Manager,
Public Affairs
416-593-2361

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.9 Borealis International Inc. et al.

**FOR IMMEDIATE RELEASE
September 30, 2009**

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

AND

**IN THE MATTER OF
BOREALIS INTERNATIONAL INC.,
SYNERGY GROUP (2000) INC.,
INTEGRATED BUSINESS CONCEPTS INC.,
CANAVISTA CORPORATE SERVICES INC.,
CANAVISTA FINANCIAL CENTER INC.,
SHANE SMITH, ANDREW LLOYD, PAUL LLOYD,
VINCE VILLANTI, LARRY HALIDAY,
JEAN BREAU, JOY STATHAM, DAVID PRENTICE,
LEN ZIELKE, JOHN STEPHAN, RAY MURPHY,
ALEXANDER POOLE, DEREK GRIGOR,
EARL SWITENKY, MICHELLE DICKERSON,
DEREK DUPONT, BARTOSZ EKIERT,
ROSS MACFARLANE, BRIAN NERDAHL,
HUGO PITTOORS AND LARRY TRAVIS**

TORONTO – Following an appearance held on September 28, 2009 in the above matter, the Commission issued an Order which provides that (1) the hearing on the merits shall commence on January 18, 2010 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto and continue for four weeks, which shall be peremptory against the Moving Parties; and (2) if required, the hearing on the merits shall resume on March 1, 2010 and continue for an additional two weeks, which shall not be peremptory against the Moving Parties.

A copy of the Order dated September 29, 2009 is available at **www.osc.gov.on.ca**.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
Director, Communications
& Public Affairs
416-593-8120

Laurie Gillett
Manager, Public Affairs
416-595-8913

Carolyn Shaw-Rimmington
Assistant Manager,
Public Affairs
416-593-2361

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Polyair Inter Pack Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

September 25, 2009

Polyair Inter Pack Inc.
c/o Goldman, Spring, Kichler & Sanders LLP
Suite 700
40 Sheppard Avenue West
Toronto, Ontario
M2N 6K9

Attention: Joseph B. Maierovits

Dear Sirs/Mesdames:

Re: Polyair Inter Pack Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon Territory, Northwest Territories and Nunavut (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions that the Applicant is not a reporting issuer.

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.2 Nabors Exchangeco (Canada) Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

September 25, 2009

Stikeman Elliott LLP
Bankers Hall West
888 - 3 Street SW
Calgary, AB T2P 5C5

Attention: Charlotte E. A. Feasby

Dear Madam:

Re: Nabors Exchangeco (Canada) Inc. (the Applicant) - Application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario and Québec (the Jurisdictions) that the Applicant is not a reporting issuer

The Applicant has applied to the local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions for a decision under the securities legislation (the Legislation) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

(a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and

(d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer and that the Applicant's status as a reporting issuer is revoked.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.3 Pet Valu Canada Inc. and Pet Valu, Inc. – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – application for an order that the issuer is not a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

September 25, 2009

Pet Valu Canada Inc.
7300 Warden Avenue, Suite 106
Markham, Ontario L3R9Z6

Pet Valu, Inc.
7300 Warden Avenue, Suite 106
Markham, Ontario L3R9Z6

Dear Sirs/Mesdames:

Re: Pet Valu Canada Inc. and Pet Valu, Inc. (the "Applicants") – application for a decision under the securities legislation of Ontario, Alberta and Manitoba (the "Jurisdictions") that the Applicants are not reporting issuers

The Applicants have applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the Applicants are not reporting issuers.

As the Applicants have represented to the Decision Makers that:

(a) the outstanding securities of the Applicants, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;

(b) no securities of the Applicants are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;

(c) the Applicants are applying for a decision that they are not reporting issuers in all of the jurisdictions in Canada in which they are currently reporting issuers; and

(d) the Applicants are not in default of any of their obligations under the Legislation as reporting issuers,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicants are not reporting issuers.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.4 True Energy Trust and True Energy Inc.

Headnote

Exemptive Relief Applications in Multiple Jurisdictions – exemption granted from the requirement to include financial statements in an information circular for an entity participating in an arrangement – the information circular will be sent to the trust's unitholders in connection with a proposed internal reorganization pursuant to which its business operations will be conducted through a corporate entity – the arrangement does not contemplate the acquisition of any additional interest in any operating assets or the disposition of any of the trust's existing interests in operating assets.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 13.1.
Form 51-102F5 Information Circular, Item 14.2.

Citation: True Energy Trust, Re, 2009 ABASC 463

September 18, 2009

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

AND

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

AND

IN THE MATTER OF
TRUE ENERGY TRUST (the Trust or the Filer) AND
TRUE ENERGY INC. (True Energy)

DECISION

Background

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**) exempting the Filer from the requirement under item 14.2 of Form 51-102F5 *Information Circular* (the **Circular Form**) of the Legislation to provide: (i) the financial statements of True Energy for the financial years ended December 31, 2008 and December 31, 2007; and (ii) comparative financial statements for the financial period ended June 30, 2009 (collectively, the **Financial Statements**) in the management information circular (the **Circular**) to be prepared by the Filer and delivered to the holders (**True Unitholders**) of trust units (**True Units**) of the Trust in connection with a special meeting (**True Meeting**) of True Unitholders expected to be held in October 2009 for the purposes of considering a plan of arrangement under the *Business Corporations Act* (Alberta) (the **Arrangement**) resulting in the internal reorganization of trust structure of the Trust into a corporate structure (collectively, the **Exemption Sought**).

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

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

(b) the Filer has provided notice that Subsection 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in British Columbia, Saskatchewan, Manitoba, Québec, New Brunswick, and Nova Scotia; and

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

Interpretation

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

Representations

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

The Trust and True Energy

The Trust

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

The Trust and True Energy

The Trust

1. The Trust is an unincorporated trust established under the laws of the Province of Alberta pursuant to an amended and restated Trust Indenture dated May 21, 2008. The principal office of the Trust is located in Calgary, Alberta.

2. The Trust is a reporting issuer or the equivalent under the securities legislation of each of the provinces of Canada. To its knowledge, the Trust is not in default of securities legislation in any jurisdiction of Canada.

3. The True Units are listed on the Toronto Stock Exchange (**TSX**) under the symbol "TUI.UN".

4. The Trust has $86,250,000 principal amount of 7.50% convertible unsecured subordinated debentures outstanding (the **Debentures**). The

Debentures are currently listed and posted for trading on the TSX under the symbol "TUI.DB".

True Energy

5. True Energy is the operating entity of the Trust and is a corporation amalgamated under the laws of the Province of Alberta. The principal office of True Energy is located in Calgary, Alberta.

6. All of the issued and outstanding common shares of True Energy (the **True Shares**) are owned by the Trust. Exchangeable shares of True Energy (the **Exchangeable Shares**) are held by the public but such Exchangeable Shares are considered "designated exchangeable securities" under National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) as the Exchangeable Shares provide the holders thereof with economic and voting rights substantially similar to the True Units.

7. True Energy is a reporting issuer in all the provinces of Canada but is exempt from most continuous reporting requirements under section 13.3 of NI 51-102. To its knowledge, True Energy is not in default of securities legislation in any jurisdiction of Canada.

8. The True Shares and the Exchangeable Shares are not listed or posted for trading on any exchange or quotation and trade reporting system.

Arrangement

9. As part of the Arrangement, through a number of steps (i) the Trust will be dissolved; (ii) in connection with such dissolution, the True Units will be surrendered for cancellation and common shares (**New True Shares**) of a new corporation to be formed pursuant to the Arrangement (**New True**) will be distributed to True Unitholders on a one-for-one basis; (iii) holders of Exchangeable Shares will receive New True Shares based on the exchange ratio for such Exchangeable Shares; and (iv) New True will own, directly or indirectly, all of the existing assets and assume all of the existing liabilities of the Trust (including the Trust's outstanding Debentures), effectively resulting in the internal reorganization of the Trust's trust structure into a corporate structure.

10. As one step in the Arrangement, True Energy will amalgamate with True Newco Inc., which is wholly-owned subsidiary of the Trust, which does not presently carry on any business, to form a new corporation (**True Amalco**). As another step in the Arrangement, True Amalco will amalgamate with another new corporation incorporated to take part in the Arrangement to form New True. True Energy may therefore be considered the predecessor entity of New True as the business of True Energy will form the basis of the business of New True.

11. Although the above steps of the Arrangement may be amended slightly the result will remain the same. Following the completion of the Arrangement: (i) the sole business of New True will be the current business of the Trust; (ii) New True would be a reporting issuer or the equivalent under the securities legislation in all of the provinces of Canada; and (iii) the New True Shares would, subject to approval by the TSX, be listed on the TSX.

12. Pursuant to the Trust's constating documents and applicable securities laws, the True Unitholders and holders of Exchangeable Shares (collectively, the **True Securityholders**) will be required to approve the Arrangement at the True Meeting. The Arrangement must be approved by not less than two-thirds of the votes cast by True Securityholders at the True Meeting. The True Meeting is anticipated to take place in late October 2009 and the Circular is expected to be mailed in mid-to-late September 2009.

13. The Arrangement will be a "restructuring transaction" under NI 51-102 in respect of the Trust and therefore would require compliance with item 14.2 of the Circular Form.

14. The Filer is applying for an exemption pursuant to section 13.1 of NI 51-102 from the requirement of item 14.2 of the Circular Form that, pursuant to item 32.2(1) of Form 41-101F1 *Information Required in a Prospectus* (**Prospectus Form**), the financial statements of New True, which include the financial statements of True Energy, its predecessor entity, for the financial years ended December 31, 2008 and December 31, 2007 and comparative interim financial statements for the financial period ended June 30, 2009 be included in the Circular that would be mailed to the True Unitholders in connection with the Arrangement.

15. The rights of True Unitholders, holders of Exchangeable Shares and holders of Debentures in respect of New True following the Arrangement will be substantially equivalent to the rights the True Securityholders and holders of Debentures currently have in respect of the Trust and True Energy, as applicable, and their relative interest in the business carried on by New True will not be affected by the Arrangement.

16. The only securities that will be distributed to True Securityholders pursuant to the Arrangement will be the New True Shares.

17. While changes to the consolidated financial statements of New True will be required to reflect the organization structure following the Arrangement, the financial position of New True

will be substantially the same as reflected in the Trust's audited annual consolidated financial statements most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the Circular and the unaudited interim consolidated financial statements of the Trust most recently filed or required to have been filed under Part 4 of NI 51-102 prior to the date of the Circular.

18. In particular, the entity that exists both before and subsequent to the Arrangement would be substantially the same given the fact that the assets and liabilities of the enterprise, from both an accounting perspective and economic perspective, are not changing based on the Arrangement. However, as the tax structure will be changing from that of an income trust to a corporation, the tax advantages of the income trust structure would be lost. As a result, the only reconciling items would be with respect to both the current and future income tax due to the elimination of the deduction for the interest on certain promissory notes between the Trust and subsidiaries of the Trust and on an inter-company net profit interests. This would therefore require these entities to use tax pools to shield their taxability therefore creating a future income tax liability and to the extent that the income could not be shielded by tax pools, it would trigger cash taxes.

Financial Statement Disclosure In The Circular

19. Item 14.2 of the Circular Form requires, among other items, that the Circular contain the disclosure (including financial statements) prescribed under securities legislation and described in the form of prospectus that New True would be eligible to use immediately prior to the sending and filing of the Circular for a distribution of its securities. Therefore, the Circular must contain the disclosure in respect of New True prescribed by the Prospectus Form. As New True will not be in existence on the date of the Circular, item 32.1(a) of the Prospectus Form requires that the financial statements of True Energy be included as it is the predecessor entity that will form the basis of the business of New True.

20. Item 32.2(1) of the Prospectus Form requires the Trust to include certain annual financial statements of True Energy in the Circular, including: (i) an income statement, a statement of retained earnings, and a cash flow statement of True Energy for each of the financial years ended December 31, 2008, December 31, 2007 and December 31, 2006; and (ii) a balance sheet of True Energy as at the end of December 31, 2008 and December 31, 2007. Under item 32.4(a) of the Prospectus Form the income statement, statement of retained earnings and the cash flow statement for the year ended December 31, 2006 are not required to be included in the Circular as True Energy is a reporting issuer. In addition, item 32.3(1) of the Prospectus Form requires the Trust to include certain comparative interim financial statements of True Energy in the circular, including (i) a comparative income statement, a statement of retained earnings, and cash flow statement of True Energy for the interim period ended June 30, 2009 and (ii) a balance sheet of True Energy as at the end of June 30, 2009.

21. The Arrangement will not result in a change in beneficial ownership of the assets and liabilities of the Trust and New True will continue to carry on the business of True Energy following the Arrangement. The Arrangement will be an internal reorganization and the True Securityholders will, following completion of the Arrangement, be the shareholders of the continuing entity. Accordingly, no acquisition will occur as a result of the Arrangement and therefore the significant acquisition financial statement disclosure requirements contained in the Prospectus Form are inapplicable.

22. The financial statements of the Trust are reported on a consolidated basis, which includes the financial results for True Energy. True Energy does not report its financial results independently from the consolidated financial statements of the Trust. The Financial Statements, if prepared, would not include the accounts of the Trust. Management believes the Financial Statements are not relevant and could be misleading since there are transactions between True Energy and the Trust that eliminate when consolidation is performed at the trust level. To present the Financial Statements, which would exclude accounts of the Trust, would present the effects of only one side of the financing activities between True Energy and the Trust. This would result in intra-group liabilities and intra-group interest expense being reflected on the Financial Statements. As a result, the presentation of these intra-group transactions, that will be eliminated upon completion of the Arrangement, would present a confusing (and potentially misleading) picture of financial performance.

23. The Arrangement will be a reorganization undertaken without dilution to the True Securityholders or additional debt or interest expense incurred by New True.

24. The Circular will contain prospectus level disclosure in accordance with the Prospectus Form (other than the Financial Statements) and will contain sufficient information to enable a reasonable securityholder to form a reasoned judgement concerning the nature and effect of the Arrangement.

Decision

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

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

"Blaine Young"
Associate Director, Corporate Finance

2.1.5 Manitoba Telecom Services Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – issuer granted exemptions from the prospectus, registration and underwriter registration requirements in connection with trades of commercial paper/short term debt- sufficient to obtain one credit rating at or above a revised category from an approved credit rating agency, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 74(1).
National Instrument 45-106 Prospectus and Registration Exemptions.

September 18, 2009

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

AND

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

AND

IN THE MATTER OF
MANITOBA TELECOM SERVICES INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that trades of negotiable promissory notes or commercial paper maturing not more than one year from the date of issue of the Filer (**Commercial Paper**) be exempt from the dealer registration requirement, the underwriter registration requirement and the prospectus requirement of the Legislation (respectively, the **Dealer Registration Exemption Sought**, the **Underwriter Registration Exemption Sought**, the **Prospectus Exemption Sought** and, together, the **Exemptions Sought**).

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

(a) The Manitoba Securities Commission is the principal regulator for this application;

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

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

Interpretation

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

In this decision:

"financial intermediary" has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

"financial intermediary short-term debt registration exemption" means the exemption from the registration requirement, for a trade by a financial intermediary or a Schedule III bank, set out in clause 4.1(1)(a) of OSC Rule 45-501, or in a successor provision of OSC Rule 45-501, insofar as that clause or provision provides an exemption from the dealer registration requirement and the underwriter registration requirement for a trade of a type described in the short-term debt dealer registration exemption;

"market intermediary" has the meaning ascribed to that term in Ontario Securities Commission Rule 14-501 *Definitions*;

"NI 45-106" means National Instrument 45-106 *Prospectus and Registration Exemptions*;

"OSC Rule 45-501" means Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions*;

"Schedule III bank" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

"short-term debt dealer registration exemption" means the exemption from the dealer registration set out in subsection 2.35(1) of NI 45-106, or in a successor provision in NI 45-106; and

"short-term debt underwriter registration exemption" means the deemed exemption from the underwriter registration requirement contained in subsection 1.4(2) of NI 45-106, or in a successor provision in NI 45-106, insofar as the deemed exemption relates to the short-term debt dealer registration exemption.

Representations

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

1. The Filer is a corporation under *The Corporations Act* (Manitoba). The Filer's head and registered office is located in Winnipeg, Manitoba.

2. The Filer is a reporting issuer in each of the Jurisdictions, except Northwest Territories, Nunavut and Yukon, and is not on the list of reporting issuers in default of any of the Jurisdictions.

3. Subsections 1.4(2) and 2.35(1)(b) of NI 45-106 provide that exemptions from the dealer registration, underwriter registration and prospectus requirements of the Legislation for short-term debt (the **Commercial Paper Exemption**) are available only where such short-term debt "has an approved credit rating from an approved credit rating organization". NI 45-106 incorporates by reference the definitions of "approved credit rating" and "approved credit rating organization" that are used in National Instrument 81-102 *Mutual Funds* (**NI 81-102**).

4. The definition of an "approved credit rating" in NI 81-102, requires, among other things, that (a) the rating assigned to such debt must be "at or above" certain prescribed short-term ratings, and (b) such debt must not have been assigned a rating by any "approved credit rating organization" that is not an "approved credit rating".

5. The Commercial Paper of the Filer does not meet the "approved credit rating" definition in NI 81-102 because it has received an "R-2(high)" rating from Dominion Bond Rating Service Limited and an "A-2" from Standard & Poor's, which are lower ratings than those required by the Commercial Paper Exemption.

7. The Dealer Registration Exemption Sought and the Prospectus Exemption Sought were granted under a prior decision dated May 31, 2006 (the **Prior Decision**). By its terms, the Prior Decision terminated three years from the date of the Prior Decision.

Decision

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

The decision of the Decision Makers under the Legislation is that the Exemptions Sought are granted, provided that:

1. The Commercial Paper:

   (a) matures not more than one year from the date of issue;

   (b) is not convertible or exchangeable into, or accompanied by, a right to purchase another security other than Commercial Paper; and

   (c) has a rating issued by one of the following rating organizations, or any of their successors, at or above one of the following rating categories or a rating category that replaces a category listed below:

Rating Organization	Rating
Dominion Bond Rating Service Limited	R-1 (low)
Fitch Ratings Ltd.	F2
Moody's Investors Service	P-2
Standard & Poor's	A-2

2. In Ontario, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is:

   (a) a financial intermediary or Schedule III bank; or

   (b) a dealer registered under the securities legislation of Ontario, as a "limited market dealer", provided that:

      (i) under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and

      (ii) the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Ontario to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.

3. In Newfoundland and Labrador, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought are not available in respect of a trade in Commercial Paper by a market intermediary (except for a trade in Commercial Paper with a registered dealer that is an affiliate of the market intermediary or a trade in Commercial Paper by a lawyer or accountant if the trade is incidental to the principal business of that lawyer or accountant) unless the market intermediary is a dealer registered under the securities legislation of Newfoundland and Labrador as a "limited market dealer", provided that:

   (a) under its registration, the dealer would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption; and

   (b) the trade is made on behalf of the dealer by an individual who is registered under the securities legislation of Newfoundland and Labrador to trade on behalf of the dealer and, under that registration, would be authorized to make the trade if the trade were a trade in a negotiable promissory note or commercial paper referred to in the short-term debt dealer registration exemption.

4. The Prospectus Exemption Sought will terminate on the earlier of:

   (a) 90 days after the coming into force of any rule, other regulation or blanket order or ruling under the Legislation of the Jurisdiction that amends the conditions of the prospectus exemption contained in section 2.35 of NI 45-106 or provides an alternate exemption; and

   (b) June 30, 2012.

5. Except as provided in paragraph 6, below, in each Jurisdiction, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:

   (a) in the case of the Dealer Registration Exemption Sought, the date when the short-term debt dealer registration exemption ceases to be available in that Jurisdiction;

(b) in the case of the Underwriter Registration Exemption Sought, the date when the short-term debt underwriter registration exemption ceases to be available in that Jurisdiction; and

(c) June 30, 2012.

6. In Ontario, for a financial intermediary or Schedule III bank, the Dealer Registration Exemption Sought and the Underwriter Registration Exemption Sought will terminate on the earlier of:

(a) the date when the financial intermediary short-term debt registration exemption ceases to be available in Ontario; and

(b) June 30, 2012.

"Chris Besko"
Deputy-Director
The Manitoba Securities Commission

2.1.6 Marret Asset Management Inc. and Marret Investment Grade Bond Fund

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from National Instrument 81-106 Investment Fund Continuous Disclosure to permit investment funds representing two tiers of a two-tiered fund structure that use specified derivatives to calculate their NAV on a weekly basis and not on a daily basis, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

September 25, 2009

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
MARRET ASSET MANAGEMENT INC.
(the Manager)

AND

IN THE MATTER OF
MARRET INVESTMENT GRADE BOND FUND
(the Fund)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Fund for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the requirement in section 14.2(3)(b) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) that the net asset value (NAV) of an investment fund must be calculated at least once every business day if the investment fund uses specified derivatives (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 Fund has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in Alberta, British Columbia, Manitoba, Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador.

Interpretation

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

Representations

This decision is based on the following facts represented by the Manager and the Fund:

1. The Fund is an investment trust to be established under the laws of Ontario pursuant to a declaration of trust.

2. The Fund filed a preliminary prospectus (the **Preliminary Prospectus**) dated September 1, 2009 on SEDAR with respect to a public offering (the **Offering**) of Units (the **Units**, and each holder of a Unit, a **Unitholder**), a receipt for which was issued by the Commission on September 2, 2009.

3. The Fund's investment objectives are: (i) to provide Unitholders with attractive monthly tax advantaged cash distributions, initially targeted to be 5% per annum on the original issue price of $12.00 per Unit; and (ii) to maximize total returns for Unitholders, consisting primarily of tax-advantaged distributions, while reducing risk and preserving capital. The Fund will seek to achieve its investment objectives through exposure to an actively managed portfolio (the **Portfolio**) consisting primarily of investment grade bonds.

4. Marret IGB Trust will be established under the laws of the Province of Ontario, pursuant to a declaration of trust, for the purpose of acquiring and holding the Portfolio.

5. The Fund will seek to achieve its investment objectives by entering into a forward purchase and sale agreement (the **Forward Agreement**) with a Canadian financial institution or one of its affiliates (the **Counterparty**). Under the terms of the Forward Agreement, the Counterparty will agree to deliver to the Fund on a date to be determined in 2014 (the **Termination Date**), a portfolio consisting of securities of Canadian public issuers that are "Canadian securities" as defined under subsection 39(6) of the *Income Tax Act* (Canada) (the **Canadian Securities Portfolio**). The aggregate value of the Canadian Securities Portfolio will be equal to the redemption proceeds of the relevant number of units of Marret IGB Trust, net of any amount owing by the Fund to the Counterparty. The Forward Agreement constitutes a specified derivative.

6. The Manager is the manager and the promoter of the Fund and Marret IGB Trust. The Manager will be responsible for providing or arranging for the provision of administrative services required by both the Fund and Marret IGB Trust. The Manager will be responsible for acquiring the securities comprising the Portfolio and maintaining the Portfolio in accordance with the investment objectives of the Marret IGB Trust. The head office of the Manager is located in Ontario.

7. Neither the Manager nor the Fund are in default of securities legislation in any jurisdiction.

8. The Units are expected to be listed and posted for trading on the Toronto Stock Exchange (the **TSX**). An application requesting conditional listing approval will be made on behalf of the Fund to the TSX.

9. Units may be redeemed on the last business day of November of any year commencing in 2010 (but must be surrendered by the Unitholder at least ten business days prior to such redemption date), at a redemption price per Unit equal to the NAV per Unit (less any costs associated with the redemption, including commissions and other such costs, if any, related to the partial settlement of the Forward Agreement to fund such redemption).

10. In addition to such annual redemption right, Units may be redeemed on the second last business day of each month, other than in the month of November (the **Monthly Redemption Date**) (but must be surrendered by the Unitholder on the last business day of the month preceding the redemption month in order to be redeemed), subject to certain conditions, at a redemption price equal to the lesser of (i) 94% of the market price (as defined in the Preliminary Prospectus) of a Unit and (ii) 100% of the closing market price (as defined in the Preliminary Prospectus) of a Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs.

11. The Fund will use the net proceeds of the Offering for the pre-payment of its purchase obligations under the Forward Agreement.

12. The Forward Agreement provides that the Fund may settle the Forward Agreement, in whole or in part, prior to the Termination Date: (i) to fund distributions on the Units; (ii) to fund redemptions and repurchases of Units from time to time; (iii) to fund operating expenses and other liabilities of the Fund; and (iv) for any other reason.

13. The units of Marret IGB Trust will be redeemable at the demand of unitholders of Marret IGB Trust. The units of Marret IGB Trust will be redeemed at a price computed by reference to the NAV per unit of Marret IGB Trust.

14. The Fund will calculate its NAV per Unit on the Thursday of each week (or if any Thursday is not a business day, the immediately preceding business day) and the last business day of each month, and on any other date on which the manager elects, in its discretion, to calculate the NAV per Unit. The Manager will make the Fund's NAV per Unit available to the financial press for publication on a weekly basis, and will post the NAV per Unit on its website.

15. The final prospectus of the Fund will disclose that the NAV per Unit will be calculated and made available to the financial press for publication on a weekly basis and that the Manager will post the NAV per Unit on its website at www.marret.ca.

Decision

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

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

(a) the Units are listed on the TSX; and

(b) the Fund calculates the NAV per Unit at least weekly.

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

2.1.7 EquiLend Canada Inc. – s. 15.1 of NI 21-101 Marketplace Operation

Headnote

National Instrument 21-101 Marketplace Operation – relief granted from the transparency requirements in ss. 7.2 and 7.4 and ss. 8.1(3) and 8.2(3) and from the permitted securities requirements in s. 6.3 – applicant registered as an investment dealer and IIROC member so as to operate an ATS facilitating securities lending transactions in equities and fixed income securities.

Applicable Legislative Provisions

National Instrument 21-101 Marketplace Operation, ss. 6.3, 7.2, 7.4, 8.1(3), 8.2(3).

September 25, 2009

IN THE MATTER OF
NATIONAL INSTRUMENT 21-101
MARKETPLACE OPERATION **(N1 21-101)**

AND

IN THE MATTER OF
EQUILEND CANADA INC.

