The Ontario Securities Commission

OSC Bulletin

July 31, 2014

Volume 37, Issue 31

(2014), 37 OSCB

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

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Published under the authority of the Commission by:
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2075 Kennedy Road
Toronto, Ontario
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416-609-3800 or 1-800-387-5164

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The OSC Bulletin is published weekly by Carswell, a Thomson Reuters business, under the authority of the Ontario Securities Commission.

Subscriptions are available from Carswell at the price of $773 per year.

Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

U.S.	$175
Outside North America	$400

Single issues of the printed Bulletin are available at $20 per copy as long as supplies are available.

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ISSN 0226-9325

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Table of Contents

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 CSA Multilateral Staff Notice 24-311 – Qualifying Central Counterparties

CSA/ACVM Canadian Securities Administrators Autorités canadiennes en valeurs mobilières

CSA Multilateral Staff Notice 24-311
Qualifying Central Counterparties

July 28, 2014

This notice is being jointly issued by the Bank of Canada (BoC), the Alberta Securities Commission (ASC), the Autorité des marchés financiers (AMF, Québec), the British Columbia Securities Commission (BCSC), the Manitoba Securities Commission (MSC) and the Ontario Securities Commission (OSC).

The purpose of this notice is to indicate that the Canadian-domiciled central counterparties (CCPs) listed in Table 1 can be considered qualifying central counterparties (QCCPs) under the standard on the capital treatment of certain bank exposures to central counterparties developed by the Basel Committee on Banking Supervision (BCBS).[1]

Table 1: Canadian-domiciled qualifying central counterparties

Legal entity (system)[a]	Designated or recognized by
CDS Clearing and Depository Services Inc.[b] (CDSX)	BoC AMF BCSC OSC
Canadian Derivatives Clearing Corporation (Canadian Derivatives Clearing Service)	BoC AMF BCSC OSC
ICE Clear Canada, Inc.	MSC
Natural Gas Exchange Inc.	ASC

[a] The provincial securities regulators have recognized the respective legal entities operating the clearing systems as subject to their regulatory oversight, while the Bank of Canada has designated the respective systems providing central clearing services for its oversight.

[b] The parent company, The Canadian Depository for Securities Limited, is also recognized by the AMF and OSC under their respective laws.

The BCBS standard distinguishes between CCPs on the basis of their regulatory status. Certain bank exposures to CCPs that are prudentially regulated according to standards consistent with the Principles for Financial Market Infrastructures (PFMIs) established by the Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO) are subject to lower capital requirements than other CCPs. More specifically, the BCBS standard defines a QCCP as:

[1] The BCBS issued interim rules for the Capital requirements for bank exposures to CCPs in July 2012. The final standard was published in April 2014 and will take effect on 1 January 2017. The interim requirements will continue to apply until that time. Both the interim requirements and the final standard include the same definition of a QCCP.

> … an entity that is licensed to operate as a CCP (including a license granted by way of confirming an exemption), and is permitted by the appropriate regulator/overseer to operate as such with respect to the products offered. This is subject to the provision that the CCP is based and prudentially supervised in a jurisdiction where the relevant regulator/overseer has established, and publicly indicated that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the CPSS-IOSCO Principles for Financial Market Infrastructures.

At the end of 2012, the BCBS published a set of frequently asked questions clarifying that "if a CCP regulator has provided a public statement on the status of a CCP (QCCP or nonqualifying), then banks will treat exposures to this CCP accordingly."

In Canada, the Office of the Superintendent of Financial Institutions (OSFI), which regulates and supervises all banks in Canada, adopted the BCBS definition of a QCCP in its Capital Adequacy Requirements Guideline. OSFI still reserves the right to require banks to hold additional capital against their exposures to such CCPs via Pillar 2 of the BCBS regulatory framework for banks.

The Bank of Canada and provincial securities regulators have the authority to oversee or regulate CCPs in Canada. The relevant authorities have all adopted the CPSS-IOSCO PFMIs as their risk-management standard for CCPs. The Bank of Canada and provincial securities regulators are working in consultation to apply the PFMIs in a consistent manner.

- Under the *Payment Clearing and Settlement Act* (Canada), the Bank of Canada is responsible for the designation and regulatory oversight of clearing and settlement systems, with a view to controlling systemic risk. The objectives of the Bank of Canada in its oversight role are to ensure that designated financial market infrastructures (including CCPs) operate in such a manner that risk is properly controlled and to promote efficiency and stability in the Canadian financial system. The Canadian Derivatives Clearing Service and the CDSX (CDSX provides the CCP service known as Continuous Net Settlement) have been designated as systemically important systems and are prudentially overseen by the Bank of Canada. In 2012, the Bank of Canada adopted the CPSS-IOSCO PFMIs as its risk-management standards for designated financial market infrastructures.

- Under their respective laws and regulations, provincial securities regulators are responsible for protecting investors and ensuring fairness, efficiency and confidence in capital markets. Such provincial regulatory regimes for securities cover a wide range of matters, including the recognition, oversight and prudential supervision of financial market infrastructures that are "clearing agencies" (generally defined to include CCPs). The ASC, AMF, BCSC, MSC and OSC require the CCPs that they recognize to observe the CPSS-IOSCO PFMIs under their respective recognition orders. The terms and conditions of such recognition orders have the force of law over the recognized entities. Moreover, such authorities are developing rules governing clearing agencies, including CCPs, that will be consistent with the CPSS-IOSCO PFMIs, and have publicly indicated that such rules will apply to recognized CCPs on an ongoing basis. Four Canadian-domiciled CCPs have currently been recognized in at least one province: CDS Clearing and Depository Services Inc., the Canadian Derivatives Clearing Corporation, ICE Clear Canada Inc. and the Natural Gas Exchange Inc.

Together, the actions taken by the Bank of Canada and the provincial securities regulators allow the CCPs identified above to meet the definition of a QCCP adopted by the BCBS and OSFI. These QCCPs are licensed to operate as a CCP and are prudentially supervised by a regulator/overseer that has established, and publicly indicated that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the CPSS-IOSCO PFMIs.

The status of a CCP may change. In the event that one of the CCPs listed above no longer qualifies as a QCCP, this notice will be updated accordingly.

Questions

Questions with respect to this Notice may be referred to:

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1.1.2 The Investment Funds Practitioner – July 2014

OSC

THE INVESTMENT FUNDS PRACTITIONER

From the Investment Funds and Structured Products Branch, Ontario Securities Commission

What is the Investment Funds Practitioner?

The Practitioner is an overview of recent issues arising from applications for discretionary relief, prospectuses, and continuous disclosure documents that investment funds file with the OSC. It is intended to assist investment fund managers and their staff or advisors who regularly prepare public disclosure documents and applications for exemptive relief on behalf of investment funds.

The Practitioner is also intended to make you more broadly aware of some of the issues we have raised in connection with our reviews of documents filed with us and how we have resolved them. We hope that fund managers and their advisors will find this information useful and that the Practitioner can serve as a useful resource when preparing applications and disclosure documents.

The information contained in the Practitioner is based on particular factual circumstances. Outcomes may differ as facts change or as regulatory approaches evolve. We will continue to assess each case on its own merits.

The Practitioner has been prepared by staff of the Investment Funds and Structured Products Branch and the views it expresses do not necessarily reflect the views of the Commission or the Canadian Securities Administrators.

Request for Feedback

This is the 12th edition of the Practitioner. Previous editions of the Practitioner are available on the OSC website www.osc.gov.on.ca under *Investment Funds*. We welcome your feedback and any suggestions for topics that you would like us to cover in future editions. Please forward your comments by email to investmentfunds@osc.gov.on.ca.

Announcements

Branch Name Change

Effective May 26, 2014, the name of the Investment Funds Branch was formally changed to the *Investment Funds and Structured Products Branch*.

In the last few years, there has been an increase in structured investment products the OSC primarily oversees which are sold to retail investors. Accordingly, the new name intends to better reflect the expansion of these product offerings in the market and the work of the Branch. The name change is also intended to signal that the OSC intends to treat comparable products sold to retail investors in a consistent way, despite their technical definitions in the *Securities Act* (Ontario).

Topical Reference Guide to the Practitioner

We recently posted to the OSC website a Table of Contents of prior editions of the Practitioner, organized by topic. We expect the table will be a useful and quick reference guide for locating topics discussed in previous editions of the Practitioner.

The Table of Contents will be updated concurrent with the publication of each edition of the Practitioner going forward. The Table of Contents can be found at ***http://www.osc.gov.on.ca/en/InvestmentFunds_topical-reference-guide.htm***

Structured Products

Reference Asset Fee Disclosure

Staff have observed that some pricing supplements for linked notes, whose reference asset is a fund or exchange-traded fund (ETF), do not disclose the fees associated with the ownership of the reference asset.

We remind filers that fees charged by the reference asset reduce its return and therefore the return of the notes (which is normally based on the return of the reference asset). Staff expect that the *Fees and Expenses* section in a pricing supplement will disclose any fees charged by the reference asset that affect the return of the notes. This can be accomplished by disclosing the MER of the reference asset in the *Fees and Expenses* section of the supplement.

Autocall Notes Disclosure

In our reviews of prospectus supplements qualifying the distribution of linked notes, staff are increasingly scrutinizing linked notes that have autocall features (Autocall Notes).

Similar to many other linked notes, an Autocall Note is a note linked to the price return of one or more underlying assets, such as a market index, an investment fund or a basket of securities (the Reference Asset). However, unlike other linked notes, an Autocall Note is automatically called by the issuer of the note if the price level of the Reference Asset, on one or more particular dates, is greater than or equal to a pre-determined level. Therefore, if the Reference Asset performs well, it is likely that the Autocall Note will be called by the issuer.

When an Autocall Note is called, holders of the Autocall Notes generally receive repayment of their original principal investment in the Autocall Notes plus an interest payment, which may increase for each year that the Autocall Notes remained outstanding before being called. In this way, holders of Autocall Notes do not directly benefit from the positive performance of the Reference Asset, but rather receive interest payments if the Reference Asset performs well.

However, if Autocall Notes are not automatically called during their life, then, at maturity, the holder of an Autocall Note receives an amount calculated pursuant to a formula described in the Autocall Note's prospectus. Generally, this return is similar to the return the holder would have received by investing in the Reference Asset directly, with some limited downside protection. In this way, holders of Autocall Notes are exposed to the downside risk of the Reference Asset and they may lose substantially all their investment in the Autocall Note if the Reference Asset loses substantially all of its value.

Therefore, if the autocall feature is triggered, an Autocall Note typically behaves like a fixed income or money market security, in that it repays the principal amount plus interest. On the other hand, if the autocall feature is not triggered, the Autocall Note behaves like an equity security, as the payout at maturity will be based on the performance of the Reference Asset.

As a result of the interest payment, staff are concerned that an Autocall Note could be mistaken for (and sold as) an alternative to fixed income or money market securities, even though the holder of an Autocall Note has downside risk not usually present in fixed income or money market securities.

In order to alert investors and dealers to this issue, staff have begun to request that the front page of Autocall Note prospectus supplements include a textbox disclosing that the Autocall Notes entail downside risk and are not designed to be alternatives to fixed income or money market instruments.

Staff continue to consider this issue and the particular risk features of Autocall Notes and will provide further guidance as needed.

Applications

Representations in Merger Approval Decisions

Staff have observed recent applications which contemplate the merger of funds with significantly different investment objectives. In such applications, staff have required filers to make detailed representations in the decision document with respect to (1) the reason(s) for the merger; (2) the process that the fund manager undertook to choose the continuing fund; and (3) the reason(s) why the merger is in the best interests of securityholders versus alternatives such as terminating the fund. Staff are generally of the view that generic or boiler-plate statements about the reduction of operating expenses, increased diversification and/or a larger profile in the marketplace provide insufficient detail.

Prospectuses

Suspension of Redemptions for Short-Term Trading

Staff recently reviewed certain preliminary simplified prospectuses which disclosed the ability of the fund manager to address short-term trading by 'blocking' the investor's account from further transactions for a certain period of time. The fund managers subsequently confirmed that this would include the suspension of redemptions.

We remind filers that, except in the circumstances contemplated by Part 10.6 of NI 81-102 *Mutual Funds*, a fund manager may not suspend redemptions. While fund managers should be addressing the adverse impacts of short-term trading, staff's general view is that suspension of redemptions is not a mechanism for this purpose.

Default Rate Feature – Direct Payment of Ongoing Dealer Service Fees

Further to staff's continued focus on mutual fund fee structures and dealer compensation models, we have recently become aware of certain investment fund series that have a default rate feature attached to the direct payment by investors of ongoing dealer service fees. Staff have reviewed the disclosure documents of several fund families to evaluate the extent of this practice. While not all funds or fund managers have this practice, staff have seen similar disclosure among those that do.

As reflected in the disclosure, typically the fund manager does not pay trailing commissions for ongoing dealer services out of the management fee for these series. Instead, investors in these series pay their dealers directly and the fund manager facilitates this direct payment by regularly (typically, each quarter) redeeming investor holdings of the series and remitting the proceeds to the dealer.

In terms of the amount of the fee, the disclosure for these series typically provides that, in the absence of receiving instructions from the dealer as to the rate of the fee within a stated range (for example, 0 to 1.5% of average net asset value per security), the fund manager will apply a stated default rate, which may be as much as the maximum rate of the stated range (in our example, 1.5%).

We understand that fund managers may have introduced the default rate feature to help optimize the administrative efficiency of dealer back offices and assist dealers who may wish to transition from the embedded fee (i.e. trailing commission) model to a direct payment model of paying ongoing dealer service fees.

While we generally do not take issue with fund managers facilitating direct payment arrangements, and would expect that a maximum rate be disclosed where the fund manager facilitates such payments, staff are of the view that no such payment should be made pursuant to the application of a default rate. We further consider that disclosure related to the direct payment arrangement should be made in the "Fees and Expenses" section of a simplified prospectus in the table under "Fees and Expenses Payable Directly by You" rather than only in the "Dealer Compensation" section, as is often currently the case.

In staff's view, the default rate feature is inconsistent with a critical attribute of the direct payment series, namely the negotiation of the service fee, which is intended to provide investors with heightened transparency and a clear expectation of the services to be rendered in exchange for the negotiated fee. While the default rate feature may contribute to administrative efficiency, it may have the unintended consequence of replacing the negotiation of the service fee. Staff's view is that the default rate feature blurs the lines between the attributes of the direct payment series and the embedded fee (trailing commission) series and is potentially misleading for investors.

We have consulted with staff in the OSC's Compliance and Registrant Regulation Branch, who further note that ongoing dealer fees of this kind are "operating charges" that dealers must disclose to their clients under the provisions of Part 14 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

We have indicated to filers our expectation that new funds not have a default rate feature. Going forward, we anticipate that on the reviews of renewal prospectuses, we will be asking fund managers for enhanced disclosure on these facilitated, direct payment arrangements, and in instances where a default rate feature exists, for the fund manager to tell us what would be a reasonable transition period needed to remove the application of any default rate.

We continue to review and monitor developments on mutual fund fee structures and dealer compensation models and will provide further guidance as needed. Issuers and their counsel are encouraged to contact staff in the planning stage of any structure that may give rise to questions concerning this issue.

Continuous Disclosure

IFRS Implementation

Investment funds, subject to National Instrument 81-106 *Investment Fund Continuous Disclosure*, are required to adopt International Financial Reporting Standards (IFRS) for financial years beginning on or after January 1, 2014. The first IFRS financial statements required to be filed will be the interim financial statements for the period ended June 30, 2014, which are due by August 29, 2014. Staff will be conducting a continuous disclosure review of the first IFRS financial statements. In addition to looking for IFRS compliance, we will be asking preparers general questions, such as how they have dealt with certain IFRS implementation issues, and for justification of accounting treatments under IFRS, such as how they have classified the investment fund's portfolio assets into the four categories of financial instruments.

Review of High Management Expense Ratios

Recently, staff completed a review of investment funds with high management expense ratios (MERs). In selecting our sample, we focussed on investment funds domiciled in Ontario, excluding labour sponsored investment funds due to their different fee

structure. We sent letters to seven fund managers, asking questions relating to 11 of their investment funds which, in aggregate, had a net asset value (NAV) of $43.2 million.

Approximately half of the investment funds in our sample were selected because they disclosed MERs in excess of 5%. In our comment letters, we asked the fund managers of these funds to explain the nature and appropriateness of expenses charged to their funds. The average NAV for funds in this category was $3.4 million. These fund managers consistently commented that most fund expenses are fixed and the small size of the investment funds contributed to high MERs. The fund managers are planning to make their funds grow by focussing on marketing and distribution channels going forward, in an effort to increase the fund size and reduce MER. While fixed expenses are higher in proportion to the NAV of new funds, if such funds are not able to demonstrate that they are viable after a reasonable period of time, we would expect fund managers to consider all options available to them in order to improve performance, increase fund size, manage fund costs, achieve efficiencies of scale and, ultimately, reduce MER.

For the other half of our sample, fund managers had absorbed a significant level of expenses in order to present MERs after absorptions consistent with the industry average. We asked the fund managers whether this level of absorption was sustainable and what their plan was to reduce MERs in the future. Consistently, we heard that funds in this category were new funds and each fund manager intended to absorb expenses until their NAV grew to a size associated with an MER that investors would feel is reasonable. While waiving fund expenses is within the rights of fund managers, a pattern of absorbing expenses for many years may set investor expectations. Fund managers should make sure that those expectations are managed appropriately so that investors understand that waivers or absorptions could cease in the future, potentially resulting in a higher MER.

Process Matters

Materiality Thresholds for Repayments to Investors

On occasion, a fund manager has miscalculated and overpaid fees from a fund's assets due to error and then proposes to make repayments to investors. In certain instances, fund managers have proposed to make repayment to affected investors only where the repayment amount exceeds a materiality threshold of $50 per investor. These fund managers have submitted that the costs of mailing and the administrative burden of tracking down affected investors are significant if the materiality threshold is set below $50, such that the actual cost to the fund manager of making those investors whole exceeds the amounts owed to them. Some fund managers have pointed staff to The Investment Funds Institute of Canada (IFIC) Bulletin 22 *Correcting Portfolio NAV Errors*, last updated in December 2009, as support for a $50 threshold.

Staff note that Bulletin 22 has been removed from IFIC's public website and caution fund managers against placing too much reliance on that policy as it may be outdated. Fund managers should use their judgement in determining whether a $50 threshold is appropriate in their particular situation and be mindful of their statutory duty as fund manager when selecting a materiality threshold. In staff's view, that duty requires that fund managers have the obligation to make full repayment to investors. We continue to consider whether use of a threshold is appropriate in any circumstance and whether it is appropriate not to fully repay any overpaid amounts to investors.

Review Process Upon Clearing for Final Filing

Staff typically update the SEDAR project status "clear for final" to signal that we have generally completed our review of a preliminary or pro forma prospectus or prospectus amendment. Staff will often request a cumulative blackline before we "clear for final". Staff may agree to "clear for final" on the understanding that while we have generally completed our review, there may be certain non-substantive changes left to be reviewed on final filing.

On occasion, filers have asked staff to "clear for final" even though the filer expected to make further substantive changes to the prospectus. We remind filers that no substantive changes should be made to the prospectus after the SEDAR project status is "clear for final". In extraordinary circumstances where substantive changes are necessary, these changes must be highlighted to staff for review and possible comment.

1.2 Notices of Hearing

1.2.1 Kris Sundell – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
KRIS SUNDELL

NOTICE OF HEARING
(Subsections 127(1) and 127(10))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on August 18, 2014 at 10:00 a.m.;

TO CONSIDER whether, pursuant to paragraph 5 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Kris Sundell ("Sundell") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Sundell cease until February 20, 2019; and

    b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Sundell cease until February 20, 2019.

2. 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 of the Commission dated July 21, 2014 and by reason of a Settlement Agreement and Undertaking between Sundell and the Alberta Securities Commission dated February 20, 2014, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on August 18, 2014 at 10:00 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4095 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding.

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

"Josée Turcotte"
Acting 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
KRIS SUNDELL

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. On February 20, 2014, Kris Sundell ("Sundell") entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission ("ASC") (the "Settlement Agreement").

2. Pursuant to the Settlement Agreement, Sundell agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The conduct for which Sundell was sanctioned took place between January 1, 2011 and June 30, 2011 (the "Material Time").

5. During the Material Time, Sundell was a resident of Calgary, Alberta. Sundell, a former investment advisor, admitted to engaging in a course of conduct during the Material Time related to securities of Teras Resources Inc. ("Teras") that he knew or reasonably ought to have known resulted in a false and misleading appearance of trading activity in, and an artificial price for, Teras securities.

II. THE ASC PROCEEDINGS

Agreed Facts

6. In the Settlement Agreement, Sundell agreed with the following facts:

Parties

a. Sundell is a 38 year old resident of Calgary, Alberta. From approximately 2001 to 2006, he was employed as an investment advisor at a national investment broker with offices in Calgary. It was during this period that he first met a fellow employee and investment advisor named Peter Leger ("Leger").

b. In September 2008, Sundell incorporated Strategic Capital International Inc. ("Strategic"). He was its sole director, shareholder, and representative. Sundell described Strategic as being involved in market expansion and financings.

Circumstances

c. In 2009, Sundell and Leger ran into one another, and they had discussions concerning a possible business relationship. In March 2010, a consulting agreement was entered into between Strategic and Teras. At all material times, Leger was the president and CEO of Teras, a publically traded company. Pursuant to the agreement, Strategic was to start an "awareness" campaign, to increase public interest in Teras through telephone calls and emails.

d. From 2009 to early 2011, Sundell, through Strategic, assisted Teras with private placements, receiving finder's fees and, in some cases, shares, warrants or options for Teras shares. Strategic also received consulting fees from Teras.

e. During this period, Sundell opened a self-directed trading account for Strategic with Scotia Capital Inc. (respectively, "Account" and "Scotia"). Sundell had sole trading authority and executed all orders in the Account.

f. From January 1, 2011, to June 30, 2011 ("Period"), Sundell traded shares of Teras in the Account. The Account only ever held and traded Teras shares. Details of the trading in the Account during the Period included the following:

i. On 17 days, the Account both purchased and sold shares on the same day. On these days, most of the sales were executed prior to the purchases, and at sale prices lower than the subsequent purchase price;

ii. 58,500 Teras shares were purchased, accounting for less than one percent of all purchases during the Period;

iii. 97 buy trades were made, 96 of which were of one or two board lots (respectively, 500 or 1000 shares – the smallest block of shares that could be purchased in a transaction);

iv. 60 of the 97 buys were upticks (that is, at a price higher than the previous trade), representing 24% of all upticks in the shares traded during the Period;

v. 54 of the 60 upticks were purchases of a single board lot (500 shares);

vi. 19 of the 60 upticks were also high closes (i.e., the last tick setting trade, made on an uptick, and executed during the last half hour of the trading day);

vii. The 19 high closes represented 61.3% of the total high close trades during the Period;

viii. 11 of the 19 high closes were the only trades in the Account that day;

ix. All of the high close trades were actively pursued – each buy order was entered at the best ask price at the time and resulted in immediate execution; and

x. Numerous of the high closes were made with less than two minutes left in the trading day.

g. Sundell received some direction from Leger with respect to Sundell's trading in Teras shares in the Account. On occasion, Leger would call Sundell late in the trading day and tell him it would be great for the Teras stock to close high that day, or words to that effect. Sundell also made high close trades without direction, believing that was expected of him by Leger, and wanting to protect his investment in Teras.

h. In early May 2011, Scotia contacted Sundell with concerns that he had engaged in high closes in the Account. He was informed of Uniform Market Integrity Rule 2 (2.2) and asked to modify his trading. Following two more high closes on May 26 and 27, 2011, Sundell was asked to exit Scotia.

i. In June 2011, Scotia sent a "Gatekeeper Report" concerning Sundell's trading to the Investment Industry Regulatory Organization of Canada. On June 30, 2011, Sundell made arrangements to close the Account and move the Teras shares to another brokerage.

Breaches

j. Sundell admits he breached subsections 93(a)(i) and (a)(ii) of the Alberta *Securities Act*, R.S.A. 2000, c. S-4 by engaging in a course of conduct relating to Teras securities that he knew or reasonably ought to have known resulted in a false and misleading appearance of trading activity and in an artificial price. He also admits that his trading activity in the Account was conduct contrary to the public interest.

The Settlement Agreement and Undertakings

7. Pursuant to the Settlement Agreement, Sundell agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta:

a. Sundell pay to the ASC the amount of $40,000 in settlement;

b. Sundell pay to the ASC the amount of $5,000 towards investigation and legal costs; and

c. Sundell cease trading in or purchasing securities for a period of five years.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

8. In the Settlement Agreement, Sundell agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

9. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

10. Staff allege that it is in the public interest to make an order against Sundell.

11. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

12. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*.

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

1.2.2 Lucy Marie Pariak-Lukic – ss. 8, 21.7

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

AND

IN THE MATTER OF
LUCY MARIE PARIAK-LUKIC

AND

IN THE MATTER OF
DECISIONS OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY ORGANIZATION OF CANADA
DATED JANUARY 2, 2014 and MARCH 6, 2014

NOTICE OF HEARING
(Sections 8 and 21.7 of the Securities Act)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing (the "Hearing") pursuant to sections 8 and 21.7 of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended, at the offices of the Commission, at 20 Queen Street West, 17th Floor, Toronto, Ontario, M5H 3S8, commencing on Thursday, January 15, 2015 at 10:00 a.m. or as soon thereafter as the Hearing can be held;

TO CONSIDER a request from the Investment Industry Regulatory Organization of Canada ("IIROC") for a Hearing and Review of the decision on the merits of the Hearing Panel of IIROC dated January 2, 2014 (*In the Matter of Lucy Marie Pariak-Lukic*, 2014 IIROC 01) and the decision on sanctions of the Hearing Panel of IIROC dated March 6, 2014 (*In the Matter of Lucy Marie Pariak-Lukic*, 2014 IIROC 11).

DATED at Toronto this 16th day of July, 2014.

"Josée Turcotte"
Acting Secretary to the Commission

1.2.3 Patrick Myles Lough et al. – ss. 127(1), 127(10)

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

AND

IN THE MATTER OF
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON
and WAYNE THOMAS ARNOLD BARNES

NOTICE OF HEARING
(Subsections 127(1) and 127(10))

TAKE NOTICE THAT the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to subsections 127(1) and 127(10) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), at the offices of the Commission, 20 Queen Street West, 17th Floor, commencing on August 18, 2014 at 10:15 a.m.;

TO CONSIDER whether, pursuant to paragraph 5 of subsection 127(10) of the Act, it is in the public interest for the Commission to make an order:

1. against Patrick Myles Lough ("Lough") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Lough cease until January 31, 2018, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse, and his children, and (b) trades or acts in furtherance of trades in securities of Mountain Shores Land Ventures Ltd. ("MSLV"), made solely for the purpose of completing the Dorchester Resort project referred to in the Settlement Agreement and Undertaking between Lough and the Alberta Securities Commission ("ASC") dated January 31, 2014;

    b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Lough cease until January 31, 2018, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse, and his children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort project referred to in the Settlement Agreement and Undertaking between Lough and the ASC dated January 31, 2014;

    c. pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities laws do not apply to Lough until January 31, 2018;

    d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Lough resign any positions that he holds as director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project; and

    e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Lough be prohibited until January 31, 2018 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project;

2. against Lynda Dawn Davidson ("Davidson") that:

    a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Davidson cease until January 31, 2017, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of herself, her spouse, and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort project referred to in the Settlement Agreement and Undertaking between Davidson and the ASC dated January 31, 2014; and

    b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Davidson cease until January 31, 2017, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more

of herself, her spouse, and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort project referred to in the Settlement Agreement and Undertaking between Davidson and the ASC dated January 31, 2014;

c. pursuant to paragraph 3 of subsection 127(1) of the Act, except in respect of securities of MSLV, any exemptions contained in Ontario securities laws do not apply to Davidson until January 31, 2017;

d. pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act, Davidson resign any positions that she holds as director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project; and

e. pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act, Davidson be prohibited until January 31, 2017 from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project;

3. against Wayne Thomas Arnold Barnes ("Barnes") that:

a. pursuant to paragraph 2 of subsection 127(1) of the Act, trading in any securities by Barnes cease until January 31, 2018, except for trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse, and his children;

b. pursuant to paragraph 2.1 of subsection 127(1) of the Act, acquisition of any securities by Barnes cease until January 31, 2018, except for trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse, and his children; and

c. pursuant to paragraph 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities laws to not apply to Barnes until January 31, 2018.

4. 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 of the Commission dated July 24, 2014 and by reason of a Settlement Agreement and Undertaking between Lough, Davidson and Barnes and the ASC dated January 31, 2014, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that at the hearing on August 18, 2014 at 10:15 a.m., Staff will bring an application to proceed with the matter by written hearing, in accordance with Rule 11 of the Ontario Securities Commission *Rules of Procedure* (2014), 37 OSCB 4095 and section 5.1 of the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22, as amended, and any party to the proceeding may make submissions in respect of the application to proceed by written hearing;

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, the hearing may proceed in the absence of the party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 25th day of July, 2014.

"Josée Turcotte"
Acting 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
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON,
and WAYNE THOMAS ARNOLD BARNES

STATEMENT OF ALLEGATIONS
OF STAFF OF THE ONTARIO SECURITIES COMMISSION

Staff of the Ontario Securities Commission ("Staff") allege:

I. OVERVIEW

1. On January 31, 2014, Patrick Myles Lough ("Lough"), Lynda Dawn Davidson ("Davidson") and Wayne Thomas Arnold Barnes ("Barnes") (collectively, the "Respondents") entered into a Settlement Agreement and Undertaking with the Alberta Securities Commission ("ASC") (the "Settlement Agreement").

2. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

3. Staff are seeking an inter-jurisdictional enforcement order reciprocating the Settlement Agreement, pursuant to paragraph 5 of subsection 127(10) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act").