DECISION
(Section 15.1 of National Instrument 21-101)

WHEREAS on March 19, 2009, EquiLend Canada Inc. ("ECI") applied (the "Application") to the Director for a decision under section 15.1 of NI 21-101 granting:

(a) an exemption from section 6.3 of NI 21-101 to permit to be traded over the ECI platform (the "Platform") the debt securities described in Schedule 1 which do not qualify as "corporate debt securities" or "government debt securities" for purposes of section 6.3 of NI 21-101;

(b) an exemption from sections 7.2 and 7.4 of NI 21-101 to relieve ECI from the transparency requirements in respect of trades in exchange-traded securities and foreign exchange-traded securities executed on the Platform resulting from securities lending transactions; and

(c) an exemption from subsections 8.1(3) and 8.2(3) of NI 21-101 to relieve ECI from the transparency requirements in respect of trades in corporate debt and government debt securities executed on the Platform resulting from securities lending transactions;

AND WHEREAS ECI has represented to the Director that:

1. ECI is a Nova Scotia limited company organized on April 17, 2008 and is a wholly-owned subsidiary of EquiLend Holdings LLC ("EquiLend Holdings");

2. ECI is registered as an investment dealer in the Province of Ontario and is also a member of the Investment Industry Regulatory Organization of Canada (Ontario District) ("IIROC") for the purposes of operating as an alternative trading system ("ATS");

3. EquiLend LLC is a limited liability company incorporated under the laws of the State of Delaware and a wholly-owned subsidiary of EquiLend Holdings;

4. EquiLend LLC is registered with the United States Securities and Exchange Commission as a broker-dealer and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation;

5. EquiLend LLC operates an electronic trading platform (the "Platform") in the U.S. and is the sole provider of the Platform in the U.S.;

6. EquiLend Europe Limited ("EquiLend Europe") is a limited company organized under the laws of England and a wholly-owned subsidiary of EquiLend Holdings;

7. EquiLend Europe is registered in the U.K. and European Economic Area ("EEA") as a multilateral trading facility ("MTF") and is regulated by the Financial Services Authority ("FSA");

8. EquiLend Europe operates the Platform in the U.K. and the EEA and is the sole provider of the Platform in the U.K. and the EEA;

9. The Platform facilitates securities lending and borrowing transactions in equities and fixed income securities by providing secure access and connectivity between potential borrowers and lenders through a private network or the internet;

10. ECI will offer access to the Platform for the purpose of securities lending and borrowing transactions in equities and fixed income securities to Authorized Users (as defined in Schedule 2), in the Province of Ontario that have represented to ECI through ECI's user agreement ("User Agreement") or by way of a separate formal representation that their conduct of securities lending is subject to a level of regulation and oversight (under applicable securities, banking or other appropriate law) that imposes upon the participant a combination of requirements such as audits, public disclosure of financial information, capital rules, collateral requirements, record keeping requirements or other similar safeguards ("Ontario Participants");

11. ECI will be the sole party furnishing access to the Platform in Ontario to Ontario Participants;

12. Ontario Participants, through ECI, will be able to engage in securities borrowing and lending transactions with non-Ontario Participants who have been granted access to the Platform through EquiLend LLC or EquiLend Europe, as the case may be, on substantially similar terms as the Ontario Participants;

13. Securities traded over the Platform once ECI has commenced operations will include "foreign exchange traded securities" and "exchange-traded securities" ("Permitted Equity Securities") within the meaning of NI 21-101 and those debt securities described in Schedule 1;

14. Section 6.3 of NI 21-101 provides that an ATS can only execute trades in exchange-traded securities, corporate debt securities, government debt securities, or foreign exchange-traded securities, as defined in section 1.1 of NI 21-101;

15. Sections 7.2 and 7.4 of NI 21-101 impose post-trade transparency requirements for exchange-traded securities and foreign exchange-traded securities and subsections 8.1(3) and 8.2(3) of NI 21-101 impose post-trade transparency requirements for government debt securities and corporate debt securities;

16. Pre-trade transparency requirements are not applicable to EquiLend pursuant to sections 7.1 and 8.1 of NI 21-101 because orders capable of acceptance in foreign exchange-traded securities and exchange-traded securities and debt securities will not be displayed on the Platform;

17. The relief from Section 6.3 is needed to accommodate the full range of securities lending and borrowing activity in international securities that can occur currently under the Platform and the relief from sections 7.2, 7.4, 8.1 and 8.2 is required to be consistent with the limited transparency that exists in and is required in the securities lending environments in both Canada and internationally;

AND WHEREAS the Director has received certain other representations from ECI in connection with the Application;

AND WHEREAS based on the Application and the representations and undertakings made to the Director, the Director is satisfied that granting exemptions from section 6.3, section 7.4, and subsection 8.2(3) of NI 21-101 would not be prejudicial to the public interest;

IT IS THE DECISION of the Director that pursuant to section 15.1 of NI 21-101 that ECI is:

(a) exempt from section 6.3 of NI 21-101 so that users of its Platform can borrow and lend debt securities described in Schedule 1 (as Schedule 1 may be amended from time to time through an amendment to Form 21-101F2);

(b) exempt from sections 7.2 and 7.4 of NI 21-101 to relieve ECI from the transparency requirements in respect of trades in exchange-traded securities and foreign exchange-traded securities executed on the Platform resulting from securities lending transactions; and

(c) exempt from subsections 8.1(3) and 8.2(3) of NI 21-101 to relieve ECI from the transparency requirements in respect of trades in corporate debt securities and government debt securities executed on the Platform resulting from securities lending transactions;

PROVIDED THAT:

(d) ECI provides access to the Platform only to Ontario Participants;

(e) the Platform only executes trades with respect to Permitted Equity Securities and the securities listed in Schedule 1 (as Schedule 1 may be amended from time to time through an amendment to Form 21-101F2); and

(f) ECI is exempt from the requirements in sections 7.2 and 7.4 and subsections 8.1(3) and 8.2(3) of NI 21-101 until the earlier of December 31, 2014, or the implementation by the Commission of a rule, policy, or notice relating to the transparency of securities lending transactions.

"Susan Greenglass"
Acting Director – Market Regulation
Ontario Securities Commission

SCHEDULE 1

The following non-Canadian debt securities are offered through the Platform:

(a) high-grade and high-yield U.S. corporate bonds;

(b) U.S. Government sponsored agency bonds (e.g. Ginnie Mae, issued by the Government National Mortgage Association; Fannie Mae, issued by the Federal National Mortgage Association; and Freddie Mac, issued by the Federal Home Loan Mortgage Corporation);

(c) U.S. Government Treasury Bonds;

(d) emerging market bonds, which are defined as U.S. dollar or Euro-denominated bonds issued by sovereign entities or corporations domiciled in a developing country, including both high grade and non-investment grade debt;

(e) European high-grade corporate bonds, which are defined as corporate bonds issued by entities domiciled in Europe; and

(f) non U.S. sovereign bonds (e.g. UK gilts or German bundesbonds).

SCHEDULE 2

In this Decision Document, "Authorized Users" means:

(a) a bank listed in Schedule I or II of the *Bank Act* (Canada), or an authorized foreign bank listed in Schedule III of that Act;

(b) the Business Development Bank incorporated under the *Business Development Bank Act* (Canada);

(c) a loan corporation, trust company, trust corporation, savings company or loan and investment society registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in any province or territory of Canada;

(d) a co-operative credit society, credit union central, federation of caisses populaires, credit union or league, or regional caisse populaire, or an association under the *Cooperative Credit Associations Act* (Canada), in each case, located in Canada;

(e) a company licensed to do business as an insurance company in a province or territory of Canada;

(f) a subsidiary of any company referred to in paragraph (a), (b), (c), (d) or (e), where the company owns all of the voting shares of the subsidiary;

(g) a financial services cooperative within the meaning of *the Act respecting Financial Services Cooperatives* (Quebec);

(h) the Caisse centrale Desjardins du Québec established under *the Act respecting the Mouvement des Caisses Desjardins* (Quebec);

(i) a person or company registered under the securities legislation of the applicable province or territory of Canada as an adviser or dealer, other than a limited market dealer;

(j) the government of Canada or of any jurisdiction, or any crown corporation, instrumentality or agency of a Canadian federal, provincial or territorial government;

(k) any Canadian municipality or any Canadian provincial or territorial capital city;

(l) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any instrumentality or agency thereof;

(m) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a provincial pension commission or similar regulatory authority;

(n) a registered charity under the *Income Tax Act* (Canada);

(o) a company, limited partnership, limited liability partnership, trust or estate, other than a mutual fund or non-redeemable investment fund, that had net assets of at least C$5,000,000 as reflected in its most recently prepared financial statements;

(p) a person or company, other than an individual, that is recognized or designated by a Canadian securities regulatory authority as an "accredited investor" or by the Autorité des marchés financiers as a "sophisticated purchaser";

(q) a mutual fund or non-redeemable investment fund that, in the applicable province of Canada, distributes its securities only to persons or companies that are accredited investors;

(r) a mutual fund or non-redeemable investment fund that, in the applicable province of Canada, distributes its securities under a prospectus for which a receipt has been granted;

(s) an account that is fully managed by a registered portfolio manager or an entity listed in paragraphs (a), (c), (d) or (e);

(t) an entity organized outside of Canada that is analogous to any of the entities referred to in paragraphs (a) through (f) and paragraph (m) in form and function; and

(u) a person or company in respect of which all of the owners of interests, direct or indirect, legal or beneficial, are persons or companies that are Institutional Investors; provided that:

(i) two or more persons who are the joint registered holders of one or more securities of the issuer shall be counted as one beneficial owner of those securities; and

(ii) a corporation, partnership, trust or other entity shall be counted as one beneficial owner of securities of the issuer unless the entity has been created or is being used primarily for the purpose of acquiring or holding securities of the issuer, in which event each beneficial owner of an equity interest in the entity or each beneficiary of the entity, as the case may be, shall be counted as a separate beneficial owner of those securities of the issuer.

2.1.8 Marret Asset Management Inc. and Marret IGB Trust

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from National Instrument 81-106 Investment Fund Continuous Disclosure to permit investment funds representing two tiers of a two-tiered fund structure that use specified derivatives to calculate their NAV on a weekly basis and not on a daily basis, subject to certain conditions.

Applicable Legislative Provisions

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), s.17.1.

September 25, 2009

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
MARRET ASSET MANAGEMENT INC.
(the Manager)

AND

IN THE MATTER OF
MARRET IGB TRUST
(IGB Trust)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from IGB Trust for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for relief from the requirement in section 14.2(3)(b) of National Instrument 81-106 *Investment Fund Continuous Disclosure* (**NI 81-106**) that the net asset value (**NAV**) of an investment fund must be calculated at least once every business day if the investment fund uses specified derivatives (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) IGB Trust 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 Québec.

Interpretation

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

Representations

This decision is based on the following facts represented by the Manager and IGB Trust:

1. IGB Trust is an investment trust to be established under the laws of Ontario. IGB Trust will be governed by a declaration of trust.

2. The Manager is the promoter of, and has been retained to act as manager, including as portfolio advisor for, IGB Trust. The Manager will be responsible for providing or arranging for the provision of administrative services required by IGB Trust. The head office of the Manager is located in Ontario.

3. Neither the Manager nor IGB Trust are in default of securities legislation in any jurisdiction.

4. IGB Trust proposes to issue units (**Trust Units**) from time to time in reliance on exemptions from applicable prospectus and registration exemptions. Trust Units will be offered at prices negotiated between IGB Trust and the purchasers of Trust Units. IGB Trust filed a preliminary non-offering prospectus dated September 22, 2009 on SEDAR, a receipt for which was issued by the Ontario Securities Commission on September 23, 2009.

5. IGB Trust has been established for the purpose of acquiring and holding a portfolio consisting primarily of North American investment grade bonds (the **Portfolio)**, which will be actively managed by the Manager.

6. The preliminary prospectus of Marret Investment Grade Bond Fund (the **Fund**), dated September 1, 2009, states:

   i. the Fund will obtain exposure to the Portfolio by entering into a forward purchase and sale agreement (the **Forward Agreement**) with a Canadian financial institution or one of its affiliates (the **Counterparty**);

   ii. under the terms of the Forward Agreement, the Counterparty will agree to deliver to the Fund on a date to be determined in 2014 (the **Termination Date**), a portfolio consisting of Canadian public issuers that are "Canadian securities" as defined under subsection 39(6) of the Income Tax Act (Canada) (the **Canadian Securities Portfolio**); and

   iii. the aggregate value of the Canadian Securities Portfolio will be equal to the redemption proceeds of the relevant number of Trust Units, net of any amount owing by the Fund to the Counterparty.

7. The investment objectives of IGB Trust are to maximize total returns for Unitholders, while reducing risk and preserving capital by holding the Portfolio, which is focused primarily on investment grade bonds. IGB Trust may invest in derivative instruments for hedging purposes to the extent considered appropriate by the Manager. IGB Trust may also use derivative instruments for non-hedging purposes to invest directly in securities or financial markets, provided the investment is consistent with IGB Trust's investment objectives. Any or all of the derivative instruments invested in by IGB Trust will constitute specified derivatives.

8. The Trust Units will not be offered to the public under a prospectus. The Counterparty is expected to be the initial beneficial owner of all of the Trust Units.

9. The Trust Units will not be listed on a stock exchange.

10. Trust Units may be redeemed at any time for a redemption price per Trust Unit equal to the NAV per Trust Unit as at the applicable redemption date.

11. IGB Trust will calculate its NAV on the Thursday of each week (or if any Thursday is not a business day, the immediately preceding business day) and the last business day of each month, and on any other day upon request of a holder of Trust Units.

12. The Fund will calculate its NAV per unit on the Thursday of each week (or if any Thursday is not a business day, the immediately preceding business day) and the last business day of each month, and on any other date on which the Manager elects, in its discretion, to calculate the NAV per unit of the Fund.

13. The final prospectus of IGB Trust will disclose, that the NAV per Trust Unit will be calculated on a weekly basis and will be made available to holders of Trust Units upon request.

Decision

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

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

(a) IGB Trust calculates net asset value per Trust Unit at least once in each week; and

(b) the final prospectus of IGB Trust discloses the net asset value calculation per Trust Unit will be provided to holders of Trust Units on request, for so long as:

(i) the Trust Units are not offered to the public, and

(ii) IGB Trust calculates the net asset value per Trust Unit at least once in each week.

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

2.1.9 Industrial Alliance Investment Management Inc.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – exemption from self-dealing requirements in the Act to permit the Fund to sell floating rate notes to the Manager or its parent company at a price per security equal to cost plus accrued interest.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 118(2)(b), 121(2).

September 14, 2009

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

AND

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

AND

IN THE MATTER OF
INDUSTRIAL ALLIANCE INVESTMENT MANAGEMENT INC.
(the Filer)

DECISION

Background

The securities regulatory authority or regulator in Québec and Ontario (Dual Exemption Decision Makers) have received an application from the Filer for a decision under the securities legislation of those jurisdictions (the Legislation) exempting the Filer from the prohibition against selling securities in a portfolio managed by the Filer to an affiliate of the Filer (the Dual Exemption).

The securities regulatory authority or regulator in Newfoundland and Labrador (the Jurisdiction) (Coordinated Exemptive Relief 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 prohibition against selling securities in a portfolio managed by the Filer to an affiliate of the Filer (the Coordinated Exemptive Relief).

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

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

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (MI 11-102) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, New Brunswick and Nova Scotia;

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

(d) the decision evidences the decision of the Coordinated Exemptive Relief Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless otherwise defined.

ABCP means asset-backed commercial paper.

Floating Rate Notes means the floating rate notes issued by Superior Trust and currently owned by the Fund.

Fund means IA Clarington Money Market Fund.

Industrial Alliance means Industrial Alliance Insurance and Financial Services Inc.

IRC means the independent review committee established in accordance with NI 81-107.

Manager means IA Clarington Investments Inc.

NI 81-107 means National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

Representations

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

1. The Manager is a corporation established under the laws of Canada. The head office of the Manager is located in Quebec City, Quebec.

2. IA Clarington Investments Inc. is the manager of the Fund.

3. The Fund is a reporting issuer in the Jurisdictions and is not in default the Legislation.

4. The Fund is a "money market fund" as defined under NI 81-102.

5. The Filer is the portfolio manager of the Fund.

6. Industrial Alliance calculates the net asset value of the Fund.

7. The Manager and the Filer are each affiliates of Industrial Alliance.

8. The Fund owns the Floating Rate Notes.

9. The Floating Rate Notes were originally issued as a commercial paper instrument. Superior Trust was not subject to the Montreal Accord in August 2007, or to the restructuring process initiated thereby. Following the ABCP collapse in August 2007, Superior Trust was restructured, pursuant to a voluntary restructuring proposal approved by its noteholders in July 2008, as a floating rate note with a maturity date equivalent to the maturity date of the underlying assets.

10. The "money market fund" definition in NI 81-102 requires that the Fund have all of its assets invested in a specified list of investments, including "floating rate evidences of indebtedness if the principal amounts of the obligations will continue to have a market value of approximately par at the time of each change in the rate to be paid to holders of the evidences of indebtedness".

11. When acquired by the Fund, the Floating Rate Notes had a value of approximately par and the Filer, as portfolio manager of the Fund, expected that the notes would continue to have a value of approximately par.

12. As there is currently no market for the Floating Rate Notes, the Manager is unable to conclude that the market value of the Floating Rate Notes would be other than par at the next interest rate reset date. However, the Manager has determined that it is extremely unlikely that the Floating Rate Notes would trade at an amount approximately equal to par at the next interest rate change date.

13. In order to ensure that the Fund could continue to value the Floating Rate Notes at an amount equal to cost plus accrued interest, the Fund entered into a purchase agreement (Purchase Agreement) with the Manager, wherein the Manager agreed to purchase the Floating Rate Notes from the Fund if certain conditions are met.

14. The Purchase Agreement obligates the Manager, provided all stated conditions are met, to purchase the Floating Rate Notes from the Fund at an amount equal to cost plus accrued interest. If the Fund disposes of the Floating Rate Notes, the Purchase Agreement obligates the Manager to make up the difference between the price received for the securities and the price guaranteed under the Purchase Agreement.

15. The Floating Rate Notes continue to be valued at cost plus accrued interest on the strength of the Purchase Agreement, which guarantees that the Fund will not receive less than cost plus accrued interest on any disposition of the Floating Rate Notes.

16. Given the Manager's concerns about the value of the Floating Rate Notes and in the absence of a liquid market in which to sell the Floating Rate Notes, the Fund wishes to sell, and the Manager wishes to purchase, the Floating Rate Notes from the Fund. In the alternative, Industrial Alliance may purchase some or all of the Floating Rate Notes from the Fund.

17. The Manager and Industrial Alliance have determined that the appropriate method to value the Floating Rate Notes is cost plus accrued interest, which is the valuation methodology used in respect of other short term investments held by the Fund.

18. In order to ensure an appropriate level of confidence in the Fund, the Manager and/or Industrial Alliance propose to acquire all of the Floating Rate Notes held by the Fund as of the date of this decision, at a price per security equal to cost plus accrued interest. Such transactions will occur as soon as practicable following the date of this decision and in any event will occur no later than September 30, 2009.

19. Consideration for the Floating Rate Notes will be paid in cash to the Fund.

20. The Fund is unable to rely on section 4.3 of NI 81-102 to sell the Floating Rate Notes to the Manager and/or Industrial Alliance, because neither of the Floating Rate Notes has its price reported on an available public quotation in common use.

21. Pursuant to section 5.2 of NI 81-107, the IRC of the Fund has approved the transactions.

Decision

Each of the principal regulator, the securities regulatory authority or regulator in Ontario, and the Coordinated Exemptive Relief Decision Maker is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

The decision of the Dual Exemption Decision Makers and the decision of the coordinated Review Decision Maker under the Legislation is that the Dual Exemption and the Coordinated Exemption Relief is granted provided that:

(a) the Filer determines that the sale is in the best interests of the Fund;

(b) the sale occurs as soon as practicable following the date of this decision and in any event no later than September 30, 2009; and

(c) the price per security is equal to cost plus accrued interest.

"Mario Albert"
Superintendant Distribution

2.1.10 IA Clarington Investments Inc. and IA Clarington Money Market Fund

Headnote

National Policy 11-203 Process for Exemptive Relief applications in Multiple Jurisdictions - exemption from self-dealing prohibition in National Instrument 81-102 Mutual Funds to permit the Fund to sell floating rate notes to the Manager or its parent company at a price per security equal to cost plus accrued interest.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 4.2, 19.1.

September 14, 2009

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
IA CLARINGTON INVESTMENTS INC.
(the Manager)

AND

IA CLARINGTON MONEY MARKET FUND
(the Fund and, collectively with the Manager, the Filers)

DECISION

Background

The securities regulatory authority or regulator in each of the Jurisdictions (Decision Maker) has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the Legislation) exempting the Fund from the prohibition in section 4.2 of National Instrument 81-102 Mutual Funds (NI 81-102) against selling a security in the portfolio of the Fund to the Manager or an affiliate of the Manager (the Exemption Sought).

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

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

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

Defined terms contained in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning in this decision unless otherwise defined.

In this decision, the following additional terms have the following meanings:

ABCP means asset-backed commercial paper.

Floating Rate Notes means the floating rate notes issued by Superior Trust and currently owned by the Fund.

IAIM means Industrial Alliance Investment Management Inc.

Industrial Alliance means Industrial Alliance Insurance and Financial Services Inc.

IRC means the independent review committee established in accordance with NI 81-107.

NI 81-107 means National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

Representations

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

1. The Manager is a corporation established under the laws of Canada. The head office of the Manager is located in Quebec City, Quebec.

2. IA Clarington Investment Inc. is the manager of the Fund.

3. The Fund is a reporting issuer in the Jurisdictions and is not in default of the Legislation.

4. The Fund is a “money market fund” as defined under NI 81-102.

5. IAIM is the portfolio adviser of the Fund.

6. Industrial Alliance calculates the net asset value of the Fund.

7. The Manager and IAIM are each affiliates of Industrial Alliance.

8. The Fund owns the Floating Rate Notes.

9. The Floating Rate Notes were originally issued as a commercial paper instrument. Superior Trust was not subject to the Montreal Accord in August 2007, or to the restructuring process initiated thereby. Following the ABCP collapse in August 2007, the Superior Trust commercial paper was restructured, pursuant to a voluntary restructuring proposal approved by its noteholders in July 2008, as a floating rate note with a maturity date equivalent to the maturity date of the underlying assets.

10. The "money market fund" definition in NI 81-102 requires that the Fund have all of its assets invested in a specified list of investments, including floating rate evidences of indebtedness if the principal amounts of the obligations will continue to have a market value of approximately par at the time of each change in the rate to be paid to holders of the evidences of indebtedness.

11. When acquired by the Fund, the Floating Rate Notes had a value of approximately par and IAIM, as portfolio adviser of the Fund, expected that the notes would continue to have a value of approximately par.

12. As there is currently no market for the Floating Rate Notes, the Manager is unable to conclude that the market value of the Floating Rate Notes would be other than par at the next interest rate setting date. However, the Manager has determined that it is extremely unlikely that the Floating Rate Notes would trade at an amount approximately equal to par at the next interest rate setting date.

13. In order to ensure that the Fund could continue to value the Floating Rate Notes at an amount equal to cost plus accrued interest, the Fund entered into a purchase agreement (Purchase Agreement) with the Manager, wherein the Manager agreed to purchase the Floating Rate Notes from the Fund if certain conditions are met.

14. The Purchase Agreement obligates the Manager, provided all stated conditions are met, to purchase the Floating Rate Notes from the Fund at an amount equal to cost plus accrued interest. If the Fund disposes of the Floating Rate Notes, the Purchase Agreement obligates the Manager to make up the difference between the price received for the securities and the price guaranteed under the Purchase Agreement.

15. The Floating Rate Notes continue to be valued at cost plus accrued interest on the strength of the Purchase Agreement, which guarantees that the Fund will not receive less than cost plus accrued interest on any disposition of the Floating Rate Notes.

16. Given the Manager's concerns about the value of the Floating Rate Notes and in the absence of a liquid market in which to sell the Floating Rate Notes, the Fund wishes to sell, and the Manager wishes to purchase, the Floating Rate Notes from the Fund. In the alternative, Industrial Alliance may purchase some or all of the Floating Rate Notes from the Fund.

17. The Manager and Industrial Alliance have determined that the appropriate method to value the Floating Rate Notes is cost plus accrued interest, which is the valuation methodology used in respect of other short term investments held by the Fund.

18. In order to ensure an appropriate level of confidence in the Fund, the Manager and/or Industrial Alliance propose to acquire all of the Floating Rate Notes held as of the date of this decision, at a price per security equal to cost plus accrued interest. Such transactions will occur as soon as practicable following the date of this decision and in any event will occur no later than September 30, 2009.

19. Consideration for the Floating Rate Notes will be paid in cash to the Fund.

20. The Fund is unable to rely on section 4.3 of NI 81-102 to sell the Floating Rate Notes to the Manager and/or Industrial Alliance, because neither of the Floating Rate Notes has its price reported on an available public quotation in common use.

21. Pursuant to section 5.2 of NI 81-107, the IRC of the Fund has approved the transactions.

Decision

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

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

(a) the Filers determine that the sale is in the best interests of the Fund;

(b) the sale occurs as soon as practicable following the date of this decision and in any event no later than September 30, 2009; and

(c) the price per security is equal to cost plus accrued interest.

"Jean Daigle"
Director Corporate Finance

2.2 Orders

2.2.1 Lyndz Pharmaceuticals Inc. et al. – ss. 127(1), 127(8)

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

AND

**IN THE MATTER OF
LYNDZ PHARMACEUTICALS INC.,
JAMES MARKETING LTD., MICHAEL EATCH AND
RICKEY MCKENZIE**

**TEMPORARY ORDER
Subsections 127(1) & 127(8)**

WHEREAS on December 4, 2008, the Ontario Securities Commission (the "Commission") ordered pursuant to sections 127(1) and 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that immediately for a period of 15 days from the date thereof: (a) all trading in securities of Lyndz Pharmaceuticals Inc. shall cease; (b) all trading in securities by the Respondents shall cease; and (c) the exemptions contained in Ontario securities law do not apply to the Respondents (the "Temporary Order");

AND WHEREAS on December 8, 2008, the Commission issued a Notice of Hearing, accompanied by Staff's Statement of Allegations in support of the Temporary Order;

AND WHEREAS on December 17, 2008, the Temporary Order was continued to February 13, 2009;

AND WHEREAS on February 13, 2009, the Temporary Order was continued to April 22, 2009;

AND WHEREAS on April 21, 2009, the Temporary Order was continued to July 7, 2009;

AND WHEREAS on July 6, 2009, the Temporary Order was continued to July 30, 2009;

AND WHEREAS on July 29, 2009, the Temporary Order was continued to September 2, 2009;

AND WHEREAS on September 1, 2009, the Temporary Order was continued to September 25, 2009;

AND WHEREAS on September 23, 2009, the Commission issued a Notice of Hearing, accompanied by Staff's Statement of Allegations;

AND WHEREAS Lyndz Pharma Ltd. is not part of Staff's Statement of Allegations and is no longer a respondent in this matter and is no longer subject to the Temporary Order;

AND WHEREAS on September 24, 2009, a hearing was held in this matter;

AND WHEREAS counsel for Rickey McKenzie and James Marketing Ltd. consented in writing to the continuation of the Temporary Order and to this matter being set down for a hearing on the merits;

AND WHEREAS Michael Eatch appeared on his own behalf and also represented Lyndz Pharmaceuticals Inc.;

AND WHEREAS Michael Eatch consented to the extension of the Temporary Order and to this matter being set down for a hearing on the merits;

AND UPON RECEIVING submissions from counsel for Staff of the Commission;

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

I**T IS ORDERED** that pursuant to subsections 127(1) and (8) of the Act, the Temporary Order is continued as against the respondents until the conclusion of the hearing on the merits or until further order of the Commission; and,

IT IS FURTHER ORDERED on consent that the hearing on the merits for this matter is set to begin on May 31, 2010.

DATED at Toronto this 24th day of September, 2009.

"Patrick J. LeSage"

2.2.2 Oversea Chinese Fund Limited Partnership et al. – ss. 127(7), 127(8)

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

AND
IN THE MATTER OF
OVERSEA CHINESE FUND LIMITED PARTNERSHIP, WEIZHEN TANG AND ASSOCIATES INC., WEIZHEN TANG CORP. AND WEIZHEN TANG

ORDER
Subsections 127(7) and (8)

WHEREAS on the 17th day of March, 2009, pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), the Ontario Securities Commission (the "Commission") made the following temporary orders (the "Temporary Order") against Oversea Chinese Fund Limited Partnership ("Oversea"), Weizhen Tang and Associates Inc. ("Associates"), Weizhen Tang Corp. ("Corp.") and Weizhen Tang, (collectively the "Respondents"):

1. that all trading in securities of Oversea, Associates and Corp. shall cease;

2. that all trading by the Respondents shall cease; and

3. that the exemptions contained in Ontario securities law do not apply to the Respondents;

AND WHEREAS on March 17, 2009, pursuant to subsection 127(6) of the Act the Commission ordered that the Temporary Order shall expire on the 15th day after its making unless extended by order of the Commission;

AND WHEREAS on March 18, 2009 the Commission issued a Notice of Hearing to consider, among other things, the extension of the Temporary Order, to be held on April 1, 2009 at 2:00 p.m.;

AND WHEREAS the Notice of Hearing sets out that the Hearing is to consider, inter alia, whether, in the opinion of the Commission, it is in the public interest, pursuant to subsections 127(7) and (8) of the Act to extend the Temporary Order until such further time as considered necessary by the Commission;

AND WHEREAS prior to the April 1, 2009 Hearing date, Staff of the Commission ("Staff") served the Respondents with copies of the Temporary Order, Notice of Hearing, and Staff's supporting materials;

AND WHEREAS on April 1, 2009, counsel for the Respondents advised the Commission that the Respondents did not oppose the extension of the Temporary Order;

AND WHEREAS on April 1, 2009, the Commission considered the evidence and submissions before it and the Commission was of the opinion that it was in the public interest to extend the Temporary Order until September 10, 2009;

AND WHEREAS on April 1, 2009, the Commission ordered that the Temporary Order be extended, pursuant to section 127(8) of the Act, to September 10, 2009 and the Hearing be adjourned to September 9, 2009;

AND WHEREAS on September 8, 2009 the Commission ordered on consent that the Temporary Order be extended until September 26, 2009 and the Hearing be adjourned until September 25, 2009 at 10:00 a.m.;

AND WHEREAS counsel for the Respondents requested that the Hearing be adjourned as he required more time to file materials for the Hearing;

AND WHEREAS the Commission considered the parties' correspondence and counsel for Staff and counsel for the Respondents consented to an order extending the Temporary Order until October 23, 2009 and adjourning the Hearing until October 22, 2009 at 10:00 a.m.;

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

AND WHEREAS pursuant to section 127(8) of the Act, satisfactory information has not been provided to the Commission by any of the Respondents;

AND WHEREAS the Commission has considered the consent of the parties;

IT IS HEREBY ORDERED that the Temporary Order is extended until October 23, 2009; and

IT IS FURTHER ORDERED that the Hearing in this matter is adjourned to October 22, 2009 at 10:00 a.m or as soon thereafter as the hearing can be held.

DATED at Toronto this 24th day of September, 2009.

"David L. Knight"

2.2.3 Nashua Corporation – s. 1(10)

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Issuer deemed to no longer be a reporting issuer under securities legislation.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 1(10).

September 25, 2009

Wilmer Cutler Pickering Hale and Dorr
60, State Street
Boston, Massachusetts
02109

Dear Sirs/Mesdames:

Re: Nashua Corporation (the Applicant) – Application for an order under clause 1(10)(b) of the Securities Act (Ontario) that the Applicant is not a reporting issuer

The Applicant has applied to the Ontario Securities Commission for an order under clause 1(10)(b) of the Act that the Applicant is not a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is not a reporting issuer.

"Jo-Anne Matear"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.2.4 Mega-C Power Corporation et al.

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

AND

**IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR AND 1248136 ONTARIO LIMITED**

ORDER

WHEREAS on November 16, 2005, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1(1) and (2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by Staff's Statement of Allegations, in relation to the Respondents;

AND WHEREAS Gary Usling entered into a settlement agreement dated September 16, 2009 (the "Settlement Agreement") in which he agreed to a settlement of the proceeding commenced by the Notice of Hearing dated November 16, 2005, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and Staff's Statement of Allegations, and upon hearing submissions from counsel for Staff and the Respondent;

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

IT IS ORDERED THAT:

1. the Settlement Agreement between Gary Usling and Staff of the Commission is approved;
2. pursuant to paragraph 127(6) of the Act, Gary Usling is reprimanded; and
3. pursuant to paragraph 127(8) of the Act, Gary Usling is prohibited for two years from becoming or acting as a director or officer of a reporting issuer.

DATED at Toronto this 17th day of September, 2009.

"David L. Knight"

"Paulette L. Kennedy"

2.2.5 In the Matter of the Revocation of Certain Powers and Duties of the Director to IIROC and the Assignment of Certain Powers and Duties of the Director to IIROC – ss. 21.5(2) and (3) of the Act and ss. 20(2) and (3) of the CFA

Headnote

Revocation and restatement of an existing assignment dated June 1, 2008 of certain registration-related powers and duties to the Investment Industry Regulatory Organization of Canada (IIROC), under section 21.5 of the Securities Act (the "OSA") and section 20 of the Commodity Features Act, effective September 28, 2009 – Replacement of Existing Assignment by the New Assignment was made in conjunction with the coming into force of National Instrument 31-103 Registration Requirements and Exemptions, together with certain related amendments to the OSA [which will no longer require the annual renewal of registrations under the OSA], and regulations made under the OSA – New Assignment includes an assignment to IIROC of the Director's power to impose terms and conditions on the registration under the OSA and CFA of an individual registered representative of an IIROC-member firm during the currency of the representative's registration.

Staff Note

The proclamations described in paragraph 11 of the Revocation and Assignment occurred by September 28, 2009.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 21.5, 21.5(2), 21.5(3), 27, 28, 31, para. 5 of s. 31, Part XI.
Commodity Futures Act, R.S.O. 1990, c. C.20, as am., ss. 1(1), 20, 20(2), 20(3), 23, 23(2), 23(3), Part VIII.
Budget Measures Act, 2009, Schedule 26, s. 4 of Schedule 26.

Applicable Ontario Regulation

Regulation made under the Commodity Futures Act, R.R.O. 1990, Reg. 90, as am., ss. 110, 37(2), 38(2).
Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 127(1), 127(2)(b), (d), (e), (g) and (h).

Rule Cited

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants, Parts 2 and 4.

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

AND

THE COMMODITY FUTURES ACT,
R.S.O. 1990, C.20, AS AMENDED
(the CFA)

AND

IN THE MATTER OF
THE REVOCATION OF THE
ASSIGNMENT OF CERTAIN POWERS AND DUTIES
OF THE DIRECTOR TO THE
INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA (IIROC) AND THE
ASSIGNMENT OF CERTAIN POWERS AND
DUTIES OF THE DIRECTOR TO IIROC

REVOCATION
(Subsection 21.5(3) OSA and
Subsection 20(3) of the CFA)

ASSIGNMENT
(Subsection 21.5(2) of the OSA and
Subsection 20(2) CFA)

1. IIROC is a "recognized self-regulatory organization", as defined in subsection 1(1) of the OSA and subsection 1(1) of the CFA.

2. Subsection 21.5(2) of the OSA provides that the Executive Director may, with the approval of the Ontario Securities Commission (the **Commission**), assign to a recognized self-regulatory organization any of the powers and duties of the Director under Part XI of the OSA or the regulations related to that Part.

3. Subsection 20(2) of the CFA provides that the Executive Director may, with the approval of the Commission, assign to a recognized self-regulatory organization any of the powers and duties of the Director under Part VIII of the CFA or the regulations related to that Part.

4. Subsection 21.5(3) of the OSA provides that, with the approval of the Commission, the Executive Director may at any time revoke, in whole or in part, an assignment of powers and duties made under section 21.5 of the OSA.

5. Subsection 20(3) of the CFA provides that, with the approval of the Commission, the Executive Director may at any time revoke, in whole or in part, an assignment of powers and duties made under section 20 of the CFA.

6. In an Assignment dated June 1, 2008 (the **Existing Assignment**), with the approval of the

Commission, the Executive Director assigned to IIROC certain powers and duties of the Director under:

(a) Part XI of the OSA and the regulations related to that Part (including – subsection 127(1) and clauses 127(2)(b), (d), (e), (g) and (h) of the OSA Regulation (defined below) and Parts 2 and 4 of OSC Rule 31-502 *Proficiency Requirements for Registrants* (**OSC Rule 31-502**), pursuant to subsection 21.5(2) of the OSA; and

(b) Part VIII of the CFA and the regulations related to that Part, pursuant to subsection 20(2) of the CFA.

7. A copy of the Existing Assignment is attached hereto as Schedule A.

8. Schedule 26 (the **OSA Schedule**) of the *Budget Measures Act, 2009* provides for amendments to the OSA, including section 4 of the Schedule (the **OSA Part XI Amendments**) which provides for the repeal of the current Part XI and substitution of a new Part XI .

9. On June 5, 2009, the *Budget Measures Act, 2009* received Royal Assent.

10. Subsection 21(2) of the OSA Schedule provides that the OSA Part XI Amendments will come into force on a day to be named by proclamation of the Lieutenant Governor.

11. On July 14, 2009, the Commission revoked OSC Rule 31-502. The making and revoking of this rule was subject to the approval of the Minister, which occurred on August 28, 2009. The making and revoking of this rule is effective on September 28, 2009, assuming that the proclamation described in paragraph 10 and the proclamation by the Lieutenant Governor of other specified sections of the OSA Schedule occurs by September 28, 2009.

12. On July 20, 2009, the Commission revoked section 127 of R.R.O. 1990, Regulation 1015, as amended, made under the OSA (the "**OSA Regulation**"). The revocation of this section is also effective on September 28, 2009, assuming the proclamations described in paragraph 11 occur by September 28, 2009.

13. The Executive Director and the Commission consider it now desirable for the Existing Assignment to be replaced by this new Assignment.

NOW THEREFORE:

Subject to the proclamations described in paragraph 11 occurring by September 28, 2009,

1. Under subsection 21.5(3) of the OSA and subsection 20(3) of the CFA, the Executive Director revokes the Existing Assignment, effective on September 28, 2009, without prejudice to the effectiveness of any exercise, prior to such revocation, of the powers and duties that were assigned by the Existing Assignment.

2. Under subsection 21.5(2) of the OSA and subsection 20(2) of the CFA, effective on September 28, 2009, the Executive Director assigns to IIROC:

(A) with respect to applications for registration, applications for reinstatement of registration and applications for amendment of registration from individuals who are approved persons of members of IIROC and individuals who are applying to become approved persons of members of IIROC, the powers and duties vested in or imposed on the Director by:

(a) sections 27 and 31 of the OSA,

(b) section 23 of the CFA, and

(c) subsections 37(7) and 38(2) of R.R.O. 1990, Regulation 90, made under the CFA; and

(B) with respect to the registration of individuals who are approved persons of IIROC, the powers and duties vested in or imposed upon the Director by:

(a) section 28 of the OSA, but only in respect of the power to impose terms and conditions at any time during the period of registration, and paragraph 5 of section 31 of the OSA, and

(b) subsections 23(2) of the CFA, but only in respect of the power to impose terms and conditions at any time during the period of registration, and subsection 23(3) of the CFA.

DATED at Toronto, this 22nd day of September, 2009.

"Peggy Dowdall-Logie"
Executive Director

APPROVED at Toronto, this 22nd day of September, 2009.

"James E.A. Turner"
Commissioner

"Mary G. Condon"
Commissioner

2.2.6 TSX INC. – s. 15.1 of NI 21-101 Marketplace Operation

Headnote

Section 15.1 of National Instrument 21-101 Marketplace Operation (21-101) and section 6.1 of OSC Rule 13-502 Fees (13-502) – exemption granted from the requirement in paragraph 6.4(2) of 21-101 to file an amendment to Form 21-101F2 (Form F2) 45 days prior to implementation of a fee change and from the requirements in Appendix C (item E(1) and item E(2)(a)) of 13-502 to pay fees related to TSX's exemption application.

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

AND

IN THE MATTER OF
TSX INC.

ORDER
(Section 15.1 of National Instrument 21-101 ("NI 21-101"))

UPON the application (the "Application") of TSX Inc. (the "Applicant") to the Director for an order pursuant to section 15.1 of NI 21-101 exempting the Applicant from the requirement in paragraph 3.2(1)(b) of NI 21-101 to file an amendment to the information previously provided in Form 21-101F1 (the "Form") regarding Exhibit N (fees) 45 days before implementation of the fee change (the "45 day filing requirement");

AND UPON the Applicant filing an updated Form on September 17, 2009, describing a fee change to be implemented on October 1, 2009, (the "Fee Change");

AND UPON the application by the Applicant (the "Fee Exemption Application") to the Director for an order pursuant to section 6.1 of Rule 13-502 exempting the Applicant from the requirement to pay an activity fee of (a) $3,000 in connection with the Application in accordance with section 4.1 and item E(1) of Appendix C of Rule 13-502, and (b) $1,500 in connection with the Fee Exemption Application (Appendix C, item E(2)(a));

AND UPON considering the Application and the Fee Exemption Application and the recommendation of staff of the Commission;

AND UPON the Applicant having represented to the Director as follows:

1. The Applicant operates the Toronto Stock Exchange and is a recognized stock exchange in Ontario with its head office in Toronto;

2. The Applicant would like to implement the Fee Change on October 1, 2009;

3. The Applicant intends to provide advance notice to the industry prior to implementing the Fee Change;

4. The current multi-market trading environment requires frequent changes to the fees and fee model, and it has become unduly burdensome to delay 45 days before implementing fee change initiatives;

5. The policy rationale behind the 45 day filing requirement, which the Applicant understands is to provide Commission staff with an opportunity to analyze the changes and determine if any objections should be raised prior to implementation, can be met in a shorter period; and

6. Given that the notice period was created prior to multi-marketplaces becoming a reality, and in light of the current competitive environment and the limited and highly technical nature of the exemption being sought, it would be unduly onerous to pay fees in these circumstances.

AND UPON the Director being satisfied to do so would not be prejudicial to the public interest;

IT IS ORDERED by the Director:

(a) pursuant to section 15.1 of NI 21-101 that the Applicant is exempted from the 45 day filing period for the Fee Change; and

(b) pursuant to section 6.1 of Rule 13-502 that the Applicant is exempted from:

(i) paying an activity fee of $3,000 in connection with the Application, and

(ii) paying an activity fee of $1,500 in connection with the Fee Exemption Application.

DATED at Toronto this 29th day of September, 2009.

"Susan Greenglass"
Acting Director, Market Regulation
Ontario Securities Commission

2.2.7 Alpha ATS LP – s. 15.1 of NI 21-101 Marketplace Operation

Headnote

Section 15.1 of National Instrument 21-101 Marketplace Operation (21-101) – exemption granted from the requirement in paragraph 6.4(2) of 21-101 to file an amendment to Form 21-101F2 (Form F2) 45 days prior to the implementation of changes made to Form 21-101F2 regarding Exhibit G (changes to Trading Policies).

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

AND

IN THE MATTER OF
ALPHA ATS LP

ORDER
(Section 15.1 of National Instrument 21-101
(NI 21-101))

UPON the application (the "Application") of Alpha ATS LP (the "Applicant") to the Director for an order pursuant to section 15.1 of NI 21-101 exempting the Applicant from the requirement in paragraph 6.4(2) to file an amendment to the information previously provided in Form 21-101F2 (the "Form F2") regarding Exhibit G (changes to Trading Policies) 45 days before implementation of the changes (the "45 day filing requirement");

AND UPON the Applicant filing an amended Form F2 on August 11, 2009, describing changes to Exhibit G (the Amendments);

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

AND UPON the Applicant having represented to the Director as follows.

1. Alpha ATS LP is carrying on business as an alternative trading system and is registered as a dealer with the Ontario Securities Commission. It has received an exemption from registration in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Quebec, and Saskatchewan.

2. The Applicant filed the Amendments, which described the following changes (Changes) to its Trading Policies:

a. amendments to Part 6 of the Alpha ATS Odd Lot Dealer Trading Policies regarding the administration of odd lot dealer assignments;

b. amendments to the time period the Alpha opening and closing call occurs;

c. amendments clarifying the process for handling erroneous trades.

3. These Changes are being implemented after consultation with subscribers of Alpha ATS and the 30 days notice required in the Subscriber Agreement.

4. The Applicant intends to implement the Changes on September 10, 2009 or soon thereafter.

5. The current multi-market trading environment requires flexibility in being able to clarify practices set out in the trading policies and it has become unduly burdensome to delay 45 days before responding to participants' needs and/or competitors' initiatives.

AND UPON staff having reviewed the Changes;

AND UPON the Director being satisfied to do so would not be prejudicial to the public interest;

IT IS ORDERED by the Director pursuant to section 15.1 of NI 21-101 that the Applicant is exempted from the 45 day filing requirement for the changes as described in the Amendment.

DATED this 10th day of September, 2009.

"Susan Greenglass"
Acting Director
Ontario Securities Commission

2.2.8 Adrian Samuel Leemhuis et al. – s. 127(8)

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

AND

IN THE MATTER OF
ADRIAN SAMUEL LEEMHUIS,
FUTURE GROWTH GROUP INC.,
FUTURE GROWTH FUND LIMITED,
FUTURE GROWTH GLOBAL FUND LIMITED,
FUTURE GROWTH MARKET NEUTRAL
FUND LIMITED, FUTURE GROWTH
WORLD FUND, AND ASL DIRECT INC.

ORDER
(Subsection 127(8))

WHEREAS on April 22, 2008, the Ontario Securities Commission (the "Commission") issued a Temporary Order pursuant to subsection 127(5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") that all trading in securities of and all trading of securities by Future Growth Group Inc., Future Growth Fund Limited, Future Growth Global Fund Limited, Future Growth Market Neutral Fund Limited, and Future Growth World Fund ("The Funds") shall cease, that all trading of securities by Adrian Leemhuis shall cease and that any exemptions contained in Ontario securities law do not apply to these respondents;

AND WHEREAS on May 1, 2008, the Commission issued a Temporary Order pursuant to subsection 127(5) of the Act that all trading in securities by ASL Direct Inc. ("ASL") shall cease and that any exemptions contained in Ontario securities law do not apply to ASL;

AND WHEREAS on May 2, 2008, the Commission issued an Amended Notice of Hearing to consider the extension of the Temporary Orders dated April 22, 2008 and May 1, 2008 (collectively the "Temporary Orders") to be held on May 6, 2008 at 2:30 p.m.;

AND WHEREAS on May 6, 2008 the Commission held a hearing and counsel for Staff and counsel for the Respondents attended before the Commission and confirmed that there was no objection to adjourning until May 16, 2008, and the Commission ordered that pursuant to subsection 127(8) the Temporary Orders be extended to May 16, 2008 and the hearing to consider the extension of these orders be adjourned to May 16, 2008;

AND WHEREAS the Commission held a hearing on May 16, 2008 and counsel for Staff and counsel for the Respondents attended before the Commission and at that time the Commission made an order continuing the Temporary Orders until May 26, 2008;

AND WHEREAS the Commission held a hearing on May 26, 2008 and counsel for Staff and counsel for the Respondents attended before the Commission and the

Commission made an order continuing the Temporary Orders until June 17, 2008;

AND WHEREAS on June 16, 2008 the Commission made an Order that: continued the Temporary Orders until July 10, 2008; adjourned the hearing of the matter until July 9, 2008; and, varied the Temporary Order made April 22, 2008 to permit trading of the securities held by The Funds by Marvin & Palmer;

AND WHEREAS the Commission held a hearing on July 9, 2008 and counsel for Staff and counsel for the Respondents attended before the Commission and the Commission made an order continuing the Temporary Orders, as varied, until October 28, 2008;

AND WHEREAS the Commission held a hearing on October 24, 2008 and counsel for Staff and counsel for the Respondents attended before the Commission and the Commission made an order continuing the Temporary Orders, as varied, until December 1, 2008;

AND WHEREAS, pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (Commercial Court) dated November 4, 2008, KPMG Inc. was appointed as Receiver and Manager over the property and affairs of ASL;

AND WHEREAS the Commission held a hearing on December 1, 2008 and the Commission was advised that counsel for Staff and counsel for KPMG Inc., in its capacity as Receiver and Manager of ASL, consented to the making of the order with respect to ASL and counsel for the remaining Respondents did not oppose the making of this Temporary Order; the Commission made an order continuing the Temporary Orders, as varied, until March 3, 2009;

AND WHEREAS the Commission held a hearing on March 3, 2009 and counsel for Staff and counsel for the Respondents attended before the Commission and, the Respondents having confirmed that they were not objecting to the Order, the Commission made an order:

1) discontinuing the Temporary Order against ASL dated May 1, 2008; and

2) continuing the Temporary Order made on April 22, 2008, as varied, by the Order of June 16, 2008, until June 3, 2009;

AND WHEREAS the Commission held a hearing on June 3, 2009 and counsel for Staff and counsel for the Respondents attended before the Commission and the Commission made an order:

1) varying the Temporary Order made on April 22, 2008, as varied, to permit limited personal trading by Adrian Leemhuis; and

2) continuing the Temporary Order made on April 22, 2008, as varied, until September 30, 2009;

AND WHEREAS the Respondents have provided information in the context of Staff's ongoing investigation;

AND WHEREAS Staff and the Respondents have agreed not to proceed to a contested hearing before the Commission pursuant to subsection 127(7) at this time and have consented to an extension of the Temporary Order, as varied, until November 7, 2009;

AND WHEREAS, accordingly, pursuant to subsection 127(8) of the Act, satisfactory information has not been provided to the Commission by any of the Respondents at this time;

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 Temporary Order dated April 22, 2008, as varied, is further extended to November 7, 2009;

AND IT IS FURTHER ORDERED that the hearing to consider the extension of the Temporary Order dated April 22, 2008, as varied, is adjourned to November 6, 2009 at 10:00 a.m., without prejudice to either party moving pursuant to the Rules to vary the Order under section 144 or for any other appropriate relief.

DATED at Toronto this 29th day of September, 2009.

"David L. Knight"

2.2.9 Borealis International Inc. et al. – s. 127(1)

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

AND

IN THE MATTER OF
BOREALIS INTERNATIONAL INC.,
SYNERGY GROUP (2000) INC.,
INTEGRATED BUSINESS CONCEPTS INC.,
CANAVISTA CORPORATE SERVICES INC.,
CANAVISTA FINANCIAL CENTER INC.,
SHANE SMITH, ANDREW LLOYD, PAUL LLOYD,
VINCE VILLANTI, LARRY HALIDAY,
JEAN BREAU, JOY STATHAM, DAVID PRENTICE,
LEN ZIELKE, JOHN STEPHAN, RAY MURPHY,
ALEXANDER POOLE, DEREK GRIGOR,
EARL SWITENKY, MICHELLE DICKERSON,
DEREK DUPONT, BARTOSZ EKIERT,
ROSS MACFARLANE, BRIAN NERDAHL,
HUGO PITTOORS AND LARRY TRAVIS

Order
(Section 127(1))

WHEREAS on November 15, 2007, the Ontario Securities Commission (the "Commission") made an order pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5., as amended, in respect of Borealis International Inc. ("Borealis"), Synergy Group (2000) Inc. ("Synergy"), Integrated Business Concepts Inc. ("IBC"), Canavista Corporate Services Inc. ("Canavista Corporate"), Canavista Financial Center Inc. ("Canavista Financial"), Shane Smith ("Smith"), Andrew Lloyd, Paul Lloyd, Vince Villanti ("Villanti"), Larry Haliday ("Haliday"), Jean Breau ("Breau"), Joy Statham ("Statham"), David Prentice ("Prentice"), Len Zielke ("Zielke"), John Stephan ("Stephan"), Ray Murphy ("Murphy"), Derek Grigor ("Grigor"), Earl Switenky ("Switenky") and Alexander Poole ("Poole") (the "Original Respondents") that all trading in securities by and of the Original Respondents, with the exception of Poole, cease, and that any exemptions contained in Ontario securities law do not apply to the Original Respondents, with the exception of Poole (the "Temporary Order");

AND WHEREAS the Temporary Order also provided that pursuant to clause 1 of subsection 127(1), the following terms and conditions were imposed on Poole's registration: Poole shall be subject to monthly supervision by his sponsoring firm which, commencing November 30, 2007, will submit monthly supervision reports to the Commission (attention: Manager, Registrant Regulation) in a form specified by the Manager, Registrant Regulation, reporting details of Poole's sales activities and dealings with clients;

AND WHEREAS on November 15, 2007, the Commission issued a Notice of Hearing and Statement of Allegations in this matter;

AND WHEREAS on November 28, 2007, the Commission ordered that the Temporary Order be continued in respect of the Original Respondents, except Borealis, Synergy, IBC, Canavista Financial, Smith, Villanti, Haliday, Breau, Paul Lloyd, Zielke, Grigor and Switenky, until May 27, 2008;

AND WHEREAS on November 28, 2007, the Commission ordered that in respect of Borealis, Synergy, IBC, Canavista Financial, Smith, Villanti, Haliday, Breau, Paul Lloyd, Zielke, Grigor and Switenky, the Temporary Order be continued until January 11, 2008;

AND WHEREAS on January 11, 2008, the Commission ordered that in respect of the Original Respondents, the Temporary Order be continued until May 27, 2008;

AND WHEREAS on May 22, 2008, the Commission issued an Amended Notice of Hearing and an Amended Statement of Allegations by which, *inter alia*, the following individuals were added as respondents: Michelle Dickerson ("Dickerson"), Derek Dupont ("Dupont"), Bartosz Ekiert ("Ekiert"), Ross Macfarlane ("Macfarlane"), Brian Nerdahl ("Nerdahl"), Hugo Pittoors ("Pittoors"), and Larry Travis ("Travis") (collectively, the "New Respondents");

AND WHEREAS on May 27, 2008, the Commission ordered that all trading in securities by Dickerson, Dupont, Ekiert, Macfarlane, Nerdahl, Pittoors and Travis cease and that any exemptions contained in Ontario securities law not apply to them and that the Order be continued until June 18, 2008 or until further order of the Commission;

AND WHEREAS on May 27, 2008, the Commission ordered that in respect of the Original Respondents, including Poole, the Temporary Order be continued until June 18, 2008;

AND WHEREAS on June 17, 2008, the Commission ordered that the hearing on the merits commence on May 4, 2009 and that the Temporary Order be continued until the completion of the hearing on the merits or until further order of the Commission;

AND WHEREAS on March 27, 2009, following a pre-hearing conference, the Commission ordered that Staff shall not be required to serve or otherwise notify Zielke of any further steps in this proceeding;

AND WHEREAS on April 8, 2009, the Commission ordered that the hearing on the merits commence on May 26, 2009 and that the Temporary Order be continued until the completion of the hearing on the merits or until further order of the Commission;

AND WHEREAS, following an appearance held on May 11, 2009, the Commission issued a Notice on May 19, 2009 that the hearing on the merits commence on October 20, 2009;

AND WHEREAS on September 16, 2009, the respondents Borealis, IBC, Villanti and Haliday (the "Moving Parties") brought a motion before the Commission requesting an adjournment of the hearing on the merits;

AND UPON HEARING submissions of Staff of the Commission, counsel to the Moving Parties and counsel to Breau, and counsel to Synergy, Smith, Andrew Lloyd and Prentice on September 28, 2009, no one appearing for the remaining Original Respondents and New Respondents;

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

IT IS ORDERED THAT:

1. the hearing on the merits shall commence on January 18, 2010 at 10:00 a.m. at the offices of the Commission, 20 Queen Street West, 17th floor, Toronto and continue for four weeks, which shall be peremptory against the Moving Parties; and

2. if required, the hearing on the merits shall resume on March 1, 2010 and continue for an additional two weeks, which shall not be peremptory against the Moving Parties.