4. The conduct for which the Respondents were sanctioned took place between February and September 2011 (the "Material Time").

5. During the Material Time, the Respondents raised approximately $2.9 million from 23 investors in connection with a proposed real estate development near Pigeon Lake, Alberta without filing a prospectus or exempt distribution reports with the ASC as required under Alberta securities laws. In the Settlement Agreement, the Respondents admitted to illegal distribution of Mountain Shores Land Ventures Ltd. ("MSLV") shares and to making false or misleading statements to potential investors.

6. MSLV was also a respondent in the ASC proceedings and a party to the Settlement Agreement. Pursuant to the Settlement Agreement, MSLV undertook to correct misinformation previously provided to investors and to offer investors an optional refund of their investment, and agreed that any future capital raising activity of MSLV in Alberta will be conducted under the advice and guidance of a lawyer with knowledge of Alberta securities laws and exempt financing.

II. THE ASC PROCEEDINGS

Admitted Facts

7. In the Settlement Agreement, the Respondents admitted the following:

Parties

a. MSLV is a private corporation, incorporated in July 2008 in British Columbia, and extra-provincially registered in Alberta on March 3, 2011.

b. Lough is a resident of Boswell, British Columbia. At the Material Time, Lough was the primary executive officer, a director, and the majority owner of MSLV.

c. Davidson is a resident of Saskatoon, Saskatchewan, and Lough's sister. At the Material Time, Davidson was an officer, a director, and an owner of MSLV.

d. Barnes is a resident of Kimberley, British Columbia. At the Material Time, Barnes was the Director of Sales & Marketing of MSLV.

Circumstances

e. In late 2010, MSLV negotiated the purchase of property near Pigeon Lake, Alberta, known as the Dorchester Ranch RV and Golf Resort ("Dorchester Resort"), intending to develop some of the land surrounding the existing golf course into permanent RV lots.

f. In January 2011, to acquire the Dorchester Resort, MSLV entered agreements to purchase two pieces of land for $5 million.

g. Between February and September 2011, the Respondents distributed securities of MSLV, raising approximately $2.9 million from 23 investors, including 18 from Alberta.

h. No prospectus, offering memorandum, or exempt distribution reports were filed with the ASC's Executive Director in respect of any securities of MSLV.

i. The distributions of securities of MSLV were made in reliance on the "accredited investor" and "family, friends, and business associates" exemptions contained in National Instrument 45-106, but a number of investors failed to meet the relevant exemption criteria.

j. Barnes failed to take adequate steps to ensure that he and the other salespersons understood the criteria of the exemptions relied upon, and failed to take adequate steps to ensure that investors understood and met the criteria at the time of their investment. Lough and Davidson, as the only directors and officers of MSLV, failed to adequately oversee Barnes and the investment program.

k. In soliciting investors in MSLV, the Respondents made statements to potential investors that they knew or ought reasonably to have known were materially misleading or untrue, as follows:

    i. MSLV and its "partners" had completed "a City subdivision, a golf course design and subdivision development, and several lake marina and lot developments," its "partners" possessed "over 50+ combined years of project development and management experience," its "partners" had been "very successful" with recent projects and had "invested millions personally into previous projects." In fact, MSLV had no partners in the Dorchester Resort project, and MSLV was not itself involved in any previous development projects. Also, Lough and Davidson's combined experience in completed developments was limited to Lough's involvement in the completion of one previous project, and neither of them invested personal funds into the Dorchester Resort project.

    ii. MSLV selected the project after performing an "extensive review" into the project's viability, and there was "a huge need in the area for cabin and RV lots offered at a lower price point …" and "demand for permanent RV sites in Alberta." In fact, the project was primarily selected based on a review of design plans for the area of a previous developer, which did not involve RV lots, and without an extensive review into the project's viability.

    iii. "Detailed [d]esign for the first phase of the development has been completed and [is] in approval stage." In fact, at the time, MSLV had not yet submitted its application to the relevant municipal authority to commence the process of review and consideration of the company's development plans.

    iv. The project "would provide an investor with an expected return greater than standard market investments …," providing value "with minimal risk." In fact, the expected return for the project was unknown (and was not, in any event, compared to undefined "standard market investments"), and there was, and continues to be, substantial risk associated with the development project.

    v. Investors would receive ownership of 1% of the golf course and land, and investors would also receive 1% net profit. In fact, these were not separate benefits of investment, as presented, as the net profits were to be derived from the sale of the golf course and land.

    vi. Investors would be able to sell their own RV lot "immediately" or "upon registration of the project prospectus." In fact, this was inaccurate, as investors would not own their lot until completion of the subdivision and the issuance of separate titles.

    vii. Upon completion of the development, investors would "have the option to sell [their] share(s) or stay in the company for future projects and receive dividends." In fact, such an option was highly

uncertain, as MSLV could not promise to repurchase the shares and there was no liquid market for the securities.

viii. The "profit margin" of the development project would be $23,860,000 or more. In fact, the estimate failed to account for and disclose significant known costs associated with the project (including certain required infrastructure, monthly management fees, repayment of investor capital, lots provided as payment in land purchase, and the costs of necessary third-party financing).

l. In describing the project and anticipated profits, the Respondents failed to disclose to investors that there was a risk, which ultimately materialized, that the municipal authority responsible for providing development approvals would require, as a condition of approval, that MSLV either pave approximately 3 miles of roadway (in addition to the development's internal roadways), at an approximate cost of $3 million, or to post security equal to 120% of the paving cost.

m. The Respondents also represented that investors would "have their initial investment returned," before any net profit percentages would be paid.

n. The above statements were, in a material respect and at the time and in light of the circumstances in which they were made, misleading or untrue, or failed to state a fact required to be stated or necessary to make the statement not misleading, a reality that the Respondents knew or ought reasonably to have known.

Admitted Breaches of Alberta Securities Laws

o. The Respondents admitted that they breached the Alberta *Securities Act*, R.S.A. 2000, c. S-4 (the "AB Act") as follows:

i. MSLV and Barnes breached Section 110 of the AB Act, by distributing securities without having filed a prospectus with the ASC's Executive Director and without an applicable prospectus exemption, and Lough and Davidson permitted such illegal distributions; and

ii. MSLV, Lough, Davidson, and Barnes breached Section 92(4.1) of the AB Act, by making statements that each knew or reasonably ought to have known were materially misleading or untrue (including by factual omission) and would reasonably be expected to have a significant effect on the market price or value of a security.

p. The Respondents admit their conduct was contrary to the public interest.

The Settlement Agreement and Undertakings

8. Pursuant to the Settlement Agreement, the Respondents each agreed to certain undertakings and to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta:

a. Lough:

i. Lough pay to the ASC, on execution of the Settlement Agreement, the amount of $40,000 in settlement of all allegations against him, and an additional $5,000 in respect of investigation costs; and;

ii. for a period of 4 years from the date of the Settlement Agreement:

1. Lough refrain from trading in or purchasing securities or exchange contracts, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse, and his children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort project referred to in the Settlement Agreement;

2. Lough refrain from using any of the prospectus and registration exemptions contained in Alberta securities laws, except in respect of securities of MSLV; and

3. Lough refrain from becoming or acting as either a director or an officer of any issuer, registrant, or investment fund manager, and to immediately resign any such positions he

holds – except that he may act as a director and officer of MSLV in connection with the Dorchester Resort development project.

b. Davidson:

i. Davidson pay to the ASC, on execution of the Settlement Agreement, the amount of $30,000 in settlement of all allegations against her, and an additional $5,000 in respect of investigation costs; and

ii. for a period of 3 years from the date of the Settlement Agreement:

1. Davidson refrain from trading in or purchasing securities or exchange contracts, except for (a) trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of herself, her spouse, and her children, and (b) trades or acts in furtherance of trades in securities of MSLV, made solely for the purpose of completing the Dorchester Resort project referred to in the Settlement Agreement;

2. Davidson refrain from using any of the prospectus and registration exemptions contained in Alberta securities laws, except in respect of securities of MSLV; and

3. Davidson refrain from becoming or acting as either a director or an officer of any issuer, registrant, or investment fund manager, and to immediately resign any such positions she holds – except that she may act as a director and officer of MSLV in connection with the Dorchester Resort development project.

c. Barnes:

i. Barnes pay to the ASC, on execution of the Settlement Agreement, the amount of $30,000 in settlement of all allegations against him, and an additional $5,000 in respect of investigation costs; and

ii. for a period of 4 years from the date of the Settlement Agreement:

1. Barnes refrain from trading in or purchasing securities or exchange contracts, except for trades made in a personal brokerage account, a registered retirement savings plan, a tax-free savings account, or a registered education savings plan, for the benefit of one or more of himself, his spouse, and his children; and

2. Barnes refrain from using any of the prospectus and registration exemptions contained in Alberta securities laws.

III. JURISDICTION OF THE ONTARIO SECURITIES COMMISSION

9. In the Settlement Agreement, the Respondents agreed to be made subject to sanctions, conditions, restrictions or requirements within the province of Alberta.

10. Pursuant to paragraph 5 of subsection 127(10) of the Act, an agreement with a securities regulatory authority, derivatives regulatory authority or financial regulatory authority, in any jurisdiction, to be made subject to sanctions, conditions, restrictions or requirements on the person or company may form the basis for an order in the public interest made under subsection 127(1) of the Act.

11. Staff allege that it is in the public interest to make an order against the Respondents.

12. Staff reserve the right to amend these allegations and to make such further and other allegations as Staff deem fit and the Commission may permit.

13. Staff request that this application be heard by way of a written hearing pursuant to Rules 2.6 and 11 of the Ontario Securities Commission *Rules of Procedure*.

DATED at Toronto, this 24th day of July, 2014.

1.4 Notices from the Office of the Secretary

1.4.1 Kris Sundell

FOR IMMEDIATE RELEASE
July 24, 2014

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

AND

IN THE MATTER OF
KRIS SUNDELL

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the *Act* on July 21, 2014 setting the matter down to be heard on August 18, 2014 at 10:00 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated July 21, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated July 21, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

For media inquiries:
media_inquiries@osc.gov.on.ca

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416-593-8307

For investor inquiries:

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

1.4.2 Lucy Marie Pariak-Lukic – ss. 8, 21.7

FOR IMMEDIATE RELEASE
July 24, 2014

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

AND

IN THE MATTER OF
LUCY MARIE PARIAK-LUKIC

AND

IN THE MATTER OF
DECISIONS OF A HEARING PANEL OF
THE INVESTMENT INDUSTRY REGULATORY
ORGANIZATION OF CANADA
DATED JANUARY 2, 2014 and MARCH 6, 2014

TORONTO – On July 16, 2014, the Commission issued a Notice of Hearing pursuant to sections 8 and 21.7 of the Ontario *Securities Act* to consider a request from the Investment Industry Regulatory Organization of Canada for a Hearing and Review. The hearing will be held on January 15, 2015 at 10:00 a.m.

A copy of the Notice of Hearing dated July 16, 2014 and the Application dated April 9, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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1-877-785-1555 (Toll Free)

1.4.3 Patrick Myles Lough

FOR IMMEDIATE RELEASE
July 29, 2014

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

AND

IN THE MATTER OF
PATRICK MYLES LOUGH, LYNDA DAWN DAVIDSON
and WAYNE THOMAS ARNOLD BARNES

TORONTO – The Office of the Secretary issued a Notice of Hearing pursuant to subsections 127(1) and 127(10) of the Act on July 25, 2014 setting the matter down to be heard on August 18, 2014 at 10:15 a.m. or as soon thereafter as the hearing can be held in the above named matter. The hearing will be held at the offices of the Commission, 20 Queen Street West, 17th Floor, Toronto.

A copy of the Notice of Hearing dated July 25, 2014 and Statement of Allegations of Staff of the Ontario Securities Commission dated July 24, 2014 are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOSÉE TURCOTTE
ACTING SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RBC Global Asset Management Inc. and the Top Funds

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Relief granted from subsection 2.1(1) and paragraphs 2.2(1)(a), 2.5(2)(a), 2.5(2)(e) and 2.5(2)(f) of NI 81-102 to allow certain conventional open-end mutual funds and ETFs to invest without restriction in ETFs under common management or managed by an affiliate, and to allow the top funds to pay brokerage commissions for the purchase and sale of the securities of the underlying ETFs – Relief needed because underlying ETFs are mutual funds that do not file a simplified prospectus under NI 81-101 and are not index participation units eligible for exemptions under the rule – Underlying ETFs are subject to NI 81-102, are not commodity pools under NI 81-104, and do not rely on any exemptive relief from the restrictions regarding the purchase of physical commodities, the use of derivatives and the use of leverage – Top funds to apply "look-through" requirement in subsections 2.1(3) and (4) to each investment in securities of an Underlying ETF.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 2.1(1), 2.2(1)(a), 2.5(2)(a), 2.5(2)(e), 2.5(2)(f).

July 21, 2014

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

AND

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

AND

IN THE MATTER OF
RBC GLOBAL ASSET MANAGEMENT INC.
(the Filer)

AND

IN THE MATTER OF
THE TOP FUNDS
(as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the **Legislation**) granting an exemption to the existing mutual funds listed at Schedule "A" (the **Existing Top Funds**) and such mutual funds that may be managed by the Filer or its affiliates in the future (the **Future Top Funds**, and together with the Existing Top Funds, the **Top Funds** and individually, a **Top Fund**) that are subject to National Instrument 81-102 – *Mutual Funds* (**NI 81-102**) from the following prohibitions in NI 81-102 (the **Exemption Sought**):

(a) subsection 2.1(1) of NI 81-102 (the **Concentration Restriction**), to permit each Top Fund to purchase a security of an Underlying ETF (as defined below) or enter into a specified derivatives transaction with respect

to an Underlying ETF even though, immediately after the transaction, more than 10 percent of the net asset value of the Top Fund would be invested, directly or indirectly, in the securities of the Underlying ETF;

(b) paragraph 2.2(1)(a) of NI 81-102 to permit each Top Fund to purchase securities of an Underlying ETF such that, after the purchase, the Top Fund would hold securities representing more than 10 percent of:

(i) the votes attaching to the outstanding voting securities of the Underlying ETF; or

(ii) the outstanding equity securities of the Underlying ETF;

(c) paragraph 2.5(2)(a) of NI 81-102, to permit each Top Fund to invest in exchange traded mutual funds that are not subject to 81-101 – *Mutual Fund Prospectus Disclosure* (**NI 81-101**);

(d) paragraphs 2.5(2)(e) and 2.5(2)(f) of NI 81-102, to permit each Top Fund to pay brokerage commissions in relation to its purchase and sale on a recognized exchange of exchange traded mutual funds that are managed by the Filer or an affiliate of the Filer.

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

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

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

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

The Filer

1. The Filer is a corporation formed by amalgamation pursuant to articles of amalgamation dated November 1, 2010 under the federal laws of Canada. The head office of the Filer is located in Toronto, Ontario.

2. The Filer or an affiliate of the Filer acts or will act as the investment fund manager of the Top Funds.

3. None of the Filer, the existing Top Funds or the Existing Underlying ETFs (as defined below), is in default of any of its obligations under the securities legislation of any of the provinces and territories of Canada.

The Top Funds

4. The Top Funds are, or will be, open-ended mutual funds organized and governed by the laws of a jurisdiction of Canada.

5. The Top Funds are, or will be, governed by the provisions of NI 81-102, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities.

6. Each Top Fund distributes, or will distribute, securities pursuant to a simplified prospectus prepared pursuant to National Instrument 81-101 *Investment Fund Distributions* (**NI 81-101**) and Form NI 81-101F1 *Contents of Simplified Prospectus* or a long form prospectus prepared pursuant to National Instrument 41-101 *General Prospectus Requirements* (NI 41-101) and Form 41-101F2 *Information Required in an Investment Fund Prospectus* (**Form 41-101F2**).

7. The Top Funds are, or will be, reporting issuers in the provinces and territories of Canada in which their securities are distributed.

8. Each Top Fund wishes to have the ability to invest up to 100% of its net asset value in the exchange traded mutual funds whose units are not index participation units (the **Existing Underlying ETFs**) listed in Schedule "B" and other exchange traded mutual funds that may be established and managed by the Filer or an affiliate of the Filer in the future

(the **Future Underlying ETFs** and, together with the Existing Underlying ETFs, the **Underlying ETFs** or individually, an **Underlying ETF**).

9. Each investment by a Top Fund in securities of an Underlying ETF will be made in accordance with the fundamental investment objectives of the Top Fund and will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Top Fund.

10. The Top Funds do not, and will not, sell short securities of any Underlying ETF.

11. Each Top Fund is not, and will not be, a commodity pool governed by National Instrument 81-104 *Commodity Pools* (**NI 81-104**).

12. No Top Fund has, or will have, a net market exposure greater than 100% of its net asset value.

The Underlying ETFs

13. The Filer, or an affiliate of the Filer acts, or will act, as the investment fund manager of each Underlying ETF.

14. Each Underlying ETF is, or will be:

    (a) an open-ended mutual fund, subject to NI 81-102 and NI 41-101, subject to any exemptions therefrom that have been, or may in the future be, granted by the securities regulatory authorities;

    (b) a reporting issuer in the provinces and territories of Canada in which its securities are distributed; and

    (c) listed on the Toronto Stock Exchange (the **TSX**) or another "recognized exchange" in Canada as that term is defined in securities legislation.

15. Each Underlying ETF distributes, or will distribute, its securities pursuant to a long form prospectus prepared pursuant to Form 41-101F2.

16. Each Underlying ETF does not or will not, at the time securities of that Underlying ETF are acquired by a Top Fund, hold more than 10 percent of its net asset value in securities of any other mutual fund other than the securities of a money market fund or a mutual fund that issues index participation units.

17. The Underlying ETFs do not or will not issue "index participation units" as defined in NI 81-102.

18. Each Underlying ETF does not, or will not, pay management or incentive fees which to a reasonable person would duplicate a fee payable by the Top Fund for the same service.

19. If the investment fund manager of a Top Fund (the **Top Fund Manager**) determines that the management fees and incentive fees payable by an Underlying ETF to its investment fund manager (the **Underlying ETF Manager**) would duplicate a fee payable by the Top Fund for the same service, the Underlying ETF Manager will pay a management fee rebate to the Top Fund that will not exceed the management fee payable by the Top Fund to the Top Fund Manager in respect of the Top Fund's investment in the Underlying ETF.

20. Holders of securities of an Underlying ETF may:

    (a) sell securities of the Underlying ETF on the TSX or another recognized exchange in Canada on which the securities are listed for trading;

    (b) redeem securities of the Underlying ETF in any number for cash at a redemption price equal to 95% of the net asset value of the security of the Underlying ETF on the effective day of redemption; or

    (c) exchange a prescribed number of securities (e.g., units) (a **PNU**) of the Underlying ETF for cash and/or securities equal to the net asset value of each security of the Underlying ETF tendered for exchange.

21. Each Underlying ETF is not, or will not be, a commodity pool governed by NI 81-104.

22. No Underlying ETF has, or will have, a net market exposure greater than 100% of its net asset value.

23. The Existing Underlying ETFs primarily achieve, and any Future Underlying ETFs will primarily achieve, their investment objectives through direct holdings of cash and securities and, in some circumstances, through investment in

specified derivatives for hedging and non-hedging purposes, in accordance with their investment objectives and strategies and the requirements of NI 81-102.

24. All brokerage costs related to trades in securities of an Underlying ETF by a Top Fund will be borne by the Top Funds in the same manner as any other portfolio transaction made on an exchange.

25. Each Top Fund is, or will be, subject to National Instrument 81-107 *Independent Review Committee for Investment Funds* (**NI 81-107**) including in respect of conflicts of interest matters arising from trades in securities of an Underlying ETF.

26. If a Top Fund makes a trade in securities of an Underlying ETF with or through an affiliate or associate of the Filer acting as dealer, the Filer will comply with its obligations under NI 81-107 *Independent Review Committee for Investment Funds* in respect of any proposed related party transactions. All such related party transactions will be disclosed to securityholders of the applicable Top Fund in its management report of fund performance.

Reasons for the Exemption Sought

27. An investment in an Underlying ETF by a Top Fund is an efficient and cost effective alternative to administering one or more investment strategies directly.

28. Absent the Exemption Sought, an investment by a Top Fund in an Underlying ETF would be restricted by the concentration restriction in subsection 2.1(1) of NI 81-102 to no more than 10% of the net asset value of the Top Fund. Due to the potential size disparity between the various Top Funds and the Underlying ETFs, it is possible that a relatively small investment, on a percentage of net asset value basis, by a relatively large Top Fund in a relatively small Underlying ETF could result in that Top Fund holding securities representing more than 10% of (i) the votes attaching to the outstanding voting security of an Underlying ETF, or (ii) the outstanding equity securities of that Underlying ETF, contrary to the control restriction in paragraph 2.2(1)(a) of NI 81-102.

29. Absent the Exemption Sought, an investment by a Top Fund in securities of an Underlying ETF would be prohibited by paragraph 2.5(2)(a) of NI 81-102 solely because the Underlying ETF is not governed by NI 81-101.

30. Absent the Exemption Sought, an investment by a Top Fund in securities of an Underlying ETF would not qualify for the exemptions in

    (a) paragraph 2.1(2)(d) of NI 81-102 from paragraph 2.1(1) of NI 81-102;

    (b) paragraph 2.2(1.1)(b) of NI 81-102 from paragraph 2.2(1)(a) of NI-81-102; and

    (c) subsection 2.5(3) of NI 81-102 from paragraph 2.5(2)(a) of NI 81-102;

    because the securities of the Underlying ETF would not be index participation units.

31. The only material difference between the securities of an Underlying ETF and the securities of any other mutual fund governed by NI 81-102 is the method of distribution. If the Exemption Sought is granted, the Top Funds will be permitted to purchase securities of a mutual fund that is listed on the TSX or another recognized exchange in Canada in the same manner that they are permitted to invest in securities of a mutual fund that is not listed on such an exchange.

32. It is anticipated that many of the trades conducted by a Top Fund will not be of the size necessary for the Top Fund to be eligible to purchase or redeem a PNU of an Underlying ETF directly from or to the Underlying ETF, as applicable. As a result, it is anticipated that many of the trades in securities of an Underlying ETF by a Top Fund will be conducted in the secondary market through the TSX or another recognized exchange in Canada.

33. Absent the Exemption Sought, when a Top Fund buys or sells securities of an Underlying ETF on the TSX or another recognized exchange in Canada, paragraphs 2.5(2)(e) and 2.5(2)(f) of NI 81-102 would not permit the Top Fund to pay any brokerage fees incurred in connection such a trade.

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) a Top Fund does not short sell securities of an Underlying ETF;

(b) the Underlying ETF does not rely on exemptive relief from:

(i) the requirements of section 2.3 of NI 81-102 regarding the purchase of physical commodities;

(ii) the requirements of sections 2.7 and 2.8 of NI 81-102 regarding the purchase, sale or use of specified derivatives; or

(iii) subsections 2.6(a) or 2.6(b) of NI 81-102 with respect to the use of leverage.

(c) each Top Fund and each Underlying ETF is not a commodity pool governed by NI 81-104 and neither the Top Funds nor the Underlying ETFs will use leverage;

(d) in connection with the relief from subsection 2.1(1) under this decision allowing a Top Fund to invest more than 10% of its net asset value in the securities of an Underlying ETF, the Top Fund shall, for each investment it makes in securities of an Underlying ETF, apply subsections 2.1(3) and 2.1(4) of NI 81-102 as if those provisions applied to a Top Fund's investments in securities of an Underlying ETF, and accordingly limit a Top Fund's indirect holdings in securities of an issuer held by one or more Underlying ETFs to no more than 10% of the Top Fund's net asset value;

(e) the relief from paragraphs 2.5(2)(e) and 2.5(2)(f) will only apply to the brokerage fees incurred for the purchase and sale of securities of Underlying ETFs by the Top Funds; and

(f) the prospectus of each Top Fund that relies on the relief discloses, or will disclose the next time it is renewed after the date of this decision, the fact that the Top Funds have obtained the Exemption Sought to permit the relevant transactions on the terms described in this decision.

"Raymond Chan"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

SCHEDULE "A"

EXISTING TOP FUNDS

RBC Funds
RBC Private Pools
RBC Corporate Class Funds
RBC ETFs
RBC Institutional Cash Funds
PH&N Funds
PH&N Pension Trusts

SCHEDULE "B"

EXISTING UNDERLYING ETFs

RBC Quant Canadian Dividend Leaders ETF
RBC Quant U.S. Dividend Leaders ETF
RBC Quant EAFE Dividend Leaders ETF

2.1.2 Safran S.A.

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Application for relief from the prospectus and dealer registration requirements for certain trades made in connection with an employee share offering of a French issuer by a selling shareholder – The offering involves the use of collective employee shareholding vehicles, each a fonds communs de placement d'entreprise (FCPE) – The Filer cannot rely on the employee prospectus exemption in section 2.24 of National Instrument 45-106 Prospectus and Registration Exemptions and the management company cannot rely on the plan administrator exemption in section 8.16 of National Instrument 31-103 Registration Requirements and Exemptions as the shares are not being offered to Canadian employees directly by the issuer but through the FCPEs – Canadian employees will receive disclosure documents – The FCPEs are subject to the supervision of the French Autorité des marchés financiers – Relief granted, subject to conditions.

Applicable Legislative Provisions

Securities Act (Ontario), ss. 25, 53, 74.
National Instrument 31-103 Registration Requirements and Exemptions, s. 8.16.
National Instrument 45-102 Resale of Securities, s. 2.14.
National Instrument 45-106 Prospectus and Registration Exemptions, s. 2.24.

July 25, 2014

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

AND

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

AND

IN THE MATTER OF
SAFRAN S.A.
(the "Filer")

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the "**Legislation**") for

1. an exemption from the prospectus requirements of the Legislation (the "**Prospectus Relief**") so that such requirements do not apply to

   (a) trades in:

      (i) units (the "**2 Year Principal Classic Units**") of an FCPE named "*Safran Ouverture*" FCPE (the "**2 Year Principal Classic FCPE**"), which is a *fonds commun de placement d'entreprise* or "**FCPE**," a form of collective shareholding vehicle commonly used in France for the conservation of shares held by employee-investors;

      (ii) units (together with the 2 Year Principal Classic Units, the "**2 Year Units**") of a temporary FCPE named "*Relais Safran Ouverture 2014*" FCPE (the "**2 Year Temporary Classic FCPE**"), which will merge with the 2 Year Principal Classic FCPE following the Employee Share Offering (as defined below) as further described in paragraph 16 of the Representations;

(iii) units (the "**5 Year Principal Classic Units**") of the "Safran International Classic" compartment of an FCPE named "*Safran International*" FCPE (the "**5 Year Principal Classic FCPE**" and together with the 2 Year Principal Classic FCPE, the "**Principal Classic FCPEs**" and each a "**Principal Classic FCPE**"), which is an FCPE; and

(iv) units (together with the 5 Year Principal Classic Units and the 2 Year Units, the "**Units**") of a temporary FCPE named "*Relais Safran International 2014*" FCPE (the "**5 Year Temporary Classic FCPE**" and together with the 2 Year Temporary Classic FCPE, the "**Temporary Classic FCPEs**" and each a "**Temporary Classic FCPE**"), which will merge with the 5 Year Principal Classic FCPE following the Employee Share Offering (as defined below) as further described in paragraph 17 of the Representations;

made pursuant to the Employee Share Offering (as defined below) to or with Qualifying Employees (as defined below) resident in the Jurisdiction and in the Provinces of British Columbia, Alberta, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, the "**Canadian Employees**," and Canadian Employees who subscribe for Units, the "**Canadian Participants**"); and

(b) trades of ordinary shares of the Filer (the "**Shares**") by the Principal Classic FCPEs and/or the Temporary Classic FCPEs to or with Canadian Participants upon the redemption of Units thereof as requested by Canadian Participants;

2. an exemption from the dealer registration requirements of the Legislation (the "**Registration Relief**") so that such requirements do not apply to the Safran Group (as defined below and which, for clarity, includes the Filer, and the Local Affiliates (as defined below)), the Selling Shareholder (as defined below), the Temporary Classic FCPEs, the Principal Classic FCPEs and Natixis Asset Management (the "**Management Company**") in respect of:

(a) trades in Units made pursuant to the Employee Share Offering to or with Canadian Employees; and

(b) trades in Shares by the Temporary Classic FCPEs and/or the Principal Classic FCPEs to or with Canadian Participants upon the redemption of Units as requested by Canadian Participants.

(the Prospectus Relief and the Registration Relief, collectively, the "**Offering Relief**")

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport application),

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* ("**MI 11-102**") is intended to be relied upon in British Columbia, Alberta, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador.

Interpretation

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

Representations

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

1. The Filer is a corporation formed under the laws of France. The head office of the Filer is located in France and the Shares are listed on NYSE Euronext Paris. The Filer is not in default under the Legislation or under the securities legislation of any other jurisdiction of Canada. It is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of any other jurisdiction of Canada.

2. The Filer carries on business through certain affiliated companies that employ Canadian Employees, including Messier-Dowty Inc., Turbomeca Canada Inc., Safran Electronics Canada, SEngS Services Canada Ltd., Morpho Canada Inc., Comnetix Inc. and Morpho Detection Inc. (collectively, the "**Local Affiliates**," together with the Filer and other affiliates of the Filer, the "**Safran Group**"). The greatest number of employees of Local Affiliates is employed in Ontario.

3. Each of the Local Affiliates is a direct or indirect-controlled subsidiary of the Filer and is not, and has no current intention of becoming, a reporting issuer under the Legislation or under the securities legislation of any other

jurisdiction of Canada. None of the Local Affiliates is in default under the Legislation or the securities legislation of any other jurisdiction of Canada.

4. The Republic of France (the "**Selling Shareholder**") is currently the largest shareholder of the Filer and owns or controls, directly or indirectly, approximately 22% of the Shares and approximately 25% of the voting rights. The Selling Shareholder is not and has no current intention of becoming a reporting issuer (or equivalent) under the Legislation.