DATED at Toronto this 29th day of September, 2009.

"James D. Carnwath"

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Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Mega-C Power Corporation et al.

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR AND 1248136 ONTARIO LIMITED

SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE
ONTARIO SECURITIES COMMISSION AND GARY USLING

I. INTRODUCTION

1. By Notice of Hearing dated November 16, 2005 (the "Notice of Hearing"), the Ontario Securities Commission ("the Commission") announced that it proposed to hold a hearing to consider whether, pursuant to s. 127 and s. 127.1(1) and (2) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended ("the Act"), it is in the public interest to, among other things, make an Order:

   (a) under clause 2 of s. 127(1) of the Act, that trading in securities by the Respondent, Gary Usling ("Usling"), cease permanently or for such other period as specified by the Commission;

   (b) under clause 3 of s. 127(1) of the Act, that any exemptions contained in Ontario securities law do not apply to Usling permanently or for such a period as the Commission may order;

   (c) under clause 6 of s. 127(1) of the Act, that Usling be reprimanded;

   (d) under clause 7 of s. 127(1) of the Act, that Usling, if acting as a director or officers of any issuer resign one or more positions that he may hold as a director or officer of an issuer;

   (e) under clause 8 of s. 127(1) of the Act, that Usling is prohibited from becoming or acting as director or officer of any issuer;

   (f) under clause 9 of s. 127(1) of the Act, that Usling pay an administrative penalty for each failure to comply with Ontario securities law;

   (g) under clause 10 of s. 127(1) of the Act, that Usling disgorge to the Commission any amounts obtained as a result of non-compliance with Ontario securities law;

   (h) under s. 127.1 of the Act, that Usling pay the costs of Staff's investigation and the costs of, or related to, the proceeding that are incurred by or on behalf of the Commission; and

   (i) such further orders as the Commission considers appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommends settlement of the proceeding initiated in respect of the Respondent, Gary Usling ("Usling"), in accordance with the terms and conditions set out below. Usling agrees to the settlement on the basis of the facts

agreed to in Part IV and consents to the making of an Order in the form attached as Schedule "A" on the basis of those facts.

3. The terms of this settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement") will be released to the public only if and when the Settlement Agreement is approved by the Commission.

III. STAFF ACKNOWLDGEMENT

4. For the purpose of this settlement only, Usling agrees with the facts set out in Part IV. Usling expressly denies that this Settlement Agreement is intended to be an admission of civil liability by Usling to any person or company and Usling expressly denies any such admission of civil liability.

IV. STATEMENT OF FACTS

(i) Background

5. Mega-C Power Corporation ("Mega-C"), formerly known as Net Capital Ventures Corporation, was incorporated in the State of Nevada on February 26, 2001. At all material times, Mega-C's principal offices were located in Vaughan, Ontario. Mega-C described itself as being in the business of developing and commercializing a hybrid capacitor/battery (the "Technology").

6. Usling was a founding shareholder of Mega-C and at all material times was the Chief Financial Officer ("CFO") and a director of Mega-C. Usling is a Chartered Account. Usling has never been registered in any capacity whatsoever with the Commission

7. Usling was the CFO and a director of NetProfitEtc Inc. ("NetProfit")

(ii) Unregistered Trading

8. As of September 2001, Mega-C issued from treasury approximately 14.5 million shares. Of that issuance, approximately 12.3 million shares were issued to Rene Pardo and/or NetProfit. Usling and companies owned or controlled by him received in excess of 1.25 million Mega-C shares from the Mega–C treasury issuance. Usling provided approximately 50 persons and companies with Mega-C shares to replace shares they had acquired in NetProfit.

9. Usling subsequently participated in the further trading of Mega-C shares to members of the public. In particular, in and around June, 2002, Usling attended demonstrations of the Technology given to potential investors and participated in soliciting them to invest.

(iii) Illegal Distribution

10. At no time did Mega-C file a preliminary prospectus or prospectus with the Commission and obtain the appropriate receipts from the Director, as required by section 53 of the Act.

(iv) U.S. Bankruptcy Proceedings

11. On April 6, 2004, Mega-C was petitioned for relief under Chapter 11 of Title 11 of the U.S. *Bankruptcy Code*. On May 13, 2004, the U.S. Bankruptcy Court in Nevada entered an Order granting Mega-C relief under Chapter 11 of the *Bankruptcy Code* (In *Re: Mega-C Power Corporation*, Case Number BK-N-04-50962-GWZ) (the "Insolvency Proceedings").

12. Usling filed claims of interest in the Insolvency Proceedings in relation to claims for shares in Mega-C. In addition, Usling had an indirect and/or beneficial interest in certain claims of interest in shares filed in the Insolvency Proceedings: (collectively, "Claims of Interest"). Usling advised Staff that but for the Claims of Interest, he has no indirect or beneficial interest in any other claims in the Insolvency Proceedings. By way of written Notice to the Liquidation Trustee, Usling abandoned his interest in the foregoing Claims of Interest, and has lost the value of his holdings in Mega-C.

(v) Respondent's Acknowledgements

13. Usling admits and acknowledges that his conduct described herein was contrary to the public interest.

14. Usling admits and acknowledges that his conduct described herein contravened section 25 of the Act and that no exemptions were available to him.

15. Usling admits and acknowledges that his conduct described herein contravened section 53 of the Act and that no exemptions were available to him.

V. RESPONDENT'S POSITION

16. For the purpose of this settlement only, Staff do not dispute the facts set out in this Agreement as Usling's position. However, this does not constitute an admission by Staff and does not bind Staff for the purpose of this proceeding against the remaining Respondents in this proceeding.

17. Usling worked part-time for Mega-C but did not receive a salary for his work and did not maintain an office at the Mega-C premises in Vaughan.

18. Usling relied upon assurances from another respondent in these proceedings that legal advice had been obtained and there was no legal impediment to the trading of shares in Mega-C in Ontario.

19. Usling recognizes that he ought to have taken further steps to confirm the legal advice given and his own ability to engage in acts constituting the trading of securities without registration.

20. Usling reasonably believed that the Technology was commercially viable, and relied upon a written report of independent testing performed by a respected Canadian electrochemist that confirmed that the Technology had "attractive possibilities" for further investment and commercial development.

21. Usling is not currently a director or officer of a reporting issuer.

22. In addition to the loss of the value of his holdings in Mega-C, Usling has incurred approximately $1 million in legal fees in connection with various proceedings arising from his involvement in Mega-C which he has paid personally.

VI. TERMS OF SETTLEMENT

23. Usling agrees to settle this matter on the basis of the following terms of settlement:

    (a) pursuant to clause 6 of subsection 127(1) of the Act, Usling shall be reprimanded;

    (b) pursuant to clause 8 of subsection 127(1) of the Act, Usling shall be prohibited from becoming or acting as director or officer of any reporting issuer for two years.

VII. STAFF COMMITMENT

24. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Usling in relation to the facts set out in Part IV of this Settlement Agreement.

25. If this Settlement Agreement is approved by the Commission and at any subsequent time Usling fails to honour the terms of settlement contained in paragraph 23 of this Settlement Agreement, Staff reserve the right to bring proceedings against Usling based on the facts set out in Part IV of this Settlement Agreement, and based on the breach of this Settlement Agreement.

VIII. APPROVAL OF SETTLEMENT

26. Approval of this Settlement Agreement shall be sought at a hearing of the Commission (the "Settlement Hearing") to be scheduled.

27. Counsel for Staff and counsel for Usling may refer to any part or all of this Settlement Agreement at the Settlement Hearing. Staff and Usling agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

28. If this Settlement Agreement is approved by the Commission, Usling agrees to waive his rights under the Act to a full hearing, judicial review or appeal of the matter.

29. Whether or not the Settlement Agreement is approved by the Commission, Usling agrees that he will not, in any proceeding, refer to or rely on the Settlement Agreement, the settlement discussions and negotiations, or the process

of approval of this Settlement Agreement as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

30. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an Order in the form attached as Schedule "A" is not made by the Commission:

    (a) this Settlement Agreement and its terms, including all discussions and negotiations between Staff and Usling leading up to its presentation at the Settlement Hearing, shall be without prejudice to Staff and Usling;

    (b) Staff and Usling shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by this Settlement Agreement or the settlement discussion/negotiations; and

    (c) the terms of this Settlement Agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and Usling or as may be required by law.

31. Except as required above, this Settlement Agreement and its terms will be treated as confidential by Staff and Usling until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of Staff and Usling, or as may be required by law.

32. Any obligations of confidentiality attaching to this Settlement Agreement shall terminate upon approval of this settlement by the Commission.

33. Staff and Usling agree that, if this Settlement Agreement is approved by the Commission, they will not make any public statement inconsistent with this Settlement Agreement.

IX. EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be as effective as an original signature.

Dated at Toronto this 16th day of September, 2009.

Witness: "Wolfgang Kyser" Name: "Gary Usling"

Dated at Toronto this day of September, 2009.

STAFF OF THE ONTARIO SECURITIES COMMISSION

"Tom Atkinson"
Name: Tom Atkinson
Title: Director of Enforcement

SCHEDULE "A"

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

AND

IN THE MATTER OF
MEGA-C POWER CORPORATION, RENE PARDO,
GARY USLING, LEWIS TAYLOR SR.,
LEWIS TAYLOR JR., JARED TAYLOR,
COLIN TAYLOR AND 1248136 ONTARIO LIMITED

ORDER

WHEREAS on November 16, 2005, the Commission issued a Notice of Hearing pursuant to sections 127 and 127.1(1) and (2) of the Securities Act, R.S.O. 1990, c. S.5, as amended (the "Act"), accompanied by Staff's Statement of Allegations, in relation to the Respondents;

AND WHEREAS Gary Usling entered into a settlement agreement dated September ●, 2009 (the "Settlement Agreement") in which he agreed to a settlement of the proceeding commenced by the Notice of Hearing dated November 16, 2005, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and Staff's Statement of Allegations, and upon hearing submissions from counsel for Staff and the Respondent;

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

IT IS ORDERED THAT:

1. the Settlement Agreement between Gary Usling and Staff of the Commission is approved;

2. pursuant to paragraph 127(6) of the Act, Gary Usling is reprimanded; and

3. pursuant to paragraph 127(8) of the Act, Gary Usling is prohibited for two years from becoming or acting as a director or officer of a reporting issuer.

DATED at Toronto this day of September, 2009.

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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
Rapid Solutions Corporation	14 Sept 09	25 Sept 09	25 Sept 09	
Biotanika Health Group Inc.	14 Sept 09	25 Sept 09	25 Sept 09	
Firstgold Corp.	25 Sept 09	07 Oct 09		

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
Firstgold Corp.	22 July 09	04 Aug 09	04 Aug 09		25 Sept 09

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
Sprylogics International Corp.	02 June 09	15 June 09	15 June 09		
Firstgold Corp.	22 July 09	04 Aug 09	04 Aug 09		25 Sept 09
Norwall Group Inc.	02 Sept 09	14 Sept 09	14 Sept 09		
Strategic Resource Acquisition Corporation	23 Sept 09	05 Oct 09			

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Chapter 6

Request for Comments

6.1.1 Proposed Amendments to OSC Rule 13-502 *Fees*

REQUEST FOR COMMENTS

PROPOSED AMENDMENTS TO OSC RULE 13-502 *FEES*

REQUEST FOR COMMENTS

The Commission is publishing for a 90-day comment period proposed amendments (the Proposed Amendments) to OSC Rule 13-502 *Fees* (the Current Rule). In this Notice, the proposed amended version of the Current Rule is referred to as the Proposed Rule.

In addition to being published in this Bulletin, the Proposed Amendments are available on the Commission's website (www.osc.gov.on.ca). Further fee amendments under the *Commodity Futures Act* are being published for comment in this Bulletin.

We request comments on the Proposed Amendments by December 31, 2009.

SUBSTANCE AND PURPOSE OF THE PROPOSED AMENDMENTS

The Proposed Amendments are consistent with the Current Rule. That is, under the Proposed Rule, market participants would continue to be required to pay fees reflecting the Commission's costs of regulating Ontario capital markets.

Fees referenced in the Proposed Amendments fall within two categories: participation fees and activity fees. Participation fees for reporting issuers are referred to as corporate finance participation fees and those for registrants and unregistered capital market participants are referred to as capital markets participation fees.

Participation fees are designed to cover the Commission's costs not easily attributable to specific regulatory activities. The participation fee required of a market participant is a measure of the market participant's size, which is used as proxy for its proportionate participation in the Ontario capital markets. As set out below, it is proposed to phase-in increases in participation fees over three years. Further financial information with regard to participation fees is provided below under the heading "Financial Summary".

Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources expended in undertaking the activities listed in Appendix C of the Current Rule and the Proposed Rule are considered in determining these fees (e.g., reviewing prospectuses, registration applications and applications for discretionary relief). Generally, the activity fee charged for filing a document of a particular class is based on the average cost to the Commission of reviewing documents of the class.

The Proposed Amendments are summarized below under the heading "Summary of Proposed Amendments".

ANTICIPATED COSTS AND BENEFITS AND SUPPLEMENTARY INFORMATION

Background

The current fee structure under the *Securities Act* and the *Commodity Futures Act* was established in 2003 and the fee structure is intended to recover the OSC's costs of operation. The OSC has committed to re-evaluate its fee levels every three years. Participation fees are set based on estimates of OSC operating costs and capital markets conditions for upcoming periods but then paid after the fact based on actual market capitalization in the case of issuers and actual revenues in the case of registrants. When actual results differ from estimates, surpluses or deficits are generated and need to be addressed in future fees. From 2003 to 2008, accumulated surpluses were generated, which led to a rebate to market participants of $15 million in March 2005 and significant fee cuts in April 2006, which remain in effect. On March 13, 2009, the OSC announced that, in light of the economic climate, participation and activity fees would not be increased in fiscal 2010 from the levels then charged to market participants. As a result, the OSC forecast a revenue shortfall for fiscal 2010 of approximately $22 million (equal to 26% of our expenses for the year).

The OSC, as a self-funded agency, is dependent on fees from market participants, and strives to operate on a cost-recovery basis. The fees proposed are designed to allow the OSC to reach cost recovery by the end of fiscal 2013, in order to remain financially stable and achieve its mandate.

While there are participation fee increases proposed from the 2006 levels, the participation fees for issuers would be less in each of the years covered by the proposed amendments (2011 to 2013) than in 2003, when these fees were first set. Using a weighted average, issuers' participation fees would be less in 2013 than in 2003 by 10.6%. For example, the fee for an issuer with a market capitalization less than $25 million would be $960 in 2013 compared to $1,000 in 2003. On the same basis, participation fees payable by registrants in 2013 relative to 2003 would be 4.0% higher. However, many smaller registrants' fees will be lower in 2013. For example, a registrant with revenues greater than $500,000 but less than $1 million would pay $3,300 in 2013 compared to $5,000 in 2003.

Proposed Approach

The OSC remains sensitive to current economic conditions and has taken steps to minimize the proposed fee increases. The proposed fees assume full use of the OSC's remaining surplus to minimize fee increases. For the three years ending March 2013, we project operating costs will still exceed revenues by $25.4 million. This deficit will be offset by applying the expected March 2010 surplus of $24.8 million. We also project that we will need to use $0.6 million of our $20 million operating reserve.

There is a differential between the fee increases proposed for issuers and registrants in order to better align revenues generated from market participant groups with their level of participation in the Ontario capital markets.

Financial Summary

OSC costs are projected to increase by 3%, 4% and 5% in 2011, 2012 and 2013 respectively, which allows for some increase in general inflation and some room to address emerging market challenges/issues. The revenue forecast reflects 10% market growth each year. This growth estimate is consistent with historical analysis of market growth after previous market corrections.

The table below provides a financial forecast based on forecast OSC costs and the proposed fee changes. Under the proposal, the total participation fees paid by market participants will rise by an average of 12.2% per year. This will result in increases of approximately 9% per year for registrants and 17% per year for issuers from the participation fees set in 2006. Even with these fee increases the OSC projects to operate at a deficit for each of the next three years.

From 2003 to 2008, fees collected exceeded budget projections due to stronger than anticipated market growth, generating a surplus. Since 2003, the resulting surpluses have been either used to reduce fee rates or refunded to market participants. The OSC projects that the remaining surplus will be fully used to offset expected operating deficits in 2010, 2011 and 2012. The proposed fee increases have been set to allow the OSC to largely maintain its operating reserve of $20 million as an operating contingency for revenue shortfalls or unexpected expenses. However, the OSC projects the need to use part of its $20 million operating reserve to manage the portion of the projected operating deficit not offset by the accumulated surplus.

Revenues from participation fees are volatile and sensitive to market growth. The OSC undertakes to monitor carefully the participation fees collected and consider on an on-going basis any adjustments to participation fees that are warranted in order to better align the Commission's costs and revenues.

Forecast OSC operating results for fiscal 2010 and the next three years are set out below (actual fiscal 2009 results are shown as well).

	Actual 2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
			$ Thousands		
Revenues					
Total Revenues	68,600	61,900	70,200	81,300	93,800
less Expenses	78,200	83,900	86,400	89,900	94,400
Net Shortfall	(9,600)	(22,000)	(16,200)	(8,600)	(600)
OSC Surplus Opening	56,400	46,800	24,800	8,600	-
OSC Surplus Closing	46,800	24,800	8,600	-	(600)
OSC Reserve Opening	20,000	20,000	20,000	20,000	20,000
OSC Reserve Closing	20,000	20,000	20,000	20,000	19,400

SUMMARY OF PROPOSED AMENDMENTS

Corporate finance participation fees

There are no changes to the tiers of capitalization used in determining corporate finance participation fees. However, it is proposed that participation fees for reporting issuers be increased by 17% annually over three years at each tier of capitalization.

Capital markets participation fees

There are no changes to the tiers of specified Ontario revenues used in determining capital markets participation fees. However, it is proposed that capital markets participation fees be increased by 9% annually over three years at each tier of specified Ontario revenues.

Activity fees

Where no change in an activity fee is proposed, higher costs for resources have been offset by savings from process improvements and improved quality of material submitted for review.

(i) Prospectuses

Amendments to items 1 and 3 of section A of Appendix C of the Proposed Rule would increase the fee for certain prospectus reviews from $3,000 to $3,250, reflecting the increased complexity of issues arising in these reviews and the higher costs of resources involved in their review. The same fee is also proposed under new item 5 of section A of Appendix C of the Proposed Rule with regard to the review of linked note supplements. In the case of preliminary or *pro forma* prospectus filings in Form 41-101F2 by or on behalf of certain investment funds, the new filing fee under item 4 of section A of Appendix C of the Proposed Rule would be the greater of $3,250 (up from $3,000) and $650 (up from $600) per investment fund in a prospectus.

(ii) Engineering Reports

Under the Current Rule, a $2,000 additional fee is charged in connection with a long-form prospectus of a resource issuer accompanied by engineering reports. Under the Proposed Rule, this additional fee would also apply in connection with the other forms of prospectus.

(iii) Applications

Under amended item 1 of section E of Appendix C of the Proposed Rule, the fee for various application reviews would increase from $3,000 to $3,250. This primarily reflects the higher costs of resources involved in their review and the increased complexity of issues arising in these reviews.

(iv) Take-over bids and issuer bids

Under amended item 1 of section G of Appendix C of the Proposed Rule, the fee for filing of a take-over bid or issuer bid circular would increase from $3,000 to $4,000, primarily reflecting the increased complexity of issues arising in these reviews and the higher costs of resources involved in their review.

(v) Pre-Filing Fees

Under section F of Appendix C of the Current Rule, a pre-filing fee is charged in connection with pre-filings for which fees are charged in Appendix B. This pre-filing fee, which is creditable against the corresponding filing fee, is currently equal to the lesser of $3,000 and the corresponding filing fee. The pre-filing fee is proposed to be amended so that it is simply equal to the corresponding filing fee. In the normal course of events, this pre-filing fee would be fully creditable against the corresponding filing fee.

(vi) Proficiency requirements for registration

Under the Proposed Rule, an $800 fee would be newly imposed to apply for relief from the proficiency requirements in National Instrument 31-103 *Registration Requirements and Exemptions* (NI 31-103) for chief compliance officers of scholarship plan dealers and exempt market dealers and for dealing representatives of exempt market dealers. This charge reflects that these applications entail a significant use of staff resources. The new $800 fee is equal to the fee in the Current Rule charged for similar applications for relief from proficiency applications described in item 3 of section E of Appendix C.

Under the Proposed Rule, a $1,500 fee would be newly imposed to apply for relief from the proficiency requirements in NI 31-103 for chief compliance officers of investment fund managers. This charge reflects that these applications entail a significant use of staff resources. The new $1,500 fee is equal to the fee in the Current Rule charged for similar applications for relief from proficiency applications described in item 2 of section E of Appendix C.

(vii) Registrations of chief compliance officers and ultimate designated persons

Under amended item 4.1 of section H of the Proposed Rule, a $200 fee per individual would be newly imposed for registration as a chief compliance officer or ultimate designated person of a registrant firm, if the individual is not already registered as a representative on behalf of the registrant firm. This reflects a modest use of staff resources for such registrations.

(viii) Notice requirements under section 11.10 of NI 31-103

Section 11.9 of NI 31-103 provides for a notice to be provided by a registrant, generally in connection with certain acquisitions by it of control or assets of a registered firm. Section 11.10 of NI 31-103 requires a notice by a registered firm, generally in connection with the acquisition of control of that firm. No notice is required under section 11.10 in the event that section 11.9 is complied with in respect of the same transaction. The review processes contemplated by sections 11.9 and 11.10 are substantially similar.

Under the Current Rule, a fee is charged under section I of the Current Rule in connection with a notice under section 11.9 of NI 31-103. Under the Proposed Rule, this fee would be extended to notices required under section 11.10 of NI 31-103, in order to reflect resources used in connection with the review process contemplated by section 11.10.

(ix) Late fees

Under new paragraphs (f.1) to (f.4) of section A of Appendix D of the Proposed Rule, late fees would be imposed for the late filings of Forms 13-502FI, 13-502F2, 13-502F2A and 13-502F3B. Under the Current Rule and the Proposed Rule, these forms must be filed at the time that the payment of the participation fee is paid.

The Proposed Amendments do not include amendments consequential to the adoption of International Financial Reporting Standards for financial years beginning on or after January 1, 2011. The amendments required to the Current Rule that relate to International Financial Reporting Standards will be dealt with separately in the coming months.

AUTHORITY FOR THE PROPOSED AMENDMENTS

Paragraph 43 of subsection 143(1) of the *Securities Act* authorizes the Commission to make rules "Prescribing the fees payable to the Commission, including those for filing, for applications for registration or exemptions, for trades in securities, in respect of audits made by the Commission, and in connection with the administration of Ontario securities law."

ALTERNATIVES CONSIDERED

The Commission did not consider any alternatives to the Proposed Rule.

UNPUBLISHED MATERIALS

The Commission has not relied on any significant unpublished study, report, decision or other written materials in proposing the Proposed Amendments.

HOW TO PROVIDE YOUR COMMENTS

You must provide your comments in writing by December 31, 2009. If you are not sending your comments by email, you should also send an electronic file containing the submissions (in Windows format, Microsoft Word).
Please send your comments to the following address:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality or the commenter withdraws its comment before the comment's publication.

QUESTIONS

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TEXT OF THE PROPOSED MATERIALS

The text of the Proposed Amendments is included in Annex A. Annex B provides a blackline showing the impact of the Proposed Amendments on the Current Rule.

October 2, 2009

Annex A

Proposed Amendments to Ontario Securities Commission Rule 13-502 *Fees*

1. Ontario Securities Commission Rule 13-502 Fees is amended by this Instrument.

2. Section 2.2 is amended by striking out "$600***" and substituting "***$700***" in subsection (2) and paragraph (3)(a).***

3. Section 2.2, as amended by section 2, is amended by striking out "$700***" and substituting "***$820***" in subsection (2) and paragraph (3)(a).***

4. Section 2.2, as amended by section 3, is amended by striking out "$820***" and substituting "***$960***" in subsection (2) and paragraph (3)(a).***

5. Appendix A is repealed and substituted by the following:

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under $25 million	$700
$25 million to under $50 million	$1,520
$50 million to under $100 million	$3,740
$100 million to under $250 million	$7,850
$250 million to under $500 million	$17,200
$500 million to under $1 billion	$24,000
$1 billion to under $5 billion	$34,750
$5 billion to under $10 billion	$44,800
$10 billion to under $25 billion	$52,300
$25 billion and over	$58,850

6. Appendix A, as enacted by section 5, is repealed and substituted by the following:

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under $25 million	$820
$25 million to under $50 million	$1,780
$50 million to under $100 million	$4,380
$100 million to under $250 million	$9,200
$250 million to under $500 million	$20,100
$500 million to under $1 billion	$28,100
$1 billion to under $5 billion	$40,700
$5 billion to under $10 billion	$52,400
$10 billion to under $25 billion	$61,200
$25 billion and over	$68,900

7. Appendix A, as enacted by section 6, is repealed and substituted by the following:

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under $25 million	$ 960
$25 million to under $50 million	$2,080
$50 million to under $100 million	$5,125
$100 million to under $250 million	$10,700
$250 million to under $500 million	$23,540
$500 million to under $1 billion	$32,850
$1 billion to under $5 billion	$47,600
$5 billion to under $10 billion	$61,300
$10 billion to under $25 billion	$71,600
$25 billion and over	$80,600

8. Appendix B is repealed and substituted by the following:

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$870
$500,000 to under $1 million	$2,725
$1 million to under $3 million	$6,100
$3 million to under $5 million	$13,725
$5 million to under $10 million	$27,800
$10 million to under $25 million	$56,700
$25 million to under $50 million	$85,000
$50 million to under $100 million	$170,000
$100 million to under $200 million	$282,300
$200 million to under $500 million	$572,250
$500 million to under $1 billion	$739,000
$1 billion to under $2 billion	$932,000
$2 billion and over	$1,564,000

9. Appendix B, as enacted by section 8, is repealed and substituted by the following:

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$945
$500,000 to under $1 million	$2,970
$1 million to under $3 million	$6,650
$3 million to under $5 million	$14,975
$5 million to under $10 million	$30,300
$10 million to under $25 million	$61,800
$25 million to under $50 million	$92,650
$50 million to under $100 million	$185,300
$100 million to under $200 million	$307,700
$200 million to under $500 million	$623,750
$500 million to under $1 billion	$805,500
$1 billion to under $2 billion	$1,015,900
$2 billion and over	$1,704,800

10. Appendix B, as enacted by section 9, is repealed and substituted by the following:

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$1,035
$500,000 to under $1 million	$3,240
$1 million to under $3 million	$7,250
$3 million to under $5 million	$16,325
$5 million to under $10 million	$33,000
$10 million to under $25 million	$67,400
$25 million to under $50 million	$101,000
$50 million to under $100 million	$202,000
$100 million to under $200 million	$335,400
$200 million to under $500 million	$679,900
$500 million to under $1 billion	$878,000
$1 billion to under $2 billion	$1,107,300
$2 billion and over	$1,858,200

11. Appendix C is amended by

a. striking out "$3,000***" in item 1 of section A and substituting "$***3,250***",***

b. striking out the words "in Form 41-101F1***" in item 2 of section A,***

c. striking out "$3,000***" in items 3 and 4 of section A, wherever it occurs, and substituting "$***3,250***",***

d. striking out "$600***" item 4 of section A and substituting "$***650***",***

e. adding the following immediately after item 4 of section A:

5.	Review of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 *Shelf Distributions*) for which the amount payable is determined with reference to the price, value or level of an underlying interest that is unrelated to the operations or securities of the issuer.	$3,250

f. striking out "$3,000***" in item 1 of section E and substituting "$***3,250***",***

g. adding the following immediately after paragraph (f) in item 2 of section E:

(f.1) section 3.14 [*Investment fund manager – chief compliance officer*] of NI 31-103;

h. adding the following immediately after paragraph (d) in item 3 of section E:

(e) section 3.8 [*Scholarship plan dealer – chief compliance officer*] of NI 31-103,

(f) section 3.9 [*Exempt market dealer – dealing representative*] of NI 31-103,

(g) section 3.10 [*Exempt market dealer – chief compliance officer*] of NI 31-103.

i. adding "and***" after paragraph (b) in item 4 of section E and striking out "***and***" at the end of paragraph (c) of section E;***

j. striking out paragraph (d) in item 4 of section E;

k. striking out the words in second column of section F and substituting:

The fee for each pre-filing is equal to the applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.

l. striking out "$3,000***" in item 1 of section G and substituting "***$4,000***",***

m. striking out "Nil***" in item 4.1 of section H and substituting "***$200 per individual***", and***

n. striking out the words in the first column of section I and substituting the following:

I. Notice required under section 11.9 [*Registrant acquiring a registered firm's securities or assets*] or 11.10 [*Registered firm whose securities are acquired*] of NI 31-103.

12. Appendix D is amended by adding the following after paragraph (f) of section A:

(f.1) Form 13-502F1;

(f.2) Form 13-502F2;

(f.3) Form 13-502F3A;

(f.4) Form 13-502F3B;

(f.5) Form 13-502F3C;

13. Form 13-502F3A is amended by striking out "$600" and substituting "$700".

14. Form 13-502F3A, as amended by section 13, is amended by striking out "$700" and substituting "$820".

15. Form 13-502F3A, as amended by section 14, is amended by striking out "$820" and substituting "$960".

16. Form 13-502F3B is amended by striking out "$600" and substituting "$700".

17. Form 13-502F3B, as amended by section 16, is amended by striking out "$700" and substituting "$820".

18. Form 13-502F3B, as amended by section 17, is amended by striking out "$820" and substituting "$960".

19. (1) Subject to subsections (2) and (3), this Instrument comes into force on April 5, 2010.

(2) Sections 3, 6, 9, 14 and 17 come into force on April 4, 2011.

(3) Sections 4, 7, 10, 15 and 18 come into force on April 2, 2012.

Annex B

Blackline Version of the Proposed Amendments

This is an unofficial consolidation of Ontario Securities Commission Rule 13-502 *Fees*, with the proposed amendments in Annex A of this Notice shown by blackline and shaded grey. No part of this document represents an official statement of law. Text boxes in this Annex are provided for convenience and do not form part of the Proposed Rule. In cases where annual adjustments are proposed in Annex A to the same provision, the blackline shows the earliest annual adjustment and commentary in the text boxes indicates that further adjustments are proposed.

ONTARIO SECURITIES COMMISSION
RULE 13-502 FEES

PART 1 — INTERPRETATION

1.1 Definitions — In this Rule

"capitalization" means the amount determined in accordance with section 2.7, 2.8, 2.9 or 2.10;

"capital markets activities" means

(a) activities for which registration under the Act or an exemption from registration is required,

(b) acting as an investment fund manager, or

(c) activities for which registration under the *Commodity Futures Act*, or an exemption from registration under the *Commodity Futures Act*, is required;

"Class 1 reporting issuer" means a reporting issuer that is incorporated or organized under the laws of Canada or a jurisdiction in Canada and that, at the end of its previous fiscal year, has securities listed or quoted on a marketplace in Canada or the United States of America;

"Class 2 reporting issuer" means a reporting issuer that is incorporated or organized under the laws of Canada or a jurisdiction in Canada other than a Class 1 reporting issuer;

"Class 3A reporting issuer" means

(a) a reporting issuer that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada and that, at the end of its previous fiscal year, has no securities listed or quoted on a marketplace located anywhere in the world, or

(b) a reporting issuer that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada and that, at the end of its previous fiscal year,

(i) has securities listed or quoted on a marketplace anywhere in the world,

(ii) has securities registered in the names of persons or companies resident in Ontario representing less than 1% of the market value of all outstanding securities of the reporting issuer for which the reporting issuer or its transfer agent or registrar maintains a list of registered owners,

(iii) reasonably believes that persons or companies who are resident in Ontario beneficially own less than 1% of the market value of all its outstanding securities,

(iv) reasonably believes that none of its securities traded on a marketplace in Canada during its previous fiscal year, and

(v) has not issued any of its securities in Ontario in the last 5 years, other than

(A) to its employees or to employees of one or more of its subsidiary entities, or

(B) pursuant to the exercise of a right previously granted by it or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration;

"Class 3B reporting issuer" means a reporting issuer

(a) that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada,

(b) that is not a Class 3A reporting issuer, and

(c) whose trading volume in its previous fiscal year of securities listed or quoted on marketplaces in Canada was less than the trading volume in its previous fiscal year of its securities listed or quoted on marketplaces outside Canada;

"Class 3C reporting issuer" means a reporting issuer

(a) that is not incorporated or organized under the laws of Canada or a jurisdiction in Canada, and

(b) whose trading volume in its previous fiscal year of securities listed or quoted on marketplaces in Canada was greater than the trading volume in its previous fiscal year of its securities listed or quoted on marketplaces outside Canada;

"IIROC" means the Investment Industry Regulatory Organization of Canada;

"marketplace" has the meaning ascribed to that term in National Instrument 21-101 *Marketplace Operation*;

"MFDA" means the Mutual Fund Dealers Association of Canada;

"NI 31-103" means National Instrument 31-103 *Registration Requirements and Exemptions*;

"Ontario allocation factor" has the meaning that would be assigned by the first definition of that expression in subsection 1(1) of the *Taxation Act, 2007* if that definition were read without reference to the words "ending after December 31, 2008";

"Ontario percentage" means, for a fiscal year of a participant

(a) if the participant is a company that has a permanent establishment in Ontario in the fiscal year, the participant's Ontario allocation factor for the fiscal year expressed as a percentage and determined on the assumption that the participant had a taxation year that coincided with the fiscal year and is resident in Canada for the purposes of the ITA,

(b) if paragraph (a) does not apply and the participant would have a permanent establishment in Ontario in the fiscal year if the participant were a company, the participant's Ontario allocation factor for the fiscal year expressed as a percentage and determined on the assumption that the participant is a company, had a taxation year that coincided with the fiscal year and is resident in Canada for the purposes of the ITA, and

(c) in any other case, the percentage of the participant's total revenues for the fiscal year attributable to capital markets activities in Ontario;

"parent" means a person or company of which another person or company is a subsidiary entity;

"participant" means a person or company;

"permanent establishment" has the meaning provided in Part IV of the regulations under the ITA;

"previous fiscal year" of a participant in respect of a participation fee means,

(a) where the participation fee is payable by a reporting issuer under section 2.2 and the required date of payment is determined with reference to the required date or actual date of filing of financial statements for a fiscal year under Ontario securities law, that fiscal year,

(b) where the participation fee becomes payable by a firm under subsection 3.1(1) on December 31 of a calendar year, the last fiscal year of the participant ending in the calendar year, and

(c) where the participation fee is payable by an unregistered investment fund manager under subsection 3.1(2) no more than 90 days after the end of a fiscal year, that fiscal year;

"registrant firm" means a person or company registered under the Act as a dealer, adviser or investment fund manager;

"specified Ontario revenues" means, for a registrant firm or an unregistered capital markets participant, the revenues determined under section 3.3, 3.4 or 3.5;

"subsidiary entity" has the meaning ascribed to "subsidiary" or "variable interest entity" under the accounting standards pursuant to which the entity's financial statements are prepared under Ontario securities law;

"unregistered capital markets participant" means,

(a) an unregistered investment fund manager; or

(b) an unregistered exempt international firm;

"unregistered exempt international firm" means a dealer or adviser that is not registered under the Act and is

(a) exempt from the dealer registration requirement and the underwriter registration requirement only because of section 8.18 [*International dealer*] of NI 31-103;

(b) exempt from the adviser registration requirement only because of section 8.26 [*International adviser*] of NI 31-103; or

(c) exempt from each of the dealer registration requirement, the underwriter registration requirement and the adviser registration requirement only because of sections 8.18 [*International dealer*] and 8.26 [*International adviser*] of NI 31-103; and

"unregistered investment fund manager" means a person or company that acts as an investment fund manager and is not registered under the Act.

1.2 Interpretation of "listed or quoted" — In this Rule, a reporting issuer is deemed not to have securities listed or quoted on a marketplace that lists or quotes the reporting issuer's securities unless the reporting issuer or an affiliate of the reporting issuer applied for, or consented to, the listing or quotation.

PART 2 — CORPORATE FINANCE PARTICIPATION FEES

Division 1: General

2.1 Application — This Part does not apply to an investment fund if the investment fund has an investment fund manager.

2.2 Participation Fee

(1) A reporting issuer must pay the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its previous fiscal year, as its capitalization is determined under section 2.7, 2.8 or 2.10.

(2) Despite subsection (1), a Class 3A reporting issuer must pay a participation fee of $700~~600~~.

Note: From April 4, 2011 to April 1, 2012, "$700" is proposed to be read as "$820". After April 1, 2012, "$700" is proposed to be read as "$960".

(3) Despite subsection (1), a Class 3B reporting issuer must pay a participation fee equal to the greater of

(a) $700~~600~~, and

Note: From April 4, 2011 to April 1, 2012, "$700" is proposed to be read as "$820". After April 1, 2012, "$700" is proposed to be read as "$960".

(b) 1/3 of the participation fee shown in Appendix A opposite the capitalization of the reporting issuer for its previous fiscal year, as its capitalization is determined under section 2.9.

(4) Despite subsections (1) to (3), a participation fee is not payable by a participant under this section if the participant became a reporting issuer in period that begins immediately after the time that would otherwise be the end of the previous fiscal year in respect of the participation fee and ends at the time the participation fee would otherwise required to be paid under section 2.3.

2.3 Time of Payment — A reporting issuer must pay the participation fee required under section 2.2 by the earlier of

(a) the date on which its annual financial statements are required to be filed under Ontario securities law, and

(b) the date on which its annual financial statements are filed.

2.4 Disclosure of Fee Calculation — At the time that it pays the participation fee required by this Part,

(a) a Class 1 reporting issuer must file a completed Form 13-502F1,

(b) a Class 2 reporting issuer must file a completed Form 13-502F2,

(c) a Class 3A reporting issuer must file a completed Form 13-502F3A,

(d) a Class 3B reporting issuer must file a completed Form 13-502F3B, and

(e) a Class 3C reporting issuer must file a completed Form 13-502F3C.

2.5 Late Fee

(1) A reporting issuer that is late in paying a participation fee under this Part must pay an additional fee of one-tenth of one percent of the unpaid portion of the participation fee for each business day on which any portion of the participation fee remains due and unpaid.

(2) The amount determined under subsection (1) in respect of the late payment of a participation fee by a reporting issuer is deemed to be nil if the amount otherwise determined under subsection (1) in respect of the late payment of participation fee is less than $10.

2.6 Participation Fee Exemption for Subsidiary Entities

(1) Section 2.2 does not apply to a reporting issuer that is a subsidiary entity in respect of a participation fee determined with reference to the subsidiary entity's capitalization for the subsidiary entity's previous fiscal year if

(a) at the end of that previous fiscal year, a parent of the subsidiary entity was a reporting issuer,

(b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity,

(c) the parent has paid a participation fee applicable to the parent under section 2.2 determined with reference to the parent's capitalization for the parent's previous fiscal year,

(d) the capitalization of the subsidiary entity for its previous fiscal year was included in the capitalization of the parent for the parent's previous fiscal year, and

(e) the net assets and gross revenues of the subsidiary entity for its previous fiscal year represented more than 90 percent of the consolidated net assets and gross revenues of the parent for the parent's previous fiscal year.

(2) Section 2.2 does not apply to a reporting issuer that is a subsidiary entity in respect of a participation fee determined with reference to the subsidiary entity's capitalization for the subsidiary entity's previous fiscal year if

(a) at the end of that previous fiscal year, a parent of the subsidiary entity was a reporting issuer,

(b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity,

(c) the parent has paid a participation fee applicable to the parent under section 2.2 determined with reference to the parent's capitalization for the parent's previous fiscal year,

(d) the capitalization of the subsidiary entity for its previous fiscal year was included in the capitalization of the parent for the parent's previous fiscal year, and

(e) throughout the previous fiscal year of the subsidiary entity, the subsidiary entity was entitled to rely on an exemption, waiver or approval from the requirements in subsections 4.1(1), 4.3(1) and 5.1(1) and sections 5.2 and 6.1 of National Instrument 51-102 *Continuous Disclosure Obligations*.

(3) If, under subsection (1) or (2), a reporting issuer has not paid a participation fee, the reporting issuer must file a completed Form 13-502F6 at the time it is otherwise required to pay the participation fee under section 2.3.

2.6.1 Participation Fee Estimate for Class 2 Reporting Issuers

(1) If the annual financial statements of a Class 2 reporting issuer are not available by the date referred to in section 2.3, the Class 2 reporting issuer must, on that date,

(a) file a completed Form 13-502F2 showing a good faith estimate of the information required to calculate its capitalization as at the end of the previous fiscal year, and

(b) pay the participation fee shown in Appendix A opposite the capitalization estimated under paragraph (a).

(2) A Class 2 reporting issuer that estimated its capitalization under subsection (1) must, when it files its annual financial statements for the previous fiscal year,

(a) calculate its capitalization under section 2.8,

(b) pay the participation fee shown in Appendix A opposite the capitalization calculated under section 2.8, less the participation fee paid under subsection (1), and

(c) file a completed Form 13-502F2A.

(3) If a reporting issuer paid an amount under subsection (1) that exceeds the participation fee calculated under section (2), the issuer is entitled to a refund from the Commission of the amount overpaid.

Division 2: Calculating Capitalization

2.7 Class 1 reporting issuers — The capitalization of a Class 1 reporting issuer for its previous fiscal year is the total of

(a) the average market value over the previous fiscal year of each class or series of the reporting issuer's securities listed or quoted on a marketplace, calculated by multiplying

(i) the total number of securities of the class or series outstanding at the end of the previous fiscal year, by

(ii) the simple average of the closing prices of the class or series on the last trading day of each month of the previous fiscal year in which the class or series were listed or quoted on the marketplace

(A) on which the highest volume in Canada of the class or series was traded in the previous fiscal year, or

(B) if the class or series was not traded in the previous fiscal year on a marketplace in Canada, on which the highest volume in the United States of America of the class or series was traded in the previous fiscal year, and

(b) the market value at the end of the previous fiscal year, as determined by the reporting issuer in good faith, of each class or series of securities of the reporting issuer not valued under paragraph (a), if any securities of the class or series

(i) were initially issued to a person or company resident in Canada, and

(ii) trade over the counter or, after their initial issuance, are otherwise generally available for purchase or sale by way of transactions carried out through, or with, dealers.

2.8 Class 2 reporting issuers

(1) The capitalization of a Class 2 reporting issuer for its previous fiscal year is the total of all of the following items, as shown in its audited balance sheet as at the end of the previous fiscal year:

(a) retained earnings or deficit;

(b) contributed surplus;

(c) share capital or owners' equity, options, warrants and preferred shares;

(d) long term debt, including the current portion;

(e) capital leases, including the current portion;

(f) minority or non-controlling interest;

(g) items classified on the balance sheet between current liabilities and shareholders' equity, and not otherwise referred to in this subsection;

(h) any other item forming part of shareholders' equity not otherwise referred to in this subsection.

(2) Despite subsection (1), a reporting issuer may calculate its capitalization using unaudited annual financial statements if it is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

(3) Despite subsection (1), a reporting issuer that is a trust that issues only asset-backed securities through pass-through certificates may calculate its capitalization using the monthly filed distribution report for the last month of its previous fiscal year, if the reporting issuer is not required to prepare, and does not ordinarily prepare, audited annual financial statements.

2.9 Class 3B reporting issuers — The capitalization of a Class 3B reporting issuer for its previous fiscal year is the total of each value of each class or series of securities of the reporting issuer listed or quoted on a marketplace, calculated by multiplying

(a) the number of securities of the class or series outstanding at the end of the previous fiscal year, by

(b) the simple average of the closing prices of the class or series on the last trading day of each month of the previous fiscal year in which the class or series were quoted on the marketplace on which the highest volume of the class or series was traded in the previous fiscal year.

2.10 Class 3C reporting issuers — The capitalization of a Class 3C reporting issuer is determined under section 2.7, as if it were a Class 1 reporting issuer.

2.11 Reliance on Published Information

(1) Subject to subsection (2), in determining its capitalization for purposes of this Part, a reporting issuer may rely on information made available by a marketplace on which securities of the reporting issuer trade.

(2) If a reporting issuer reasonably believes that the information made available by a marketplace is incorrect, subsection (1) does not apply and the issuer must make a good faith estimate of the information required.

PART 3 — CAPITAL MARKETS PARTICIPATION FEES

3.1 Participation Fee

(1) On December 31, registrant firms and unregistered exempt international firms must pay the participation fee shown in Appendix B opposite the firm's specified Ontario revenues for its previous fiscal year, as those revenues are calculated under section 3.3, 3.4 or 3.5.

(2) Not later than 90 days after the end of its fiscal year, if at any time in the fiscal year a person or company was an unregistered investment fund manager, the fund manager must pay the participation fee shown in Appendix B opposite the fund manager's specified Ontario revenues for the fiscal year, as those revenues are calculated under section 3.4.

(3) Subsection (2) does not apply to require the payment of a participation fee by a person or company 90 days after the end of its fiscal year if the person or company

(a) ceased at any time in the fiscal year to be an unregistered investment fund manager, and

(b) the person or company did not become a registrant firm at that time.

(4) Despite subsection (2), where a person or company ceases at any time in a calendar year to be an unregistered investment fund manager and at that time becomes a registrant firm, the participation fee payable under subsection (2) not later than 90 days after the end of its last fiscal year ending in the calendar year is deemed to be the amount determined by the formula

$$A \times B/365$$

in which,

"A" is equal to the amount, if any, that would be the participation fee payable under subsection (2) not later than 90 days after the end of that fiscal year if this section were read without reference to this subsection, and

"B" is equal to the number of days in that calendar year ending after the end of that fiscal year.

3.2 Disclosure of Fee Calculation

(1) By December 1, registrant firms and unregistered exempt international firms must file a completed Form 13-502F4 showing the information required to determine the participation fee due on December 31.

(2) At the time that it pays any participation fee required under subsection 3.1(2), an unregistered investment fund manager must file a completed Form 13-502F4 showing the information required to determine the participation fee.

3.3 Specified Ontario Revenues for IIROC and MFDA Members

(1) The specified Ontario revenues for its previous fiscal year of a registrant firm that was an IIROC or MFDA member at the end of the previous fiscal year is calculated by multiplying

(a) the registrant firm's total revenue for its previous fiscal year, less the portion of that total revenue not attributable to capital markets activities, by

(b) the registrant firm's Ontario percentage for its previous fiscal year.

(2) For the purpose of paragraph (1)(a), "total revenue" for a previous fiscal year means,

(a) for a registrant firm that was an IIROC member at the end of the previous fiscal year, the amount shown as total revenue for the previous fiscal year on Statement E of the Joint Regulatory Financial Questionnaire and Report filed with IIROC by the registrant firm, and

(b) for a registrant firm that was an MFDA member at the end of the previous fiscal year, the amount shown as total revenue for the previous fiscal year on Statement D of the MFDA Financial Questionnaire and Report filed with the MFDA by the registrant firm.

3.4 Specified Ontario Revenues for Others

(1) The specified Ontario revenues of a registrant firm for its previous fiscal year that was not a member of IIROC or the MFDA at the end of the previous fiscal year or of an unregistered exempt international firm for its previous fiscal year is calculated by multiplying

(a) the firm's gross revenues, as shown in the audited financial statements prepared for the previous fiscal year, less deductions permitted under subsection (3), by

(b) the firm's Ontario percentage for the previous fiscal year.

(2) The specified Ontario revenues of an unregistered investment fund manager for its previous fiscal year is calculated by multiplying

(a) the fund manager's gross revenues, as shown in the audited financial statements for the previous fiscal year, less deductions permitted under subsection (3), by

(b) the fund manager's Ontario percentage for the previous fiscal year.

(3) For the purpose of paragraphs (1)(a) and (2)(a), a person or company may deduct the following items otherwise included in gross revenues for the previous fiscal year:

(a) revenue not attributable to capital markets activities;

(b) redemption fees earned on the redemption of investment fund securities sold on a deferred sales charge basis;

(c) administration fees earned relating to the recovery of costs from investment funds managed by the person or company for operating expenses paid on behalf of the investment fund by the person or company;

(d) advisory or sub-advisory fees paid during the previous fiscal year by the person or company to a registrant firm, as "registrant firm" is defined in this Rule or in Rule 13-503 *(Commodity Futures Act) Fees*;

(e) trailing commissions paid during the previous fiscal year by the person or company to a registrant firm described in paragraph (d).

(4) Despite subsection (1), a registrant firm or an unregistered exempt international firm may calculate its gross revenues using unaudited financial statements, if it is not required to prepare, and does not ordinarily prepare, audited financial statements.

(5) Despite subsection (2), an unregistered investment fund manager may calculate its gross revenues using unaudited financial statements if it is not required to prepare, and does not ordinarily prepare, audited financial statements.

3.5 Estimating Specified Ontario Revenues for Late Fiscal Year End

(1) If the annual financial statements of a registrant firm or unregistered exempt international firm for the previous fiscal year have not been completed by December 1 in the calendar year in which the previous fiscal year ends, the firm must,

(a) on December 1 in that calendar year, file a completed Form 13-502F4 showing a good faith estimate of the information required to calculate its specified Ontario revenues as at the end of the previous fiscal year, and

(b) on December 31 in that calendar year, pay the participation fee shown in Appendix B opposite the specified Ontario revenues estimated under paragraph (a).

(2) A registrant firm or unregistered exempt international firm that estimated its specified Ontario revenues under subsection (1) must, when its annual financial statements for the previous fiscal year have been completed,

(a) calculate its specified Ontario revenues under section 3.3 or 3.4, as applicable,

(b) determine the participation fee shown in Appendix B opposite the specified Ontario revenues calculated under paragraph (a),

(c) complete a Form 13-502F4 reflecting the annual financial statements, and

(d) if the participation fee determined under paragraph (b) differs from the corresponding participation fee paid under subsection (1), the firm must, not later than 90 days after the end of the previous fiscal year,

(i) pay the amount, if any, by which

(A) the participation fee determined without reference to this section,

exceeds

(B) the corresponding participation fee paid under subsection (1),

(ii) file the Form 13-502F4 completed under paragraph (c), and

(iii) file a completed Form 13-502F5.

(3) If a registrant firm or unregistered exempt international firm paid an amount under subsection (1) that exceeds the corresponding participation fee determined without reference to this section, the firm is entitled to a refund from the Commission of the excess.

3.6 Late Fee

(1) A participant that is late in paying a participation fee under this Part must pay an additional fee of one-tenth of one percent of the unpaid portion of the participation fee for each business day on which any portion of the participation fee remains due and unpaid.

(2) The amount determined under subsection (1) in respect of the late payment of a participation fee by a participant is deemed to be nil if

(a) the participant pays an estimate of the participation fee in accordance with subsection 3.5(1), or

(b) the amount otherwise determined under subsection (1) in respect of the late payment of participation fee is less than $10.

PART 4 — ACTIVITY FEES

4.1 Activity Fees — A person or company that files a document or takes an action listed in Appendix C must, concurrently with filing the document or taking the action, pay the activity fee shown in Appendix C opposite the description of the document or action.

4.2 Investment Fund Families — Despite section 4.1, only one activity fee must be paid for an application made by or on behalf of two or more investment funds that have

(a) the same investment fund manager, or

(b) investment fund managers that are affiliates of each other.

4.3 Late Fee

(1) A person or company that files a document listed in item A of Appendix D after the document was required to be filed must, concurrently with filing the document, pay the late fee shown in Appendix D opposite the description of the document.

(2) Subsection (1) does not apply to the late filing of Form 13-502F4 by an unregistered investment fund manager.

(3) A person or company that files a Form 55-102F2 *Insider Report* after it was required to be filed must pay the late fee shown in item B of Appendix D upon receiving an invoice from the Commission.

PART 5 — CURRENCY CONVERSION

5.1 **Canadian Dollars** — If a calculation under this Rule requires the price of a security, or any other amount, as it was on a particular date and that price or amount is not in Canadian dollars, it must be converted into Canadian dollars using the daily noon exchange rate for that date as posted on the Bank of Canada website.

PART 6 — EXEMPTION

6.1 **Exemption** — The Director may grant an exemption from the provisions of this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

PART 7 — REVOCATION AND EFFECTIVE DATE

Note: PART 7, which contains the original historical coming-into-force provision, is not included in this Notice.

APPENDIX A — CORPORATE FINANCE PARTICIPATION FEES

Capitalization for the Previous Fiscal Year	Participation Fee
under $25 million	$700~~$600~~
$25 million to under $50 million	$1,520~~$1,300~~
$50 million to under $100 million	$3,740~~$3,200~~
$100 million to under $250 million	$7,850~~$6,700~~
$250 million to under $500 million	$17,200~~$14,700~~
$500 million to under $1 billion	$24,000~~$20,500~~
$1 billion to under $5 billion	$34,750~~$29,700~~
$5 billion to under $10 billion	$44,800~~$38,300~~
$10 billion to under $25 billion	$52,300~~$44,700~~
$25 billion and over	$58,850~~$50,300~~

Note: The participation fees shown are proposed to increase on April 4, 2011 and April 2, 2012.

APPENDIX B — CAPITAL MARKETS PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$870~~$800~~
$500,000 to under $1 million	$2,725~~$2,500~~
$1 million to under $3 million	$6,100~~$5,600~~
$3 million to under $5 million	$13,725~~$12,600~~
$5 million to under $10 million	$27,800~~$25,500~~
$10 million to under $25 million	$56,700~~$52,000~~
$25 million to under $50 million	$85,000~~$78,000~~
$50 million to under $100 million	$170,000~~$156,000~~
$100 million to under $200 million	$282,300~~$259,000~~
$200 million to under $500 million	$572,250~~$525,000~~
$500 million to under $1 billion	$739,000~~$678,000~~
$1 billion to under $2 billion	$932,000~~$855,000~~
$2 billion and over	$1,564,000~~$1,435,000~~

Note: The participation fees shown are proposed to increase on April 4, 2011 and April 2, 2012.