5. In March 2013, the Selling Shareholder sold approximately 14.4 million Shares in an institutional offering to institutional investors at a price of €34.50 per Share and in November 2013, the Selling Shareholder sold approximately 21.6 million Shares in an institutional offering to institutional investors at a price of €46.30 per Share (collectively, the "**Safran Institutional Transaction**"). This sale of Shares by the Selling Shareholder through the Safran Institutional Transaction is considered a disposal which obliges the Selling Shareholder to make an offering of Shares to Qualifying Employees (as defined below) implemented in accordance with a French ministerial order enacted under French privatization law.

6. As of July 21, 2014 and after giving effect to the Employee Share Offering (as defined below), Canadian residents do not and will not beneficially own (which term, for the purposes of this paragraph, is deemed to include all Shares held by the Principal Classic FCPEs and the Temporary Classic FCPEs on behalf of Canadian Participants) more than 10% of the Shares and do not and will not represent in number more than 10% of the total number of holders of the Shares as shown on the books of the Filer.

7. The Filer has established a global employee offering of Shares by the Selling Shareholder to employees of the Safran Group (the "**Employee Share Offering**"). The Employee Share Offering involves an offering of Shares to be subscribed through the respective Principal Classic FCPEs via the respective Temporary Classic FCPEs (as further described in paragraphs 16 and 17) (the "**Classic Plan**").

8. Only persons who are employees of a member of the Safran Group during the subscription period for the Employee Share Offering and who meet other employment criteria (the "**Qualifying Employees**") will be allowed to participate in the Employee Share Offering.

9. The Temporary Classic FCPEs have been established for the purpose of implementing the Employee Share Offering. The Principal Classic FCPEs have been established for the purpose of implementing employee share offerings of the Filer. There is no current intention for any of the Principal Classic FCPEs or the Temporary Classic FCPEs to become a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada.

10. Each of the Temporary Classic FCPEs and the Principal Classic FCPEs is an FCPE which is a shareholding vehicle of a type commonly used in France for the conservation or custodianship of shares held by employee-investors. The Principal Classic FCPEs and the Temporary Classic FCPEs have been registered with the French Autorité des marchés financiers (the "**French AMF**").

11. The Classic Plan includes two options, which we will refer to as the "2 Year Offer" and the "5 Year Offer". Canadian Participants may subscribe under either or both of these options.

12. All Units acquired in the Employee Share Offering by Canadian Participants will be subject to a hold period of several years (the "**Lock-Up Period**"). Units subscribed for under the 2 Year Offer are subject to a Lock-Up Period of approximately two years. Units subscribed for under the 5 Year Offer are subject to a Lock-Up Period of approximately five years, subject to certain exceptions (only applicable after a period of two years) provided for in the Safran Sharing 2014 Share Offering and prescribed by French law and adopted under the 5 Year Offer in Canada (such as a release on death or termination of employment).

13. Under the 2 Year Offer, Canadian Participants will subscribe for Units in the 2 Year Temporary Classic FCPE, and the 2 Year Temporary Classic FCPE will then subscribe for Shares on behalf of Canadian Participants using the Canadian Participants' contributions. Under the 5 Year Offer, Canadian Participants will subscribe for Units in the 5 Year Temporary Classic FCPE, and the 5 Year Temporary Classic FCPE will then subscribe for Shares on behalf of Canadian Participants using the Canadian Participants' contributions and the employer contributions from Local Affiliates that employ the Canadian Participants, as described in paragraph 14.

14. The Local Affiliate employing a Canadian Participant will also contribute an additional amount on behalf of such Canadian Participant into the Classic Plan if the Canadian Participant is making a contribution toward the 5 Year Offer. For each contribution that a Canadian Participant makes into the 5 Year Offer up to €1,500, the Local Affiliate employing such Canadian Participant will contribute an additional 20% of such amount into the 5 Year Offer on behalf of such Canadian Participant. For the portion of each contribution that a Canadian Participant makes that is equal to or

greater than €1,500 and up to and including €5,000, the Local Affiliate employing such Canadian Participant will contribute an additional 10% of such amount into the 5 Year Offer on behalf of such Canadian Participant.

15. For clarity, the maximum amount of matching contribution by a Local Affiliate in respect of a Canadian Participant is €650 (i.e., 20% of the first €1,500 contribution in respect of the 5 Year Offer and 10% of the next €3,500 contribution in respect of the 5 Year Offer).

16. Initially, the Shares subscribed for under the 2 Year Offer will be held in the 2 Year Temporary Classic FCPE and the Canadian Participant will receive Units in the 2 Year Temporary Classic FCPE. Following the completion of the Employee Share Offering, the 2 Year Temporary Classic FCPE will be merged with the 2 Year Principal Classic FCPE (subject to the approval of the supervisory board of the FCPEs and the French AMF). Units of the 2 Year Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the 2 Year Principal Classic FCPE on a *pro rata* basis and the Shares subscribed for under the Employee Share Offering will be held in the 2 Year Principal Classic FCPE (the "**2 Year Merger**").

17. Initially, the Shares subscribed for under the 5 Year Offer will be held in the 5 Year Temporary Classic FCPE and the Canadian Participant will receive Units in the 5 Year Temporary Classic FCPE. Following the completion of the Employee Share Offering, the 5 Year Temporary Classic FCPE will be merged with the 5 Year Principal Classic FCPE (subject to the approval of the supervisory board of the FCPEs and the French AMF). Units of the 5 Year Temporary Classic FCPE held by Canadian Participants will be replaced with Units of the 5 Year Principal Classic FCPE on a pro rata basis and the Shares subscribed for under the Employee Share Offering will be held in the 5 Year Principal Classic FCPE (the "**5 Year Merger**" and together with the 2 Year Merger, the "**Mergers**").

18. The term "**Classic FCPEs**" used herein means, prior to the Mergers, the Temporary Classic FCPEs, and following the Mergers, the Principal Classic FCPEs.

19. Under the Classic Plan, at the end of the applicable Lock-Up Period a Canadian Participant may

    (a) request the redemption of Units in the Classic FCPEs in consideration for a cash payment equal to the then market value of the Shares, or

    (b) continue to hold Units in the Classic FCPEs and request the redemption of those Units at a later date in consideration for a cash payment equal to the then market value of the Shares.

    Subject to certain changes in the regulations of the Classic FCPEs which may be made, a Canadian Participant may be permitted to request the redemption of his or her Units in the Classic FCPEs in consideration for the underlying Shares (instead of a cash payment) at or after the end of the Lock-Up Period.

20. In the event of an early unwind resulting from the Canadian Participant exercising one of the exceptions to the Lock-Up Period with respect to the 5 Year Offer and meeting the applicable criteria, a Canadian Participant may request the redemption of Units in the 5 Year Classic FCPE in consideration for a cash payment equal to the then market value of the underlying Shares.

21. Dividends paid on the Shares held in the respective Classic FCPEs will be contributed to the respective Classic FCPEs and used to purchase additional Shares on the NYSE Euronext Paris. To reflect this reinvestment, new Units will be issued with respect to the 5 Year Principal Classic FCPE. With respect to the 2 Year Principal Classic FCPE, the reinvestment will increase the asset base of the Classic FCPEs as well as the value of the Units held by Canadian Participants.

22. The subscription price will be the Canadian dollar equivalent of €41.58, which was a subscription price fixed by a Ministerial Decree dated May 26, 2014. This subscription price of €41.58 has been determined as the weighted average of the two prices at which the Selling Shareholder sold its Shares in 2013 under the Safran Institutional Transaction.

23. Each of the Temporary Classic FCPEs and the Principal Classic FCPEs is an FCPE, which is a limited liability entity under French law. The portfolio of each of the Principal Classic FCPEs and the Temporary Classic FCPEs will consist almost entirely of Shares, but may, from time to time, include cash in respect of dividends paid on the Shares which will be reinvested in Shares and cash or cash equivalents pending investments in Shares and for the purposes of Unit redemptions.

24. The Management Company is a portfolio management company governed by the laws of France. The Management Company is registered with the French AMF to manage investments and complies with the rules of the French AMF. To

the best of the Filer's knowledge, the Management Company is not, and has no current intention of becoming, a reporting issuer under the Legislation or the securities legislation of any other jurisdiction of Canada.

25. The Management Company's portfolio management activities in connection with the Employee Share Offering and the Principal Classic FCPEs and the Temporary Classic FCPEs are limited to subscribing for Shares from the Filer, selling such Shares as necessary in order to fund redemption requests and investing available cash in cash equivalents.

26. The Management Company is also responsible for preparing accounting documents and publishing periodic informational documents as provided by the rules of each of the Principal Classic FCPEs and the Temporary Classic FCPEs. The Management Company's activities do not affect the underlying value of the Shares and the Management Company will not be involved in providing advice to any Canadian Employees with respect to an investment in the Units. To the best of the Filer's knowledge, the Management Company is not in default of the Legislation or the securities legislation of any other jurisdiction of Canada.

27. Shares issued in the Employee Share Offering will be deposited in the Classic FCPEs through CACEIS Bank France (the "**Depositary**"), a large French commercial bank subject to French banking legislation.

28. Under French law, the Depositary must be selected by the Management Company from among a limited number of companies identified on a list maintained by the French Minister of the Economy and Finance and its appointment must be approved by the French AMF. The Depositary carries out orders to purchase, trade and sell securities in the portfolio and takes all necessary action to allow each of the Principal Classic FCPEs and the Temporary Classic FCPEs to exercise the rights relating to the securities held in its respective portfolio.

29. The Unit value of the respective Classic FCPEs will be calculated and reported to the French AMF on a regular basis, based on the net assets of the respective Classic FCPEs divided by the number of Units outstanding. The value of Classic FCPE Units will increase or decrease reflecting the increase or decrease of the value of the underlying Shares on NYSE Euronext Paris.

30. All management charges relating to the respective Classic FCPEs will be paid from the assets of the respective Classic FCPEs or by the Filer, as provided in the regulations of the Classic FCPEs.

31. Participation in the Employee Share Offering is voluntary, and the Canadian Employees will not be induced to participate in the Employee Share Offering by expectation of employment or continued employment.

32. The total amount that may be invested by a Canadian Employee in the Employee Share Offering with respect to the 5 Year Offer within the framework of the Safran International Group Savings Plan in 2014 cannot exceed 25% of his or her estimated gross annual compensation for the 2014 calendar year. In addition, the total amount that may be invested by a Canadian Employee in the Employee Share Offering with respect to the 5 Year Offer and the 2 Year Offer cannot exceed €187,740 (in accordance with the French law governing this Employee Share Offering). Amounts contributed by a Canadian Employee's employer with respect to the 5 Year Offer through the employer matching contribution described in paragraph 14 are not factored into the maximum amount that a Canadian Employee may contribute.

33. None of the Filer, the Selling Shareholder, the Management Company, the Local Affiliates or any of their directors, officers, employees, agents or representatives will provide investment advice to the Canadian Employees with respect to an investment in the Shares or the Units.

34. The Canadian Employees will receive or may request an information package in the French or English language, according to their preference, which will include a summary of the terms of the Employee Share Offering and a description of Canadian income tax consequences of subscribing for and holding Units of the Classic FCPEs and requesting the redemption of such Units at the end of the applicable Lock-Up Period. These documents will be available in both English and French.

35. Canadian Participants will have access to the Filer's French *Document de Référence* filed with the French AMF in respect of the Shares and a copy of the rules of the Temporary Classic FCPEs and the Principal Classic FCPEs. The Canadian Employees will also have access to copies of the continuous disclosure materials relating to the Filer that are furnished to holders of the Shares.

36. Canadian Participants will receive an initial statement of their holdings under the Classic Plan, together with an updated statement at least once per year.

37. There are approximately 1146 Canadian Employees resident in the provinces of Ontario, British Columbia, Alberta, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (with the greatest

number, approximately 769 and 348, resident in Ontario and Quebec, respectively). The Canadian Employees represent, in the aggregate, less than 2% of the number of employees in the Safran Group worldwide.

38. The Units will not be listed on any exchange.

Decision

The principal regulator is satisfied that the test contained in the Legislation that provides the principal regulator with the jurisdiction to make the decision has been met.

The decision of the principal regulator under the Legislation is that the Offering Relief is granted provided that the prospectus requirements of the Legislation will apply to the first trade in any Units or Shares acquired by Canadian Participants pursuant to this decision unless the following conditions are met:

(a) the issuer of the security

(i) was not a reporting issuer in any jurisdiction of Canada at the distribution date, or

(ii) is not a reporting issuer in any jurisdiction of Canada at the date of the trade;

(b) at the distribution date, after giving effect to the issue of the security and any other securities of the same class or series that were issued at the same time as or as part of the same distribution as the security, residents of Canada

(i) did not own, directly or indirectly, more than 10% of the outstanding securities of the class or series, and

(ii) did not represent in number more than 10% of the total number of owners, directly or indirectly, of securities of the class or series; and

(c) the first trade is made

(i) through an exchange, or a market, outside of Canada, or

(ii) to a person or company outside of Canada.

“Mary Condon”
Commissioner
Ontario Securities Commission

“Vern Krishna”
Commissioner
Ontario Securities Commission

2.1.3 DDS Wireless International Inc. – s. 1(10)(a)(ii)

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)(a)(ii).

July 25, 2014

DDS Wireless International Inc.
11920 Forge Place
Richmond, BC, V7A 4V9

Dear Sirs/Mesdames:

Re: DDS Wireless International Inc. (the Applicant) – application for a decision under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia 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 that the Applicant is not a reporting issuer.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of 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.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.4 PNI Digital Media ULC (formerly PNI Digital Media Inc.) – s. 1(10)(a)(ii)

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)(a)(ii).

July 25, 2014

PNI Digital Media ULC
Suite 590, 425 Carrall Street
Vancouver, BC, Canada V6B 6E3

Dear Sirs/Mesdames:

Re: PNI Digital Media ULC (formerly PNI Digital Media Inc.) (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta and Quebec (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.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of 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.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.5 Starlight U.S. Multi-Family (No. 3) Core Fund

Headnote

National Policy 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – National Instrument 51-102 Continuous Disclosure Obligations – Application for relief from requirement in Section 8.4 of NI 51-102 to include financial statement disclosure in a business acquisition report (BAR) – Filer completed the acquisition of the Acquisition Properties – Filer has made every reasonable effort to obtain access to, or copies of, the historical accounting records in respect of the Acquisition Properties necessary to prepare and audit the Acquisition Properties financial statements, but such efforts were unsuccessful in respect of one of the properties, Cinco Ranch. Prospectus dated June 27, 2014 included the Prospectus Financials, which included a financial forecast and independent appraisal for the Acquisition Properties. BAR to be filed will include the Prospectus Financials – financial forecast and independent appraisal will be incorporated by reference into the BAR.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations, s. 8.4.

July 24, 2014

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

AND

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

AND

IN THE MATTER OF
STARLIGHT U.S. MULTI-FAMILY (NO. 3) CORE FUND
(the Filer)

DECISION

Background

The principal regulator in the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdiction of the principal regulator (the **Legislation**) for a decision pursuant to Section 13.1 of National Instrument 51-102 *Continuous Disclosure Obligations* (**NI 51-102**) that the Filer be exempt from the requirement to include the financial statement disclosure prescribed under section 8.4 of NI 51-102 and Item 3 of Form NI 51-102F4 *Business Acquisition Report* relating to financial statement disclosure for significant acquisitions, so that the Filer does not need to include in the business acquisition report (**BAR**) of the Filer relating to the Acquisition Transaction (as defined herein), the financial statements of (a) Cinco Ranch (as defined herein) for the period prior to its acquisition by the Cinco Ranch Vendor (as defined herein) and (b) Allure (as defined herein) and Sunset Ridge (as defined herein) for the period prior to the commencement of their respective operations (the **Exemption Sought**).

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

(a) the Ontario Securities Commission is the principal regulator for this application, and

(b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) is intended to be relied upon in each of British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador (collectively, with Ontario, the **Jurisdictions**).

Interpretation

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

Representations

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

1. The principal, registered and head office of the Filer is located at 1801 - 3300 Bloor Street West, West Tower, Toronto, Ontario, M8X 2X2.

2. The Filer is a limited partnership established on May 1, 2014 under the laws of the Province of Ontario pursuant to a limited partnership agreement dated May 1, 2014, as amended and restated thereafter as of July 4, 2014.

3. The Filer is a reporting issuer, or the equivalent thereof, in each Jurisdiction and, to the best of its knowledge, information and belief, is not in default of any requirement of the Legislation.

4. The limited partnership interests in the Filer are divided into five classes of units (**Units**): class A limited partnership units (**Class A Units**), class C limited partnership units, class D limited partnership units, class F limited partnership units and class U limited partnership units (**Class U Units**). The Filer is authorized to issue an unlimited number of Units of each class. As at the date hereof, there are 5,273,666 Units outstanding.

5. The Class A Units and Class U Units are listed and posted for trading on the TSX Venture

Exchange under the symbols "SUS.A" and "SUS.U" respectively.

6. The Filer was formed for the primary purpose of indirectly acquiring, owning and operating a portfolio of income-producing rental properties in the U.S. multi-family real estate market, including an initial portfolio of interests in three properties (collectively, the **Acquisition Properties**) consisting of (i) a 100% interest in the Residences at Cinco Ranch in Houston, Texas (**Cinco Ranch**); (ii) a 100% interest in The Allure in Cedar Park, Texas (**Allure**); and (iii) a 50% interest in The Villages at Sunset Ridge in Humble, Texas (**Sunset Ridge**).

7. On June 27, 2014, the principal regulator issued a receipt (the **Receipt**) in respect of the final prospectus of the Filer (the **Prospectus**) relating to the initial public offering of the Units (the **IPO**), qualifying for distribution up to US$60 million of Units.

8. The Receipt evidenced the granting by the principal regulator of relief requested relating to financial statement presentation in the Prospectus, exempting the Filer from, among other things, the requirements of National Instrument 41-101 *General Prospectus Requirements* to include historical financial statements in respect of (a) Cinco Ranch for the period prior to its acquisition by the vendor thereof (the **Cinco Ranch Vendor**) on April 19, 2012 and (b) Allure and Sunset Ridge for the period prior to the commencement of their respective operations.

9. On July 9, 2014, the Filer completed its IPO of approximately US$49.62 million of Units, and on July 10, 2014, the Filer completed its indirect acquisition of the Acquisition Properties for an aggregate purchase price of approximately US$90.55 million, satisfied, in part, by way of cash from the proceeds of the IPO (the **Acquisition Transaction**).

10. Prior to the Acquisition Transaction, Cinco Ranch was owned by the Cinco Ranch Vendor, an arm's length third party that acquired the property on April 19, 2012.

11. The Cinco Ranch Vendor does not possess, nor has access to, and is not entitled to obtain access to, financial information in respect of Cinco Ranch for any period prior to its acquisition by the Cinco Ranch Vendor.

12. Starlight Investments Ltd., the promoter of the Filer for the IPO and the manager of the Filer (the **Manager**), has, without success, made (including with the assistance of the Cinco Ranch Vendor) every reasonable effort to obtain access to, or copies of, historical accounting records in respect of Cinco Ranch for the period prior to its acquisition by the Cinco Ranch Vendor. In particular, the entity that sold Cinco Ranch to the Cinco Ranch Vendor has refused to provide such historical accounting records to any of the Cinco Ranch Vendor, the Filer and the Manager.

13. Prior to the Acquisition Transaction, Allure was indirectly acquired from an arm's length third party by the Manager and, pursuant to the Acquisition Transaction, the Filer indirectly acquired Allure from the Manager.

14. Allure commenced operations on April 1, 2013, following completion of the construction of its initial apartment suites.

15. The Manager was not the owner of Allure at its commencement of operations, however, the Manager obtained access to, or copies of, historical accounting records in respect of Allure for the period from its commencement of operations to its acquisition by the Manager.

16. Prior to the Acquisition Transaction, Sunset Ridge was indirectly acquired from an arm's length third party by the Manager and, pursuant to the Acquisition Transaction, the Filer indirectly acquired a 50% interest in Sunset Ridge from the Manager.

17. Sunset Ridge commenced operations on February 1, 2013, following completion of the construction of its initial apartment suites.

18. The Manager was not the owner of Sunset Ridge at its commencement of operations, however, the Manager obtained access to, or copies of, historical accounting records in respect of Sunset Ridge for the period from its commencement of operations to its acquisition by the Manager.

19. The Acquisition Transaction is a "significant acquisition" for purposes of NI 51-102 and the Filer must file a BAR in respect of the Acquisition Transaction.

20. Unless otherwise exempted pursuant to section 13.1 of NI 51-102, the BAR must include or incorporate by reference the financial statements set out in section 8.4 of NI 51-102 relating to the Acquisition Properties (the **BAR Financials**).

21. The Filer will satisfy the requirements in respect of the BAR Financials by including in the BAR the following financial statements (each prepared in accordance with International Financial Reporting Standards (**IFRS**)):

    (a) in respect of Allure: audited carve-out statements of income (loss) and comprehensive income (loss), changes in owner's equity and cash flows for the three-month period ended March 31,

2014 and the period from April 1, 2013 (commencement of operations) to December 31, 2013; audited carve-out statements of financial position as at March 31, 2014 and December 31, 2013 along with unaudited comparative information as at April 1, 2013;

(b) in respect of Cinco Ranch: audited carve-out statements of income (loss) and comprehensive income (loss), changes in owners' equity and cash flows for the three-month period ended March 31, 2014, year ended December 31, 2013 and the period from April 19, 2012 (date of acquisition by the Cinco Ranch Vendor) to December 31, 2012 along with unaudited comparative information for the three-month period ended March 31, 2013; audited carve-out statements of financial position as at March 31, 2014, December 31, 2013, December 31, 2012 and April 19, 2012;

(c) in respect of Sunset Ridge: audited carve-out statements of income (loss) and comprehensive income (loss), changes in owner's equity and cash flows for the three-month period ended March 31, 2014 and the period from February 1, 2013 (commencement of operations) to December 31, 2013 along with unaudited comparative information for the three-month period ended March 31, 2013; audited carve-out statements of financial position as at March 31, 2014 and, December 31, 2013 along with unaudited comparative information as at February 1, 2013; and

(d) an unaudited *pro forma* condensed consolidated statement of financial position of the Filer as at March 31, 2014 (giving effect to the IPO including the acquisition of the Acquisition Properties by the Filer as if such events occurred on March 31, 2014); unaudited *pro forma* condensed consolidated statements of income (loss) and comprehensive income (loss) for the three-month period ended March 31, 2014 and the year ended December 31, 2013 (in each case giving effect to the IPO including the acquisition of the Acquisition Properties by the Filer as if such events occurred on January 1, 2013); together with accompanying notes, in each case prepared in accordance with IFRS;

(collectively, the **Prospectus Financials**).

22. The Filer will also incorporate by reference into the BAR, from the Prospectus:

(a) the financial forecast for each of the quarters ended September 30, 2014, December 31, 2014, March 31, 2015 and June 30, 2015 and for the 12-month period ended June 30, 2015, which includes information on all of the Acquisition Properties and is accompanied by a signed auditor's report with respect to the examination of the forecast made by the Filer's auditors (collectively, the **Financial Forecast**); and

(b) the descriptions of the appraisals completed by a third party appraiser for each of the Acquisition Properties (collectively, the **Appraisals Description**), a copy of each of which such appraisals is available under the Filer's profile on the SEDAR website at www.sedar.com.

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 with respect to the BAR provided that the Filer includes the Prospectus Financials in the BAR in respect of the Acquisition Transaction, and incorporates by reference into the BAR the Financial Forecast and the Appraisals Description.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.1.6 Marquest Asset Management Inc.

Headnote

NP 11-203 Process for Exemptive Relief Applications in Multiple Jurisdictions – Approval of mutual fund reorganization – Approval required because mergers do not meet the criteria for pre-approval – Funds have differing investment objectives and fees, and mergers conducted on a taxable basis – Securityholders provided with timely and adequate disclosure regarding the mergers.

Applicable Legislative Provisions

National Instrument 81-102 Mutual Funds, ss. 5.5(1)(b), 5.6(1)(a), 5.6(1)(b).

July 25, 2014

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

AND

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

AND

IN THE MATTER OF
MARQUEST ASSET MANAGEMENT INC.
(Marquest)

AND

IN THE MATTER OF
THE MERGING FUNDS (as hereinafter defined)

AND

IN THE MATTER OF
THE CONTINUING FUNDS (as defined below)

DECISION

Background

The principal regulator in the Jurisdiction has received an application (the **Application**) from Marquest, the manager of the funds discussed below (Marquest together with the funds discussed below are hereinafter referred to as the **Filers**) for a decision under the securities legislation of the Jurisdiction (the **Legislation**) for approval of the mergers (**Merger Approval**) pursuant to subsection 5.5(1)(b) of National Instrument 81-102 – *Mutual Funds* (**NI 81-102**).

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 (the **Principal Regulator**); and

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

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.

The following terms shall have the following meanings:

Circular	refers to the notice of meeting, management information circular and form of proxy of the Funds dated June 9, 2014 and mailed to securityholders of the Merging Funds on or about June 16, 2014 and which was filed on SEDAR
Continuing Trust Fund	refers to Marquest Tax Deferred Income Fund (proposed to be renamed Marquest Global Balanced Fund)
Continuing Corporate Fund	refers to Marquest Monthly Pay Fund (Corporate Class)
Corporate Funds	refers to Marquest Canadian Balanced Fund (Corporate Class), Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class), Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class) and Marquest Monthly Pay Fund (Corporate Class)
Fund Corporation	refers to Marquest Corporate Class Funds Ltd.
Funds	collectively refers to the Trust Funds and the Corporate Funds
IRC	refers to the independent review committee of a Fund or Funds
Marquest AIF	refers to the Funds' annual information dated July 9, 2013, as amended by amendment no. 1 dated November 11, 2013 and amendment no. 2 dated April 16, 2014
Marquest SP	refers to the Funds' simplified prospectus dated July 9, 2013, as amended by amendment no. 1 dated November 11, 2013 and amendment no. 2 dated April 16, 2014
Merger Effective Date	refers to July 9, 2014 or such later date as may be determined by Marquest
Merging Corporate Funds	refers to Marquest Canadian Balanced Fund (Corporate Class), Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class), Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class)
Merging Funds	refers to, collectively, the Merging Corporate Funds and the Merging Trust Funds
Merging Trust Funds	refers to Marquest International Income Balanced Fund and Marquest International Balanced Fund
OBCA	refers to the *Business Corporations Act* (Ontario)
Mergers	refers collectively to the mergers of the Funds
Reorganization	refers the initiative by Marquest to make its product offerings smaller and simpler and involves proposed changes to the investment objectives of funds, fund mergers and redemption of fund series
Tax Act	refers to the *Income Tax Act* (Canada)
Trust Funds	refers to Marquest International Income Balanced Fund, Marquest International Balanced Fund, and Marquest Tax Deferred Income Fund (proposed to be renamed Marquest Global Balanced Fund)
Trust Pool	refers to Marquest Tax Deferred Income Trust Pool

Representations

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

The Filers

1. The head office of each of the Filers is located in Toronto, Ontario. The Filers are not in default of securities legislation in any jurisdiction of Canada.

2. The Fund Corporation is a multi-class mutual fund corporation incorporated under the laws of the Province of Ontario. The Fund Corporation offers the Corporate Funds.

3. Each of the Trust Funds is an open-ended mutual fund trust established under the laws of the Province of Ontario by declaration of trust pursuant to which Marquest is the trustee.

4. Marquest is the manager and trustee of each of the Trust Funds and the manager of each of the Corporate Funds.

5. Each of the Trust Funds and Corporate Funds is a reporting issuer under the applicable securities legislation in each jurisdiction in Canada.

MERGING FUND	CONTINUING FUND
Proposed Corporate Fund Mergers	
Marquest Canadian Balanced Fund (Corporate Class)	Marquest Monthly Pay Fund (Corporate Class)
Marquest Dow Jones Canada High Dividend 50 Fund (Corporate Class)	Marquest Monthly Pay Fund (Corporate Class)
Marquest S&P/TSX Canadian Dividend Aristocrats Fund (Corporate Class)	Marquest Monthly Pay Fund (Corporate Class)
Proposed Trust Fund Mergers	
Marquest International Income Balanced Fund	Marquest Tax Deferred Income Fund
Marquest International Balanced Fund	Marquest Tax Deferred Income Fund

6. Marquest will be responsible for the costs associated with the Mergers and any other costs associated with the special meeting matters.

7. There will be no sales charges payable in connection with the acquisition by a Continuing Fund of the investment portfolio of the corresponding Merging Fund.

8. As required by National Instrument 81-107 – *Independent Review Committee for Investment Funds*, Marquest has referred the proposed Mergers to the IRC of the Funds as a conflict of interest matter. The IRC has reviewed the proposed Mergers and the process to be followed in connection with the proposed Mergers and, after due consideration and reasonable inquiry, concluded that the proposed Mergers achieve a fair and reasonable result for each of the securityholders of the Merging Funds.

9. The relevant notices of the meetings and Circular have been mailed to securityholders of the Merging Funds and filed on SEDAR in accordance with applicable securities legislation.

10. Each of the Merging Funds will be wound up as soon as possible following completion of the Proposed Mergers.

The Proposed Corporate Fund Mergers

11. The Filers propose to effect the Proposed Corporate Fund Mergers on or about the Merger Effective Date.

12. Shareholders of the Merging Corporate Funds will continue to have the right to redeem securities of the Merging Corporate Funds at any time up to the close of business immediately before the Merger Effective Date.

13. Certain shareholders of the Continuing Corporate Fund will be given dissent rights in connection with the Reorganization in accordance with the provisions of the OBCA.

Proposed Trust Fund Mergers

14. Marquest is proposing that there be mergers of the Merging Trust Funds with the Continuing Trust Fund.

15. Unitholders of each Merging Trust Fund will continue to have the right to redeem securities of the Merging Trust Funds at any time up to the close of business immediately before the Merger Effective Date.