APPENDIX C - ACTIVITY FEES

Document or Activity	Fee
A. Prospectus Filing	
1. Preliminary or Pro Forma Prospectus in Form 41-101F1 (including if PREP procedures are used) *Notes:* *(i) This applies to most issuers.* *(ii) Each named issuer should pay its proportionate share of the fee in the case of a prospectus for multiple issuers (other than in the case of investment funds).*	$3,250~~3,000~~
2. Additional fee for Preliminary or Pro Forma Prospectus ~~in Form 41-101F1~~ of a resource issuer that is accompanied by engineering reports	$2,000
3. Preliminary Short Form Prospectus in Form 44-101F1 (including if shelf or PREP procedures are used) or a Registration Statement on Form F-9 or F-10 filed by an issuer that is incorporated or that is organized under the laws of Canada or a jurisdiction in Canada in connection with a distribution solely in the United States under MJDS as described in the companion policy to NI 71-101 *The Multijurisdictional Disclosure System*.	$3,250~~3,000~~
4. Prospectus Filing by or on behalf of certain investment funds	
(a) Preliminary or Pro Forma Simplified Prospectus and Annual Information Form in Form 81-101F1 and Form 81-101F2 *Note: Where a single prospectus document is filed on behalf of more than one investment fund, the applicable fee is payable for each investment fund.*	$400
(b) Preliminary or Pro Forma Prospectus in Form 41-101F2 *Note: Where a single prospectus document is filed on behalf of more than one investment fund and the investment funds do not have similar investment objectives and strategies, $3,250~~3,000~~ is payable for each investment fund.*	The greater of (i) $3,250~~3,000~~ per prospectus, and (ii) $650~~600~~ per investment fund in a prospectus.
5. Review of prospectus supplement in relation to a specified derivative (as defined in National Instrument 44-102 *Shelf Distributions*) for which the amount payable is determined with reference to the price, value or level of an underlying interest that is unrelated to the operations or securities of the issuer.	$3,250

Document or Activity			Fee
B.	**Fees relating to exempt distributions under OSC Rule 45-501 *Ontario Prospectus and Registration Exemptions* and NI 45-106 *Prospectus and Registration Exemptions***		
	1.	Application for recognition, or renewal of recognition, as an accredited investor	$500
	2.	Forms 45-501F1 and 45-106F1	$500
	(a)	Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer that is not an investment fund and is not subject to a participation fee	
	(b)	Filing of a Form 45-501F1 or Form 45-106F1 for a distribution of securities of an issuer that is an investment fund, unless the investment fund has an investment fund manager that is subject to a participation fee	
	3.	Filing of a rights offering circular in Form 45-101F	$2,000 (plus $2,000 if neither the applicant nor an issuer of which the applicant is a wholly owned subsidiary is subject to, or is reasonably expected to become subject to, a participation fee under this Rule)
C.	**Provision of Notice under paragraph 2.42(2)(a) of NI 45-106 *Prospectus and Registration Exemptions***		$2,000
D.	**Filing of Prospecting Syndicate Agreement**		$500
E.	**Applications for Relief, Approval or Recognition**		
	1.	Any application for relief, approval or recognition to which section H does not apply that is under an eligible securities section, being for the purpose of this item any provision of the Act, the Regulation or any Rule of the Commission not listed in item E(2), E(3) or E(4) below. *Note: The following are included in the applications that are subject to a fee under this item:* *(i) recognition of an exchange under section 21 of the Act, a self-regulatory organization under section 21.1 of the Act, a clearing agency under section 21.2 of the Act or a quotation and trade reporting system under section 21.2.1 of the Act;* *(ii) approval of a compensation fund or contingency trust fund under section 110 of the Regulation;* *(iii) approval of the establishment of a council, committee or ancillary body under section 21.3 of the Act;* *(iv) deeming an issuer to be a reporting issuer under subsection 1(11) of the Act;* *(v) except as listed in item E.4(b), applications by a person or company under subsection 144(1) of the Act; and*	$3,250~~3,000~~ for an application made under one eligible securities section and $5,000 for an application made under two or more eligible securities sections (plus $2,000 if none of the following is subject to, or is reasonably expected to become subject to, a participation fee under this Rule or OSC Rule 13-503 (*Commodity Futures Act*) *Fees*: (i) the applicant; (ii) an issuer of which the applicant is a wholly owned subsidiary; (iii) the investment fund manager of the applicant).

Document or Activity	Fee
(vi) exemption applications under section 147 of the Act.	
2. An application for relief from any of the following: (a) this Rule; (b) NI 31-102 *National Registration Database*; (c) NI 33-109 *Registration Information*; (d) section 3.11 [*Portfolio manager – advising representative*] of NI 31-103; (e) section 3.12 [*Portfolio manager – associate advising representative*] of NI 31-103; (f) section 3.13 [*Portfolio manager – chief compliance officer*] of NI 31-103; (f.1) section 3.14 [*Investment fund manager – chief compliance officer*] of NI 31-103; (g) section 9.1 [*IIROC membership for investment dealers*] of NI 31-103; (h) section 9.2 [*MFDA membership for mutual fund dealers*] of NI 31-103.	$1,500
3. An application for relief from any of the following: (a) section 3.3 [*Time limits on examination requirements*] of NI 31-103; (b) section 3.5 [*Mutual fund dealer – dealing representative*] of NI 31-103; (c) section 3.6 [*Mutual fund dealer – chief compliance officer*] of NI 31-103; (d) section 3.7 [*Scholarship plan dealer – dealing representative*] of NI 31-103; (e) section 3.8 [*Scholarship plan dealer – chief compliance officer*] of NI 31-103, (f) section 3.9 [*Exempt market dealer – dealing representative*] of NI 31-103, (g) section 3.10 [*Exempt market dealer – chief compliance officer*] of NI 31-103.	$800
4. Application (a) under clause 1(10)(b), section 30 or subsection 38(3) of the Act or subsection 1(6) of the *Business Corporations Act*; (b) under section 144 of the Act for an order to partially revoke a cease-trade order to permit trades solely for the purpose of establishing a tax loss, as contemplated under section	Nil

Document or Activity	Fee
3.2 of National Policy 12-202 *Revocation of a Compliance-related Cease Trade Order*; and (c) other than a pre-filing, where the discretionary relief or regulatory approval is evidenced by the issuance of a receipt for the applicants' final prospectus (such as certain applications under NI 41-101 or NI 81-101).; and ~~(d) section 3.8 [*Scholarship plan dealer – chief compliance officer*], 3.9 [*Exempt market dealer – dealing representative*], 3.10 [*Exempt market dealer – chief compliance officer*] or 3.14 [*Investment fund manager – chief compliance officer*] of NI 31-103.~~	
5. Application for approval under subsection 213(3) of the *Loan and Trust Corporations Act*	$1,500
6. (a) Application made under subsection 46(4) of the *Business Corporations Act* for relief from the requirements under Part V of that Act (b) Application for consent to continue in another jurisdiction under paragraph 4(b) of Ont. Reg. 289/00 made under the *Business Corporations Act* *Note*: *These fees are in addition to the fee payable to the Minister of Finance as set out in the Schedule attached to the Minister's Fee Orders relating to applications for exemption orders made under the Business Corporations Act to the Commission*.	$400
F. Pre-Filings *Note: The fee for a pre-filing under this section will be credited against the applicable fee payable if and when the corresponding formal filing (e.g., an application or a preliminary prospectus) is actually proceeded with; otherwise, the fee is nonrefundable.*	The fee for each pre-filing is equal to the ~~lesser of:~~ ~~(a) $3,000; and~~ ~~the~~ applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.
G. Take-Over Bid and Issuer Bid Documents	
1. Filing of a take-over bid or issuer bid circular under subsection 94.2(2),(3) or (4) of the Act	~~$4,000~~3,000 (plus $2,000 if neither the offeror nor an issuer of which the offeror is a wholly-owned subsidiary is subject to, or reasonably expected to become subject to, a participation fee under this Rule)
2. Filing of a notice of change or variation under section 94.5 of the Act	Nil

Document or Activity	Fee
H. Registration-Related Activity	
1. New registration of a firm in one or more categories of registration	$600
2. Change in registration category *Note: This includes a dealer becoming an adviser or vice versa, or changing a category of registration within the general categories of dealer or adviser. A dealer adding a category of registration, such as a dealer becoming both a dealer and an adviser, is covered in the preceding item.*	$600
3. Registration of a new representative on behalf of a registrant firm *Notes:* *(i) Filing of a Form 33-109F4 for a permitted individual as defined in NI 33-109 does not trigger an activity fee.* *(ii) If an individual is registering as both a dealer and an adviser, the individual is required to pay only one activity fee.* *(iii) A registration fee will not be charged if an individual makes an application to register with a new registrant firm within three months of terminating employment with his or her previous registrant firm if the individual's category of registration remains unchanged.*	$200 per individual
4. Change in status from not being a representative on behalf of a registrant firm to being a representative on behalf of the registrant firm	$200 per individual
4.1 Registration as a chief compliance officer or ultimate designated person of a registrant firm, if the individual is not registered as a representative on behalf of the registrant firm	$200 per individual~~Nil~~
5. Registration of a new registrant firm, or the continuation of registration of an existing registrant firm, resulting from or following an amalgamation of one or more registrant firms	$2,000
6. Application for amending terms and conditions of registration	$500
I. Notice required under section 11.9 [*Registrant acquiring a registered firm's securities or assets*] or 11.10 [*Registered firm whose securities are acquired*] of NI 31-103	$3,000
J. Request for certified statement from the Commission or the Director under section 139 of the Act	$100

K.	Requests to the Commission	
1.	Request for a photocopy of Commission records	$0.50 per page
2.	Request for a search of Commission records	$150
3.	Request for one's own Form 4	$30

APPENDIX D – ADDITIONAL FEES FOR LATE DOCUMENT FILINGS

Document	Late Fee
A. Fee for late filing of any of the following documents: (a) Annual financial statements and interim financial statements; (b) Annual information form filed under NI 51-102 *Continuous Disclosure Obligations* or NI 81-106 *Investment Fund Continuous Disclosure*; (c) Form 45-501F1 or Form 45-106F1 filed by a reporting issuer; (d) Notice under section 11.9 [*Registrant acquiring a registered firm's securities or assets*] of NI 31-103, (e) Filings for the purpose of amending Form 3 or Form 4 under the Regulation or Form 33-109F4 or Form 33-109F6 under NI 33-109 *Registration Information*, including the filing of Form 33-109F1; (f) Any document required to be filed by a registrant firm or individual in connection with the registration of the registrant firm or individual under the Act with respect to (i) terms and conditions imposed on a registrant firm or individual, or (ii) an order of the Commission; (f.1) Form 13-502F1; (f.2) Form 13-502F2; (f.3) Form 13-502F3A; (f.4) Form 13-502F3B; (f.5) Form 13-502F3C; (g) Form 13-502F4; (h) Form 13-502F5; (i) Form 13-502F6.	$100 per business day (subject to a maximum aggregate fee of $5,000 (i) per fiscal year, for a reporting issuer, for all documents required to be filed within a fiscal year of the issuer, and (ii) for a registrant firm or an unregistered capital markets participant, for all documents required to be filed by the firm within a calendar year) *Note: Subsection 4.3(2) of this Rule exempts unregistered investment fund managers from the late filing fee for Form 13-502F4.*
B. Fee for late filing of Form 55-102F2 – *Insider Report*	$50 per calendar day per insider per issuer (subject to a maximum of $1,000 per issuer within any one year beginning on April 1st and ending on March 31st.) The late fee does not apply to an insider if (a) the head office of the issuer is located outside Ontario, and (b) the insider is required to pay a late fee for the filing in a jurisdiction in Canada other than Ontario.

FORM 13-502F1
CLASS 1 REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Market value of listed or quoted securities:

Total number of securities of a class or series outstanding as at the end of the issuer's last completed fiscal year _____(i)

Simple average of the closing price of that class or series as of the last trading day of each month in the last completed fiscal year (See clauses 2.7(a)(ii)(A) and (B) of the Rule) _____(ii)

Market value of class or series (i) X (ii) = _____(A)

(Repeat the above calculation for each other class or series of securities of the reporting issuer that was listed or quoted on a marketplace in Canada or the United States of America at the end of the last completed fiscal year) _____(B)

Market value of other securities at end of the last completed fiscal year:(See paragraph 2.7(b) of the Rule)

(Provide details of how value was determined) _____(C)

(Repeat for each other class or series of securities to which paragraph 2.7(b) of the Rule applies) _____(D)

Capitalization for the last completed fiscal year

(Add market value of all classes and series of securities) (A) + (B) + (C) + (D) = _____

Participation Fee

(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____

Late Fee, if applicable

(As determined under section 2.5 of the Rule)

FORM 13-502F2
CLASS 2 REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Financial Statement Values:
(Use stated values from the audited financial statements of the reporting issuer as of the end of its last completed fiscal year)

Retained earnings or deficit	_____ (A)
Contributed surplus	_____ (B)
Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes)	_____ (C)
Long term debt (including the current portion)	_____ (D)
Capital leases (including the current portion)	_____ (E)
Minority or non-controlling interest	_____ (F)
Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above)	_____ (G)
Any other item forming part of shareholders' equity and not set out specifically above	_____ (H)

Capitalization for the last completed fiscal year
(Add items (A) through (H)) _____

Participation Fee
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____

Late Fee, if applicable
(As determined under section 2.5 of the Rule) _____

FORM 13-502F2A

ADJUSTMENT OF FEE PAYMENT
FOR CLASS 2 REPORTING ISSUERS

Reporting Issuer Name: _____

Fiscal year end date used to calculate capitalization: _____

State the amount paid under subsection 2.6.1(1) of Rule 13-502: _____ (i)

Show calculation of actual capitalization based on audited financial statements:

Financial Statement Values:

Retained earnings or deficit	(A)
Contributed surplus	(B)
Share capital or owners' equity, options, warrants and preferred shares (whether such shares are classified as debt or equity for financial reporting purposes)	(C)
Long term debt (including the current portion)	(D)
Capital leases (including the current portion)	(E)
Minority or non-controlling interest	(F)
Items classified on the balance sheet between current liabilities and shareholders' equity (and not otherwise listed above)	(G)
Any other item forming part of shareholders' equity and not set out specifically above	(H)
Capitalization (Add items (A) through (H))	
Participation Fee (From Appendix A of the Rule, select the participation fee beside the capitalization calculated above)	(ii)
Refund due (Balance owing) (Indicate the difference between (i) and (ii)) (i) – (ii) =	

FORM 13-502F3A
CLASS 3A REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _____
(Class 3A reporting issuer cannot be incorporated or organized under the laws of Canada or a province or territory of Canada)

Fiscal year end date: _____

Indicate, by checking the appropriate box, which of the following criteria the issuer meets:

(a) At the fiscal year end date, the issuer has no securities listed or quoted on a marketplace located anywhere in the world; or ☐

(b) at the fiscal year end date, the issuer ☐

(i) has securities listed or quoted on a marketplace anywhere in the world ,

(ii) has securities registered in the names of persons or companies resident in Ontario representing less than 1% of the market value of all outstanding securities of the issuer for which the issuer or its transfer agent or registrar maintains a list of registered owners,

(iii) reasonably believes that persons or companies who are resident in Ontario beneficially own less than 1% of the market value of all its outstanding securities,

(iv) reasonably believes that none of its securities traded on a marketplace in Canada during its previous fiscal year, and

(v) has not issued any of its securities in Ontario in the last 5 years, other than

(A) to its employees or to employees of its subsidiary entities, or

(B) pursuant to the exercise of a right previously granted by it or its affiliate to convert or exchange its previously issued securities without payment of any additional consideration.

Participation Fee $~~600~~700
(From subsection 2.2(2) of the Rule)

Late Fee, if applicable
(As determined under section 2.5 of the Rule) ____

Note on Form 13-502F3A: The reference to "$700" is proposed to be read as "$820" from April 4, 2011 to April 1, 2012 and, after April 1, 2012, as "$960".

FORM 13-502F3B
CLASS 3B REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Market value of securities:

Total number of securities of a class or series outstanding as at the end of the issuer's last completed fiscal year	_____(i)	
Simple average of the closing price of that class or series as of the last trading day of each month of the last completed fiscal year (See section 2.9(b) of the Rule)	_____(ii)	
Market value of class or series	(i) X (ii) =	_____(A)
(Repeat the above calculation for each other listed or quoted class or series of securities of the reporting issuer)		_____(B)
Capitalization for the last completed fiscal year (Add market value of all classes and series of securities)	(A) + (B) =	_____
Participation Fee Otherwise Determined (From Appendix A of the Rule, select the participation fee beside the capitalization calculated above)		_____(C)
Participation Fee Payable 1/3 of (C) or $700~~600~~, whichever is greater (See subsection 2.2(3) of the Rule)		_____
Late Fee, if applicable (As determined under section 2.5 of the Rule)		_____

Note on Form 13-502F3B: The reference to "$700" is proposed to be read as "$820" from April 4, 2011 to April 1, 2012 and, after April 1, 2012, as "$960".

FORM 13-502F3C
CLASS 3C REPORTING ISSUERS – PARTICIPATION FEE

Reporting Issuer Name: _____

End date of last completed fiscal year: _____

Section 2.10 of the Rule requires Class 3C reporting issuers to calculate their market capitalization in accordance with section 2.7 of the Rule.

Market value of listed or quoted securities:

Total number of securities of a class or series outstanding as at the end of the issuer's last completed fiscal year _____(i)

Simple average of the closing price of that class or series as of the last trading day of each month of the last completed fiscal year (See clauses 2.7(a)(ii)(A) and (B) of the Rule) _____(ii)

Market value of the class or series (i) X (ii) = _____(A)

(Repeat the above calculation for each other class or series of securities of the reporting issuer that was listed or quoted on a marketplace in Canada or the United States of America at the end of the last completed fiscal year) _____(B)

Market value of other securities:

(See paragraph 2.7(b) of the Rule)
(Provide details of how value was determined) _____(C)

(Repeat for each other class or series of securities to which paragraph 2.7(b) of the Rule applies) _____(D)

Capitalization for the last completed fiscal year
(Add market value of all classes and series of securities) (A) + (B) + (C) + (D) = _____

Participation Fee
(From Appendix A of the Rule, select the participation fee beside the capitalization calculated above) _____

Late Fee, if applicable
(As determined under section 2.5 of the Rule) _____

FORM 13-502F4
CAPITAL MARKETS PARTICIPATION FEE CALCULATION

General Instructions

1. IIROC members must complete Part I of this Form and MFDA members must complete Part II. Unregistered capital markets participants and registrant firms that are not IIROC or MFDA members must complete Part III.

2. The components of revenue reported in each Part should be based on accounting standards pursuant to which an entity's financial statements are prepared under Ontario securities law ("Accepted Accounting Standards"), except that revenues should be reported on an unconsolidated basis.

3. IIROC Members may refer to Statement E of the Joint Regulatory Financial Questionnaire and Report for guidance.

4. MFDA members may refer to Statement D of the MFDA Financial Questionnaire and Report for guidance.

5. Participation fee revenue will be based on the portion of total revenue that can be attributed to Ontario for the firm's most recently completed fiscal year, which is generally referred to the Rule as its "previous fiscal year".

6. If a firm's permanent establishments are situated only in Ontario, all of the firm's total revenue for a fiscal year is attributed to Ontario. If permanent establishments are situated in Ontario and elsewhere, the percentage attributed to Ontario for a fiscal year will ordinarily be the percentage of the firm's taxable income that is allocated to Ontario for Canadian income tax purposes for the same fiscal year. For firms that do not have a permanent establishment in Ontario, the percentage attributable to Ontario will be based on the proportion of total revenues generated from capital markets activities in Ontario.

7. All figures must be expressed in Canadian dollars and rounded to the nearest thousand.

8. Information reported on this questionnaire must be certified by two members of senior management in Part IV to attest to its completeness and accuracy.

Notes for Part III

1. Gross revenue is defined as the sum of all revenues reported on a gross basis as per the audited financial statements, except where unaudited financial statements are permitted in accordance with subsection 3.4(4) or (5) of the Rule. Audited financial statements should be prepared in accordance with Accepted Accounting Standards, except that revenues should be reported on an unconsolidated basis. Items reported on a net basis must be adjusted for purposes of the fee calculation.

2. Redemption fees earned upon the redemption of investment fund units sold on a deferred sales charge basis are permitted as a deduction from total revenue on this line.

3. Administration fees permitted as a deduction are limited solely to those that are otherwise included in gross revenue and represent the reasonable recovery of costs from the investment funds for operating expenses paid on their behalf by the registrant firm or unregistered capital markets participant.

4. Where the advisory services of another registrant firm, within the meaning of this Rule or OSC Rule 13-503 (*Commodity Futures Act*) *Fees*, are used by the person or company to advise on a portion of its assets under management, such sub-advisory costs are permitted as a deduction on this line to the extent that they are otherwise included in gross revenues.

5. Trailer fees paid to other registrant firms described in note 4 are permitted as a deduction on this line to the extent they are otherwise included in gross revenues.

Participation Fee Calculation

Firm Name: _____

End date of last completed fiscal year: _____

		Last Completed Fiscal Year $
Part I — IIROC Members		
1.	Total revenue for last completed fiscal year from Statement E of the Joint Regulatory Financial Questionnaire and Report	
2.	Less revenue not attributable to capital markets activities	
3.	Revenue subject to participation fee (line 1 less line 2)	
4.	Ontario percentage for last completed fiscal year (See definition of "Ontario percentage" in the Rule)	%
5.	Specified Ontario revenues (line 3 multiplied by line 4)	
6.	Participation fee (From Appendix B of the Rule, select the participation fee opposite the specified Ontario revenues calculated above)	
Part II — MFDA Members		
1.	Total revenue for last completed fiscal year from Statement D of the MFDA Financial Questionnaire and Report	
2.	Less revenue not attributable to capital markets activities	
3.	Revenue subject to participation fee (line 1 less line 2)	
4.	Ontario percentage for last completed fiscal year (See definition of "Ontario percentage" in the Rule)	%
5.	Specified Ontario revenues (line 3 multiplied by line 4)	
6.	Participation fee (From Appendix B of the Rule, select the participation fee opposite the specified Ontario revenues calculated above)	

Part III – Advisers, Other Dealers, and Unregistered Capital Markets Participants

1.	Gross revenue for last completed fiscal year (note 1)	_____

Less the following items:

2.	Revenue not attributable to capital markets activities	_____
3.	Redemption fee revenue (note 2)	_____
4.	Administration fee revenue (note 3)	_____
5.	Advisory or sub-advisory fees paid to registrant firms (note 4)	_____
6.	Trailer fees paid to other registrant firms (note 5)	_____
7.	Total deductions (sum of lines 2 to 6)	_____
8.	Revenue subject to participation fee (line 1 less line 7)	_____
9.	Ontario percentage for last completed fiscal year (See definition of "Ontario percentage" in the Rule)	_____ %
10.	Specified Ontario revenues (line 8 multiplied by line 9)	_____
11.	Participation fee (From Appendix B of the Rule, select the participation fee beside the specified Ontario revenues calculated above)	_____

Part IV - Management Certification

We have examined the attached statements and certify that, to the best of our knowledge, they present fairly the revenues of the firm for the period ended _____ and are prepared in agreement with the books of the firm.

We certify that the reported revenues of the firm are complete and accurate and in accordance with generally accepted accounting principles.

	Name and Title	**Signature**	**Date**
1.	_____	_____	_____
2.	_____	_____	_____

FORM 13-502F5
ADJUSTMENT OF FEE FOR REGISTRANT FIRMS AND UNREGISTERED EXEMPT INTERNATIONAL FIRMS

Firm name: _____

End date of last completed fiscal year: _____

Note: Subsection 3.5(2) of the Rule requires that this Form must be filed concurrent with a completed Form 13-502F4 that shows the firm's actual participation fee calculation.

1. Estimated participation fee paid under subsection 3.5(1) of the Rule: _____

2. Actual participation fee calculated under paragraph 3.5(2)(b) of the Rule: _____

3. Refund due (Balance owing): _____
(Indicate the difference between lines 1 and 2)

FORM 13-502F6
SUBSIDIARY ENTITY EXEMPTION NOTICE

Name of Subsidiary Entity: _____

Name of Parent: _____

End Date of Subsidiary Entity's Last Completed Fiscal Year: _____

Indicate below which exemption the subsidiary entity intends to rely on by checking the appropriate box:

1. Subsection 2.6(1) ☐

The reporting issuer (subsidiary entity) meets the following criteria set out under subsection 2.6(1) of the Rule:

a) at the end of the subsidiary entity's last completed fiscal year, the parent of the subsidiary entity was a reporting issuer;

b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity;

c) the parent has paid a participation fee required with reference to the parent's market capitalization for the parent's last completed fiscal year;

d) the market capitalization of the subsidiary entity for the last completed fiscal year was included in the market capitalization of the parent for the last completed fiscal year; and

e) the net assets and gross revenues of the subsidiary entity for its last completed fiscal year represented more than 90 percent of the consolidated net assets and gross revenues of the parent for the parent's last completed fiscal year.

	Net Assets for last completed fiscal year	**Gross Revenues for last completed fiscal year**	
Reporting Issuer (Subsidiary Entity)	_____	_____	(A)
Reporting Issuer (Parent)	_____	_____	(B)
Percentage (A/B)	_____%	_____%	

2. Subsection 2.6(2) ☐

The reporting issuer (subsidiary entity) meets the following criteria set out under subsection 2.6(2) of the Rule:

a) at the end of the subsidiary entity's last completed fiscal year, the parent of the subsidiary entity was a reporting issuer;

b) the accounting standards pursuant to which the parent's financial statements are prepared under Ontario securities law require the consolidation of the parent and the subsidiary entity;

c) the parent has paid a participation fee required with reference to the parent's market capitalization for the parent's last completed fiscal year;

d) the market capitalization of the subsidiary entity for the last completed fiscal year was included in the market capitalization of the parent for the last completed fiscal year; and

e) throughout the last completed fiscal year of the subsidiary entity, the subsidiary entity was entitled to rely on an exemption, waiver or approval from the requirements in subsections 4.1(1), 4.3(1) and 5.1(1) and sections 5.2 and 6.1 of NI 51-102 *Continuous Disclosure Obligations*.

6.2.1 Proposed Amendments to OSC Rule 13-503 *(Commodity Futures Act) Fees*

REQUEST FOR COMMENTS

PROPOSED AMENDMENTS TO OSC RULE 13-503 *(COMMODITY FUTURES ACT) FEES*

REQUEST FOR COMMENTS

The Commission is publishing for a 90-day comment period proposed amendments (the Proposed Amendments) to OSC Rule 13-503 *(Commodity Futures Act) Fees* (the Current Rule). In this Notice, the proposed amended version of the Current Rule is referred to as the Proposed Rule.

In addition to being published in this Bulletin, the Proposed Amendments are available on the Commission's website (www.osc.gov.on.ca). A related notice containing proposed amendments to OSC Rule 13-502 *Fees* is also being published in this Bulletin and is referred to further below.

We request comments on the Proposed Amendments by December 31, 2009.

SUBSTANCE AND PURPOSE OF THE PROPOSED AMENDMENTS

The Proposed Amendments are consistent with the Current Rule. That is, under the Proposed Rule, registrant firms would continue to be required to pay fees reflecting the Commission's costs of regulating activities governed by the *Commodity Futures Act* (CFA).