Reasons for Merger Approval

16. The Filers require Merger Approval in connection with one or more Proposed Mergers and cannot rely on section 5.6(1) of NI 81-102 for the following reasons:

    (a) the investment objectives of the Merging Funds with its corresponding Continuing Fund are not substantially similar;

    (b) the Proposed Trust Fund Mergers are not tax deferred mergers;

(c) the Merging Funds do not have the same fees as the relevant Continuing Funds; and

(d) the materials sent to securityholders of the Merging Funds did not include a copy of the current simplified prospectus or the most recently filed fund facts document of the Continuing Funds. A preliminary and pro forma prospectus and annual information form with related fund facts for each of the Continuing Funds were filed on SEDAR on June 9, 2014.

(e) The Circular contains a summary of the information that the Filer has deemed to be material and which includes the proposed changes to the investment objectives and exchanges of units of shares classes of the relevant Continuing Funds so that securityholders of the Merging Funds may consider this information before voting on the proposed Mergers.

(f) The Circular also indicates that securityholders can obtain the most recently filed annual information form, fund facts documents, financial statements and management reports of fund performance of the Funds from Marquest or through SEDAR at no cost.

Trust Fund Mergers

17. Since its acquisition of the Funds in September 2013, Marquest has, subsequent to the resignation of the sub-adviser that specializes in managing funds of exchange traded funds, served as the manager of the Merging Trust Funds. Marquest has determined that its focus is primarily on funds that engage in active stock selection and does not have an alternative sub-adviser for the style of mandate employed by the Merging Trust Funds.

18. Although the method of implementation of the investment objectives of the Merging Trust Funds is not the same and the investment objective may not be substantially similar to the Continuing Trust Fund, they are nevertheless complementary.

19. The Continuing Trust Fund has material capital losses that will be preserved if the Trust Fund Mergers are completed on a taxable basis. As a result, it is in the best interest of unitholders to complete the Proposed Trust Fund Mergers on a taxable basis in order to preserve material loss carry forwards currently available to the Merging Trust Funds.

Corporate Fund Mergers

20. Since its acquisition of the Funds in September 2013, Marquest has served as the manager of the Merging Corporate Funds. Marquest does not otherwise offer passive index tracking mutual funds other than the Merging Corporate Funds and does not intend to offer passive mutual funds at this time. After due consideration of possible merger scenarios, Marquest has determined that, although there are differences between the investment objectives of the Merging Corporate Funds and the Continuing Corporate Fund, the Continuing Corporate Fund represents the most appropriate merger alternative of the mutual funds currently managed by Marquest.

21. The Merger of the Merging Corporate Funds into the Continuing Corporate Fund will be implemented on a tax-deferred rollover basis such that the Merger will not involve a disposition of assets for tax purposes.

Common Benefits of the Mergers

22. Marquest believes that the Mergers will be beneficial to securityholders of each Fund for the following reasons:

(a) it is expected that each Proposed Merger will reduce duplication and redundancy between the Funds, thereby increasing operational efficiencies;

(b) following the Proposed Mergers, each Continuing Fund will have more assets, thereby allowing for increased portfolio diversification opportunities;

(c) Since its acquisition of the Funds in September 2013, Marquest has voluntarily waived, absorbed or paid certain of the expenses of the Merging Funds. Marquest has determined that it is no longer willing to absorb these expenses for the Merging Funds. As such, the corresponding operating expenses as a percentage of the net asset values of the Merging Fund would increase commensurately to a level that would become it is becoming uneconomical to securityholders from an expense perspective to continue to operate the Merging Funds. As a result of the Mergers, investors will have the opportunity to continue their investment in a Continuing Fund in order to have the expenses spread out across a larger pool of assets; and

(d) each Continuing Fund will benefit from its larger profile in the marketplace.

23. Marquest submits that the investors will not be prejudiced in connection with the Proposed Mergers as:

    (a) the Circular sent to securityholders in connection with a Proposed Merger provided sufficient information about the Proposed Merger to permit securityholders to make an informed decision about the Proposed Merger including the tax implications of the Proposed Merger, the differences between the Merging Fund and the Continuing Fund and the Funds' IRC's recommendation that the Mergers achieve a fair and reasonable result for the applicable Funds;

    (b) the Circular sent to securityholders prominently disclosed the various ways in which securityholders can obtain the most recently filed annual information form, fund facts documents, financial statements and management reports of fund performance of the Funds;

    (c) each applicable Continuing Fund and Merging Fund with respect to a Proposed Merger have an unqualified audit report in respect of their last completed financial period; and

    (d) securityholders of the Merging Funds shall be required to approve the Proposed Mergers at duly constituted meetings of securityholders prior to the implementation thereof.

24. Except as noted above, Marquest believes that each Proposed Merger satisfies all of the criteria for pre-approved reorganizations and transfers set forth in section 5.6(1) of NI 81-102.

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 Merger Approval is granted.

"Raymond Chan"
Manager, Investment Funds and Structured Products
Ontario Securities Commission

2.1.7 McGraw-Hill Ryerson Limited – s. 1(10)(a)(ii)

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)(a)(ii).

29 July, 2014

McGraw-Hill Ryerson Limited
300 Water Street
Whitby, ON L1N 9B6

Dear Sirs/Mesdames:

Re: McGraw-Hill Ryerson Limited (the Applicant) – application for a decision under the securities legislation of Ontario, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick and Prince Edward Island (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.

In this decision, "securityholder" means, for a security, the beneficial owner of the security.

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 securityholders in each of the jurisdictions of Canada and fewer than 51 securityholders in total worldwide;

(b) no securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

(c) the Applicant is applying for a decision that it is not a reporting issuer in all of the jurisdictions of 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.

"Sonny Randhawa"
Manager, Corporate Finance
Ontario Securities Commission

2.2 Orders

2.2.1 Poseidon Concepts Corp. and the Estate of V Marion Taylor – s. 144(1)

Headnote

Section 144(1) – Application to vary a cease trade order – cease trade order varied to permit individual beneficial shareholders, who are not insiders or control persons, to sell securities outside of Canada, subject to conditions.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127, 144.

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

AND

IN THE MATTER OF
POSEIDON CONCEPTS CORP. AND
THE ESTATE OF V MARION TAYLOR
(THE "ESTATE")

ORDER
(Section 144(1) of the Act)

WHEREAS the securities of Poseidon Concepts Corp. ("**Poseidon**") are subject to a temporary cease trade order issued by the Director on February 26, 2013 pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, as extended by a further cease trade order issued by the Director on March 11, 2013 pursuant to paragraph 2 of subsection 127(1) of the Act (the "**Cease Trade Order**"), directing that all trading in securities of the Issuer, whether direct or indirect, cease until further order by the Director;

AND WHEREAS the Commission varied the Cease Trade Order on March 19, 2013;

A**ND WHEREAS** the Commission varied the Cease Trade Order on January 21, 2014;

AND WHEREAS the executors for the Estate (the "**Executors**") have made an application to the Commission pursuant to section 144(1) of the Act to vary the Cease Trade Order;

AND WHEREAS the Executors have represented to the Commission that:

1. A cease trade order with respect to the securities of Poseidon was also issued by the Alberta Securities Commission on February 14, 2013.

2. On April 9, 2013, Poseidon and its affiliates obtained an initial order from the Alberta Court of Queen's Bench providing creditor protection under the *Companies' Creditors Arrangement Act* (Canada).

3. To the best of the Executors' knowledge, Poseidon sold all of its assets on or about June 25, 2013.

4. Poseidon's securities are not listed on and do not trade on any exchange in Canada.

5. Poseidon's securities are not subject to cease trade orders in jurisdictions outside of Canada. As of July 21, 2014, Poseidon was trading its shares on the OTC Markets Group.

6. The Estate owns 2,100 common shares of Poseidon, all of which were purchased by V Marion Taylor on April 26, 2012, when Poseidon's common shares were trading on the Toronto Stock Exchange.

7. Neither the Estate, the Executors nor V Marion Taylor are insiders or control persons of Poseidon, nor have they been employed by or in any way affiliated with Poseidon.

8. The Executors are seeking a variation of the Cease Trade Order under section 144(1) of the Act permitting the Estate to dispose of the Subject Shares outside of Canada.

AND UPON the Commission being satisfied that:

a) the terms and conditions to the Cease Trade Order put the Estate in disadvantage to non-Canadian shareholders who are free to trade their shares on the OTC Markets Group; and

b) it is not prejudicial to the public interest to vary the Cease Trade Order under section 144(1) of the Act;

IT IS ORDERED that, pursuant to section 144(1) of the Act, the Cease Trade Order be varied by including the following section:

Despite this order, the Estate of V Marion Taylor, who is not, and was not at the date of this order, an insider or control person of Poseidon Concepts Corp., may sell securities of Poseidon Concepts Corp. acquired before the date of this order, if:

1. the sale is made through the OTC Markets Group; and

2. the sale is made through an investment dealer registered in Ontario.

DATED this 22nd day of July, 2014.

"Kathryn Daniels"
Deputy Director, Corporate Finance Branch
Ontario Securities Commission

2.2.2 McVicar Industries Inc. – s. 1(6) of the OBCA

Headnote

Filer deemed to have ceased to be offering its securities to the public under the OBCA.

Applicable Legislative Provisions

Business Corporations Act, R.S.O. 1990, c. B.16, as am., s. 1(6).

IN THE MATTER OF
THE BUSINESS CORPORATIONS ACT (ONTARIO),
R.S.O. 1990, c. B.16, AS AMENDED (the OBCA)

AND

IN THE MATTER OF
MCVICAR INDUSTRIES INC.
(the Applicant)

ORDER
(Subsection 1(6) of the OBCA)

UPON the application of the Applicant to the Ontario Securities Commission (the **Commission**) for an order pursuant to subsection 1(6) of the OBCA to be deemed to have ceased to be offering its securities to the public.

AND UPON the Applicant representing to the Commission that:

1. The Applicant is a corporation constituted under the laws of Ontario by the amalgamation (the **Amalgamation**) on April 30, 2014 of McVicar Industries Inc. (**MCV**), a corporation formerly listed on the TSX Venture Exchange (**TSXV**) and an "offering corporation" as defined in the OBCA, and 1909734 Ontario Limited (1909734), a non-offering corporation and a wholly-owned subsidiary of G C Consulting & Investment Corp. (**GCCI**). The Applicant has an authorized capital consisting of an unlimited number of common shares (the **Common Shares**) and an unlimited number of redeemable preference shares (**Preference Shares**);

2. The registered and head office of Applicant is located at Unit 25, 11 Progress Avenue, Toronto, Ontario M1P 4S7;

3. On January 31, 2014 MCV, GCCI and 1909734, a wholly-owned subsidiary of GCCI, entered into a merger agreement which provided the terms and conditions of the Amalgamation and the procedure for the review and approval of same by a special committee of independent directors of MCV and by shareholders of MCV by special resolution;

4. Prior to entering into such merger agreement, GCCI and related parties to GCCI held or

exercised control or direction over 6,261,182 common shares of MCV (the **Insider Shares**) or approximately 21.75% of the issued and outstanding common shares of MCV (the **MCV Shares**);

5. On April 29, 2014, the Amalgamation was approved by a special resolution of the shareholders of MCV at a special meeting of shareholders duly called for such purpose by 15,611,894 votes or approximately 96.9% of the 16,118,880 votes cast at the meeting (9,350,712 or approximately 94.9% excluding votes attaching to the Insider Shares). A total of 506,986 votes were cast against the special resolution;

6. The Amalgamation became effective on April 30, 2014 by the filing of articles of amalgamation with the Ministry of Government Services Ontario;

7. Pursuant to the Amalgamation:

   a. all of the outstanding MCV Shares other than the Insider Shares and shares held by persons who exercised their dissent rights under section 185 of the OBCA were exchanged for Preference Shares;

   b. all of the Preference Shares were then redeemed for $0.50 cash per Preference Share;

   c. the Insider Shares and the shares held by persons who exercised their dissent rights were cancelled;

   d. the issued and outstanding common shares of 1909734, all of which were held by GCCI, were exchanged for Common Shares; and

   e. GCCI became the sole beneficial holder of all of the Common Shares and the Applicant became a wholly-owned subsidiary of GCCI;

8. As of the date of this order, all of the outstanding securities of the Applicant, including debt securities, which are beneficially owned, directly or indirectly, are held by a sole security holder, namely GCCI;

9. The MCV Shares were de-listed from the TSXV, effective as of the close of trading on May 1, 2014;

10. No securities of the Applicant, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported;

11. The Applicant voluntarily surrendered its reporting issuer status in British Columbia pursuant to British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* and has received confirmation from the British Columbia Securities Commission dated May 12, 2014 that, effective May 19, 2014, the Applicant is not a reporting issuer in British Columbia;

12. The Applicant applied to the Commission, as principal regulator for relief to not be a reporting issuer in Alberta, Manitoba and Ontario, being all of the jurisdictions in Canada in which it was then a reporting issuer (the **Relief Requested**);

13. The Relief Requested was granted on June 5, 2014, and as a result the Applicant is no longer a reporting issuer or equivalent in any jurisdiction of Canada;

14. The Applicant has no intention to seek public financing by way of an offering of securities;

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

IT IS HEREBY ORDERED by the Commission pursuant to subsection 1(6) of the OBCA that the Applicant be deemed to have ceased to be offering its securities to the public for the purpose of the OBCA.

DATED this 25th day of July, 2014.

"Vern Krishna"
Commissioner
Ontario Securities Commission

"Mary Condon"
Commissioner
Ontario Securities Commission

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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
Tantalex Resources Corporation	11 July 14	23 July 14	23 July 14	

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Red Tiger Mining Inc.	2 May 14	14 May 14	14 May 14		

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

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

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

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

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

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
DragonWave Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Base Shelf Prospectus dated July 24, 2014
NP 11-202 Receipt dated July 25, 2014
Offering Price and Description:
U.S.$80,000,000.00
Debt Securities
Common Shares
Warrants
Subscription Receipts
Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2235972

Issuer Name:
Financial 15 Split Corp. II
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 22, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
Maximum: $ * - * Preferred Shares and * Class A Shares
Prices: $ * per Preferred Share and $ * per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Promoter(s):
-
Project #2235127

Issuer Name:
Financial 15 Split Corp. II
Principal Regulator - Ontario
Type and Date:
Amended and Restated Preliminary Short Form Prospectus dated July 23, 2014
NP 11-202 Receipt dated July 23, 2014
Offering Price and Description:
Maximum: $30,600,000 - 1,700,000 Preferred Shares and 1,700,000 Class A Shares
Prices: $10.00 per Preferred Share and $8.00 per Class A Share
Underwriter(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
GMP Securities L.P.
Canaccord Genuity Corp.
Raymond James Ltd.
Promoter(s):
-
Project #2235127

Issuer Name:
First Asset U.S. & Canada Lifeco Income ETF
Principal Regulator - Ontario
Type and Date:
Preliminary Long Form Prospectus dated July 21, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
Common Units and Advisor Units
Underwriter(s) or Distributor(s):
-
Promoter(s):
First Asset Investment Management Inc.
Project #2234920

Issuer Name:
Jarislowsky Fraser Select Balanced Fund
Jarislowsky Fraser Select Canadian Equity Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated July 23, 2014
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
F5 and T5 Series
Underwriter(s) or Distributor(s):
-
Promoter(s):
National Bank Investments Inc.
Project #2235471

Issuer Name:
Mira IV Acquisition Corp.
Principal Regulator - Ontario
Type and Date:
Preliminary CPC Prospectus dated July 24, 2014
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
$1,000,000 -10,000,000 Common Shares
Price: $0.10 per Common Share
Underwriter(s) or Distributor(s):
RICHARDSON GMP LIMITED
Promoter(s):
Ronald D. Schmeichel
Project #2235816

Issuer Name:
Nutritional High International Inc
Type and Date:
Preliminary Long Form Non-Offering Prospectus dated July 23, 2014
Receipted on July 24, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
-
Promoter(s):
FOUNDATION OPPORTUNITIES INC.
STATIS RIZAS
DAVID POSNER
ADAM K. SZWERAS
Project #2235583

Issuer Name:
Retrocom Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 22, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
$45,150,000.00 - 10,500,000 Trust Units
Price: $4.30 Per Unit
Underwriter(s) or Distributor(s):
TD SECURITIES INC.
BMO NESBITT BURNS INC.
CIBC WORLD MARKETS INC.
RBC DOMINION SECURITIES INC.
SCOTIA CAPITAL INC.
DESJARDINS SECURITIES INC.
RAYMOND JAMES LTD.
CANACCORD GENUITY CORP.
DUNDEE SECURITIES LTD.
MACQUARIE CAPITAL MARKETS CANADA LTD.
LAURENTIAN BANK SECURITIES INC.
Promoter(s):
-
Project #2233992

Issuer Name:
Sphere 3D Corporation
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated July 22, 2014
NP 11-202 Receipt dated July 23, 2014
Offering Price and Description:
$10,000,250 - 1,176,500 Common Shares and 588,250 Warrants
Issuable upon Exercise of 1,176,500 Outstanding Special Warrants
Price: $8.50 per Special Warrant
Underwriter(s) or Distributor(s):
CORMARK SECURITIES INC.
JACOB SECURITIES INC.
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2235506

Issuer Name:
BlackBridge Resource Capital Class Fund (formerly frontierAlt Resource Capital Class Fund)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus dated July 18, 2014
NP 11-202 Receipt dated July 25, 2014
Offering Price and Description:
Series A shares, Series B shares, and Series F shares
Underwriter(s) or Distributor(s):
-
Promoter(s):
BLACKBRIDGE CAPITAL MANAGEMENT CORP.
Project #2221853

Issuer Name:
CANADIAN ZINC CORPORATION
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 23, 2014
NP 11-202 Receipt dated July 23, 2014
Offering Price and Description:
$15,001,000.00
28,572,000 Units
and
13,160,000 Flow-Through Shares
Price: $0.35 per Unit; $0.38 per Flow-Through Share
Underwriter(s) or Distributor(s):
Dundee Securities Ltd.
Canaccord Genuity Corp.
Paradigm Capital Inc.
Promoter(s):
-
Project #2233439

Issuer Name:
Ceiba Energy Services Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated July 23, 2014
NP 11-202 Receipt dated July 23, 2014
Offering Price and Description:
$9,197,700.00
21,390,000 Common Shares
Issuable Upon Exercise of 21,390,000 Special Warrants
Underwriter(s) or Distributor(s):
Clarus Securities Inc.
Canaccord Genuity Corp.
Scotia Capital Inc.
Jennings Capital Inc.
Promoter(s):
-
Project #2233158

Issuer Name:
CU Inc.
Principal Regulator - Alberta
Type and Date:
Final Base Shelf Prospectus dated July 24, 2014
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
$2,600,000,000 Debentures (Unsecured)
Underwriter(s) or Distributor(s):
RBC DOMINION SECURITIES INC.
BMO NESBITT BURNS INC.
TD SECURITIES INC.
SCOTIA CAPITAL INC.
CIBC WORLD MARKETS INC.
Promoter(s):
-
Project #2234199

Issuer Name:
Dalradian Resources Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 24, 2014
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
$15,030,000.00
16,700,000 Units
Price: $0.90 per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
CORMARK SECURITIES INC.
BMO NESBITT BURNS INC.
BEACON SECURITIES LIMITED
DUNDEE SECURITIES LTD.
JENNINGS CAPITAL INC.
NATIONAL BANK FINANCIAL INC.
Promoter(s):
-
Project #2231821

Issuer Name:
Golden Star Resources Ltd.
Principal Regulator - Ontario
Type and Date:
Final Base Shelf Prospectus dated July 21, 2014
NP 11-202 Receipt dated July 23, 2014
Offering Price and Description:
U.S.$250,000,000.00
Common Shares
Preferred Shares
Warrants
Debt Securities
Underwriter(s) or Distributor(s):
-
Promoter(s):
-
Project #2225330

Issuer Name:
Horizonte Minerals PLC
Type and Date:
Final Short Form Prospectus dated July 24, 2014
Receipted on July 24, 2014
Offering Price and Description:
Maximum Offering: $5,500,000 or 50,000,000 Ordinary Shares
Minimum Offering: $5,000,000 or 45,454,545 Ordinary Shares
Price: $0.11 per Offered Share
Underwriter(s) or Distributor(s):
PARADIGM CAPITAL INC.
Promoter(s):
-
Project #2232943

Issuer Name:
iShares Core High Quality Canadian Bond Index ETF
(formerly iShares High Quality Canadian Bond Index ETF)
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 16, 2014 to the Long Form Prospectus dated May 28, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
BlackRock Asset Management Canada Limited
BlackRock Investments Canada Inc.
Promoter(s):
-
Project #2196483

Issuer Name:

iShares Core S&P/TSX Composite High Dividend Index ETF
(formerly iShares S&P/TSX Equity Income Index ETF)
iShares Core S&P/TSX Capped Composite Index ETF
(formerly iShares S&P/TSX Capped Composite Index ETF)
iShares Core Canadian Long Term Bond Index ETF
(formerly iShares Canadian Long Term Bond Index ETF)
iShares Core Canadian Short Term Corporate + Maple Bond Index ETF
(formerly iShares Canadian Short Term Corporate + Maple Bond Index ETF)
iShares Core MSCI Emerging Markets IMI Index ETF
(formerly iShares MSCI Emerging Markets IMI Index ETF)
iShares Core MSCI EAFE IMI Index ETF
(formerly iShares MSCI EAFE IMI Index ETF)
iShares Core S&P 500 Index ETF
(formerly iShares S&P 500 Index ETF)
iShares Core S&P 500 Index ETF (CAD-Hedged)
(formerly iShares S&P 500 Index ETF (CAD-Hedged))
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 16, 2014 to the Long Form Prospectus dated March 24, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
-
Underwriter(s) or Distributor(s):
Blackrock Asset Management Canada Limited
BlackRock Asset Management Canada Limited
Promoter(s):
-
Project #2162388

Issuer Name:
Klondex Mines Ltd.
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 24, 2014
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
$14,000,000.00
7,000,000 Common Shares
PRICE:
$2.00 per Offered Share
Underwriter(s) or Distributor(s):
GMP SECURITIES L.P.
RBC DOMINION SECURITIES INC.
M PARTNERS INC.
INDUSTRIAL ALLIANCE SECURITIES INC.
DUNDEE SECURITIES LTD.
MACKIE RESEARCH CAPITAL CORPORATION
Promoter(s):
-
Project #2233890

Issuer Name:
Lamêlée Iron Ore Ltd.
Principal Regulator - Quebec
Type and Date:
Final Short Form Prospectus dated July 22, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
Minimum Offering $2,000,000
Maximum Offering $6,000,000
Up to 46,153,846 Units
($0.13 per Unit)
Up to 40,000,000 FT Shares
($0.15 per FT Share)
Underwriter(s) or Distributor(s):
SECUTOR CAPITAL MANAGEMENT CORPORATION
Promoter(s):
-
Project #2227853

Issuer Name:
Mackenzie Global Strategic Income Fund
(formerly Mackenzie Global Diversified Income Fund)
(Series A, D, F, O, O6, T5, PW, PWF, PWX, PWX8, PWT8, PWF8)
Principal Regulator - Ontario
Type and Date:
Amendment #6 dated July 21, 2014 to the Annual Information Form dated September 27, 2013
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
Series A, D, F, O, O6, T5, PW, PWF, PWX, PWX8, PWT8, PWF8
Underwriter(s) or Distributor(s):
Quadrus Investment Services Ltd.
LBC Financial Services Inc.
Promoter(s):
Mackenzie Financial Corporation
Mackenzie Financial Capital Corporation
Project #2103259

Issuer Name:
Marquest Money Market Fund (Class A and F units)
Marquest Short Term Income Fund (Corporate Class*) (Series A and F shares)
Marquest Canadian Bond Fund (Class A and F units)
Marquest Monthly Pay Fund (Class A, F, AA and F-AA units)
Marquest Monthly Pay Fund (Corporate Class*) (Series A and F shares)
Marquest Global Balanced Fund (formerly Marquest Tax Deferred Income Fund) (Class A and F units)
Marquest American Dividend Growth Fund (Class A and F units)
Marquest American Dividend Growth Fund (Corporate Class*) (Series A and F shares)
Marquest Covered Call Canadian Banks Plus Fund (Class A and F units)
Marquest Covered Call Canadian Banks Plus Fund (Corporate Class*) (Series A and F shares)
Marquest Small Companies Fund (Class A and F units)
Marquest Canadian Resource Fund (Class A and F units)
Marquest Canadian Resource Fund (Corporate Class*) (Series A and F shares)
*A series of shares of Marquest Corporate Class Funds Ltd., a mutual fund corporation
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 17, 2014
NP 11-202 Receipt dated July 23, 2014
Offering Price and Description:
A, F, AA and F-AA units
Underwriter(s) or Distributor(s):
-
Promoter(s):
Marquest Asset Management Inc.
Project #2222304

Issuer Name:
Series A, Series F, Series I, Series M and Series O units of:
PIMCO Canadian Short Term Bond Fund
PIMCO Canadian Total Return Bond Fund
PIMCO Canadian Real Return Bond Fund
PIMCO Monthly Income Fund (Canada) (also offers Series A(US$, Hedged), Series F(US$, Hedged), Series I(US$, Hedged), Series M(US$, Hedged) and Series O(US$, Hedged) units)
PIMCO Global Advantage Strategy Bond Fund (Canada) (also offers Series A(US$, Hedged), Series F(US$, Hedged), Series I(US$, Hedged), Series M(US$, Hedged) and Series O(US$, Hedged) units)
PIMCO Global Balanced Fund (Canada)
PIMCO EqS Pathfinder Fund (Canada)
PIMCO Unconstrained Bond Fund (Canada)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectuses dated July 15, 2014
NP 11-202 Receipt dated July 24, 2014
Offering Price and Description:
Series A, Series F, Series I, Series M and Series O units and Series A(US$, Hedged), Series F(US$, Hedged), Series I(US$, Hedged), Series M(US$, Hedged) and Series O(US$, Hedged) units
Underwriter(s) or Distributor(s):
-
Promoter(s):
PIMCO Canada Corp.
Project #2222195

Issuer Name:
Pure Multi-Family REIT LP
Principal Regulator - British Columbia
Type and Date:
Final Short Form Prospectus dated July 22, 2014
NP 11-202 Receipt dated July 22, 2014
Offering Price and Description:
US$30,162,500
6,350,000 Units
US$4.75 Per Unit
CDN$5.06 Per Unit
Underwriter(s) or Distributor(s):
CANACCORD GENUITY CORP.
NATIONAL BANK FINANCIAL INC.
CIBC WORLD MARKETS INC.
DUNDEE SECURITIES LTD.
SCOTIA CAPITAL INC.
GMP SECURITIES L.P.
RAYMOND JAMES LTD.
RBC DOMINION SECURITIES INC.
BURGEONVEST BICK SECURITIES LIMITED
DESJARDINS SECURITIES INC.
Promoter(s):
Sunstone Multi-Family Investments Inc.
Project #2232149

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Firm	River Road Asset Management, LLC	Portfolio Manager	July 24, 2014

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Chapter 13

SROs, Marketplaces, Clearing Agencies and Trade Repositories

13.2 Marketplaces

13.2.1 Lynx ATS – Notice of Proposed Operating Hours Change and Request for Comment

OMEGA SECURITIES INC (OSI) PARENT OF LYNX ATS

NOTICE OF PROPOSED TRADING HOURS CHANGE AND REQUEST FOR COMMENT

Lynx ATS is introducing new trading hours to be adopted 30 days following approval by the Ontario Securities Commission.

Comment on the proposed changes should be in writing and submitted by September 2nd, 2014 to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
marketregulation@osc.gov.ca

And

Sean Debotte
Chief Executive Officer
Omega Securities Inc
133 Richmond St. Suite 302
Toronto, ON M5H 2L3
416-646-2764
Sean.debotte@Omegaats.com

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

OMEGA Securities Inc. (OSI)

Lynx ATS Extended Hours:

A. Description of the Proposed change:

Lynx ATS Intends to extend our trading hours from 8:30 AM – 5:00 PM Eastern time to 8:00 AM – 5:00 PM Eastern time.

B. Expected Implementation Date:

The operational hours change requires little system change, we intend to provide subscribers with no less than 30 days prior to the launch following approval by the OSC.

C. The rationale for the proposal, and analysis:

The trading world is highly interconnected with trading in Europe and Asia influencing activity in Canada. At present the earliest actionable market is NYSE Arca in the United States that is open and trading at 4:00 AM Eastern.

Lynx intends to offer market hours that will allow participants to take actionable positions in Canada at the earliest reasonable time. Lynx ATS does not take term or market orders, thus all orders posted and traded in the early hours of the continuous session will be considered by trading participants and rationalized within their own objectives and risk parameters. Other risk management tools, such as pre-trade risk monitoring systems, are in place and should further reduce the likelihood of erroneous orders being entered during this time.

D. The expected Impact of the proposed change on Market structure for Subscribers, Investors and capital markets :

None, the newly extended hours will allow Participants to post or trade on Lynx ATS and Omega ATS (pending regulatory approval) only. Lynx ATS offers Order Protection Rule Functions to prevent trade-through(s) such as ‘OPR Re-price’, ‘OPR Cancel’ and ‘OPR Routed’. This functionality is available during the entire continuous auction period, on both venues, and will be extended to encompass the new trading hours.

E. The proposed change’s effect on the systemic risk in the Canadian financial system:

None, the ability to offset risk earlier, or to start the process of price discovery at an earlier time can have little risk effect on the financial system. Conversely, longer hours will enable trading participants the ability to react to foreign influences on Canadian listed securities sooner, and may in fact, reduce overall risk.

F. Expected impact of the Change on Lynx Securities compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

All participants will have equal access to Lynx ATS at the new earlier hours. Orderly markets and thorough price discovery is encouraged and supported by longer trading hours, price gaps and opening pricing disparities are often a result of long periods of closure and sudden reaction to overnight news.