Fees referenced in the Proposed Amendments fall within two categories: participation fees and activity fees.

Participation fees are designed to cover the Commission's costs not easily attributable to specific regulatory activities. The participation fee required of a CFA registrant is a measure of the CFA registrant's size, which is used as proxy for its proportionate participation in the Ontario capital markets. However, a CFA registrant is not required to pay a participation fee under the Current Rule or Proposed Rule if it is subject to a capital markets participation fee under OSC Rule 13-502 *Fees*. As set out below, it is proposed to phase-in increases in participation fees over three years.

Activity fees are generally charged where a document of a designated class is filed. Estimates of the direct cost of Commission resources expended in undertaking the activities listed in Appendix B of the Current Rule and the Proposed Rule are considered in determining these fees (e.g., reviewing registration applications and applications for discretionary relief). Generally, the activity fee charged for filing a document of a particular class is based on the average cost to the Commission of reviewing documents of the class.

The Proposed Amendments do not include amendments consequential to the adoption of International Financial Reporting Standards for financial years beginning on or after January 1, 2011. The amendments required to the Current Rule that relate to International Financial Reporting Standards will be dealt with separately in the coming months.

ANTICIPATED COSTS AND BENEFITS AND SUPPLEMENTARY INFORMATION

Financial information relevant to fees established under both the *Commodity Futures Act* and the *Securities Act* is contained in the notice in the Bulletin on proposed amendments to OSC Rule 13-502 *Fees*.

SUMMARY OF PROPOSED AMENDMENTS

Participation fees

There are no changes to the tiers of specified Ontario revenues used in determining participation fees. However, it is proposed that capital markets participation fees be increased by 9% annually over three years at each tier of specified Ontario revenues.

Activity fees

Under amended item 1 of section A of Appendix B of the Proposed Rule, the fee for various application reviews would increase from $3,000 to $3,250. This primarily reflects the higher costs of resources involved in their review and the increased complexity of issues arising in these reviews.

Under new section F of Appendix B of the Proposed Rule, a pre-filing fee is proposed to be charged in connection with pre-filings of applications for which fees are charged in Appendix B. This pre-filing fee, which is creditable against the corresponding

filing fee, is equal to the corresponding filing fee. This pre-filing fee corresponds to the fee currently charged in section F of Appendix C to OSC Rule 13-502 *Fees*.

AUTHORITY FOR THE PROPOSED AMENDMENTS

Paragraph 25 of subsection 65(1) of the *Commodity Futures Act* authorizes the Commission to make rules "Prescribing the fees payable to the Commission, including those for filing, for applications for registration or exemptions, for trades in contracts, in respect of audits made by the Commission and in connection with the administration of Ontario commodity futures law."

ALTERNATIVES CONSIDERED

The Commission did not consider any alternatives to the Proposed Rule.

UNPUBLISHED MATERIALS

The Commission has not relied on any significant unpublished study, report, decision or other written materials in proposing the Proposed Amendments.

HOW TO PROVIDE YOUR COMMENTS

You must provide your comments in writing by December 31, 2009. If you are not sending your comments by email, you should also send an electronic file containing the submissions (in Windows format, Microsoft Word).

Please send your comments to the following address:

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
jstevenson@osc.gov.on.ca

The Commission will publish written comments received unless the Commission approves a commenter's request for confidentiality or the commenter withdraws its comment before the comment's publication.

QUESTIONS

Please refer your questions to:

Gina Sugden
Project Manager, Registrant Regulation
416) 593-8162
gsugden@osc.gov.on.ca

Felicia Tedesco
Assistant Manager, Compliance
(416) 593-8273
ftedesco@osc.gov.on.ca

TEXT OF THE PROPOSED AMENDMENTS

The text of the Proposed Amendments follows in Annex A.

October 2, 2009

Annex A

Proposed Amendments to Ontario Securities Rule 13-503 *(Commodity Futures Act) Fees*

1. Ontario Securities Rule 13-503 (Commodity Futures Act) Fees is amended by this Instrument.

2. Appendix A is repealed and substituted by the following:

APPENDIX A — PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$870
$500,000 to under $1 million	$2,725
$1 million to under $3 million	$6,100
$3 million to under $5 million	$13,725
$5 million to under $10 million	$27,800
$10 million to under $25 million	$56,700
$25 million to under $50 million	$85,000
$50 million to under $100 million	$170,000
$100 million to under $200 million	$282,300
$200 million to under $500 million	$572,250
$500 million to under $1 billion	$739,000
$1 billion to under $2 billion	$932,000
$2 billion and over	$1,564,000

3. Appendix A, as enacted by section 2, is repealed and substituted by the following:

APPENDIX A — PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$945
$500,000 to under $1 million	$2,970
$1 million to under $3 million	$6,650
$3 million to under $5 million	$14,975
$5 million to under $10 million	$30,300
$10 million to under $25 million	$61,800
$25 million to under $50 million	$92,650
$50 million to under $100 million	$185,300
$100 million to under $200 million	$307,700
$200 million to under $500 million	$623,750
$500 million to under $1 billion	$805,500
$1 billion to under $2 billion	$1,015,900
$2 billion and over	$1,704,800

4. Appendix A, as enacted by section 3, is repealed and substituted by the following:

APPENDIX A — PARTICIPATION FEES

Specified Ontario Revenues for the Previous Fiscal Year	Participation Fee
under $500,000	$1,035
$500,000 to under $1 million	$3,240
$1 million to under $3 million	$7,250
$3 million to under $5 million	$16,325
$5 million to under $10 million	$33,000
$10 million to under $25 million	$67,400
$25 million to under $50 million	$101,000
$50 million to under $100 million	$202,000
$100 million to under $200 million	$335,400
$200 million to under $500 million	$679,900
$500 million to under $1 billion	$878,000
$1 billion to under $2 billion	$1,107,300
$2 billion and over	$1,858,200

5. Appendix B is amended by

a. striking out "$3,000***" in item 1 of section A and substituting "$***3,250***", and***

b. adding the following after section E:

F. Pre Filings of Applications *Note: The fee for a pre-filing of an application will be credited against the applicable fee payable if and when the corresponding formal filing is actually proceeded with; otherwise, the fee is nonrefundable.*	The fee for each pre-filing of an application is equal to the applicable fee that would be payable if the corresponding formal filing had proceeded at the same time as the pre-filing.

6. (1) Subject to subsections (2) and (3), this Instrument comes into force on April 5, 2010.

(2) Section 3 comes into force on April 4, 2011.

(3) Section 4 comes into force on April 2, 2012.

6.3.1 Joint CSA/IIROC Consultation Paper 23-404 – Dark Pools, Dark Orders, and Other Developments in Market Structure in Canada

JOINT CANADIAN SECURITIES ADMINISTRATORS/INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA

CONSULTATION PAPER 23-404
DARK POOLS, DARK ORDERS, AND OTHER DEVELOPMENTS IN MARKET STRUCTURE IN CANADA

I. INTRODUCTION

Over the past few years, the Canadian capital markets have experienced an evolution of market structure. Equity trading in Canada has moved from a centralized marketplace to an environment of multiple marketplaces, where exchanges and alternative trading systems (ATSs) trade the same securities. Recent developments include the introduction of marketplaces that offer no pre-trade transparency (Dark Pools), the introduction of new order types, including those that have limited or no transparency (Dark Orders), the interaction of visible and Dark Orders on the same trading platform, and the introduction of smart order routers.

The Canadian Securities Administrators (CSA) and the Investment Industry Regulatory Organization of Canada (IIROC) (together, we) have considered and assessed each new development before implementation. However, many of these changes have been introduced by ATSs and, while all changes are subject to regulatory review, they have not been subject to a public comment process.

New developments in market structure can impact retail and institutional investors as well as marketplaces and dealers. As organizations with an investor protection mandate, we must examine the position of all investors. It has become clear that there are different views on the potential impact of some recent developments. As a result, we have decided to solicit feedback to encourage discussion about some of these recent changes. We specifically request comment on the issues and questions raised in this consultation paper and encourage all participants in the market to participate in the discussion to ensure that all of the issues are explored.

This paper will discuss the evolution of the Canadian market (Part II), the characteristics of an efficient and effective market (Part III), specific issues for consideration (Part IV), and the conclusion and comment process (Part V). We have also included a glossary at the end of the paper.

We note that this paper will not address the following developments and issues: locked and crossed markets, trading fees, data fees, direct market access, high frequency trading, and proposed amendments to National Instrument 21-101 Marketplace Operation (NI 21-101), and National Instrument NI 23-101 Trading Rules (NI 23-101) (together, the ATS Rules) and the related companion policies published on October 17, 2008.[1] These issues are being considered in other contexts.

We also note that recently in the United States there has been discussion about the use of "flash orders" that show certain orders to a selected group of participants. On Thursday September 17, the Securities and Exchange Commission (SEC) unanimously proposed a rule amendment that would prohibit the practice of "flash orders" in the United States.[2] These "flash orders" would not be permitted in Canada because Part 7 of NI 21-101 requires a marketplace that displays orders to a person or company to provide such information to an information processor.

II. THE EVOLUTION OF THE CANADIAN MARKET

1. A Centralized Market Structure

Following the exchange restructuring in 1999 and before the introduction of ATSs, each equity security traded on a centralized exchange (for example, securities listed on the Toronto Stock Exchange (TSX) only traded on the TSX). Liquidity in Canada was located in either the transparent order book of the incumbent exchanges (TSX, TSX Venture Exchange) or the "upstairs market" where "block sized" orders are matched by participants and then executed on the exchange.[3] Traditionally, orders matched in the "upstairs" market were generally executed by the entry of a cross on an exchange and (provided certain conditions are met) were not subject to interference from other orders.[4] Although these trades are required to be executed on the exchange within the context of prevailing market conditions, many participants, including retail investors, are not able to execute against them

1 http://www.osc.gov.on.ca/en/13537.htm.
2 The press release announcing the proposed rule amendment to prohibit "flash orders" can be found at: http://www.sec.gov/news/press/2009/2009-201.htm.
3 Block trading (defined as 10,000 shares or more and $100,000 or more) of large cap securities on all marketplaces has declined from 39% to 12% of the value of equity securities traded between January 2004 and March 2009. ITG Block Trading Report: Q1 2009 Update Figure 2.
4 UMIR 2.1 *Just and Equitable Principles,* Policy 2.1 Part 2: Executing a Pre-arranged Trade or Intentional Cross.

except where (i) the current market price has to be moved to permit the "upstairs match" to be executed, or (ii) the marketplace provides "in-house client priority" where booked orders entered by the same dealer will interfere with the execution at the same price as the cross.

2. The Emergence of Multiple Marketplaces

In 2001, the ATS Rules were introduced to provide a framework for the operation of ATSs and exchanges. Over the past few years, numerous ATSs have begun operating in Canada, creating a multiple marketplace environment that offers choice to market participants as to where to execute and post their orders. Some ATSs offer access to non-transparent pools of liquidity (MATCH Now,[5] Liquidnet[6]), while others offer transparent marketplaces (Pure Trading,[7] Omega ATS, Chi-X and Alpha ATS). Some facilitate trading via negotiation systems; others are call markets or auction markets.

3. The Emergence of Dark Pools

Dark Pools are marketplaces with no pre-trade transparency. Although the emergence of electronic Dark Pools is new to Canada, the existence of non-transparent pools of liquidity is not. The "upstairs market" existed as a non-transparent "matching" venue for listed securities. Transparency of these matched orders was provided only once they were executed on the exchange.

Dark Pools vary widely in structure. They may match orders on a continuous basis, during a call auction, or notify participants about possible matches thereby beginning a negotiation process. The first electronic Dark Pools were structured as crossing networks for executing large institutional sized block orders. Dark Pools now attract different types of liquidity from multiple participants including liquidity providers posting passive orders or responding to indications of interest (IOIs) sent from the Dark Pools, and agency orders that "flow through" the Dark Pools on their way to transparent auction markets. In Canada, two Dark Pools currently operate: MATCH Now and Liquidnet.[8]

Traders largely use Dark Pools to ensure anonymity and to minimize market impact costs. Other reasons for using them may include difficulty in executing large blocks on transparent markets (due to a lack of depth in the book), ensuring better control of an order, protecting proprietary trading information, the possibility of price improvement, and lower trading fees. Market impact costs occur when the execution of an order moves the price of that security above the target price for a buy order (or below the target price for a sell order). When information is leaked about a large order before it is executed, these costs can increase significantly. Dark Pools may decrease the opportunity for information leakage to occur by eliminating intermediaries that historically provided liquidity in the form of proprietary capital, or brought together buyers and sellers of securities on an agency basis.

Some Dark Pools allow small orders traditionally routed directly to transparent marketplaces to pass through their liquidity pool. This provides the small order an opportunity to execute against the hidden liquidity of the dark pool which may result in the small order receiving a better-priced fill than otherwise available on a transparent marketplace (presuming that the transparent marketplace does not also have fully-hidden liquidity). In all circumstances, the possibility of lowering market impact costs and finding better execution must be weighed against the potential opportunity cost of missing an execution on a transparent market.

4. Dark Orders

The emergence of multiple marketplaces in Canada has led to the introduction of several new orders, including dark order types, as marketplaces have attempted to innovate and distinguish themselves from one another. These dark order types may be fully-hidden or partially hidden.

A number of years ago, marketplaces introduced a reserve order that displays only a portion of its total volume at a price at which the participant is willing to trade (also known as an "iceberg order"). The non-displayed portion of an iceberg order can only execute at the posted transparent price. When the visible portion of the order is executed, an additional visible order is automatically generated by the trading system of the marketplace drawing from the total size and decreasing the amount of the non-displayed portion.

Some of the new order types that have been introduced are variations on the iceberg order. One new order type, a discretionary-reserve order, enables the user to specify an alternative price, or range of prices where the non-displayed portion of an order can execute. Marketplaces have also introduced fully-hidden orders where neither the size nor the price of the order is displayed and can only be identified after an execution has occurred, when trade information is disseminated. In Canada,

5 MATCH Now is an ATS where orders flow through the pool of available liquidity to see if there is a potential match on their way to a specified designated marketplace. If a match is possible, execution occurs and price improvement takes place. The active order executes at 80% of the National Best Bid/Offer (NBBO) improving its execution price by 20%.

6 Liquidnet Canada is an ATS where indications of interest are communicated via electronic order management systems that allow trade negotiations to occur between buy side institutional investors.

7 Pure Trading is a facility of CNSX Markets Inc. that trades securities listed on the Toronto Stock Exchange and TSX Venture Exchange.

8 A third dark pool, BlockBook, operated from August 2005 until February 2009.

there is a minimum size requirement for hidden orders.[9] Out of the seven transparent marketplaces currently operating in Canada, six support iceberg orders, one supports a discretionary-reserve order, and one supports a fully-hidden order.[10]

By not displaying price and/or volume, these Dark Order types may minimize market impact costs by limiting the ability of other participants to identify and trade ahead of potentially large orders which are fully or partially hidden. We note that Dark Orders lose time priority in a marketplace's order book to visible orders at the same price. In the case of an iceberg or discretionary-reserve orders, each new visible order that is generated is treated as if it is a newly entered order and loses the time priority given to the original order.

5. Market Pegged Orders

Marketplaces have also introduced market pegged orders (also referred to as reference priced orders) that are priced and re-priced to a reference price such as the national best bid (offer) or a marketplace's best bid (offer). One type of market pegged order is the primary peg order. A primary peg order is a visible order that is automatically priced (and then subsequently re-priced as necessary) to equal either the best bid, in the case of a buy, or the best offer in the case of a sell.

Although this order type is relatively new to Canada, it has existed in the United States for over ten years.[11] The strategy which underpins market pegged orders has been used by traders in Canada for some time. Originally, dealers manually canceled and re-entered orders to revise stale quotes to match the best bid or offer so that they could participate in trades against incoming marketable orders. The automation of this strategy occurred with the evolution of electronic trading, where algorithms react and adjust to changing conditions of the NBBO.

Marketplaces have introduced other types of market pegged orders. These include market pegged orders that are fully-hidden and market pegged orders that either peg to a price above or below the NBBO, or are eligible to execute at the mid-point of the NBBO. This paper will only examine the primary peg order.

6. Smart Order Routers

The search for optimal execution in a multiple marketplace environment and the need for a tool to facilitate compliance with best execution and best price obligations, have led to the development of smart order routers used by dealers and marketplaces. A smart order router (SOR) is a technological tool that connects to multiple marketplaces, consolidates and analyzes order information from these marketplaces. The SOR then makes routing decisions seeking to obtain best execution and/or best price, or facilitate the execution of the strategy determined by the user.

Although the options available to a SOR in making routing decisions are limited only by the programming behind it, to date there have been two routing strategies used in Canada: serial (or iterative) routing, and parallel (or spray) routing. A serial SOR sends the entirety of an order to the marketplace with the best posted bid or offer. Whatever volume is not executed at this price is re-sent by the SOR as another complete order until the original order is filled. A parallel SOR makes order routing decisions by splitting up a single order into smaller orders and sending multiple orders to several marketplaces simultaneously. These small orders are not only sent to multiple marketplaces but also can be sent through several price levels on a single marketplace to interact with all displayed liquidity.

III. THE CHARACTERISTICS OF AN EFFICIENT AND EFFECTIVE MARKET

Even though the ATS Rules have been in place since 2001, only recently have there been significant changes in market structure. In the view of the CSA and IIROC, any change to the Canadian market should be assessed by considering key

9 UMIR 6.3 *Exposure of Client Orders* requires that an order for 50 trading units or less must be immediately entered on a transparent marketplace unless otherwise exempted. Permitted exemptions include:
   a) if the client has specified different instructions
   b) if the order is executed immediately at a better price
   c) if the order is returned for the terms of the order to be confirmed
   d) if the order is withheld pending confirmation that the order complies with applicable securities requirements
   e) if entering the order based on market conditions would not be in the interest of the client
   f) if the order has a value greater than $100,000
   g) if the order is part of a trade to be made in accordance with Rule 6.4 by means other than entry on a marketplace,
   h) if the client has directed or consented that the order be entered on a marketplace as a Call Market Order, an Opening Order, a Special Terms Order, A Volume-Weighted Average Price Order, a Market-on-Close Order, a Basis Order or a Closing Price Order.

10 A complete list of orders supported by each marketplace can be accessed on the following webpage: http://www.iiroc.ca/English/Documents/SumCompEquityMarkets_en.pdf.

11 See reference to Peg orders in NASD OATS publication as early as 1998. "NASD Rulemaking: Various Commissions Online. 6 March 1998 <http://sec.gov/rules/sro/nd9756o.htm.

characteristics and looking at the impact on the market. The characteristics of an efficient and effective market[12] which are relevant for the discussion in this paper include the concepts of liquidity, transparency, price discovery, fairness, and integrity.

1. Market Liquidity

Liquidity can be defined as the market's capacity to absorb trades from customers' buy and sell orders at, or near, the last sale price of a particular stock. The greater the number of orders and shares available at a particular price, the more liquid the market will be. Some of the characteristics of liquidity are market depth, market breadth, and resiliency. Market depth refers to the number of orders at different prices that line the book. Market breadth is the number of shares that are wanted at a particular price level and the ability to absorb an incoming large order. Resiliency is the ability for a market to attract offsetting orders relatively quickly when order imbalances occur.[13] An additional aspect that is important to assessing liquidity is the number of transactions executed on a marketplace.

2. Visibility/Transparency

Transparency refers to the degree to which there is real-time dissemination of information about orders and trades to the public.[14] In Canada, pre-trade transparency is required when a marketplace displays orders of exchange-traded securities.[15] Post-trade transparency by a marketplace is always required. Order and trade information must be provided to an information processor or an information vendor if an information processor does not exist.[16] Currently in Canada, TSX Inc. is the information processor for equity securities.

3. Price Discovery

Price discovery refers to the process through which the execution price for a trade is established. The discovery of a security's fair market value is derived from two sources: the supply of and demand for the security, which indicate a participant's willingness to transact at a given price, and information about transactions which have actually occurred.

If prices are not transparent to participants, or there is unequal or incomplete information, participants will not be able to make informed decisions. In addition, if participants are not given access to markets where a security trades, they may be discouraged from participating or trading in that security and a less efficient price discovery process may occur.

4. Fairness

Fairness refers to the perception and the reality that all participants are subject to the same rules and conditions and that no one participant or group of participants has an unfair advantage or disadvantage. The "fairness" of a market may relate to fair access to a specific marketplace or the market as a whole, fair access to trading information, or the fair treatment of limit orders. For example, it may be perceived as unfair if all participants are not given access to a specific marketplace, or if information about orders or trades that occur on a marketplace cannot be seen by all participants. The perception of unfairness with respect to the treatment of limit orders has the potential to impact an investor's willingness to participate and contribute to the price discovery process in that market.

5. Integrity of the Market

Integrity of the market is the level of general confidence investors and the general public have in the marketplace as a whole or in a particular marketplace. This confidence is closely associated with investors' perception of fairness.[17] The regulatory environment and the effectiveness of the regulation of that market and its participants also play a role in whether there is confidence in a market.

12 The TSE, in its 1997 Report of the Special Committee on Market Fragmentation: Responding to the Challenge identified a set of characteristics essential to an efficient market. These characteristics were later referred to by the CSA in the background paper entitled "Regulation of Alternative Trading Systems in Canada" published on July 2, 1999 with the initial proposal of the ATS Rules.

13 *Ibid.*, pp 17-18.

14 Part 7 of NI 21-101 requires orders to be provided, and subsection 9.1(2) of 21-101CP requires a marketplace that displays orders to provide to an information processor all relevant information regarding orders and trades including details as to volume, symbol, price and time of the order or trade.

15 No pre-trade transparency is required if order information is only displayed to a marketplace's employees or to persons or companies retained by the marketplace to assist in the operation of the marketplace (subsection 7.1(2) of NI 21-101).

16 Part 7 of NI 21-101.

17 TSE Report of the Special Committee on Market Fragmentation: Responding to the Challenge, p. 25.

IV. SPECIFIC ISSUES FOR CONSIDERATION

1. Dark Pools

The emergence of electronic Dark Pools has prompted regulators to examine issues surrounding the efficiency and effectiveness of the market. These issues include the lack of pre-trade transparency or visibility in the market, the possible impact on price discovery, the impact on fair access as the market share of Dark Pools grow, and the possibility of information leakage. Supporters of Dark Pools argue that any concerns are counterbalanced by increased liquidity brought to the market as a whole.

(i) Transparency and Price Discovery

The lack of pre-trade transparency provided by Dark Pools limits the availability of information regarding the market's breadth and depth. As a result, some are of the view that their existence threatens the effectiveness of the market's price discovery process. They also believe that this threat may be intensified as Dark Pools gain greater market share and fewer orders are displayed to all market participants, including those of the investor community.

An alternative view is that although Dark Pools do not provide pre-trade transparency, they do contribute to price discovery because information about executed transactions is disseminated publicly by all Dark Pools.[18] In addition, there may be increased order flow to the market when orders that previously may have been internalized[19] are now placed in a Dark Pool, and when market participants use the unique characteristics of Dark Pools to increase their trading volumes. These sources of increased liquidity in turn contribute to a more efficient market by reducing transaction costs.

Dark Pools have recently come under scrutiny in other jurisdictions because of their lack of transparency. In the United States, the SEC has expressed concern that the lack of post-trade transparency by Dark Pools makes it difficult if not impossible for the public to assess Dark Pool trading and to identify pools that are most active in particular stocks.[20] Such difficulties arise because although Dark Pool trades are published on the consolidated tape, one cannot identify on which market a trade took place because Dark Pool trades are marked as over-the-counter. In addition, trades are not required to be reported on a matched-only basis. As a result, volumes can be inflated when both the buy and sell side of a trade is reported as two separate trades ("double counting").

In Canada, similar issues do not exist. Under NI 21-101, each Dark Pool is required to provide to the information processor for equity securities trade information, including the total volume of the trade. The information processor, when disseminating the information is required to identify the marketplace on which the trade took place. Such requirements make it possible to accurately monitor both the overall market share that Dark Pools capture and the market share of the originating marketplace where securities are traded.

(ii) Liquidity

One view is that Dark Pools increase liquidity through size discovery. Size discovery refers to a market's ability to identify and attract large orders which in turn increases its liquidity. According to this view, Dark Pools increase liquidity by offering the benefits of anonymity and minimized market impact to attract large orders from new and existing participants that may not have otherwise been exposed on a transparent market.

Others are of the view that because orders that are entered on Dark Pools still need to be executed whether Dark Pools exist or not, without Dark Pools, these orders would be forced to be executed more often on a transparent marketplace. This would give more participants the ability to interact with these orders and would lead to less market fragmentation. Market fragmentation in turn can lead to higher transaction costs for all market participants through larger bid-ask spreads and greater volatility.

However, it can also be argued that even without Dark Pools these large orders would not necessarily be matched in the transparent market, but in the upstairs market exclusively, as was the case before Dark Pools were created. This view may not be supported by the decrease in the percentage of block trades executed on the TSX. Block trades on the TSX as measured by value has decreased from 39% to 12% for large cap stocks, 41% to 24% for mid-cap stocks, and 29% to 10% for small cap stocks, from January 2004 to April 2009.[21]

As previously mentioned, the first Dark Pools originally facilitated the execution of large block trades that would significantly impact the market if traded on a visible marketplace. Today, Dark Pools not only offer facilities to seek out liquidity for large-

18 Section 7.2 of NI 21-101 requires a marketplace to provide to an information processor accurate and timely information regarding trades for exchange-traded securities executed on the marketplace as required by the information processor. If there is no information processor, then the information must be sent to an information vendor.

19 Internalization refers to the process where orders are matched before they are sent to an execution destination.

20 Schapiro, Mary L., Address before the New York Financial Writers' Association Annual Awards Dinner, New York, N.Y., June 18, 2009.

21 *Supra*. footnote 2.

sized orders, but also have become alternative trading venues used for all types of orders and many types of participants.[22] If Dark Pools do in fact attract new orders through size discovery, some propose that that their use should be limited to orders with a minimum size requirement. This would facilitate size discovery while limiting market fragmentation.

Some do not agree that Dark Pool orders should be limited to a minimum size. They argue that Dark Pools offer multiple benefits to many different types of participants and should not be limited to those participants with only large orders. Small retail orders should be able to seek out potential price improvement by flowing orders through a Dark Pool on their way to a transparent marketplace. Institutional investors can use the features of both Dark Pools and visible marketplaces to obtain optimal execution for orders of different sizes. In addition, as the costs to trade in a Dark Pool may be lower than on a transparent marketplace, Dark Pools can also offer a source of cost savings to all their users.

(iii) Fairness

Some Dark Pools restrict access to a limited number of market participants (for example, buy-side institutional clients). Restricting access may be unfair if it does not allow all market participants the opportunity to trade against all orders and offers an advantage to certain participants. This aspect may be magnified as the market share of an ATS increases. Others are of the view that offering access to a specialized group of participants leads to better sourcing and matching of natural orders. In turn, this decreases the possibilities for front-running and creates better execution through lower costs, less market impact, and increased order flow.

Under certain circumstances, regulators have allowed marketplaces to limit access under certain conditions. In the United States, a marketplace must open access to all participants if it captures a market share of 5% in any security. In Canada, a marketplace cannot unreasonably prohibit, condition or limit access by a person or a company to services offered by it.[23] As Dark Pools continue to increase market share[24], the question of the impact of Dark Pools restricting or conversely capturing certain market participants trading activity arises.