G. Consultation Details:

Lynx has received positive response from participants as well as vendors, who actively seek longer trading days as a means to reduce risk.

H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:

After consulting with the major Canadian Vendors and Service Bureaus, we’ve concluded that this change would require no more than 10 hours of programming, and testing. We have been assured, through our consultations that with the 30 days proposed post approval, all participants will be able to make the proposed modification.

Should a participant, subscriber or vendor not wish to access (or offer access to) Lynx ATS during the time period between 8:00AM and 8:30AM, they would not be required to undertake the programming or development in order to continue trading as usual on Lynx ATS.

I. A discussion of any alternatives considered;

N/A

J. Whether the proposed Change would introduce a model that currently exists in other markets and other jurisdictions.

NYSE Arca, for example, has hours that far exceed the hours proposed. Their current session, accepts orders prior to, and begins at 4:00AM EST and continues on until 8:00PM EST.

Currently, there are four venues in Canada (Chi-X, CX2, TMX Select, CSE) that start their trading sessions at 8:00 AM Eastern Time.

13.2.2 Omega ATS – Notice of Proposed Operating Hours Change and Request for Comment

OMEGA SECURITIES INC (OSI) PARENT OF OMEGA ATS

NOTICE OF PROPOSED TRADING HOURS CHANGE AND REQUEST FOR COMMENT

Omega ATS is introducing new trading hours to be adopted 30 days following approval by the Ontario Securities Commission.

Comment on the proposed changes should be in writing and submitted by September 2nd, 2014 to:

Market Regulation Branch
Ontario Securities Commission
Suite 1903, Box 55
20 Queen Street West
Toronto, ON M5H 3S8
Fax 416 595 8940
marketregulation@osc.gov.ca

And

Sean Debotte
Chief Executive Officer
Omega Securities Inc
133 Richmond St. Suite 302
Toronto, ON M5H 2L3
416-646-2764
Sean.debotte@Omegaats.com

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

OMEGA Securities Inc. (OSI)

Omega ATS Extended Hours:

A. Description of the Proposed change:

Omega ATS Intends to extend our trading hours from 8:30 AM – 5:00 PM Eastern time to 8:00 AM- 5:00 PM Eastern time.

B. Expected Implementation Date:

The operational hours change requires little system change, we intend to provide subscribers with no less than 30 days prior to the launch following approval by the OSC.

C. The rationale for the proposal, and analysis:

The trading world is highly interconnected with trading in Europe and Asia influencing activity in Canada. At present the earliest actionable market is NYSE Arca in the United States that is open and trading at 4:00 AM Eastern.

Omega intends to offer market hours that will allow participants to take actionable positions in Canada at the earliest reasonable time. Omega ATS does not take term or market orders, thus all orders posted and traded in the early hours of the continuous session will be considered by trading participants and rationalized within their own objectives and risk parameters. Other risk management tools, such as pre-trade risk monitoring systems, are in place and should further reduce the likelihood of erroneous orders being entered during this time.

D. The expected Impact of the proposed change on Market structure for Subscribers, Investors and capital markets :

None, the newly extended hours will allow Participants to post or trade on Omega ATS and Lynx ATS (pending regulatory approval) only. Omega ATS offers Order Protection Rule Functions to prevent trade-through(s) such as ‘OPR Re-price’, ‘OPR Cancel’ and ‘OPR Routed’. This functionality is available during the entire continuous auction period on both venues, and will be extended to encompass the new trading hours.

E. The proposed change’s effect on the systemic risk in the Canadian financial system:

None, the ability to offset risk earlier, or to start the process of price discovery at an earlier time can have little risk effect on the financial system. Conversely, longer hours will enable trading participants the ability to react to foreign influences on Canadian listed securities sooner, and may in fact, reduce overall risk.

F. Expected impact of the change on Omega Securities compliance with Ontario securities law and the requirements of fair access and the maintenance of a fair and orderly market:

All participants will have equal access to Omega ATS at the new earlier hours. Orderly markets and thorough price discovery is encouraged and supported by longer trading hours, price gaps and opening pricing disparities are often a result of long periods of closure and sudden reaction to overnight news.

G. Consultation Details:

Omega has received positive response from participants as well as vendors, who actively seek longer trading days as a means to reduce risk.

H. Estimated time for Subscriber and Vendor system modifications for implementation of the proposed Significant Change:

After consulting with the major Canadian Vendors and Service Bureaus, we’ve concluded that this change would require no more than 10 hours of programming, and testing. We have been assured, through our consultations that with the 30 days proposed post approval, all participants will be able to make the proposed modification.

Should a participant, subscriber or vendor not wish to access (or offer access to) Omega ATS during the time period between 8:00AM and 8:30AM, they would not be required to undertake the programming or development in order to continue trading as usual on Omega ATS.

I. A discussion of any alternatives considered;

N/A

J. Whether the proposed change would introduce a model that currently exists in other markets and other jurisdictions.

NYSE Arca, for example, has hours that far exceed the hours proposed. Their current session, accepts orders prior to, and begins at 4:00AM EST and continues on until 8:00PM EST.

Currently, there are four venues in Canada (Chi-X, CX2, TMX Select, CSE) that start their trading sessions at 8:00 AM Eastern Time.

13.4 Trade Repositories

13.4.1 OSC Notice and Request for Comment – Chicago Mercantile Exchange Inc., DTCC Data Repository (U.S.) LLC, ICE Trade Vault, LLC – Application for Designation as a Trade Repository

OSC NOTICE AND REQUEST FOR COMMENT

CHICAGO MERCANTILE EXCHANGE INC.
DTCC DATA REPOSITORY (U.S.) LLC
ICE TRADE VAULT, LLC

APPLICATION FOR DESIGNATION AS A TRADE RESPOITORY

A. Introduction

Chicago Mercantile Exchange Inc. (CME), DTCC Data Repository (U.S.) LLC (DDR) and ICE Trade Vault, LLC (ICE TV) have each applied to the Commission for an order pursuant to subsection 21.2.2(1) of the *Securities Act* (Ontario) to be designated as a trade repository.

CME is a corporation organized under the laws of the State of Delaware in the U.S. and is a wholly owned subsidiary of CME Group Inc., a publicly traded for-profit corporation listed for trading in the U.S. CME operates under the jurisdiction of the Commodity Futures Trading Commission (CFTC). It received provisional registration with the CFTC in 2012 as a swap data repository (SDR) to provide trade repository services supporting credit, interest rates, commodities and foreign exchange (FX) asset classes. CME's global repository service currently includes services in the U.S. and Europe. It proposes to offer similar trade repository service in Ontario with respect to the credit, interest rates, commodities and FX asset classes. Other than being registered as a SDR, CME is also registered with the CFTC as a designated contract market and derivatives clearing organization, and is temporarily registered as a swap execution facility. CME is currently exempted from the requirement to be recognized as an exchange and a clearing agency by the Commission.

DDR is a company incorporated in the State of New York in the U.S. Its ultimate parent is The Depository Trust & Clearing Corporation (DTCC). DTCC provides various clearing, settlement and related services through its subsidiaries, some of which are registered with the SEC as clearing agencies. DDR is provisionally registered as a SDR with the CFTC since 2012 for five asset classes, including credit, interest rates, commodities, equities and FX. DTCC's Global Trade Repository services currently offer services in the U.S. (through DDR), Europe and Asia. DDR proposes to offer similar trade repository service in Ontario in all five asset classes. DDR has also applied for recognition by the Autorité des marchés financiers (AMF) and designation by the Manitoba Securities Commission (MSC) as a trade repository in those jurisdictions.

ICE TV is a limited liability company organized under the laws of the State of Delaware in the U.S. and is a wholly owned subsidiary of Intercontinental Exchange Holdings, Inc. (ICE), which itself is owned by Intercontinental Exchange, Inc. (ICE Inc.). ICE Inc. is a publicly listed company on the New York Stock Exchange. ICE Inc. is an operator of regulated global markets and clearing houses, including futures exchanges, over-the-counter markets, derivatives, clearing houses and post-trade services. ICE TV is a provisionally registered SDR regulated by the CFTC for commodity and credit asset classes. ICE TV intends to provide trade repository services to Ontario for the commodity, credit and FX asset classes. It has also applied for recognition by the AMF and designation by the MSC for as a trade repository in those jurisdictions.

B. Background

At the 2009 G20 Pittsburgh Summit, the Canadian Government joined other jurisdictions in committing to substantial reforms to practices in over-the-counter (OTC) derivative markets. One of the key G20 commitments to OTC derivatives regulatory reform was increased market transparency through the reporting of OTC derivative transactions to trade repositories. On November 14, 2013, in accordance with Canada's G20 commitments, the Ontario Securities Commission published OSC Rule 91-506 *Derivatives: Product Determination* (OSC Rule 91-506) and OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (OSC Rule 91-507). OSC Rule 91-506 and OSC Rule 91-507 became effective on December 31, 2013 as subsequently amended by the Commission (see http://www.osc.gov.on.ca/en/SecuritiesLaw_91-507.htm for further information). Amendments to OSC Rule 91-507 were published on April 17, 2014 to delay the effective date of reporting obligations under the rule as a consequence of the unavailability of the necessary market infrastructure (see http://www.osc.gov.on.ca/en/SecuritiesLaw_rule_20140626_91-507_derivatives-data-reporting.htm for further information).

The purpose of OSC Rule 91-507 is to improve transparency in the OTC derivatives market and to ensure that designated trade repositories operate in a manner that promotes the public interest. OTC derivatives data is essential for effective regulatory oversight of the derivatives market, including the ability to identify and address systemic risk and the risk of market abuse. OTC derivatives data reported to designated trade repositories will also support policy-making by providing regulators with information on the nature and characteristics of the Canadian derivatives market.

Under OSC Rule 91-507, OTC derivatives transactions involving Ontario counterparties are required to be reported to a trade repository designated by the Commission. The first phase of OTC derivatives counterparty reporting obligations under the rule commences on October 31, 2014. To date, four trade repositories have applied for designation in Ontario: CME, DDR, ICE TV, UnaVista Limited. We are informed that the on-boarding process for new users and participants of a trade repository varies depending on the circumstances, ranging from approximately two to four weeks. Accordingly, Ontario OTC derivatives market participants should contact and join an Ontario-designated trade repository in a timely manner in order to ensure that they comply with their obligations under OSC Rule 91-507.

C. Proposed regulatory approach and draft order

CME, DDR and ICE TV each, in their applications for designation as a trade repository, explain how they comply or will comply with OSC Rule 91-507. In reviewing the applications, staff also considered the regulatory and oversight regime of the CFTC with respect to SDRs in determining an appropriate scope for the Commission's oversight going forward. The proposed designation orders for each of CME, DDR and ICE TV is based on the regulatory regime in their home jurisdiction, and will not duplicate requirements to which the CME, DDR and ICE TV are already subject. The proposed orders contain various terms and conditions, including relating to:

1. Regulation by the CFTC
2. Access and participation
3. Data collection and reporting
4. Fees
5. Commercialization of data
6. Reporting requirements
7. Information sharing

D. Public comments

The Commission is publishing for public comment each of CME, DDR and ICE TV's application and draft order for designation as a trade repository. We are seeking comment on all aspects of the applications and draft orders.

You are asked to provide your comments in writing, via e-mail and delivered on or before August 30, 2014, addressed to the attention of the Secretary of the Commission, Ontario Securities Commission, 20 Queen Street West, 22nd Floor, Toronto, Ontario, M5H 3S8, e-mail: comment@osc.gov.on.ca.

The confidentiality of submissions cannot be maintained as comments received during the comment period will be published.

Questions may be referred to:

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Shaun Olson
Derivatives Specialist, Derivatives
Tel: 416-593-8242
solson@osc.gov.on.ca

13.4.2 Chicago Mercantile Exchange Inc. – Application for Designation as a Trade Repository and Draft Order

July 21, 2014

Ontario Securities Commission
20 Queen Street West, Suite 1903
Toronto, ON
Canada M5H 3S8
Attention: Antoinette Leung, Manager, Market Regulation Branch

Re: Chicago Mercantile Exchange Inc. – Application for an Order Pursuant to Section 21.2.2 of the *Securities Act* (Ontario) for Designation as a Trade Repository

Dear Sir or Madam,

Chicago Mercantile Exchange Inc. ("**CME**") hereby submits this application to the Ontario Securities Commission ("**OSC**") to request an order pursuant to subsection 21.2.2 of the *Securities Act* (Ontario) ("**OSA**") designating CME as a trade repository in Ontario.

This application is divided into the following Parts I to IV, Part II of which describes how CME satisfies OSC Staff's criteria for designation of trade repositories:

Part I Background to CME

- A. Legal and Ownership Structure
- B. Regulatory Oversight of CME
- C. CME Repository Services in Ontario

Part II Application of Approval Criteria to CME

- A. Legal Framework
- B. Governance
- C. Board of Directors
- D. Management
- E. Chief Compliance Officer
- F. Fees
- G. Access
- H. Acceptance of Reporting
- I. Communication Policies, Procedures and Standards
- J. Due Process
- K. Rules
- L. Records of Data Reporting
- M. Risk Management Framework
- N. General Business Risk
- O. System and Other Operational Risk Requirements
- P. Data Security and Confidentiality

PART 1. BACKGROUND TO CME

A. Legal and Ownership Structure

1.1 CME is a corporation organized under the laws of the State of Delaware in the United States ("**U.S.**") and is headquartered at 20 South Wacker Drive, Chicago, Illinois, 60606.

1.2 CME's parent company is CME Group Inc. ("**CMEG**"), a publicly traded for-profit corporation organized under the laws of Delaware and listed for trading on the NASDAQ Global Select Market. CMEG is the holding company for four futures exchanges: (i) CME; (ii) Board of Trade of the City of Chicago, Inc.; (iii) Commodity Exchange, Inc.; and (iv) New York Mercantile Exchange, Inc. (collectively, the "**CMEG Exchanges**")

B. Regulatory Oversight of CME

1.3 CME is both a designated contract market ("**DCM**") and a derivatives clearing organization ("**DCO**") within the meanings of those terms under the U.S. Commodity Exchange Act ("**CEA**"). The DCM and DCO operations are organized under separate divisions within CME: CME Exchange Division and CME Clearing Division.

1.4 CME is subject to regulatory supervision by the U.S. Commodity Futures Trading Commission ("**CFTC**"), a U.S. federal regulatory agency, and is obligated under the CEA to give the CFTC access to all records unless prohibited by law or such records are subject to solicitor-client privilege. The CFTC reviews, assesses and enforces:

(a) a DCM's adherence to the CEA and the regulations thereunder on an ongoing basis, including, but not limited to, the DCM core principles relating to the operation and oversight of the DCM's markets, including financial resources, systems and controls, maintenance of an orderly market, execution and settlement of transactions, rule-making and investor protection; and

(b) a DCO's adherence to the CEA and the regulations thereunder on an ongoing basis, including but not limited to, the DCO core principles relating to compliance with the core principles, financial resources, participant and product eligibility, risk management, settlement procedures, treatment of funds, default rules and procedures, rule enforcement and system safeguards.

1.5 In July 2010, the U.S. Congress passed the *Dodd Frank Wall Street Reform and Consumer Protection Act* (the "**Dodd Frank Act**"), which amended the CEA and thus provides the CFTC with the authority to pass additional regulations in relation to its oversight of DCOs and other registered entities.

1.6 CME is deemed to be registered with the U.S. Securities and Exchange Commission ("**SEC**") as a securities clearing agency, effective July 16, 2011, in accordance with certain provisions under Subsection 763(b) of the Dodd Frank Act, and is therefore also subject to limited regulatory supervision by the SEC in connection with its offering of clearing services for single stock and narrow-based security index products.

1.7 On July 18, 2012, CME was designated by the Financial Stability Oversight Council as a systemically important financial market utility under Title VIII of the Dodd Frank Act.

1.8 On November 20, 2012, CME became provisionally registered with the CFTC as a swap data repository ("**SDR**") to provide SDR services supporting credit, interest rates, other commodities ("**Commodities**") and foreign exchange ("**FX**") asset classes through its CME Repository Service. Similar to the DCM and DCO operations, the SDR operations are organized under a separate division within CME: CME SDR Division ("**CME SDR**"). CME's global repository service currently includes CME SDR and CME Trade Repository Limited, a company incorporated in the United Kingdom that is a European Securities and Markets Authority (ESMA) approved European Markets Infrastructure Regulation (EMIR) trade repository, and will include the trade repository services offered by CME in Canada ("**CTR**") when it becomes designated as a trade repository by the OSC. Pursuant to sections 737 and 738 of the Dodd Frank Act, all swaps, whether cleared or uncleared, are required to be reported to SDRs, which are required to perform specified functions relating to the collection and maintenance of swap transaction data and information.

1.9 On March 11, 2013, the CFTC's clearing mandate for swaps came into effect. CFTC Rule 50.4 provides that CDS and IRS with certain specifications are required to be cleared by a DCO under subsection 2(h)(1) of the CEA. CME expects that the CFTC will expand the clearing mandate to cover additional classes of swaps in the future.

1.10 On November 4, 2013, the CFTC approved CME's application for temporary registration as a swap execution facility ("**SEF**") pursuant to CFTC Rule 37.3(c). SEFs are an alternative venue to DCMs for the execution of cleared swaps and, similar to the CFTC's clearing mandate, are designed to enhance transparency, promote standardization and reduce systemic risk in the swap market. Swaps offered on SEFs will be cleared at a DCO designated by one of the swap counterparties.

1.11 CME is the DCO for, and provides clearing services to, each of the CMEG Exchanges. CME also serves as the CCP for all trades executed on the CMEG Exchanges and all OTC trades submitted for clearing, and the SDR for bilateral and cleared swap transactions.

1.12 On June 27, 2013, the OSC issued an order under section 147 of the OSA exempting CME from the requirement in subsection 21.2(0.1) of the OSA to be recognized as a clearing agency, subject to the terms and conditions set out in the order.

1.13 On October 22, 2013, the OSC issued an order applicable to the CMEG Exchanges that provided the following relief:

(a) pursuant to section 147 of the OSA, each of the CMEG Exchanges is exempt from the requirement to be recognized as an exchange under section 21 of the OSA;

(b) pursuant to section 80 of the *Commodity Futures Act* (Ontario) ("**CFA**") each of the CMEG Exchanges is exempt from the requirement to be registered as a commodity futures exchange under subsection 15(1) of the CFA; and

(c) pursuant to section 38 of the CFA, trades in CMEG Contracts by Hedgers who are Ontario Users (as those terms are defined in issued order) are exempt from the registration requirement under section 22 of the CFA.

C. CME Repository Services in Ontario

1.15 CME does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory, except for a CMEG marketing office in Calgary, Alberta whose activities are limited to marketing and development of energy products.

1.16 CME is a reporting counterparty pursuant to subsection 25(a) of OSC Rule 91-507 – *Trade Repositories and Derivatives Data Reporting* ("**OSC Rule 91-507**") because of its status as an exempt clearing agency in Ontario. Therefore, CME falls within the definition of a "reporting counterparty" in section 1(1) of OSC Rule 91-507. As a result, where CME is a counterparty to a transaction involving a "local counterparty" (as that term is defined in section 1(1) of OSC Rule 91-507), CME must report, or cause to be reported, derivatives data relating to the transaction pursuant to section 26 of OSC Rule 91-507. CME's affiliate, CME Clearing Europe Limited, is also a "reporting counterparty" because of its status as an exempt clearing agency in Ontario and is also subject to the derivatives data reporting requirement.

1.17 CME proposes to (i) act as the trade repository for all transactions that it clears on behalf of clearing members that are "local counterparties", and (ii) offer trade repository services in Ontario to "local counterparties" that complete and sign the applicable CME Repository Services User Agreements ("**User Agreements**", and the local counterparty signing a User Agreement is a "**User**"), with respect to the following asset classes: credit, interest rates, FX and Commodities.

PART 2. APPLICATION OF APPROVAL CRITERIA TO CME

The following is a discussion of how CME meets the relevant criteria for designation for trade repositories set out in Part 2 of OSC Rule 91-507.

A. Legal Framework

(1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to ensure a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities.

(2) Without limiting the generality of subsection (1), a designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that are not contrary to the public interest and that are reasonably designed to ensure that

(a) such rules, policies and procedures and the contractual arrangements are supported by the laws applicable to those rules, policies, procedures and contractual arrangements,

(b) the rights and obligations of a user, owner and regulator with respect to the use of the designated trade repository's information are clear and transparent,

(c) the contractual arrangements that it enters into and supporting documentation clearly state service levels,

(d) rights of access, protection of confidential information, intellectual property rights and operational reliability, and

(e) the status of records of contracts in its repository and whether those records of contracts are the legal contracts of record are clearly established.

2.1 In addition to being regulated as a DCM and DCO, CME is currently regulated as an SDR by the CFTC, which results in CME being subject to extensive regulation by the CFTC under its principles-based approach and requires CME to satisfy the requirements of the SDR core principles ("**SDR Core Principles**") relating to CME's activities as an SDR, which include:

- Core Principle 1 – Antitrust considerations: Unless necessary or appropriate to achieve the purposes of the CEA, a registered swap data repository shall avoid adopting any rule or taking any action that results in any unreasonable restraint of trade; or imposing any material anticompetitive burden on trading, clearing or reporting swaps.

- Core Principle 2 – Governance arrangements ("**Core Principle 2**"): Registered swap data repositories shall establish governance arrangements as set forth in CFTC Rule 49.20.

- Core Principle 3 – Conflicts of interest ("**Core Principle 3**"): Registered swap data repositories shall manage and minimize conflicts of interest and establish processes for resolving such conflicts of interest as set forth in CFTC Rule 49.21.

- Core Principle 4 – Additional duties: Registered swap data repositories shall also comply with the following additional duties:

  (1) **Financial resources**. Registered swap data repositories shall maintain sufficient financial resources as set forth in CFTC Rule 49.25;

  (2) **Disclosure requirements of registered swap data repositories**. Registered swap data repositories shall furnish an appropriate disclosure document setting forth the risks and costs of swap data repository services as detailed in CFTC Rule 49.26; and

  (3) **Access and Fees**. Registered swap data repositories shall adhere to CFTC requirements regarding fair and open access and the charging of any fees, dues or other similar type charges as detailed in CFTC Rule 49.27.

2.2 CME has in place written rules, policies and procedures reasonably designed to ensure a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities. Such rules, policies and procedures are not contrary to the public interest and are reasonably designed to comply with the enumerated criteria.

2.3 CME has a policy that requires each user that wishes to access the CME Repository Service to complete a User Agreement. The User Agreement sets forth the terms and conditions for using the CME Repository Service and the contractual rights and obligations of users of the service. In addition, the CME CTR Rulebook, which will be available on the CMEG website at: http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html, also includes relevant provisions that apply to users of the CME Repository Service.

2.4 The User Agreement includes disclosure information in accordance with applicable regulatory standards that is designed to help users identify and evaluate accurately the services provided by CME. These disclosures address, among other things:

- CME's criteria for providing others with access to services offered and derivatives data maintained by CME, as described in the CME CTR User Guide, which will be available at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html and Chapter 2 of the CME CTR Rulebook.

- CME's criteria for those seeking to connect to, or link with, CME as explained in the CME CTR User Guide, which will be available at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html.

- CME's policies and procedures regarding its safeguarding of derivatives data and operational reliability to protect the confidentiality and security of data; these policies and procedures feature comprehensive programs and processes to safeguard information assets ("**Technology Safeguards**"). These Technology Safeguards are designed to protect internal and external facing systems, CME's underlying technology infrastructure and all processed data to help ensure that information assets are secured at multiple levels.

- CME's policies and procedures that are reasonably designed to protect the privacy of any and all derivatives data CME receives from a reporting entity as described in Chapter 2 of the CME CTR Rulebook, CME CTR Rule 502, CME CTR Rule 700.A and Section 5 of the CME Repository Services User Agreement, which is available at http://www.cmegroup.com/market-data/files/cme-repository-services-user-agreement.pdf.zip. CME has adopted corporate policies that are designed to ensure that confidential information is properly classified and that appropriate controls are implemented to protect and preserve the CTR's information.

- CME's policies and procedures regarding its non-commercial and/or commercial use of the derivatives data, as described in Section 5 of the CME Repository Service User Agreement and Chapter 1 in the CME CTR Rulebook. As a general matter, data held confidentially in the repository is subject to the highest degree of internal security measures.

- CME's dispute resolution procedures as addressed in CME CTR Rule 205.

- CME's schedule of any fees, rates, dues, unbundled prices, or other charges for all of its services (including any ancillary services); any discounts or rebates offered; and the criteria to benefit from such discounts or rebates will be available on the CMEG website at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html.

- A description of CME's governance arrangements can be found in Chapter 1 of the CME CTR Rulebook and the Board Code of Ethics for CME, which is available at http://files.shareholder.com/downloads/CME/2599983049x0x124238/d50cceaa-60f0-4408-a955-897c7e943247/Board_of_Directors_Code_of_Ethics.pdf.

2.5 CME CTR's records of contracts do not represent the legal contracts of record.

2.6 Please also see Section 24a of the CEA, which is available at http://www.law.cornell.edu/uscode/pdf/uscode07/lii_usc_TI_07_CH_1_SE_24a.pdf, and CFTC Rule Part 49, which is available at http://www.ecfr.gov/cgi-bin/text-idx?SID=35a6790e18a38619ca51dcf6972cfccd&node=17:2.0.1.1.8&rgn=div5, for further information relevant to the above criteria.

B. Governance

(1) A designated trade repository must establish, implement and maintain written governance arrangements that

(a) are well-defined, clear and transparent,

(b) set out a clear organizational structure with consistent lines of responsibility,

(c) provide for effective internal controls,

(d) promote the safety and efficiency of the designated trade repository,

(e) ensure effective oversight of the designated trade repository,

(f) support the stability of the broader financial system and other relevant public interest considerations, and

(g) properly balance the interests of relevant stakeholders.

2.7 CME CTR Rule 105 states that CME's governance arrangements will be transparent to support, among other things, the objectives of the OSC and applicable Canadian laws and regulations. CME CTR Rule 105.A sets out the powers and duties of the CME Board, and, in conjunction with the CME Certificate of Incorporation and the CME Bylaws, generally establishes a clear organizational structure.

2.8 In addition, as noted in paragraph 0 above, CME is also required under Core Principle 2 to establish governance arrangements in accordance with CFTC Rule 49.20. These requirements for governance arrangements apply to CME and include:

(a) General Considerations: CME's governance arrangements must be (i) transparent to fulfill public interest requirements, and to support the objectives of the Federal Government, owners and participants; and (ii) well-defined and include a clear organizational structure with consistent lines of responsibility and effective internal controls, including with respect to administration, accounting and the disclosure of confidential information.

(b) Transparency of Governance Arrangements: (i) CME must state in its charter documents that its governance arrangements are transparent; and (ii) CME must, at a minimum, make certain prescribed information available to the public and relevant authorities (e.g., CFTC), including the mission statement/charter of CME, its board of directors[1] (the "**CME Board**") and board level committees[2] ("**Committees**"), the nomination/assignment process for CME Board/Committee members, the names of Board and Committee members, a description of the manner in which the CME Board and Committees consider an "Independent Perspective" (as that term is defined in CFTC Rule 49.2(a)(6)) in their decision-making processes, lines of responsibility and accountability for each CME operational unit to any Committee and/or the CME Board and summaries of significant decisions implicating the public interest, the rationale for such decisions and the process for reaching such decisions.

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1 The current CME Board consists of the following individuals: Jeffrey Bernacchi, Timothy S. Bitsberger, Charles P. Carey, Dennis Chookaszian, Terrence A. Duffy, Martin J. Gepsman, Larry G. Gerdes, Phupinder S. Gill, Daniel Glickman, J. Dennis Hastert, Bruce F. Johnson, Leo Melamed, William P. Miller II, James E. Oliff, Ronald A. Pankau, Edemir Pinto, Alex J. Pollock, John F. Sandner, Terry L. Savage, William R. Shepard, Howard J. Siegel, Dennis A. Suskind, David J. Wescott and Steven E. Wollack.

2 The Committees consist of: the CMEG Audit Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x117119/64f63543-e336-4776-8e1c-32ea63f281f1/20061206_Audit_Charter.pdf), the CMEG Compensation Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x117125/d9e0dc21-1bf0-4705-bc67-9ba3d87391f6/2010-2-10_Compensation_Charter.pdf), the CMEG Executive Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x144265/367b9e26-f9d9-4fc3-a8e5-4bf481812cbf/ExecCommitteeCharter.pdf), the CMEG Finance Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x150065/370a4124-ded6-438f-8235-e5fd217993a5/financeCharter.pdf), the CMEG Governance Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x117127/4c1a49a9-b08e-4b36-9916-571012c9b318/governance.pdf), the CMEG Market Regulation Oversight Committee ("**MROC**") (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x119341/d801a2be-bc2f-40fa-94b1-1dadd0d59171/market-regulation-committee.pdf), the CMEG Nominating Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x117130/4c8b9376-d6e7-4cab-a3d7-a858533e1caa/2010-2-10_nominating.pdf) and the CMEG Strategic Steering Committee (Charter is available at http://files.shareholder.com/downloads/CME/2599983049x0x117124/261ac7a6-e7fc-45ae-bf9e-edb0d6a0550b/steering.pdf).

(c) Board of Directors: (i) CME must establish, maintain and enforce written policies or procedures to ensure that the CME Board, and any Committees with authority to act on behalf of the CME Board, adequately considers an Independent Perspective in its decision-making process, the nominations process for the CME Board, including assignments to Committees, adequately incorporates an Independent Perspective and the roles and responsibilities of Board and Committee members are clearly articulated; (ii) CME must provide the CFTC with certain prescribed disclosures relating to the election of the CME Board within 30 days after the election; (iii) compensation of non-executive board members must not be linked to CME's business performance; (iv) the CME Board must review its performance, and the performance of individual members, annually; CME must have procedures to remove board members if the member's conduct is likely to be prejudicial to the sound and prudent management of CME; CME must ensure that Board and Committee members and senior management are of sufficiently good repute and possess the requisite skills and expertise to fulfill their management and governance responsibilities, clearly understand their respective responsibilities and exercise sound judgment.