An additional characteristic of the Canadian market that may raise a concern about fairness is broker-preferencing or “seeking of the cross.” Although regulation in Canada ensures that better-priced orders are executed first (“price priority”), orders can execute ahead of orders posted at the same price but at an earlier time when both sides of the trade are entered with the same Participating Organization/Subscriber identifier. Some are of the view that this feature is unfair because it violates strict time priority and offers an unfair advantage to certain participants over others. They also suggest that this feature creates Dark Pools within a visible marketplace because certain pools of liquidity can be accessed first by only certain participants (employees and clients of the broker).

Others argue that without broker-preferencing, large dealers will find other ways to internalize their order flow. For example, they could create their own dark pools, as has happened in the United States. Such a development could significantly reduce liquidity in the visible markets and threaten the price discovery mechanism. This threat is particularly strong in Canada because of the high concentration of liquidity that is controlled by a small number of participants.

(iv) Information Leakage

The initial concept of the Dark Pool was a trading venue that provided absolutely no pre-trade transparency. A new trend has developed as some Dark Pools are disseminating information about their orders to attract order flow through the use of indications of interest (IOI).

IOIs sent by a marketplace seek out interest by informing other pools, routers or market participants that there is an order for a particular security in the system. The information broadcast is usually limited, and may include information regarding symbol, side, size or size range, or price. This raises a number of questions including:

- whether marketplace participants entering orders on Dark Pools are aware of this practice, and whether they know what information is being disseminated about their orders, and
- at what point does an IOI provide enough information to be considered an “order” that would require pre-trade transparency under the ATS rules.[25]

22 For example, in June 2009, the average volume of a trade on all marketplaces was 792 shares, whereas the average trade volume on Dark Pools differed significantly. Liquidnet that has a market structure intended to facilitate large block shares averaged 69,752 shares per trade. MATCH Now, a Dark Pool offering the possibility of price improvement to orders that are sent to a visible marketplace, averaged 355 shares per trade.

23 Sections 5.1 and 6.13 of NI 21-101.

24 Approximately 0.595% of the volume traded in Canada is on Dark Pools (IIROC Market Share by Marketplace for the four quarters ending June 30, 2009).

25 See Part 7 of NI 21-101 for pre-trade transparency requirements. Section 1.1 of NI 21-101 defines an order as a firm indication by a person or company, acting as either principal or agent, of a willingness to buy or sell a security.

The question of whether an IOI provides enough information to be considered an "order" is further complicated when IOIs sent by Dark Pools include information with implicit prices. For example, certain IOIs contain information that notifies the recipient of a firm willingness to execute at a benchmark price such as the national best bid (NBB), the national best offer (NBO) or the mid point of the NBBO. This raises issues whether an "indication of interest" with an implicit price communicates a firm willingness to buy or sell and should require the same treatment as an order.

Information about orders may create opportunities for "gaming". An example of this is when a proprietary trading desk responds to IOIs with orders on both sides of the market in order to gather information about what side of the market an outstanding dark order is on. This in turn can lead to the leakage of information which can be used to exploit an order by traders positioning themselves ahead of the order.

IOIs sent from particular marketplaces can communicate information in addition to the specific information contained in an IOI. An IOI received from a dark pool that only permits large block orders or allows access to only large institutional clients can signal the existence of a block order or possible large institutional interest in a security.

In all circumstances where gaming and information leakage take place, the benefits of using Dark Pools can be reduced if the confidentiality of the dark pool user is compromised. As a result, some are of the view that the practice of Dark Pools sending IOIs should be prohibited or restricted.

The concerns raised by the practice of Dark Pools sending IOIs can be countered by the potential benefit that these communications can bring including greater success in the search for liquidity. Multiple marketplaces and multiple Dark Pools compete for order flow, and the ability of a marketplace to attract contra-side orders which can result in a trade is critical. Increased likelihood of information leakage and gaming can be offset by the ability to facilitate finding liquidity quickly and improving the execution obtained by the user, an ability which could become more important as the number of Dark Pools increase.

Another issue relating to IOIs arises when they are sent to only certain marketplaces or participants. Some are of the view that a marketplace or subscriber should have the ability to select destinations for IOIs on a preferential basis. Others are of the view that this information should be available to all market participants and that an unfair advantage is gained if only certain participants are provided with this information.

Questions relating to Dark Pools

Question 1: **While trading on Dark Pools has not been extensive in Canada, please provide your views on the actual and/or potential impact of Dark Pools on:**

a) Order size
b) Price discovery
c) Liquidity
d) Market fragmentation
e) Trading strategy
f) Client instructions

In your view, what will be the potential impact if the market share of Dark Pools in Canada increases significantly?

Question 2: **Please provide your views on whether there should be a minimum size requirement for orders entered on Dark Pools?**

Question 3: **Please provide your views on whether Dark Pools should be permitted to send IOIs? If so, what information should be permitted to be included?**

Question 4: **Please provide your views whether or not Dark Pools should be permitted to select which destinations are able to receive IOIs? In your view should the ability to select which destinations receive IOI's be offered to subscribers?**

Question 5: **In your view, when does an IOI provide sufficient information to require it to be treated like an order that should be subject to pre-trade transparency requirements?**

Question 6: **In your view what kind of transparency about the practice of sending IOIs should be made by Dark Pools to their subscribers?**

Question 7: **Should Dark Pools be required to provide full or partial transparency of their orders if a threshold of trading activity is reached?**

Question 8: What are your views on the fairness of broker-preferencing?

Question 9: Are there other issues that should be considered in connection with Dark Pools?

2. New Dark Order Types

The launch of certain new Dark Order types on transparent marketplaces has raised concerns about their potential impact on price discovery, the fairness of the interaction with visible orders, and liquidity. Proponents of dark order types argue that they increase liquidity, make orders available to all marketplace participants that may otherwise have been held by a dealer and only available to interact with its internal flow, and can provide better execution than expected for incoming orders. These benefits might offset any possible negative impact that dark order types have on the market.

There have been empirical studies that have looked at the impact of hidden orders/iceberg orders. In a study examining the effect of the TSX decision to abolish the use of hidden limit orders in 1996 and then reintroduce them in 2002, Anand and Weaver found that quoted depth did not change following either decision suggesting that the hidden portion of orders represents depth that would otherwise not be exposed. When iceberg orders were reintroduced, they found that total inside depth increases. For both events, volume did not change and the use of exposed limit orders did not change. In their view, this suggest that traders that are required to expose their orders will switch to using market orders instead of exiting the market.[26]

(i) Transparency and Price Discovery

Different types of Dark Orders make different contributions to price discovery. Trades resulting from the execution of any Dark Order [27] provide post-trade transparency and iceberg orders and discretionary-reserve orders also provide some pre-trade transparency with respect to the price of the order and part of the volume.

The iceberg order has been offered for a number of years by exchanges. However, variations of this order type recently introduced have raised some questions and concern. In the case of discretionary-reserve orders, the reserve portion of the order is given a discretionary price or price-range, which results in two prices for the order: one for the visible portion, and another for the reserve portion. Some are of the view that the pre-trade transparency provided by the visible portion of discretionary-reserve orders is misleading because it does not represent the true supply and demand for a security. Because the reserve portion of the order is often significantly larger than the visible portion, the displayed information of the order may give a false impression of the price that the participant is willing to pay. As a result, some say that these order types should be prohibited.

Others are of the view, however, that like Dark Pools, any negative impact of Dark Orders is offset by increased liquidity and trade executions resulting when orders that would otherwise have been matched in the "upstairs market" are executed on a visible market. When this occurs, the liquidity pool accessible to all participants is increased. They argue that the existence of hidden orders in transparent marketplaces provide an additional incentive to reduce spreads and for participants to show their "true" best price (to tighten the spread so that a hidden order may not execute in ahead of them). Reduced spreads, in turn, lower volatility and support price discovery.

(ii) Liquidity

Supporters of Dark Orders argue that institutional investors execute more of their large block orders on marketplaces where these order types are available. If this is true, then their existence not only offers the benefit of increased size discovery, but also increased liquidity and gives marketplace participants the opportunity to interact with orders that would never have been available if they were matched in the "upstairs market." Bringing orders onto a marketplace which would otherwise have matched in the "upstairs market" or on an electronic Dark Pool can increase the visible market's liquidity. This increased liquidity can result in better executions for investors and lower transaction costs.

Others are of the view that this argument does not apply to fully-hidden orders as they tend to be small in size. As a result, fully-hidden orders may allow those trading small sized orders using Dark Orders to seek an advantage over visible limit orders by benefiting from the price discovery of a visible order without making an equal contribution. In Europe, the Markets in Financial Instruments Directive (MiFiD), permits an exception from pre-trade transparency requirements for hidden orders only if they meet a certain minimum volume threshold.[28] We note that there are three other exceptions which may allow smaller dark orders to be entered without pre-trade transparency requirements. As described above, in Canada, under UMIR 6.3 *Exposure of Client Orders*, client orders for 50 standard trading units or less must be immediately entered as a visible order on a transparent marketplace unless specific consent is provided by a client on a trade-by-trade basis, or another exception to the order exposure requirement applies.

26 Anand, A. and Weaver, G, (2004) "Can order exposure be mandated?" Journal of Financial Markets, 7, pp. 405-426.
27 See Part 2 for descriptions of these order types.
28 The definition of large scale orders are set out in Table 2 of Annex II of MiFid.

(iii) Fairness

Recently, concerns have been raised that allowing the interaction of discretionary-reserve or fully-hidden orders with visible orders is unfair to visible, resting limit orders. While these transparent limit orders take on risk by establishing better best bids and offers, discretionary-reserve or fully-hidden orders are able to "free-ride" on their contribution and position themselves for execution ahead of the visible orders. Several scenarios have been highlighted to illustrate this point:

- In the case where the discretionary price for the reserve portion of a discretionary-reserve order is higher then its visible portion (for a buy order), execution may take place in front of the best visible posted bid. Some are of the view that this execution may take advantage of the visible order without making an equal contribution to price discovery. Such an effect may be magnified in the case where the visible portion of the order is posted well off the market. The reserve portion is able to execute against incoming orders that normally would have executed against the best visible posted bid, with almost no possibility of the visible portion of the discretionary-reserve order being executed.

- In the case of fully-hidden orders, execution may take place ahead of the best bid or offer anytime a spread is wider than the minimum price increment. Such instances provide no opportunity for the participant entering the visible order to respond and may contribute to the perception of unfair treatment of visible limit orders that establish the best bid or offer.

In addition, arguments have been made that because of the possible negative impact on the perception of fairness in the Canadian market, the existence of Dark Orders may discourage participants, retail and electronic liquidity providers (ELPs) alike, from posting visible limit orders which in turn may impact the liquidity of the Canadian market.

Others are of the view that discretionary-reserve and fully-hidden orders exist and are traded in many markets around the world, including the United States and Europe. They submit that the fairness concern is minimized because visible orders are given time priority ahead of hidden or hidden portions of reserve or discretionary-reserve orders at the same price on the same marketplace. The opportunity for these orders to be executed before a visible order is counterbalanced by the possibility of missing a trade.

In Canada, there are a number of additional factors that may be relevant in deciding to use Dark Orders. First, IIROC has introduced a "bypass" marker whereby hidden liquidity can be bypassed in certain circumstances.[29] Second, it has been proposed that only visible orders will be protected under the CSA's proposed trade-through protection requirements. Consequently, better-priced non-visible orders may be traded-through as inferior-priced visible orders are executed first.

Questions relating to Dark Orders

Question 10: Please comment on the actual and/or potential impact, if any, of Dark Orders on:
a) Price discovery
b) Liquidity
c) Clients' execution instructions
d) Trading strategy?

Question 11: Please comment on the effect, if any, of the interaction of Dark Orders with visible limit orders on fairness and price discovery.

Question 12: Should there be a minimum size requirement for certain Dark Orders? If yes, please explain?

Question 13: Should a transparent marketplace allow fully-hidden orders to post at prices inside the prevailing spread (or should at least a portion of the order be required to be exposed thereby narrowing the spread)?

Question 14: Should marketplaces be required to provide priority to visible orders over Dark Orders at the same price?

Question 15: Are there other issues that should be considered in connection with Dark Orders?

29 IIROC Market Integrity Notice No. 2008-008 *Provisions Respecting Off Marketplace Trades*.

3. Market Pegged Orders

Other types of orders that have been introduced by marketplaces are types of reference-priced orders (also referred to as market pegged orders).[30] Some have raised concerns with the introduction of one of these types of orders, the primary pegged order. It has been expressed[31] that these orders when offered by a marketplace are unfair, anti-competitive, and may negatively impact price discovery and the market as a whole. Others are of the view that primary pegged orders, when offered by a marketplace, increase market efficiency, liquidity and assists in obtaining best execution.

(i) Price Discovery, Fairness and Liquidity

Those opposed to primary pegged orders submit that these order types may "materially compromise the fundamental principles of price discovery and liquidity."[32] They are of the view that primary pegged orders "free-ride" on the contribution of those that have posted visible limit orders and the execution of a primary pegged order ahead of the order establishing the best bid or offer is unfair. In their view, the limit order posted at the same price should execute first and if it doesn't, the investor will not achieve the benefit of posting the limit order (i.e. execution or rebate credit). As a result, there may not be sufficient incentive to contribute liquidity to the market. In addition, there may be little incentive to contribute to the price discovery process by posting visible limit orders because those that disclose information about their order may not receive the benefit of being executed first. It is argued that to ensure that this disincentive does not occur, in the absence of some kind of time priority enforced across marketplaces (which would be impossible to implement because of differences in latency rates between marketplaces), these order types should not be permitted.

Those that support primary pegged orders submit that they contribute to price discovery in at least three ways:

- reduce mispricing risk,[33]
- contribute to a more accurate reflection of a security's fair market value by contributing liquidity at particular price levels, and
- when primary pegged orders are executed, the trade information is displayed, thus contributing to the price discovery process.

In addition, supporters are of the view that the automatic re-pricing of primary pegged limit orders at the marketplace level mimics the updating currently done by algorithms at the dealer and client level.[34] The automation of primary pegged orders offered at the marketplace level, in addition to contributing to liquidity, also increases a market's efficiency by reducing the message traffic generated by the execution of this strategy at the dealer or client level. Message traffic has continued to grow at significant rates, and there are few indications that this growth will lessen. Recognizing this trend, the contribution made by primary pegged orders and other types of pegged orders in reducing message traffic may prove to be increasingly significant.

Finally, supporters of primary pegged orders submit that where there are competing marketplaces, there cannot and should not be time-priority between marketplaces. Regulation requires that a better-priced order be executed before an inferior-priced order (best price or trade-through obligations), but does not require visible orders at the same price to be executed based on which order was displayed first. Where there are multiple orders displayed on multiple venues at the same price, participants will, and should choose their execution venue based on best execution criteria including the execution fees of the marketplace, the performance of the market's trading system speed and functionality, and the reliability of the market.

Questions relating to market pegged orders

Question 16: Please comment on the actual or potential impact if any, of market pegged orders on:
a) Price discovery
b) Fairness

Question 17: Although this paper has not specifically addressed pegged orders that execute at the mid point of the NBBO, in your view, should market pegged orders be allowed to execute at prices unavailable to

30 Market pegged orders can be visible or hidden. In addition, the reference price that the order is pegged can vary from the NBB, the NBO, the mid point of the NBBO, or a percentage of the spread of the NBBO. The market pegged order that will be discussed in this paper will be the primary pegged order. It is a reference-priced order that is automatically priced, and subsequently re-priced as necessary, to equal either the reference bid, in the case of a buy, or the reference offer in the case of a sell.

31 National Post Commentary "Pegged Orders: An Unfair Trade" by Jeffrey MacIntosh, January 12, 2009.

32 *Ibid*.

33 "Mispricing risk – a limit order may execute after an innovation in public valuation (e.g. a public news item) at a mispriced limit price, because limit-order traders generally are off the exchange and do not monitor market conditions continuously." Brown, David P and Holden, Craig W. (2005) " Pegged Limit Orders", Working Paper, University of Wisconsin.

34 National Post commentary, op.cit.

transparent orders (e.g. at a price between the bid and the ask when the spread is a single trading increment)?[35]

Question 18: Although this paper has not specifically addressed pegged orders that are fully-hidden, in your view are there any issues that arise due to fully-hidden market pegged orders?

Question 19: Are there other issues that should be considered with regard to market pegged orders?

4. Smart Order Routers and Dark Liquidity

As stated above, Canadian market participants (specifically, dealers, marketplaces and third party vendors), have been developing smart order routers in response to the introduction of multiple marketplaces and Dark Pools. Generally speaking, the discovery of dark liquidity by SORs on an otherwise transparent market is incidental. The SOR routes an order to a particular marketplace to execute against visible orders and may execute against an iceberg order or hidden order; however visible orders are executed first at a given price.

We have seen the evolution of SORs and their technology. There has also been the introduction of a SOR by a marketplace that takes into account hidden liquidity posted on that marketplace, whether as part of a reserve or discretionary-reserve order or a fully-hidden order, when making routing decisions.

Having knowledge about hidden liquidity posted on a marketplace has several potential benefits:

- better executions for the active order using the SOR that executes against dark liquidity, and
- decreased instances of crossed markets.

Some argue that it is a competitive advantage that should be used to the benefit of the marketplace's participants and the marketplace.

However, concerns have been raised that having access to this information is unfair because:

- the information is not provided to any other router or market participant, and
- it may lead to the predetermined execution of Dark Orders ahead of visible orders at the same price.

In addition, the disincentives to posting hidden liquidity brought by the use of the bypass marker that enable the order to avoid interacting with hidden orders and the lack of protection that hidden liquidity will receive under the proposed order protection rule may be undermined by a marketplace's use of hidden liquidity when making routing decisions.

Concerns are also raised about whether participants that enter the hidden liquidity know that their information is being "leaked". Finally, it is possible that this information, when provided to an SOR, is being "displayed" under Part 7 of the ATS Rules and should attract the pre-trade transparency requirements.

A related issue with regard to the fairness of an SOR taking into account hidden liquidity posted on a marketplace is the practice of databasing order flow. Databasing is where an SOR keeps a record of orders that are sent through it and uses this information in subsequent routing decisions. This strategy allows market participants' using a databasing SOR to identify and execute against Dark Orders which are opaque to other market participants. This may raise a question of fairness between market participants who use SORs with databasing technology and those who do not.

Questions relating to SORs

Question 20: What is your view of a marketplace SOR taking into consideration hidden liquidity posted on that marketplace when making routing decisions? Is it appropriate? Should the information be required to be provided to other participants? Should a marketplace's SOR be allowed to take into account hidden liquidity only after all visible liquidity at the same price on all marketplaces is executed against?

Question 21: Is the practice of a SOR taking into account hidden liquidity posted on a marketplace an example of internalization of order flow? What are the similarities and differences with a dealer internalizing order flow?

Question 22: What are your views on internalization generally?

35 See footnote 30 for a description of mid-point pegged order.

Question 23: What is your view on "databasing"?

Question 24: Please comment on whether there are there other issues that should be considered in connection to SOR's using hidden liquidity in routing decisions?

Other questions

Question 25: Are there any other issues not discussed in this paper that should be considered for discussion at the roundtable that will be convened after the publication of this paper?

Question 26: In what way if any, do you believe that the combined potential impact of these developments represents risk to the market?

V. Conclusion and Comment Process

Recent market structure developments regarding Dark Pools, new order types (including Dark Orders) and other current issues have raised a number of issues. As a result, we would like to solicit feedback on the issues set out in this paper. We invite all interested parties to make written submissions. Submissions received by December 29, 2009 will be considered.

Because of the importance of the issues raised in this paper and their impact on the Canadian capital market, the CSA and IIROC intend to convene a roundtable to discuss the issues and the submissions received. The discussion will inform possible future work on process and substantive requirements by both the CSA and IIROC.

If you are interested in participating in the roundtable, please convey your intention in your comment letter provided to the addresses below.

You should send submissions to all of the CSA and to IIROC.

Submissions to the CSA should be addressed in care of the OSC, in duplicate, as indicated below:

Alberta Securities Commission
British Columbia Securities Commission
Manitoba Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Superintendent of Securities, Newfoundland and Labrador
Registrar of Securities, Department of Justice, Northwest Territories
Nova Scotia Securities Commission
Registrar of Securities, Legal Registries Division, Department of Justice, Nunavut
Ontario Securities Commission
Registrar of Securities, Prince Edward Island
Saskatchewan Financial Services Commission
Registrar of Securities, Government of Yukon Territory

c/o John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

and

M^{e} Anne-Marie Beaudoin
Corporate Secretary
Autorité des marchés financiers
800, square Victoria, 22^{e} étage
C.P. 246, tour de la Bourse
Montréal (Québec) H4Z 1G3
e-mail: consultation-en-cours@lautorite.qc.ca

Submissions to the Investment Industry Regulatory Organization of Canada to:

James Twiss
Investment Industry Regulatory Organization of Canada
Suite 1600
121 King Street West
Toronto, Ontario
M5H 3T9
Email: jtwiss@iiroc.ca

We cannot keep submissions confidential because securities legislation in certain provinces requires that a summary of the written comments received during the comment period be published.

Questions may be referred to any of:

Matthew Thompson
Ontario Securities Commission
(416) 593-8223

Susan Greenglass
Ontario Securities Commission
(416) 593-8140

Tracey Stern
Ontario Securities Commission
(416) 593-8167

Élaine Lanouette
Autorité des marchés financiers
(514) 395-0337 X4356

Serge Boisvert
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(514) 395-0337 X4358

Doug Brown
Manitoba Securities Commission
(204) 945-0605

Lorenz Berner
Alberta Securities Commission
(403) 355-3889

Mark Wang
British Columbia Securities Commission
(604) 899-6658

Michael Brady
British Columbia Securities Commission
(604) 899-6561

Doug Mackay
British Columbia Securities Commission
(604) 899-6609

Glossary

Algorithm: A set of rules for accomplishing a task in a certain number of steps. Trading algorithms outline steps taken to execute orders. Different algorithms may be selected for different orders based on the execution strategy of the user.

Auction Market: A market where buyers enter competitive bids and sellers enter competitive offers at the same time. The price a stock is traded is at the highest price a buyer is willing to pay and the lowest price a seller is willing to sell at. Matching bids and offers are paired together and the orders are executed.[36]

Bypass marker: A marker that when added to an order bypasses hidden liquidity, Special Terms Orders, and other "specialty orders," and executes only against displayed volumes on a marketplace prior to the execution or cancellation of the balance of the order.

Call market: A market in which each transaction takes place at predetermined time intervals and where all of the bid and ask orders are aggregated and transacted at once. The marketplace determines the market clearing price based on the number of bid and ask orders.

Crossed market: When one participant's bid (offer) on one marketplace is higher (lower) than another participant's offer (bid) on the same or a different marketplace.

Crossing network: The first electronic Dark Pools where large orders are entered and execute at predetermined time intervals throughout the day.

Dark Pool: A marketplace that provides no pre-trade transparency.

Databasing: A practice where a smart order router keeps records of orders that are sent through it and uses this information in subsequent order routing decisions.

Discretionary-Reserve Orders: A reserve order where the reserve portion of the order can execute at an alternative price, or range of prices specified by the user.

Electronic Liquidity Providers (ELP): Typically high frequency traders who try to profit by capturing the bid ask spread of a security. ELPs may send thousands of orders per second, have holding periods of less a second, and try to end each day with zero market or single stock risk.

Fully-Hidden Orders: Orders about which no information is displayed to an information processor or information vendor.

Gaming: Trading strategies that try to detect and then exploit existing orders for profit. Gaming strategies may utilize tactics including misrepresenting false or misleading information of their trading intentions and manipulating the behaviour of other participants in reaction to this information.

Indication of Interest (IOI): IOIs include messages sent from a marketplace that contain certain information about resting orders on that marketplace. Information contained in an IOI may include information on one or more of, but not all of; symbol, side, size, or price.

Information Leakage: When information about an order is released before it is fully executed. Information leakage enables participants to trade ahead of an order which can significantly increase market impact costs.

Market Fragmentation: Occurs when a market's liquidity is divided among multiple marketplaces.

Market Impact Costs: The costs that are incurred when the price of execution is different than the target price. It is possible for market impact costs to be negative.

Market in Financial Instruments Directive (MiFiD): A directive providing a harmonized regulatory regime for investment securities across the member state of the European Economic area. The directive officially took effect on November 1st, 2007.[37]

Market Peg Order: An order that is priced and re-priced as necessary to equal, or to be higher or lower than a reference bid, offer, or mid-point between a bid and offer.

36 "Auction market." *Investopedia*. http://www.investopedia.com/terms/a/auctionmarket.asp
37 "Markets in Financial Instruments Objective." *Investopedia*. http://www.investopedia.com/terms/m/MiFID.asp

Mid-Peg Order: A mid-peg order is an order that floats at the mid point in the book and can execute against an opposite mid-peg order or incoming market order. Mid peg orders are often hidden.

National Best Bid (NBB): In respect of a particular security, the best bid of a standard trading unit across all transparent marketplaces excluding Special Terms Orders.

National Best Bid Offer (NBBO): In respect of a particular security, the best bid and offer of a standard trading unit across all transparent marketplaces excluding Special Terms Orders.

National Best Offer (NBO): In respect of a particular security, the best offer of a standard trading unit across all transparent marketplaces not inclusive of Special Terms Orders.

Parallel Smart Order Router (spray): A smart order router that makes order routing decisions by slicing up a single order into smaller orders and sending multiple orders to several marketplaces simultaneously.

Pegged Offset Order: A reference-priced order where an increment/decrement is added to the national best bid or national best offer. For example, a pegged offset order of Bid+1 would peg to the national best bid plus a penny.

Post-trade Transparency: Refers to the ability of the public to see information about the price and volume of a trade after it has been executed. Information includes the volume, symbol, price and time of the trade.

Pre-trade Transparency: Refers to the ability of the public to see information about orders posted on a marketplace. Information includes the volume, symbol, price and time of the order.

Primary Peg Order: A reference-priced order that is automatically priced, and subsequently re-priced as necessary, to equal either the reference bid, in the case of a buy, or the reference offer in the case of a sell.

Reserve Order (Iceberg Order): An order that displays only a portion of its total volume at a price that the participant is willing to trade. When the visible portion of the order is executed, an additional visible order is automatically generated by the trading system of the marketplace drawing from the total size and decreasing the amount of the reserve.

Serial Smart Order Router (iterative): A smart order router that sends the entirety of an order to the marketplace with the best posted bid or offer. Whatever volume is not executed at this price is re-sent by the SOR as another complete order until the original order is filled.

Size Discovery: The ability for a market to identify and attract large orders.

Smart Order Router: A technological tool that scans multiple marketplaces for the best-displayed price and then routes orders to that marketplace for execution. This can potentially help traders achieve better-priced executions, as well as saving time and effort with traders trying to manually locate the most appropriate execution point.

Special Terms Order: An order that is less than a standard trading unit, or is subject to a condition other than price or being settled on the third business day following the trade unless specified by a marketplace.

Subscriber: A person or company that has entered into a contractual agreement with an ATS to access the ATS in order to trade, or disseminate or display orders of the ATS.

Upstairs market: Where large blocks of shares are either worked by dealers who try to cross them with other client orders on an agency basis, or with inventory orders using their liability capital on a proprietary basis.