(d) Compliance: CME SDR's Chief Compliance Officer must review CME's compliance with Core Principle 2. The Chief Compliance Officer for CME SDR is the same individual who acts as the Chief Compliance Officer for CME CTR. This person is referred to as the "**Repository CCO**" throughout this application.

2.9 Please also see CFTC Rules 49.19 and 49.20 in CFTC Rule Part 49, the CME Certificate of Incorporation and the CME Bylaws, which is available at http://www.cmegroup.com/rulebook/CME/, CMEG's Certificate of Incorporation and CMEG Bylaws, which is available at http://investor.cmegroup.com/investor-relations/corporate-policies.cfm, the CMEG Corporate Governance Principles, which is available at http://files.shareholder.com/downloads/CME/2599983049x0x117280/4702a46f-857e-4d2e-a864-e5a3dcc107be/CME_WebDoc_2334.pdf, and the Charters of the Committees, for further information relevant to the above criteria.

(2) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to identify and manage existing and potential conflicts of interest.

2.10 CME has established, and will enforce, rules to minimize conflicts of interest in its decision-making process and has established a process for resolving such conflicts of interest: see the CME Bylaws (addressing interested directors); CMEG Director Conflict of Interest Policy (addressing interested directors), which is available at http://files.shareholder.com/downloads/CME/2599983049x0x117296/79b693f4-2704-4bd8-b253-f7d7d7704001/Conflict_of_Interest.pdf; CME CTR Rule 106 (addressing conflicts in significant actions such as emergencies); and CMEG Code of Conduct, pp. 6-9 (addressing conflicts of interest by any employee of CME or a subsidiary thereof) and pp. 8-9 (establishing a procedure for disclosure by an employee of CME CTR of a potential conflict of interest), which is available at http://files.shareholder.com/downloads/CME/2599983049x0x542156/5a752956-5415-4790-bc99-abe8bad1574c/20120126_Code_of_Conduct_Final_Web_Version.pdf.

2.11 In addition, as noted above, CME is also required under Core Principle 3 to manage and minimize conflicts of interest and establish processes for resolving such conflicts of interest in accordance with CFTC Rule 49.21. The requirements for conflicts of interest include:

(a) General Considerations: CME must establish and enforce rules to minimize conflicts of interest in its decision-making process, and establish a process for resolving such conflicts of interest.

(b) Policies and Procedures: (i) CME must establish, maintain and enforce written procedures to identify existing and potential conflicts of interest on an ongoing basis and make decisions in the event of a conflict of interest; and the Repository CCO must, in consultation with the CME Board or a senior officer, resolve any conflicts of interest.

(c) Compliance: the Repository CCO must review CME's compliance with Core Principle 3.

2.12 To comply with the above, CME has established written procedures to: (i) identify potential and existing conflicts of interest; and (ii) make decisions in the event of a conflict of interest, including rules to govern when a recusal is required. The Repository CCO shall, in consultation with the CME Board or a senior officer, resolve any conflicts of interest in accordance with the written procedures. The Repository CCO will also review CME's compliance with Core Principle 3.

2.13 In addition, CMEG has adopted general policies and procedures to address potential conflicts of interest. In order to ensure that the CME Board effectively avoids or minimizes conflicts of interests and quickly resolves any that arise, the CME Board has adopted a code of ethics, a conflict of interest policy, and a related party approval policy. In

accordance with these policies, members of the CME Board are required to act in the best interests of the organization, disclose any potential for the director to receive any private benefit in connection with a matter being presented to the CME Board, and to preserve the confidentiality of information provided to them, as well as not to use their positions for their personal benefit.

2.14 Additionally, certain transactions in which a director or executive officer would have a material benefit must be approved by the CMEG Audit Committee. As an example, a member of the CME Board, a member of any Committee or an officer of CME CTR must abstain from both the deliberations and voting on any "TR Significant Action", as defined in CME CTR Rule 106 (Conflicts of Interest), in which the member knowingly has an interest in the result of the vote that could reasonably be expected to be affected by the action or is otherwise conflicted based on existing CME CTR policy.

2.15 CMEG has also adopted a Code of Conduct which applies to all employees, including the executive officers of CME. The provisions of the Code of Conduct address potential and actual conflicts of interest. On an annual basis, all employees of CME, including the executive officers, are required to certify that they have received and agree to abide by the provisions of the Code of Conduct.

2.16 Members of the CME Board or any CME CTR-related committee are prohibited under CME CTR Rule 700.A from using or disclosing any material non-public information obtained by them as a result of their participation on the CME Board or a CME CTR-related committee for any purpose other than related to their official duties, subject to limited exceptions (e.g., the member can show that a transaction effected while in possession of material non-public information was effected in the ordinary course of the member's business).

2.17 Please also see CFTC Rule 49.21 in CFTC Rule Part 49, Chapters 1 and 7 of the CME CTR Rulebook, the CMEG Corporate Governance Principles, the CMEG Director Conflict of Interest Policy and the CMEG Code of Conduct for further information relevant to the above criteria.

(3) A designated trade repository must publicly disclose on its website

(a) the governance arrangements established in accordance with subsection (1), and

(b) the rules, policies and procedures established in accordance with subsection (2).

2.18 The CME rules, policies and procedures referenced above in connection with CME's applicable governance arrangements and rules, policies and procedures are available through the hyperlinks associated with the applicable document (which are accessible through the CMEG website at www.cmegroup.com).

C. Board of Directors

(1) A designated trade repository must have a board of directors.

(2) The board of directors of a designated trade repository must include

(a) individuals who have an appropriate level of skill and experience to effectively and efficiently oversee the management of its operations in accordance with all relevant laws, and

(b) appropriate representation by individuals who are independent of the designated trade repository

(3) The board of directors of a designated trade repository must, in consultation with the chief compliance officer of the designated trade repository, resolve conflicts of interest identified by the chief compliance officer.

(4) The board of directors of a designated trade repository must meet with the chief compliance officer of the designated trade repository on a regular basis.

2.19 CME CTR Rule 105.A sets out the following powers and duties of the CME Board, which are subject to the CME Certificate of Incorporation and the CME Bylaws:

(a) Be the governing body of CME CTR.

(b) Have charge and control of all property of CME CTR.

(c) Provide, acquire and maintain suitable CTR facilities.

(d) Designate and authorize specific appointed officers to act on behalf of the CME Board to execute contracts within specified budgetary limits.

(e) Determine what classes of derivatives for which Derivatives Data will be accepted.

(f) Make and amend the CME CTR Rules; provided, the CME Board has also delegated such authority to make and amend the CME CTR Rules to the Chairman of the CME Board and the President acting together.

(g) Have power to act in emergencies. In the event that the CME Board determines that an emergency situation exists in which the operation of CME CTR is likely to be disrupted, the integrity of the data maintained by CME CTR is threatened, or the normal functioning of CME CTR has been or is likely to be disrupted, or a situation enumerated in CME CTR Rule 106.A(1)a-d occurs, the CME Board may, upon a majority vote of the members present or upon a majority vote of the members who respond to a poll, take such action as may in the CME Board's sole discretion appear necessary to prevent, correct or alleviate the emergency condition. In responding to an emergency situation, CME Board members who abstain from voting on a TR Significant Action as defined in CME CTR Rule 106.A shall not be counted in determining whether such action was approved by a majority vote, but such members can be counted for the purpose of determining whether a quorum exists. Without limiting the foregoing, the CME Board may take the following actions with respect to CME CTR: (1) stop accepting derivatives data, (2) suspend direct electronic access to CME CTR, (3) suspend public reporting of derivatives data, and (4) modify the trading days or hours.

(h) Appoint, approve the compensation of, and meet annually with the Repository CCO; provided, the CME Board has also delegated such authority to the President. The CME Board shall review the annual report prepared by the Repository CCO. CME CTR shall notify the OSC of the appointment of a new chief compliance officer (whether permanent or interim) within five business days of such appointment.

(i) Consult with the Repository CCO regarding the resolution of conflicts of interest; provided, the CME Board has also delegated such authority to the President such that these powers and duties may be satisfied by the President consulting with the Repository CCO.

(j) Remove the Repository CCO, with cause, provided that CME CTR notifies the OSC of such removal within five business days. Only the CME Board has the power to remove the Repository CCO.

(k) Inform the Repository CCO of any decisions made by the CME Board that affect CME CTR.

(l) Review on an annual basis the performance of each of its board members. CME will consider periodically using external facilitators for such reviews.

(m) Remove a member of the CME Board upon finding that such member's conduct is likely to be prejudicial to CME CTR's sound and prudent management.

2.20 Please see paragraph 0 above with respect to the requirements applicable to the CME Board under CFTC Rule 49.20.

2.21 The CME Board is comprised of the same individuals as the Board of Directors of CMEG (the "**CMEG Board**") and generally operates together with the CMEG Board. CMEG believes the CMEG Board and the boards of its member exchanges should be composed of individuals from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity and who exercise their good judgment to provide practical insights and different perspectives. In selecting candidates, the CMEG Board endeavors to find individuals who have a solid record of accomplishment in their chosen fields and who display the independence of mind and strength of character to effectively represent the best interests of the shareholders and the marketplace. As noted in paragraph 0, CME has established and enforces rules to minimize conflicts of interest in its decision-making process. Such rules ensure that there are no direct links to the interests of CME CTR participants and Users.

2.22 CMEG seeks candidates with a variety of talents and expertise to ensure the CMEG Board as a whole is operating effectively and is focused on creating long-term value for shareholders while ensuring the integrity of the markets.

2.23 CMEG's independent Nominating Committee recommends candidates for election to the CMEG Board, who are submitted to the shareholders for approval. In considering candidates for the CMEG Board, the Nominating Committee considers the entirety of each candidate's credentials, including their representation of diverse viewpoints. With respect to the nomination of current directors for re-election, the individual's contributions to the CMEG Board are also considered. In assessing new candidates for the CMEG Board, CMEG has not adopted a set of firm criteria that an individual must meet to be considered. The Nominating Committee reviews the qualifications and backgrounds of potential directors in light of the needs of the CMEG Board and CMEG at the time and selects a slate of equity director

nominees to be nominated for election at the annual meeting of shareholders. In evaluating potential director nominees, the Nominating Committee will take into consideration, among other factors, whether the nominee:

- has the highest professional and personal ethics and values;
- is independent of management under the Independence Standards contained in the CMEG Corporate Governance Principles;
- has the relevant expertise and experience required to offer advice and guidance to CMEG's CEO;
- helps the CMEG Board reflect the industry diversity of interest composition requirements set forth in the CMEG Bylaws;
- has the ability to make independent analytical inquiries;
- can dedicate sufficient time, energy and attention to the diligent performance of his or her duties;
- has the ability to represent the interests of the shareholders of CMEG and to create long-term value;
- has any special business experience and expertise in a relevant area;
- would be considered an audit committee financial expert or financially literate, as such terms are defined in applicable rules, regulations and listing standards; and
- has an understanding of CMEG's business, products, market dynamics, and customer base.

2.24 Rule 401 in the CME SDR Rulebook provides that no person shall serve on the CME Board or any Committee if the person is disqualified under CME Rule 300 of the CME Rulebook, which is available at http://www.cmegroup.com/rulebook/CME/. CME Rule 300.D (Disqualification from Certain Committees and Governing Boards) ("**CME Rule 300.D**") prohibits any person from serving on the CME Board, any Committees and certain prescribed non-Board level committees where (i) the person has committed a "disciplinary offense" as defined by CME Rule 300.D, (ii) the person's CFTC registration in any capacity has been revoked or suspended, (iii) the person is subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration or membership, (iv) the person is subject to a denial, suspension or disqualification from serving on a disciplinary committee, oversight committee, arbitration panel or governing board of any self-regulatory organization, or (v) the person has been convicted of any prescribed felony.

2.25 All of CMEG's directors with the exception of the following have been classified as independent: Terrence A. Duffy, Phupinder S. Gill, Leo Melamed and Edemir Pinto.

2.26 The CME Board is required to meet with the Repository CCO at least annually pursuant to CME CTR Rule 105.A(8).

2.27 Please also see CFTC Rule 49.20 in CFTC Rule Part 49, the CME CTR Rulebook, the CME Bylaws, Section 3.5 of the CMEG Bylaws, the CMEG Corporate Governance Principles, the CMEG Nominating Committee Charter and Chapter 3 of the CME Rulebook for further information relevant to the above criteria.

D. Management

(1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that

(a) specify the roles and responsibilities of management, and

(b) ensure that management has the experience, competencies, integrity and mix of skills necessary to discharge its roles and responsibilities.

(2) A designated trade repository must notify the Commission no later than the 5th business day after appointing or replacing its chief compliance officer, chief executive officer or chief risk officer.

2.28 The CME Board is the governing body of CME CTR and has direct oversight responsibility of the management of CME CTR. Please refer to subparagraphs 0(d),(i),(j),(k) and (l) for the specific duties and powers of the CME Board in relation to the management of CME CTR.

2.29 The members of the Management Team of CMEG have the same titles at CME. Each of CME's clearing, exchange and repository services operations function as separate divisions within CME. CMT CTR's management personnel are the same as that of CME SDR, and is headed by a President, appointed by the CEO of CME and approved by the CME Board. The following is a brief summary of the roles and responsibilities of CME's repository services management:

(a) **President**: The CME SDR President is the primary executive responsible for all business matters related to CME's repository services businesses. The CME SDR President will be responsible for all strategic decisions related to CME's repository services businesses and will assume the primary leadership role of CME's repository services division.

(b) **Repository CCO**: The Repository CCO administers and monitors compliance for CME's repository services division and reports to the CME Board and the President on at least an annual basis regarding compliance. With respect to all CME repository-related matters for which the Repository CCO believes he or she needs supervisory direction, including conflicts of interest matters, the Repository CCO shall obtain such direction from the senior officer or the CME Board. The Repository CCO, among other things, responds to CFTC requests and inquiries and oversees the process of providing access to applicable systems to domestic and foreign regulators. The Repository CCO establishes business requirements for CME's repository systems. The Repository CCO supervises the activities of the Compliance Officer. The Repository CCO complies with all of the obligations of CME CTR Rule 105.B, described below in Section E, in particular paragraph 0.

(c) **Product Manager**: The CME SDR Product Manager is the primary executive responsible for designing, planning and execution of all operational and technical aspects of CME's repository services division. The CME SDR Product Manager reports to the CME SDR President.

(d) **Client Services Manager**: The Client Services Manager oversees a team providing support to CME repository services customers for critical assistance with connectivity, submission and information needs. Responsibilities include overseeing customer onboarding activities and presiding over day to day customer support provided by the client services team. The Client Services Manager also manages overall training programs for client services personnel.

E. Chief Compliance Officer

(1) The board of directors of a designated trade repository must appoint a chief compliance officer with the appropriate experience, competencies, integrity and mix of skills necessary to serve in that capacity.

(2) The chief compliance officer of a designated trade repository must report directly to the board of directors of the designated trade repository or, if so directed by the board of directors, to the chief executive officer of the designated trade repository.

(3) The chief compliance officer of a designated trade repository must

(a) establish, implement, maintain and enforce written rules, policies and procedures to identify and resolve conflicts of interest,

(b) establish, implement, maintain and enforce written rules, policies and procedures to ensure that the designated trade repository complies with securities legislation,

(c) monitor compliance with the rules, policies and procedures required under paragraphs (a) and (b) on an ongoing basis,

(d) report to the board of directors of the designated trade repository as soon as practicable upon becoming aware of a circumstance indicating that the designated trade repository, or an individual acting on its behalf, is not in compliance with the securities laws of a jurisdiction in which it operates and one or more of the following apply:

(i) the non-compliance creates a risk of harm to a user;

(ii) the non-compliance creates a risk of harm to the capital markets;

(iii) the non-compliance is part of a pattern of non-compliance;

(iv) the non-compliance may have an impact on the ability of the designated trade repository to carry on business as a trade repository in compliance with securities legislation,

(e) report to the designated trade repository's board of directors as soon as practicable upon becoming aware of a conflict of interest that creates a risk of harm to a user or to the capital markets, and

(f) prepare and certify an annual report assessing compliance by the designated trade repository, and individuals acting on its behalf, with securities legislation and submit the report to the board of directors.

(4) Concurrently with submitting a report under paragraph (3)(d), (3)(e) or (3)(f), the chief compliance officer must file a copy of the report with the Commission.

2.30 CME CTR Rule 105.B provides that the Repository CCO must report to the CME Board, or if so directed, to the senior executive officer of CME CTR. The Repository CCO must:

(a) establish, implement, maintain and enforce written rules, policies and procedures to identify and resolve conflicts of interest;

(b) establish, implement, maintain and enforce written rules, policies and procedures to ensure that CME CTR complies with securities legislation;

(c) monitor compliance with the rules, policies and procedures established in (a) and (b) above;

(d) report to the CME Board as soon as practicable upon becoming aware of a circumstance indicating that CME CTR or an individual acting on behalf of CME CTR is not in compliance with the securities laws of any jurisdiction in which it operates and one or more of the following apply:

(i) the non-compliance creates a risk of harm to a user;

(ii) the non-compliance creates a risk of harm to the capital markets;

(iii) the non-compliance is part of a pattern of non-compliance;

(iv) the non-compliance may have an impact on the ability of CME CTR to carry on business as a trade repository in compliance with securities legislation;

(e) report to the CME Board as soon as practicable upon becoming aware of a conflict of interest that creates a risk of harm to a user or to the capital markets; and

(f) prepare and certify an annual report assessing compliance by CME CTR, and individuals acting on its behalf, with securities legislation and submit the report to the CME Board. The annual report shall be prepared and provided to the CME Board no later than sixty days after the end of CME CTR's fiscal year.

2.31 With respect to the annual compliance report requirements described in subparagraphs 0(d), (e) and (f) above, CME CTR Rule 105.B provides that the Repository CCO will submit the report to the OSC concurrently with submitting each report to the CME Board.

2.32 In addition, as required by CFTC Rule 49.22, CME has appointed a Repository CCO. The Repository CCO has full responsibility and authority to develop and enforce appropriate compliance policies and procedures for CME SDR, review CME SDR's compliance with the SDR Core Principles and all other applicable legal and regulatory requirements, and resolve conflicts of interest and any other non-compliance issues that may arise. As previously noted in paragraph 0 above, the Repository CCO also acts as the chief compliance officer of CME CTR for purposes of complying with the requirements under Section 11 in OSC Rule 91-507.

2.33 Please also see CFTC Rule Part 49 and the Rules 320 to 324 in the CME SDR Rulebook for further information relevant to the above criteria.

F. Fees

All fees and other material costs imposed by a designated trade repository on its participants must be

(a) fairly and equitably allocated among participants, and

(b) publicly disclosed on its website for each service it offers with respect to the collection and maintenance of derivatives data.

2.34 CME CTR Rule 104 provides that any fees or charges imposed by CME as a trade repository are equitable, have been established in a uniform and non-discriminatory manner, and are not being used as an artificial barrier to access CME as a trade repository.

2.35 CME CTR Rule 104 also provides that (a) CME as a trade repository will not offer preferential price arrangements that do not apply to all market participants uniformly, and (b) no preferential price arrangements are established in a manner that would effectively limit the application of the discount or reduction to a select number of market participants.

2.36 All of CME's fees or charges shall be fully disclosed and transparent to market participants. A schedule of fees and charges will be posted on CME's website such that it is accessible by all market participants.

2.37 Please also see the CME CTR Fee Schedule, which will be available at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html and the Fee Schedule in the CME CTR Overview, which is available at http://www.cmegroup.com/trading/global-repository-services/files/cme-ctr-overview.pdf.

G. Access to Designated Trade Repository Services

(1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that establish objective, risk-based criteria for participation that permit fair and open access to the services it provides.

(2) A designated trade repository must publicly disclose on its website the rules, policies and procedures referred to in subsection (1).

(3) A designated trade repository must not do any of the following:

(a) unreasonably prohibit, condition or limit access by a person or company to the services offered by the designated trade repository;

(b) permit unreasonable discrimination among the participants of the designated trade repository;

(c) impose a burden on competition that is not reasonably necessary and appropriate;

(d) require the use or purchase of another service for a person or company to utilize the trade reporting service offered by the designated trade repository.

2.38 CME will provide trade repository services to market participants in Ontario on a fair, open and equal basis. CME will provide trade repository services to all market participants for derivatives it accepts in an asset class traded over the counter or cleared through a clearing agency and will not provide access to its trade repository services on a discriminatory basis.

2.39 CME's rules, policies and procedures relating to access to CME CTR will be publicly disclosed on the CMEG website at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html.

2.40 CME trade repository participants may obtain access to CME trade repository facilities and services through a web based secure user interface or an application programming interface. Participants must meet CME technical requirements and complete the applicable repository services agreement (e.g., User, service provider). CME only provides access to its trade repository services to persons who have completed and signed the applicable User Agreement.

2.41 CME's criteria for access to its trade repository services are specified in the applicable User Agreements and the CME CTR User Guide. Participants must also meet CME's technical requirements.

2.42 Current CME participants include: SEFs; DCMs; DCOs; derivatives counterparties (e.g., derivatives dealers, local counterparties); and third-party service providers acting on behalf of any of these persons.

2.43 As noted in paragraphs 0 and 0 in Section F above, (i) any fees or charges imposed by CME as a trade repository are equitable, have been established in a uniform and non-discriminatory manner, and are not being used as an artificial barrier to access CME as a trade repository, and (ii) CME as a trade repository will not offer preferential price arrangements that do not apply to all market participants uniformly.

2.44 CME does not, and will not, tie or bundle the offering of mandated regulatory services with ancillary services offered by CME.

2.45 Please also see Chapter 1 the CME CTR Rulebook, the CME Repository Services User Agreement and the CME CTR User Guide for further information relevant to the above criteria.

H. Acceptance of Reporting

A designated trade repository must accept derivatives data from a participant for a transaction in a derivative of the asset class or classes set out in the designated trade repository's designation order.

2.46 CME accepts, processes and stores data on all cleared and uncleared derivatives that are reported to it with respect to the following asset classes: credit, interest rates, FX and Commodities. CME continuously evaluates additional asset classes and offerings to determine the potential impact on its business and whether to expand its offerings and services to market participants.

2.47 CME will perform public reporting of derivative transaction and pricing data, provide Canadian regulators with access to derivatives data and provide each customer access to its own derivatives data. CME will coordinate with other trade repositories and industry participants with respect to Legal Entity Identifiers and unique transaction/product identifiers. Derivatives transaction and pricing data will be reported through a publicly available website, which will be searchable and downloadable. This data will be provided in real-time once any applicable delays expire.

2.48 CME will accept data on cleared and uncleared derivatives from clearing agencies, and third-party service providers through files and messages over graphical user interfaces, programmatic interfaces and other transfer systems. CME will provide applicable Canadian securities and derivatives regulatory authorities with access to derivatives data as required in Section 39 of OSC Rule 91-507 along with automated tools that will enable regulatory authorities to access derivatives data.

2.49 CME has in place technical infrastructure and procedures to maintain separate databases for the derivatives data that it receives, processes and stores for the trade repositories it operates. The dataset for each application is separated by logical containers and physical data files. Data residing in one container cannot be accessed by another container. Each container has its own secure application account where proper credentials must be provided for access. The application account is mapped to one and only one container. The container itself has its own access controls. The CTR application is configured to connect to the database account dedicated to the CTR application. In turn, the Canadian Database account is mapped to the Canadian container which houses the tables with Canadian derivatives data in them.

2.50 Please also see the CME CTR reporting specifications, which are available at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html.

I. Communication Policies, Procedures and Standards

A designated trade repository must use or accommodate relevant internationally accepted communication procedures and standards in order to facilitate the efficient exchange of data between its systems and those of

(a) its participants,

(b) other trade repositories,

(c) exchanges, clearing agencies, alternative trading systems, and other marketplaces, and

(d) other service providers.

2.51 CME accepts derivatives data via the methods listed below. CME plans to make available multiple formats under multiple transports prior to October 31, 2014.

Format	Transport	Asset Classes
FiXML	MQ or HTTPS web services	Credit, Interest Rates, FX, Commodities
CSV	Upload via Participant User Interface ("**UI**"), Secure FTP ("**sFTP**") or HTTPS web services	Credit, Interest Rates, FX, Commodities

2.52 API submissions via MQ, an IBM product that facilitates software messaging between two computer systems, requires installation of IBM MQ client software and establishing connectivity into the CME network using a leased line connection into CME. CSV upload submissions require connectivity to CME repository services via the Participant UI, which serves as the front end to CME repository services. Users can utilize the Participant UI to (i) upload CSV submissions to CME, (ii) view trade submissions made to CME on behalf of Users, and (iii) run comprehensive trade reports based on submitted trades. HTTPS web services submissions to pass CSV or FiXML formatted files to CME repository systems.

2.53 The Participant UI application is identical for all Users, but only Users that are regulatory authorities (e.g., the OSC) will have access to all trade repository data for which it is permissioned.

2.54 Please also see the CME CTR User Guide and the user interface demonstration video, which is available at: http://progressive.powerstream.net/008/00102/edu/interactive/swap-data-repository-demo/index.html.

J. Due Process

For a decision made by a designated trade repository that directly adversely affects a participant or an applicant that applies to become a participant, the designated trade repository must ensure that

(a) the participant or applicant is given an opportunity to be heard or make representations, and

(b) it keeps records of, gives reasons for, and provides for reviews of its decisions, including, for each applicant, the reasons for granting, denying or limiting access.

2.55 Unlike DCMs and DCOs, SDRs are not self-regulatory organizations under the CFTC Rules. As a result, CME SDR is not subject to, among other things, minimum disciplinary and right to appeal requirements for its Users. This also applies to CME CTR.

2.56 CME SDR does not utilize disciplinary proceedings or administrative fines in cases where Users violate CME SDR Rules. Instead, CME SDR's primary recourse against such Users is to suspend or terminate the User's access to its repository services. As a result, a User generally cannot be heard or make representations or appeal a decision by CME SDR to suspend or terminate the User's access. However, in the case of a suspension or termination of the User's access for a breach of any material obligation under the User Agreement, CME SDR must provide the User with notice of the breach and allow the User to cure the breach within thirty (30) days of the receipt of the notice. During the thirty (30) day cure period, the User also has the opportunity to contact CME SDR personnel and "such personnel will make reasonable efforts to provide [the User] with guidance as to the nature of the breach and steps [the User] may be able to take to effectuate a cure thereof". This also applies to CME CTR.

2.57 CME CTR Rule 107 provides that "CME CTR shall have the authority to suspend or terminate access to or otherwise take adverse action against a User for failure to adhere to CME CTR data submission protocols or to comply with the Rules of CME CTR, and may refer such violations to the [OSC]". CME CTR Rule 504 provides that "CME CTR may suspend or revoke access of a User in accordance with Section 19 of the User Agreement or as otherwise directed by the [OSC]".

2.58 Section 19 of the CME Repository Services User Agreement provides for the following terms in connection with the termination of a User's access by CME:

(c) Termination by CME

(i) CME may terminate this User Agreement with at least sixty (60) days advance notice if CME plans to cease operating as an TR.

(ii) CME may terminate this User Agreement or suspend Company's access to the System if:

(1) Any Fees due hereunder from Company to CME are past due;

(2) Company breaches any material obligation of this User Agreement, which for the avoidance of doubt includes violations of the Rules; provided, however, that CME shall provide Company with notice of any such breach (which notice shall include appropriate CME contact information with respect to the matter) and Company shall have thirty (30) days from receipt of such notice to cure such breach. If Company contacts such CME personnel during the cure period, such personnel will make reasonable efforts to provide Company with guidance as to the nature of the breach and steps Company may be able to take to effectuate a cure thereof. If Company cures such breach to CME's reasonable satisfaction within the cure period, then CME shall not terminate this User Agreement; provided, however, that CME shall have the right to suspend Company's access to the System during the cure period in its reasonable discretion;

(3) Company files a petition under the Bankruptcy and Insolvency Act (Canada) or any other insolvency law, becomes insolvent or has any involuntary petition for bankruptcy filed against it;

(4) Such termination is required by applicable Canadian Laws and Regulations, Commission Order or court order; or

(5) Company ceases doing business as a going concern.

(iii) Notwithstanding parts (i) and (ii) of this paragraph and in accordance with CME CTR Rule 504, in the event that the Commission directs CME to suspend Company's access to the System for any reason, including a finding by the Commission that Company violated the Rules, Company shall not be entitled to submit Derivatives Data for any derivatives transactions entered into following the date of receiving notice from the Commission and/or CME. Any such suspension of access shall continue for the duration determined by the Commission. Company may, however, continue to submit required Derivatives Data for derivatives that had been reported to CME prior to receiving such notice and access Derivatives Data to which Company is or was a party.

(d) Following termination of this User Agreement, Company's right (and the right of any of its Users) to access the System shall be revoked and CME shall not provide Repository Services to Company or its Users.

…

(f) Notwithstanding the above, CME in all instances (including without limitation any actions taken by CME pursuant to any of its Rules providing procedures for summary denial of access to the Site, the System or Repository Services) may in its sole discretion suspend, terminate or restrict at any time Company's or its Users' access to and utilization of the Site, the System or Repository Services in order to protect the integrity or operation of the Site, the System or Repository Services and/or to protect CME or other users.

2.59 CME CTR Rule 504.A provides that "CME CTR may restore access of a User in accordance with the User Agreement or as otherwise directed by the [OSC]. The determination whether to restore a User's access shall be made by the Repository CCO. The Repository CCO shall consider applicable regulatory requirements when determining whether to restore access and shall document the results of any determinations made."

K. Rules

(1) The rules, policies and procedures of a designated trade repository must

(a) be clear and comprehensive and provide sufficient information to enable a participant to have an accurate understanding of its rights and obligations in accessing the services of the designated trade repository and the risks, fees, and other material costs they incur by using the services of the designated trade repository,

(b) be reasonably designed to govern all aspects of the services offered by the designated trade repository with respect to the collection and maintenance of derivatives data and other information on a completed transaction, and

(c) not be inconsistent with securities legislation.

(2) A designated trade repository must monitor compliance with its rules, policies and procedures on an ongoing basis.

(3) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures for sanctioning non-compliance with its rules, policies and procedures.

(4) A designated trade repository must publicly disclose on its website

(a) its rules, policies and procedures referred to in this section, and

(b) its procedures for adopting new rules, policies and procedures or amending existing rules, policies and procedures.

(5) A designated trade repository must file its proposed new or amended rules, policies and procedures for approval in accordance with the terms and conditions of its designation order, unless the order explicitly exempts the designated trade repository from this requirement.

2.60 The CME Board has adopted rules (e.g., (i) CME's Certificate of Incorporation and Bylaws, (ii) rules located in Chapter 3 of the CME Rulebook, (iii) CME's interpretations, orders, resolutions, advisories, notices, manuals and other similar directives, (iv) the rules in the CME SDR Rulebook and CME CTR Rulebook, and all amendments to each of the above) (collectively, "Rules"), and from time to time adopts amendments and supplements to the Rules. The Rules are designed to fulfill the obligations of CME with the requirements set forth in applicable securities laws and regulations, including the CEA, CFTC regulations and Ontario securities laws and regulations. The Rules are (i) clear and comprehensive and provide sufficient information to enable a participant to have an accurate understanding of its rights and obligations in accessing the services of the designated trade repository and the risks, fees, and other material costs they incur by using the services of CME CTR, (ii) reasonably designed to govern all aspects of the services offered by CME CTR with respect to the collection and maintenance of derivatives data and other information on a completed transaction, and (iii) not inconsistent with securities legislation.

2.61 CME CTR Users are deemed to know, consent to and be bound by all Rules.

2.62 CME uses a multi-faceted approach to monitor for compliance with CTR Rules. At the trade level, error/warning messages and various reconciliations (i.e., ACK/NACKs indicating success or failure of submissions as well as an indication of the reason for failure, EOD verification e-mails to clients, etc.) are used to confirm and communicate to submitters/reporting counterparties receipt of submission as well as to ensure data integrity (i.e., a check to ensure that required fields are populated and are in the correct format for all fields with a valid set of values). CME also uses a combination of manual and automated monitoring (i.e., via exception reporting) to identify gross errors in the quality of the derivatives data provided by the reporting counterparty. Finally, CME conducts testing in connection with, and in support of, the Repository CCO's annual compliance report to ensure that CME CTR is meeting its regulatory obligations.

2.63 Please see paragraphs 0 to 0 in this application with respect to a description of CME's rules, policies and procedures for sanctioning non-compliance with its rules, policies and procedures.

2.64 CME's rules, policies and procedures with respect to CME CTR will be publicly disclosed on the CMEG website at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html.

2.65 Please also see CME CTR Rules 107, 504 and 504.A, Section 19 of the CME Repository Services User Agreement, and Section 7 of the CME Repository Service Agreement for Service Providers and CFTC Rules 40.5 and 40.6 in CFTC Rule Part 40, which are available at http://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=a313f591db70114d938bfa7a505e75b1&n=17y1.0.1.1.33&r=PART&ty=HTML, for further information relevant to the above criteria.

L. Records of Data Reported

(1) A designated trade repository must design its recordkeeping procedures to ensure that it records derivatives data accurately, completely and on a timely basis.

(2) A designated trade repository must keep, in a safe location and in a durable form, records of derivatives data in relation to a transaction for the life of the transaction and for a further 7 years after the date on which the transaction expires or terminates.

(3) Throughout the period described in subsection (2), a designated trade repository must create and maintain at least one copy of each record of derivatives data required to be kept under subsection (2), in a safe location and in a durable form, separate from the location of the original record.

2.66 CME CTR Rule 600 provides for the following in respect of records of derivatives data reported:

- CME CTR shall keep full, complete and systematic records of all derivatives data reported to CME CTR (including data on historical positions and corrected data) readily accessible and available to the OSC via real-time electronic access throughout the existence of the derivative and for seven years following the full termination or expiry of the derivative. CME CTR shall keep the data reported to CME CTR on the derivative in archival storage, retrievable within 3 business days;

- CME CTR shall timestamp derivatives and pricing data relating to a publicly reportable derivative with the date and time, to the nearest second when CME CTR receives data from a swap execution facility, designated contract market, derivatives clearing organization or other reporting counterparty and when CME CTR publicly disseminates such data;

- CME CTR shall keep full, complete and systematic records of all activities related to the business of CME CTR;

- CME CTR shall keep such records for a period of seven years. During such time, the records shall be kept readily accessible;

- records kept by CME CTR shall be open to inspection upon request by any representative of the Commission or by any representative of a prudential regulator as authorized by the OSC. Upon request of a representative of the OSC, CME CTR shall provide the OSC with copies of records kept by CME CTR by electronic means, in hard copy, or both, as requested;

- copies of all such records shall be provided, at the expense of CME CTR or the person required to keep the record; and

- all records shall be maintained in a durable format, in a safe location, separate from the location of the original record, for the life of the transaction and for a further seven years after the date on which the transaction expires or terminates.

2.67 Please also see CFTC Rule 45.2(f) and (g) in CFTC Rule Part 45 and CFTC Rule 49.12(b) in CFTC Rule Part 49 and Chapter 6 of the CME SDR Rulebook for further information relevant to the above criteria.

M. Comprehensive Risk-Management Framework

A designated trade repository must establish, implement and maintain a written risk-management framework for comprehensively managing risks including business, legal, and operational risks.

2.68 The CMEG Board has an active role, as a whole and also at the committee level, in overseeing management of risks, with its focus on the top tier risks facing CMEG. CMEG has established an enterprise risk management ("**ERM**") program to promote and facilitate the process to evolve, align and sustain sound risk management practices at CMEG. CMEG's ultimate objective is to help preserve and protect its enterprise value and to help increase the likelihood of achieving its financial, operational and strategic objectives. In doing so, the CMEG Board understands it may not be practicable or cost-effective to eliminate or mitigate certain risks, that it may be necessary to bear certain risks to achieve CMEG's goals and objectives and that the processes, procedures and controls employed to address certain risks may be limited in their effectiveness.

2.69 The ERM program is led by CMEG's Managing Director, Global Chief Compliance Officer who reports to the Senior Managing Director, General Counsel and Corporate Secretary. The Audit Committee serves as the primary committee with responsibility for overseeing the ERM program, with CMEG's other board and functional level committees overseeing specific risks that relate to their core responsibilities, such as the clearing risk committees and the finance and compensation committees. ERM and discussions on top tier risks is a regular Audit Committee agenda item, whereas broad risk topics and specific risks are discussed at the CMEG Board and other committees, as relevant. In the context of the ERM program, enterprise risks are identified, assessed, measured, prioritized, and updated regularly by management through CMEG's cross-functional risk management team, made up of senior managers representing each division of CMEG's business and led by CMEG's Managing Director, Global Chief Compliance Officer. The Audit Committee and the CMEG Board receive regular quarterly reports updating CMEG's significant enterprise risks.

Additional review or reporting on CMEG's enterprise risks is conducted as needed or as requested by the CMEG Board or one of its committees.

2.70 CMEG also maintains comprehensive organizational capabilities, programs and processes designed to safeguard its information assets. CMEG's Technology Safeguards are designed to protect internal and external facing trading and clearing systems, the underlying technology infrastructure and processed data, and covers the following areas of CMEG's operations: Governance and Risk Management; System Development; Physical Access; Logical Access; Scheduling and Monitoring; Business Continuity; and Outsourcing and Licensing.

N. General Business Risk

(1) A designated trade repository must establish, implement and maintain appropriate systems, controls and procedures to identify, monitor, and manage its general business risk.

(2) Without limiting the generality of subsection (1), a designated trade repository must hold sufficient insurance coverage and liquid net assets funded by equity to cover potential general business losses in order that it can continue operations and services as a going concern in order to achieve a recovery or an orderly wind down if those losses materialize.

(3) For the purposes of subsection (2), a designated trade repository must hold, at a minimum, liquid net assets funded by equity equal to six months of current operating expenses.

(4) A designated trade repository must identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for an orderly wind-down.

(5) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to facilitate its orderly wind-down based on the results of the assessment required by subsection (4).

(6) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures to ensure that it or a successor entity, insolvency administrator or other legal representative, will continue to comply with the requirements of subsection 6(2) and section 37 in the event of the bankruptcy or insolvency of the designated trade repository or the wind-down of the designated trade repository's operations.

2.71 Please see the response to the criterion set out in Section M above in respect of risk management policies and procedures and more specifically, the ERM program.

2.72 CME CTR has in place systems, controls and procedures to identify, monitor and manage its general business risk. With respect to these systems, controls and procedures, it is useful to review the requirements applicable to CME pursuant to the CME Bylaws and CME SDR under the CFTC Rules.

2.73 CME holds insurance to cover a number of business risk areas, including general liability, property, management liability, workers' compensation and employers' liability insurance. Additionally, under section 7.5 of the CME Bylaws, CME may maintain insurance, at its expense, to protect itself and any director, officer, trustee, committee member, employee or agent of CME or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not CME would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

2.74 As required under CFTC Rule 49.25, CME SDR must maintain sufficient financial resources to perform its statutory duties and the SDR Core Principles. Financial resources are considered sufficient for purposes of CFTC Rule 49.25(a)(3) if their value is at least equal to a total amount that would enable the SDR to cover operating costs for a period of at least one year, calculated on a rolling basis. Additionally, the financial resources must be independent and separately dedicated to ensure that assets and capital are not used for multiple purposes. This also applies to CME CTR.

2.75 On a quarterly basis, CME SDR is required to make a reasonable calculation of its projected operating costs over a 12-month period to determine its financial resource requirement. CME SDR is also required, on not less than a quarterly basis, to compute the current market value of each financial resource used to meet its obligations under CFTC Rule 49.25. Furthermore, at each fiscal quarter CME SDR must report to the CFTC (i) the amount of financial resources necessary to meet the requirements of CFTC Rule 49.25, (ii) the value of each financial resource available, and

provide the CFTC with a financial statement that includes the balance sheet, income statement and statement of cash flows of the SDR or of its parent company (e.g., CME SDR or CMEG). This also applies to CME CTR.

2.76 As an entity that operates as both an SDR and a DCO, CME must also comply with the financial resource requirements applicable to DCOs under CFTC Rule 39.11. CFTC Rule 39.11 requires CME to meet its financial obligations "notwithstanding a default by the clearing member creating the largest financial exposure" and to enable it to cover its "operating costs for a period of at least one year, calculated on a rolling basis". CME collects initial margin, variation margin (via mark to market) and requires its clearing members to post collateral for its Guaranty Funds in order to manage its risk as a clearing house and meet CFTC Rule 39.11. The adequacy of CME's default resources are stress tested on a daily basis.

2.77 In the unlikely event that CME chooses to withdraw its designation as a trade repository it will do so by providing notice to the OSC in writing at least one hundred eighty (180) days prior to the effective date of withdrawal of its designation (the "withdrawal date"). The decision to withdraw from designation will be submitted to the CME Board for approval.

2.78 Notification of withdrawal shall be submitted to the OSC by either the President or the CCO of CME SDR via the Form 91-507F3 – Cessation of Operations Report for Trade Repository.

2.79 Prior to filing a request to withdraw from designation CME will file, if necessary, an amended Form 91-507F1 – Application for Designation Trade Repository Information Statement to update any inaccurate information.

2.80 CME will endeavor to identify a suitable trade repository or trade repositories to transfer its derivatives data. A trade repository will be deemed "suitable" if: (1) it offers a commercially reasonable arrangement and (ii) permits clients of CME the ability to access to their derivatives data. If a "suitable" trade repository is identified, CME will work with such trade repository to determine a schedule and method for transfer of the derivatives data. In the event CME is unable to find a "suitable" trade repository, it will work with the OSC to determine a process for transferring such derivatives data to the OSC in an agreed upon time frame.

2.81 Concurrent with such notification to the OSC, CME will issue notice to market participants of the intent to withdraw its designation. Subsequent notifications will be sent providing CME SDR clients with the name and contact information for the trade repository to which their derivatives data will be transferred, how to access their information and the timing of such transfer.

2.82 CME has identified scenarios that may prevent CME CTR from providing its critical operations and services as a going concern, which include but are not limited to: bankruptcy, disciplinary action and natural disaster or catastrophe.

2.83 Please also see CFTC Rule 49.25 in CFTC Rule Part 49, Chapter 8 of the CME Rulebook and the CME Clearing Financial Safeguards, which are available at http://www.cmegroup.com/clearing/files/financialsafeguards.pdf, for further information relevant to the above criteria.

O. System and Other Operational Risk Requirements

(1) A designated trade repository must establish, implement, maintain and enforce appropriate systems, controls and procedures to identify and minimize the impact of all plausible sources of operational risk, both internal and external, including risks to data integrity, data security, business continuity and capacity and performance management.

(2) The systems, controls and procedures established pursuant to subsection (1) must be approved by the board of directors of the designated trade repository.

(3) Without limiting the generality of subsection (1), a designated trade repository must

(a) develop and maintain

(i) an adequate system of internal controls over its systems, and

(ii) adequate information technology general controls, including without limitation, controls relating to information systems operations, information security and integrity, change management, problem management, network support and system software support,

(b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually

(i) make reasonable current and future capacity estimates, and

(ii) conduct capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner, and

promptly notify the Commission of a material systems failure, malfunction, delay or other disruptive incident, or a breach of data security, integrity or confidentiality, and provide a post-incident report that includes a root-cause analysis as soon as practicable.

(4) Without limiting the generality of subsection (1), a designated trade repository must establish, implement, maintain and enforce business continuity plans, including disaster recovery plans reasonably designed to

(a) achieve prompt recovery of its operations following a disruption,

(b) allow for the timely recovery of information, including derivatives data, in the event of a disruption, and

(c) provide for the exercise of authority in the event of an emergency.

(5) A designated trade repository must test its business continuity plans, including disaster recovery plans, at least annually.

(6) For each of its systems for collecting and maintaining reports of derivatives data, a designated trade repository must annually engage a qualified party to conduct an independent review and prepare a report in accordance with established audit standards to ensure that it is in compliance with paragraphs (3)(a) and (b) and subsections (4) and (5).

(7) A designated trade repository must provide the report prepared in accordance with subsection (6) to

(a) its board of directors or audit committee promptly upon the completion of the report, and

(b) the Commission not later than the 30th day after providing the report to its board of directors or audit committee.

(8) A designated trade repository must publicly disclose on its website all technology requirements regarding interfacing with or accessing the services provided by the designated trade repository,

(a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

(b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.

(9) A designated trade repository must make available testing facilities for interfacing with or accessing the services provided by the designated trade repository,

(a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

(b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.

(10) A designated trade repository must not begin operations in Ontario unless it has complied with paragraphs (8)(a) and (9)(a).

(11) Paragraphs (8)(b) and (9)(b) do not apply to a designated trade repository if

(a) the change to its technology requirements must be made immediately to address a failure, malfunction or material delay of its systems or equipment,

(b) the designated trade repository immediately notifies the Commission of its intention to make the change to its technology requirements, and

(c) the designated trade repository publicly discloses on its website the changed technology requirements as soon as practicable.

2.84 Please see the response to the criterion set out in Section M above regarding the CMEG Board establishing, implementing, maintaining and enforcing appropriate systems, controls and procedures to identify and minimize the impact of all plausible sources of operational risk. CME and its Board recognize the importance of effective reporting, oversight and governance of CME's risks and specifically the risks relating to operational risk, including, for example, risks to data integrity, data security, business continuity and capacity and performance management. The CME Board has delegated authority relating to the approval of certain matters relating to the operation of the applicable exchange, clearing house, swap data repository, and swap execution facility. The Audit Committee is a Board level committee with primary oversight of the ERM program. CME also has established the MROC, which is responsible for providing independent oversight of the policies and programs of all of CME's regulatory functions including its repository divisions and their senior management and compliance officers. The Audit Committee receives regular quarterly reports on the ERM program and its top tier risks, which include operational risks such as information security, IT and business continuity risks. The CME Board also receives quarterly written reports on the top tier risks. The MROC reviews the budget and staffing of CME's regulatory functions, including CME's repository services division, to ensure it is sufficient to meet its regulatory requirements.

2.85 Please see paragraphs 0 and 0 under Section M above regarding the CMEG Board's active involvement in the operational risk systems, controls and procedures of CME SDR. As described above, the Audit Committee of the CME Board receives regular quarterly reports on the ERM program and its top tier risks, which include operational risks such as information security, IT and business continuity risks. The CME Board also receives quarterly written reports on the top tier risks. The MROC also regularly reviews the budget and staffing of CME's repository services division.

2.86 Please see paragraph 0 under Section M above regarding CMEG's establishment of controls, policies and procedures governing its systems and information technology controls, including the Technology Safeguards, which are applicable to CME's repository services division. CMEG also has in place a capacity planning process that uses a combination of modeling and monitoring to prevent any capacity issues from impacting CMEG systems, including CME's repository services division.

2.87 CMEG has in place a robust Business Continuity Management ("**BCM**") program to cover CME SDR and CMEG in general. The systems, controls, policies and procedures under the BCM program have been designed to provide prompt and efficient recovery of critical operations from incidents or physical disruptions to the business of CME SDR (e.g., any direct events affecting the CME offices in Chicago or any indirect events that affect the services provided by CMEG under outsourcing arrangements). The BCM program is reviewed on an annual basis.

2.88 CMEG has an internal audit department ("**Global Assurance**") which consists of individuals who conduct regular internal audits and who do not have business line responsibilities. For example, Global Assurance as a matter of course conducts annual reviews regarding various applicable regulatory requirements and prepares reports in accordance with GAAP regarding these reviews. These reports are provided to the CMEG Board for approval. These processes would be leveraged for new CMEG regulatory requirements.

2.89 CME's technology requirements regarding interfacing with or accessing the services that will be provided by CME CTR will be publicly disclosed on the CMEG website at http://www.cmegroup.com/trading/global-repository-services/cme-canadian-trade-repository.html sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants.

2.90 CME will make available testing facilities for interfacing with or accessing the services that will be provided by CME CTR sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants.

P. Data Security and Confidentiality

(1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to ensure the safety, privacy and confidentiality of the derivatives data.

(2) A designated trade repository must not release derivatives data for commercial or business purposes unless

(a) the derivatives data has otherwise been disclosed pursuant to section 39, or

(b) the counterparties to the transaction have provided the designated trade repository with their express written consent to use or release the derivatives data.

2.91 CME has in place safeguards and procedures applicable to: (i) evaluate and classify information based upon its sensitivity and criticality and to protect and preserve the information based upon its classification, (ii) protect the confidentiality, integrity and availability of information and of CME's systems, networks and processes that manage the information, including derivatives data received and maintained by CME, (iii) properly and safely dispose of computer, electronic storage media and other related computer equipment used to process or store information, (iv) create, receive, use, maintain, retain and dispose of information generated as part of CME's business activities.

2.92 The safeguards and procedures apply to the CMEG organization, including CMEG's subsidiaries and all employees, internal consultants and temporary personnel of the CMEG organization. Additionally, where applicable, the safeguards and procedures also apply to external parties, including customers of CMEG and its subsidiaries, regulatory authorities and third-party service providers.

2.93 CME CTR Rule 700 provides that:

- CME CTR has and shall maintain safeguards, policies and procedures reasonably designed to prevent the misappropriation or misuse, directly or indirectly of Derivatives Data, including TR information and intellectual property; and

- only individuals with a need to access Derivatives Data held by CME CTR to perform their primary job responsibilities will have access to such Derivatives Data.

2.94 As described in paragraph 2.16 above, members of the CME Board or any CME CTR-related committee are prohibited under CME CTR Rule 700.A from using or disclosing any material non-public information obtained by them as a result of their participation on the CME Board or a CME CTR-related committee for any purpose other than related to their official duties, subject to limited exceptions.

2.95 CME CTR Rule 700.B provides that CME CTR shall not release derivatives data unless it complies with the conditions set out in subsections (2)(a)-(b) above in this Section P.

Q. Confirmation of Data and Information

(1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures to confirm with each counterparty to a transaction, or agent acting on behalf of such counterparty, that the derivatives data that the designated trade repository receives from a reporting counterparty, or from a party to whom a reporting counterparty has delegated its reporting obligation under this Rule, is accurate.

(2) Despite subsection (1), a designated trade repository need only confirm the accuracy of the derivatives data it receives with those counterparties that are participants of the designated trade repository.

2.96 CME CTR Users are responsible for submitting derivatives data that is accurate and complete in all material respects. Pursuant to Section 23 of OSC Rule 91-507 and CME CTR Rule 204, CME CTR must confirm the accuracy of all data on derivatives transactions that it receives.

Pre-Verified Data

2.97 If a User submitting data to CME CTR is a recognized or exempt clearing agency or third-party service provider acting on behalf of a counterparty, the representation made by the User in the User Agreement that the User will only submit data to the CME CTR that is accurate and complete in all material respects provides CME CTR with a reasonable basis to believe that all derivatives data it receives from the User is accurate.

2.98 If such a User sends creation data or life-cycle event data (as such terms are used in OSC Rule 91-507) to CME CTR, the User shall send along with such data evidence that both counterparties to the derivative agreed to such data. Upon receiving any data from such a User, CME CTR shall provide the counterparty to the derivative with 48 hours to identify and correct any errors in the reported data. Once the 48 hour correction period expires, the counterparty is deemed to have acknowledged the accuracy of the derivatives data.

Data Received by a Counterparty to the Transaction

2.99 If the non-reporting counterparty to the transaction is also a User of CME CTR, CME CTR will notify both counterparties to the transaction.

2.100 To the extent that the other counterparty to the transaction is a User of CME CTR, it must promptly review the creation data, send CME CTR corrections of any errors, and acknowledge the accuracy of all remaining creation data. After any

corrections are made and upon receiving verification from each counterparty (where applicable) that the terms reported are correct, CME CTR shall deem the data to be accurate.

2.101 If the data received by CME CTR directly from such a counterparty to the transaction is life-cycle event data, unless CME CTR receives corrections from a counterparty to the derivative of such data within 48 hours of CME CTR providing the counterparties with the reported data, the counterparties to the derivative are deemed to have acknowledged the accuracy of the Derivatives Data.

2.102 Please also see Rule 205.B in the CME CTR Rulebook for further information relevant to the above criteria.

R. Outsourcing

If a designated trade repository outsources a material service or system to a service provider, including to an associate or affiliate of the designated trade repository, the designated trade repository must

(a) establish, implement, maintain and enforce written rules, policies and procedures for the selection of a service provider to which a material service or system may be outsourced and for the evaluation and approval of such an outsourcing arrangement,

(b) identify any conflicts of interest between the designated trade repository and a service provider to which a material service or system is outsourced, and establish, implement, maintain and enforce written rules, policies and procedures to mitigate and manage those conflicts of interest,

(c) enter into a written contract with the service provider that is appropriate for the materiality and nature of the outsourced activity and that provides for adequate termination procedures,

(d) maintain access to the books and records of the service provider relating to the outsourced activity,

(e) ensure that the Commission has the same access to all data, information and systems maintained by the service provider on behalf of the designated trade repository that it would have absent the outsourcing arrangement,

(f) ensure that all persons conducting audits or independent reviews of the designated trade repository under this Rule have appropriate access to all data, information and systems maintained by the service provider on behalf of the designated trade repository that such persons would have absent the outsourcing arrangement,

(g) take appropriate measures to determine that a service provider to which a material service or system is outsourced establishes, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan in accordance with the requirements under section 21,

(h) take appropriate measures to ensure that the service provider protects the safety, privacy and confidentiality of derivatives data and of users' confidential information in accordance with the requirements under section 22, and

(i) establish, implement, maintain and enforce written rules, policies and procedures to regularly review the performance of the service provider under the outsourcing arrangement.

2.103 CME does not outsource any of its key functions.

S. Data Available to Regulators

(1) A designated trade repository must, at no cost

(a) provide to the Commission direct, continuous and timely electronic access to such data in the designated trade repository's possession as is required by the Commission in order to carry out the Commission's mandate,

(b) accept and promptly fulfil any data requests from the Commission in order to carry out the Commission's mandate,

(c) create and make available to the Commission aggregate data derived from data in the designated trade repository's possession as required by the Commission in order to carry out the Commission's mandate, and

(d) disclose to the Commission the manner in which the derivatives data provided under paragraph (c) has been aggregated.

(2) A designated trade repository must conform to internationally accepted regulatory access standards applicable to trade repositories.

(3) A reporting counterparty must use its best efforts to provide the Commission with access to all derivatives data that it is required to report pursuant to this Rule, including instructing a trade repository to provide the Commission with access to such data.

2.104 CME CTR Rule 501.A provides that CME CTR shall, at no cost:

(a) provide to the OSC direct, continuous and timely electronic access to such data in its possession as is required by the OSC in order to carry out the OSC's mandate;

(b) accept and promptly fulfill any data requests from the OSC in order to carry out the OSC's mandate;

(c) create and make available to the OSC aggregate data derived from data in its possession as required by the OSC in order to carry out the OSC's mandate; and

(d) disclose to the OSC the manner in which the derivatives data provided under (c) above has been aggregated.

2.105 With respect to access to trade repository data by foreign regulators, CME CTR will conform to the internationally accepted regulatory access standards set forth in the Committee on Payment and Settlement Systems' Consultative Report, *Authorities' access to trade repository data*.

2.106 Please also see CFTC Rules 49.17 and 49.18 in CFTC Rule Part 49 and Chapter 9 of the CME SDR Rulebook for further information relevant to the above criteria.

T. Data Available to Counterparties

(1) A designated trade repository must provide counterparties to a transaction with timely access to all derivatives data relevant to that transaction which is submitted to the designated trade repository.

(2) A designated trade repository must have appropriate verification and authorization procedures in place to deal with access pursuant to subsection (1) by non-reporting counterparties or a party acting on behalf of a non-reporting counterparty.

(3) Each counterparty to a transaction is deemed to have consented to the release of all derivatives data required to be reported or disclosed under this Rule.

(4) Subsection (3) applies despite any agreement to the contrary between the counterparties to a transaction.

2.107 Please see the responses to the criteria set out in Section Q.

U. Data Available to Public

(1) A designated trade repository must, on a periodic basis, create and make available to the public, at no cost, aggregate data on open positions, volume, number and price, relating to the transactions reported to it pursuant to this Rule.

(2) The periodic aggregate data made available to the public pursuant to subsection (1) must be complemented at a minimum by breakdowns, where applicable, by currency of denomination, geographic location of reference entity or asset, asset class, contract type, maturity and whether the transaction is cleared.

(3) A designated trade repository must make transaction level reports of the data indicated in the column entitled "Required for Public Dissemination" in Appendix A for each transaction reported pursuant to this Rule available to the public at no cost not later than

(a) the end of the day following the day on which it receives the data from the reporting counterparty to the transaction, if one of the counterparties to the transaction is a derivatives dealer, or

(b) the end of the second day following the day on which it receives the data from the reporting counterparty to the transaction in all other circumstances.

(4) In disclosing transaction level reports required by subsection (3), a designated trade repository must not disclose the identity of either counterparty to the transaction.

(5) A designated trade repository must make the data required to be made available to the public under this section available in a usable form through a publicly accessible website or other publicly accessible technology or medium.

(6) Despite subsections (1) to (5), a designated trade repository is not required to make public any derivatives data for transactions entered into between affiliated companies as defined under subsection 1(2) of the Act.

2.108 CME CTR Rule 401 provides that CME CTR shall publicly report derivatives transaction and pricing data on each publicly reportable derivatives transaction that is received by CME CTR as soon as technologically practicable after receiving such data from a User subject to any applicable time delays as set forth in OSC Rule 91-507.

2.109 Pursuant to CME CTR Rule 401:

- CME CTR must make available to the public, at no cost and on a periodic basis, aggregate data on open positions, volume, number and price relating to derivative transactions, which must be complemented at a minimum by breakdowns, where applicable, by currency of denomination, geographic location of reference entity or asset, asset class, contract type, maturity and whether the transaction is cleared;

- CME CTR must make available to the public, at no cost, transaction level reports of data indicated as "Required for Public Dissemination" under Appendix A of OSC Rule 91-507 for derivatives transactions not later than:

  (a) the end of the day following the day on which CME CTR receives the data from the reporting counterparty, if at least one counterparty is a derivatives dealer; or

  (b) the end of the second day following the day on which CME CTR receives the data from the reporting counterparty to the transaction in all other circumstances;

- CME CTR will make the derivatives data available in a usable form through a publicly accessible website or other publicly accessible technology or medium; and

- CME CTR will not disclose the identity of the counterparties to any transaction that is made available on the public website.

2.110 CME CTR Rule 402 provides that derivatives data will be verified in accordance with CME CTR Rule 205. CME CTR will provide Users with access to derivatives data relating to their own derivative transactions and/or positions. In the event a User believes derivatives data maintained by CME CTR is not accurate or complete in all material respects, then such User must notify CME CTR of the inaccuracy and provide CME CTR with the correct derivatives data so that CME CTR can amend its records.

2.111 CME CTR Rule 403 provides that publicly reported derivatives data shall be in a machine readable electronic format that allows data to be downloaded, saved and analyzed and shall be and shall remain freely available and readily accessible to the public on the CMEG website.

PART 3. SUBMISSIONS

A. Submissions

3.1 CME submits that it meets the criteria set out for designation as a trade repository, all as outlined in OSC Rule 91-507. CME further submits that it would be appropriate and would not be contrary to the public interest for the OSC to impose minimal terms and conditions on CME pursuant to its designation due to the fact that it is already subject to appropriate regulatory oversight by the CFTC in the U.S.

PART 4. OTHER MATTERS

Enclosures

4.1 In support of this application, we are enclosing a draft form of order.

4.2 We note that we previously paid the application fee in the amount of CDN$4,500.00 to the OSC on May 9, 2014.

Consent to Publication

4.3 CME consents to the publication of this application for public comment in the OSC Bulletin.

If you have any questions or require anything further, please do not hesitate to contact us.

Yours very truly,

(signed) “Jonathan Thursby”

Jonathan A. Thursby
President, Global Repository Services

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

AND

IN THE MATTER OF
CHICAGO MERCANTILE EXCHANGE INC.

DRAFT ORDER
(Section 21.2.2 of the Act)

WHEREAS Chicago Mercantile Exchange Inc. (CME) has filed an application dated [DATE], 2014 (Application) with the Ontario Securities Commission (Commission) requesting an order pursuant to section 21.2.2 of the Act designating CME as a trade repository;

AND WHEREAS CME has represented to the Commission that:

1.1 CME is a corporation organized under the laws of the State of Delaware in the United States (U.S.) and is a wholly owned subsidiary of CME Group Inc. (CMEG), a publicly traded for-profit corporation organized under the laws of Delaware and listed for trading on the NASDAQ Global Select Market. CMEG is the ultimate parent company of: (i) CME; (ii) Board of Trade of the City of Chicago, Inc.; (iii) Commodity Exchange, Inc.; and (iv) New York Mercantile Exchange, Inc.;

1.2 In the U.S., CME operates under the jurisdiction of the Commodity Futures Trading Commission (CFTC), is registered with the CFTC as a designated contract market (DCM) and a derivatives clearing organization (DCO) within the meanings of those terms under the U.S. *Commodity Exchange Act* (CEA), and has received temporary registration with the CFTC as a swap execution facility. The DCM and DCO operations are organized under separate divisions within CME: CME Exchange Division and CME Clearing Division respectively;

1.3 CME is also deemed to be registered with the Securities and Exchange Commission (SEC) as a securities clearing agency, effective July 16, 2011, in accordance with certain provisions under subsection 763(b) of the *Dodd Frank Wall Street Reform and Consumer Protection Act*, and is therefore also subject to limited regulatory supervision by the SEC in connection with its offering of clearing services for single stock and narrow-based security index products;

1.4 On November 20, 2012, CME became provisionally registered with the CFTC as a swap data repository (SDR) to provide SDR services supporting credit, interest rates, other commodities (Commodities) and foreign exchange (FX) asset classes through its CME Repository Service. Similar to the DCM and DCO operations, the SDR operations are organized under a separate division within CME: CME SDR Division (CME SDR). CME's global repository service currently includes CME SDR and CME European Trade Repository, a European Securities and Markets Authority (ESMA) approved European Markets Infrastructure Regulation (EMIR) trade repository, and will include the trade repository services offered by CME in Canada (Canadian Trade Repository or CTR) when it becomes designated as a trade repository by the Commission. CME is obliged under CFTC rules to have requirements governing the conduct of SDR participants, to monitor compliance with those requirements and to discipline SDR participants;

1.5 CME seeks to be designated as a trade repository in order to (i) act as the trade repository for all transactions that it clears on behalf of clearing members that are "local counterparties", and (ii) offer trade repository services in Ontario to "local counterparties" that complete and sign the applicable repository services user agreements with respect to the following asset classes: credit, interest rates, Commodities and FX;

1.6 CME has no physical presence in Ontario and does not otherwise carry on business in Ontario or any other Canadian province or territory, except for a CMEG marketing office in Calgary, Alberta whose activities are limited to marketing and developing energy products; and

1.7 CME will meet and comply with all applicable requirements for designated trade repository under Ontario securities laws;

AND WHEREAS CME will be subject to the requirements in OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, as amended from time to time (OSC Rule 91-507);

AND WHEREAS the Director has granted an exemption in part from the requirement under subsection 17(5) of OSC Rule 91-507, as set out in Schedule "B" of this order.

AND WHEREAS based on the Application and the representations CME has made to the Commission, the Commission has determined that it is in the public interest to designate CME as a trade repository pursuant to section 21.2.2 of the Act, subject to the terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS CME has agreed to the respective terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS CME has demonstrated that it is or will be compliant with applicable requirements in OSC Rule 91-507 by October 31, 2014 and the respective terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and CME's activities on an ongoing basis to determine whether it is appropriate that CME continues to be designated subject to the terms and conditions in this order and whether it is appropriate to amend this order and the terms and conditions thereunder pursuant to section 144 of the Act;

IT IS ORDERED by the Commission that CME be designated as a trade repository pursuant to section 21.2.2 of the Act;

PROVIDED THAT CME complies with the applicable requirements in OSC Rule 91-507 and the terms and conditions attached hereto as Schedule "A" of this order.

DATED _____, 2014.

_____ _____

SCHEDULE "A"

TERMS and CONDITIONS

DEFINITIONS

For the purposes of this Schedule:

"Ontario-based participant" means a participant that (a) is a person or company organized under the laws of Ontario or that has its head office or principal place of business in Ontario, (b) is registered under Ontario securities law as a derivatives dealer or in an alternative category as a consequence of trading in derivatives, or (c) is an affiliate of a person or company described in (a) and such person or company is responsible for the liabilities of that affiliated party.

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act;

"Rule" means a proposed new, amendment to, or deletion of, any provision or other requirement in the CME CTR Rulebook or similar documents governing the rights and obligations between CME and its Ontario-based participants.

"Rule Subject to Approval" has the meaning ascribed to it in the Rule and Approval Protocol at Appendix "B" to this Schedule.

Unless the context otherwise requires, other terms used in this Schedule "A" and its Appendices have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this designation order).

REGULATION IN HOME JURISDICTION

1. CME shall maintain its status as a SDR in the United States and will continue to be subject to the regulatory oversight of the CFTC.

2. CME shall continue to comply with its ongoing regulatory requirements as a SDR in the United States.

3. CME shall provide prompt written notice to the Commission of any material change or proposed material change to its status as a SDR in the United States or the regulatory oversight of the CFTC.

OWNERSHIP OF PARENT

4. CME shall provide to the Commission 90 days prior written notice and a detailed description and assessment of impact of a change in control of CME Group, Inc.

SERVICES OFFERED

5. CME shall not act as a trade repository designated in Ontario to which reporting counterparties report trades in an asset class other than commodity, credit, interest rate, and foreign exchange, to meet the reporting requirements under OSC Rule 91-507 without prior written approval of the Commission.

ACCESS AND PARTICIPATION

6. CME shall, on a semi-annual basis, filed 30 days after the end of each period, provide the Commission with a list that specifies each Ontario-based participant that has been granted access to CME's Canadian Trade Repository services.

7. CME shall promptly notify the Commission when an applicant has been denied access to CME's Canadian Trade Repository services and who would otherwise be an Ontario-based participant.

DATA REPORTING

(a) Collection of Data

8. For greater clarity with respect to subsection 3(1) of OSC Rule 91-507, CME shall not implement any material changes to the specifications of the methods (including templates and systems) used to collect data reported to it under OSC Rule 91-507 from participants, or to the definition, structure and format of the data, unless it has filed an amendment to Form 91-507F1 in the manner set out in that Form at least 45 days before implementing the changes. For other changes to the specifications of the methods used to collect data from participants, or to the definition, structure and format of the data, CME shall provide the Commission with at least one week prior notice.

9. CME shall amend, create, remove, define or otherwise modify any data fields (including format) required to be reported by participants who are reporting, or who are reporting on behalf of reporting counterparties, under OSC Rule 91-507, in a manner and within a time frame required by the Commission from time to time after consultation with CME and taking into consideration any practical implication of such modification on CME.

10. CME shall use best efforts to continue to adapt to relevant internationally accepted communication procedures and standards for the collection and reporting of data for each required data field under OSC Rule 91-507 as requested by the Commission, in a manner and within a time frame acceptable to the Commission.

11. For life-cycle event data that is required to be reported under OSC Rule 91-507, CME shall include time stamps to each life-cycle event and link to the creation data and data relating to the original transaction.

12. For any data fields that are specific to a particular asset class or product required to be reported under OSC Rule 91-507 for each transaction, CME shall provide Ontario-based participants with the option to populate a value indicating that a field is not applicable to the transaction.

13. CME shall determine a subset of mandatory fields required for transactions that are required to be reported under OSC Rule 91-507, which if not populated with a value will cause a transaction to be rejected; and shall reject transactions required to be reported under OSC Rule 91-507 accordingly.

(b) Public Dissemination of Data

14. CME shall ensure that data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is in a format, and is disseminated in a manner, that is acceptable to the Commission. Without limiting the generality of the foregoing, CME shall ensure that such data is readily available and easily accessible to the public through the homepage of its CTR website.

15. CME shall ensure that aggregate data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is only made publicly available in accordance with Appendix "A" to this Schedule, as amended from time to time. CME shall ensure that all other data required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is not made publicly available until the Commission has approved of the method and format of the dissemination.

16. CME shall (a) anonymize, and (b) make any other modifications based on thresholds or other criteria to data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507, in a manner prescribed by the Commission.

17. CME shall exclude any transactions that are marked as “inter-affiliate” when submitted to CME from data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507.

18. CME shall amend, create, remove, define or otherwise modify the structure of data (including format) required to be publicly disseminated pursuant to section 39 of OSC Rule 91-507 in a manner and within a timeframe required by the Commission from time to time after consultation with CME and taking into consideration any practical implication of such modification on CME.

19. Upon the Commission’s request, CME shall delay, and subsequently resume, the public dissemination of data that is required to be disseminated pursuant to section 39 of OSC Rule 91-507 in a manner and within a time frame acceptable to the Commission.

(c) Provision of Data to the Commission

20. For greater clarity with respect to section 37 of OSC Rule 91-507, CME shall at a minimum, on a daily basis, provide the Commission with creation data that reflects life-cycle events up to and including the most current life-cycle event and valuation data through secured portal access with respect to data reported to it under OSC Rule 91-507; as well as work with the Commission to provide data reported to it under OSC Rule 91-507 that is in CME’s possession as is required by the Commission to fulfill its mandate, including but not limited to creation, life-cycle event, and valuation data, through secured portal and, if necessary, SFTP access, in a manner and within a timeframe acceptable to the Commission.

21. CME shall work with the Commission to provide such reports as may be required by the Commission, including but not limited to life-cycle event and transaction level reports relating to data reported to it under OSC Rule 91-507, in a manner and within a timeframe acceptable to the Commission.

22. CME shall ensure that a version number, including a date stamp, clearly identifies changes to the processes used to extract and load data that is required to be reported to the Commission pursuant to OSC Rule 91-507 using industry best practices. A summary of the changes should be provided to the Commission one week in advance of these changes.

23. When a transaction is subdivided into a series of units with multiple settlement dates, CME shall provide the settlement price value of each unit based on its terms. The aggregate value of all individual units in a product's position must equal the market value of the equivalent aggregate open positions for each participant.

RULES

24. CME shall apply only the CTR Rulebook to its Canadian Trade Repository services.

25. CME shall seek prior written approval from the Commission with respect to a Rule Subject to Approval in accordance with Appendix "B" to this Schedule.

26. CME shall file with the Commission on a quarterly basis, within 30 days after the end of each quarter, a copy of its Rules showing all cumulative changes to the Rules made during the quarter.

SYSTEMS

27. CME shall provide at least 30 days prior notice to the Commission before finalizing the scope of the review required under subsection 21(6) of OSC Rule 91-507, and after consultation with the Commission, CME shall make any reasonable amendments to the scope as requested by the Commission.

FEES

28. CME shall, by October 31, 2016 and at other times thereafter as requested by the Commission, conduct a review of its fee schedule for its Canadian Trade Repository services. CME shall provide a written report on the outcome of such review to the Commission within 30 days after the completion of the review.

COMMERCIALIZATION OF DATA

29. CME shall not unreasonably restrict the access to and use of data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507.

30. CME shall not restrict the access to and use of data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 without prior written approval of the Commission.

31. CME shall provide the Commission with 30 days prior written notice of any intended changes to the terms of access or use as they pertain to data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507, which will include a detailed description of any such changes.

32. CME shall not, as a term or condition of becoming a participant or as a term or condition of reporting data reported to it under OSC Rule 91-507 by a participant, require the consent of the participant to the release of any or all reported data for commercial or business purposes.

33. CME shall be responsible for securing any and all necessary consents from any third parties whose proprietary information is contained in the data reported to it under OSC Rule 91-507 before releasing it for commercial or business purposes.

34. CME shall not release data that is required to be reported pursuant to OSC Rule 91-507 for commercial or business purposes in relation to a product or service line without the Commission's prior written approval of the type and nature of the commercial or business product or service line in the following manner:

(a) CME shall provide the Commission with written notification of the type and nature of the commercial or business product or service line at least 10 business days prior to launching the product or service line;

(b) If Commission staff within 10 business days of receipt of the notification do not object to such product or service line, then the product or service line shall be deemed to be approved by the Commission;

(c) If Commission staff within 10 business days of receipt of the notification object to such product or service line, then the Commission will review and make a decision regarding approval of such product or service line within 30 days of CME providing notification to the Commission pursuant to paragraph (a) above.

35. CME shall not release data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 for commercial or business purposes until after its public dissemination.

TRANSITION REQUIREMENTS

36. CME shall achieve the milestones set out in in Appendix "C" to this Schedule with respect to the development and implementation of its services.

37. Following its designation , CME shall facilitate to the satisfaction of the Commission the testing of access and connectivity to its systems by the Commission.

38. Following its designation in Ontario, CME shall conduct testing and achieve results satisfactory to the Commission to gain assurance that data and reports that are required to be reported to the Commission through CME's Canadian Trade Repository Services reflect accurately and completely all data that is required to be reported by Ontario-based participants under OSC Rule 91-507. CME shall provide summary results of such testing to the Commission promptly after the completion of such testing.

39. For a period of 2 years from the date of this order, filed 30 days after the end of each quarter, CME shall provide a report summarizing (a) the number of applications in Ontario for access to CME's Canadian Trade Repository services outstanding at the end of each quarter, and (b) any material issues encountered during each quarter relating to the onboarding of new participants or reporting from Ontario-based participants as well as CME's plans to address them.

40. Following its designation in Ontario, and on an ongoing basis, CME shall (a) ensure that appropriate access, including direct access, data feeds, browser and internet-based interfaces, reports or any other relevant form of access, is provided to the Commission, and (b) ensure that its systems are secure and that any security vulnerabilities are monitored and promptly corrected once identified.

41. Following its designation in Ontario, CME shall ensure that any necessary maintenance and enhancement of its trade repository services and systems is being appropriately prioritized and staffed, and that any issues are appropriately escalated to senior management.

REPORTING REQUIREMENTS

42. CME shall promptly notify the Commission of any event, circumstance, or situation that could materially prevent CME's ability to continue to comply with the terms and conditions of the order.

43. CME shall, as soon as reasonably possible, notify the Commission of any intended use of its emergency powers to modify, limit, suspend or interrupt its Canadian Trade Repository services.

44. CME shall promptly provide to the Commission information regarding any material known investigations or legal proceedings instituted against it, to the extent that it is not prohibited from doing so under applicable law.

45. CME shall promptly provide to the Commission the details of any appointment of a receiver or the making of any voluntary arrangement with its creditors.

INFORMATION SHARING AND REGULATORY COOPERATION

46. CME shall provide to the Commission any information related to its business as a designated trade repository as may be requested from time to time, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

47. CME shall provide regulators other than the Commission with access to data that is required to be reported pursuant to Ontario securities law in compliance with the relevant laws and regulations governing such access.

APPENDIX "A"

DRAFT CANADIAN PUBLIC AGGREGATE DATA REPORTING TEMPLATE

A trade repository designated in Ontario **(an "Ontario-designated TR")** is required to publically disseminate the range and type of aggregate metrics set out in this Appendix A in order to satisfy its obligations under section 39 of OSC Rule 91-507.

Part I. Current Notional and Number of Positions Outstanding

1. For each reporting period, an Ontario-designated TR must publish on the Report Date

   a) the gross notional amount of all open positions, and

   b) the total number of positions outstanding.

2. At a minimum, an Ontario-designated TR must publish the data described in section 1 for the following reporting periods:

   a) current week,

   b) previous week, and

   c) four weeks prior to the current week.

3. An Ontario-designated TR must publish the data required by section 1 according to the following breakdowns:

   a) Asset Class: Commodity, Interest Rate, Credit, Foreign Exchange and Equity;

   b) Asset Classes in (a) by Tenor: 0-3 month, 3-6 month, 6-12 months, 12-24 months, 24-60 months, and greater than 60 months; and

   c) Asset Classes in (a) by cleared/uncleared.

4. An Ontario-designated TR must publish the data required by section 1 according to the following Product Categories for each Asset Class:

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Metals	IR Swap	Single Name-Sovereign	Non-deliverable forwards	Single Name Swap
Power	FRA	Single Name-Non-Sovereign	Non-deliverable options	Portfolio Swap
Natural Gas	Cross Currency	Index (including Index tranche)	Forward	Contract For Difference
Oil	Option (Including cap/floor)	Total Return Swap	Vanilla Option	Option
Coal	Exotic	Swaptions	Exotic	Forward
Index	Other	Exotic	Other	Exotic
Agriculture		Other		Other
Environment				
Freight				
Exotic				
Other				

5. Despite section 4, an Ontario-designated TR must publish the data required by section 1 for a particular Product Category specified in section 4 under the category of "Other" where

a) there is less than 30 open positions in that Product Category for a given period; or there are no new transactions in that Product Category for four consecutive weeks.

6. Despite sections 3 and 4, an Ontario-designated TR is not required to report the gross notional amount of all open positions for the "Commodity" Asset Class.

7. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a beginning the week ending November 28th. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a and 2.b beginning the week ending December 5th. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a, 2.b, 2.c beginning the week ending December 19th.

Part II. Turnover Notional and Number of Transactions

1. For each reporting period, an Ontario-designated TR must publish on the Report Date

a) the gross notional turnover (i.e. the gross notional amount of all new transactions entered into for that period), and

b) the total number of transactions.

2. At a minimum, an Ontario-designated TR must publish the data described in section 1 for the following reporting periods:

a) current week,

b) previous week, and

c) the trailing 4-week period.

3. An Ontario-designated TR must publish the data required by section 1 according to the following breakdowns:

a) Asset Class: Commodity, Interest Rate, Credit, Foreign Exchange and Equity;

b) Asset Classes in (a) by Tenor: 0-3 month, 3-6 month, 6-12 months, 12-24 months, 24-60 months, and greater than 60 months; and

c) Asset Classes in (a) by cleared/uncleared.

4. An Ontario-designated TR must publish the data required by section 1 according to the following Product Categories for each Asset Class:

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Metals	IR Swap	Single Name-Sovereign	Non-deliverable forwards	Single Name Swap
Power	FRA	Single Name-Non-Sovereign	Non-deliverable options	Portfolio Swap
Natural Gas	Cross Currency	Index (including Index tranche)	Forward	Contract For Difference
Oil	Option (Including cap/floor)	Total Return Swap	Vanilla Option	Option
Coal	Exotic	Swaptions	Exotic	Forward
Index	Other	Exotic	Other	Exotic
Agriculture		Other		Other
Environment				

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Freight				
Exotic				
Other				

5. Despite section 4, an Ontario-designated TR must publish the data required by section 1 for a particular Product Category specified in section 4 under the category of "Other" where there are fewer than five new transactions a week in that Product Category during the previous four-week period.

6. Despite sections 3 and 4, an Ontario-designated TR is not required to report the turnover notional amount for the "Commodity" Asset Class.

7. An Ontario-designated TR must commence publication of the data required under this Part II beginning the week ending December 12th.

Explanatory Notes

Currency	The denomination currency of the reports is **Canadian dollars**. TRs are free to choose the conversion rate, but need to include the source in the reports. If the denomination currency of a transaction is non-Canadian dollar, the Canadian dollar equivalent notional amount should be calculated with report run date conversion rate.
Number of transactions	Represents the number of new unique transactions that are reported to a TR during the one-week period. Each transaction is recorded once, and netting arrangements and offsets (including compression) are ignored.
Pre-existing transactions	Pre-existing transactions should be included in calculating total outstanding notional and number of outstanding positions, while it should be excluded in calculating turnover notional and number of new positions.
Position Outstanding	It refers to a snapshot view of open transactions as of the end of the reporting period.
Report Date	TRs are expected to publish aggregation data by the following Wednesday after the report week
Tenor	For Current Notional and/or Positions Outstanding, use remaining contract maturity which is determined by the difference between the **weekly end date of the reporting period** and the expiry date for the position. For Turnover Notional and/or Number of Transactions, use original maturity which is determined by the difference between the end date and the effective date. The tenor should be rounded into month. The upper bound of a bucket is included in the bucket (i.e. the 0-3M bucket includes 0, 1, 2 and 3M) and the 3-6 bucket does not include 3M.
Week	A week is defined as having an execution timestamp between Saturday 12:00:00 AM UTC – Friday 11:59:59PM UTC. Transactions with an execution timestamp in the above period but reported in the following two days at the end of the week should be included in the weekly report. Transactions with an execution timestamp in the above period but reported after the following two days at the end of the week should not be included in the weekly report.
Criteria of assessing usability of public data	• Data could be downloaded. • Data in "analysis-friendly" format (e.g. csv) instead of pdf format. • Part 1 and 2 Section 2 period data could be viewed without signing up, making request or any other condition.
Counterparty identity	A designated trade repository must not disclose the identity of either counterparty to the transaction.

APPENDIX "B"

RULE REVIEW and APPROVAL PROTOCOL

1. PURPOSE

On [DATE] the Commission issued a designation order with terms and conditions governing the designation of CME pursuant to subsection 21.2.2 of the Securities Act (Ontario). To comply with OSC Rule 91-507 and the terms and conditions of the designation order, CME shall file with the Commission documents outlining any Rule Subject to Approval. This protocol sets out the process for the filing, review and approval by the Commission of a Rule Subject to Approval.

2. DEFINITIONS

For the purposes of this Appendix:

"Rule Subject to Approval" means a Rule that applies exclusively to Ontario-based participants, excluding any amendments that are intended to effect:

(i) changes to the routine internal processes, practice or administration of CME;

(ii) changes to correct spelling, punctuation, typographical or grammatical mistakes, or inaccurate cross-referencing; or

(iii) stylistic or formatting changes, including changes to headings or paragraph numbers.

3. PROCEDURES FOR REVIEW AND APPROVAL OF RULES

(a) Documents

For a Rule Subject to Approval, CME will provide to the Commission, where applicable, the following documents in electronic format, or by other means as agreed to by Commission staff and CME, from time to time:

(i) a cover letter that describes the Rule Subject to Approval and its nature and purpose; and

(ii) the existing Rule Subject to Approval and a blacklined version of the Rule Subject to Approval indicating its proposed changes.

(b) Confirmation of Receipt

Commission staff will promptly send to CME confirmation of receipt of documents submitted by CME under subsection (a).

(c) Deemed Approval of Rules Subject to Approval

If Commission staff do not object to a Rule Subject to Approval within 10 business days of receipt, the Rule shall be deemed approved. Otherwise, the Rule Subject to Approval will be reviewed and approved by the Commission in accordance with the procedures set out in paragraphs (d) to (g) of section 3 of this protocol.

(d) Publication of a Rule by the Commission

If Commission staff objects to a Rule Subject to Approval within 10 business days of receipt and it has an impact on current and possible future participants or the capital markets in general, Commission staff may require that a notice of change to a Rule Subject to Approval and, where applicable, a blacklined version of the Rule Subject to Approval, be published in the OSC Bulletin or the OSC website for a comment period of 30 days. The notice and accompanying Rule Subject to Approval will be published as soon as reasonably practicable.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their review of the Rule Subject to Approval and provide comments to CME within 30 days of CME filing materials with the Commission. However, there will be no restriction on the amount of time necessary to complete the review of the Rule Subject to Approval in such instances.

(f) CME's Responses to Commission Staff's Comments

CME will respond to any comments received to Commission staff in writing.

(g) Approval of Rules by the Commission

Commission staff will use their best efforts to prepare the Rule Subject to Approval for approval by the Commission by the later of:

(i) 45 days from receipt of the filing of the Rule Subject to Approval by CME, including the filing of all relevant documents in subsection (a) above; or

(ii) 30 days after receipt of written responses from CME to Commission staff comments or requests for additional information, and a summary of participant comments and CME's response to those comments (and upon the request of Commission staff, copies of the original comments), or confirmation from CME that there were no comments received.

(h) Effective Date of a Rule

A Rule Subject to Approval will be effective as of the date 10 business days after receipt of such Rule by the Commission absent object thereto or on a date determined by CME, if such date is later.

4. IMMEDIATE IMPLEMENTATION OF A RULE

(a) Criteria for Immediate Implementation

CME may make a Rule Subject to Approval effective immediately where CME determines that there is an urgent need to implement the Rule Subject to Approval because of a substantial and imminent risk of significant harm to CME, participants, other market participants, or the capital markets.

(b) Prior Notification

Where CME determines that immediate implementation is appropriate, CME will advise Commission staff in writing as soon as possible. Such written notice will include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify CME of the disagreement in writing, or request more time to consider the immediate implementation within 3 business days of being advised by CME under subsection (b); and

(ii) Commission staff and CME will discuss and resolve any concerns raised by Commission staff in order to proceed with the immediate implementation.

(d) Review of Rule Implemented Immediately

A Rule Subject to Approval that has been implemented immediately will be reviewed and approved by the Commission in accordance with the procedures set out in section 3, with the necessary modifications. If the Commission subsequently disapproves the Rule Subject to Approval, CME will immediately repeal the Rule Subject to Approval and inform its participants of the disapproval.

5. MISCELLANEOUS

(a) Waiving Provisions of the Protocol

Commission staff may exercise its discretion to waive any part of this protocol upon request from CME, or at any time it deems it appropriate. A waiver granted upon request by CME must be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may, at any time, be amended by mutual agreement of the Commission and CME.

APPENDIX "C"

IMPLEMENTATION MILESTONES

1. PURPOSE

On [DATE] the Commission issued a designation order with terms and conditions governing the designation of CME pursuant to subsection 21.2.2 of the Securities Act (Ontario). To comply with OSC Rule 91-507 and the terms and conditions of the designation order, CME shall achieve the milestones set out in this Appendix with respect to the development and implementation of its services.

2. MILESTONES

CME shall:

(a) by September 12, 2014 facilitate the testing of access and connectivity to its systems for access by the Commission in preparation for production database access beginning on or before September 30, 2014; and

(b) provide user acceptance testing for participants and users for the foreign exchange, credit, interest rate and commodity asset classes by September 30, 2014.

SCHEDULE "B"

DIRECTOR'S EXEMPTION

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

AND

IN THE MATTER OF
CHICAGO MERCANTILE EXCHANGE INC.

DECISION
(Section 42 of OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*)

WHEREAS Chicago Mercantile Exchange Inc. (CME) has applied to the Commission for designation as a trade repository under section 21.2.2 of the Act, and will be subject to OSC Rule 91-507 and the terms and conditions of its designation order;

AND WHEREAS the Director may, pursuant to section 42 of OSC Rule 91-507, exempt CME, in whole or in part, from a requirement in OSC Rule 91-507;

AND WHEREAS subsection 17(5) of OSC Rule 91-507 would require CME to file its proposed new or amended rules, policies and procedures for approval;

AND WHEREAS CME is provisionally registered as a Swap Data Repository with the Commodity Futures Trading Commission (CFTC) in the United States and is subject to regulatory requirements that include prior approval of proposed new or amended rules, policies and procedures;

AND WHEREAS application of subsection 17(5) of OSC Rule 91-507 to CME may result in regulatory duplication, to the extent that proposed new or amended rules, policies and procedures are subject to prior approval by the CFTC;

AND WHEREAS the Director is satisfied that an exemption in part from subsection 17(5) of OSC Rule 91-507 for proposed new or amended rules, policies and procedures that are not specific to Ontario-based participants would not be prejudicial to the public interest;

AND WHEREAS "Ontario-based participant" has the meaning ascribed to it in the Commission's order designating CME as a trade repository pursuant to section 21.2.2 of the Act;

IT IS THE DECISION of the Director that pursuant to section 42 of Rule 91-507, CME is exempt from subsection 17(5) of OSC Rule 91-507 for proposed new or amended rules, policies and procedures that are not specific to Ontario-based participants;

PROVIDED THAT:

(a) CME remains registered as a Swap Data Repository and subject to the regulatory oversight of the CFTC; and

(b) CME's proposed new or amended rules, policies and procedures are subject to prior approval by the CFTC.

DATED _____, 2014

_____

13.4.3 DTCC Data Repository (U.S.) LLC– Application to Become Designated as a Trade Repository and Draft Order

55 Water Street
New York, NY 10041
212-855-2670
mcollazo@dtcc.com

July 21, 2014,

Ontario Securities Commission
20 Queen Street West, 20th Floor
Toronto, ON M5H 3S8
Attn: Antoinette Leung
Via Email: Aleung@osc.gov.on.ca

Application to become [Designated/Recognized] as a Trade Repository under section 21.2.2 of the Ontario Securities Act ("OSA')", and filed with the Ontario Securities Commission, ("the Commission")

Dear Sir or Madam,

In consultation with the Commission, DTCC Data Repository (U.S.) LLC ("DDR") is pleased with the opportunity to seek designation as a foreign Designated Trade Repository [DTR] in Ontario pursuant to section 21.2.2 of the OSA , pursuant to the attached application filed with the Commission.

DDR's application is being made solely for the purpose of facilitating compliance with the regulatory requirements prescribed by OSC Rule 91-507. DDR is submitting to the jurisdiction of the OSC for designation as a trade repository for the limited purpose of providing access to its services as a non- resident trade repository pursuant to OSC Rule 91-507. As a DTR, DDR acknowledges that it will be a Market Participant subject to the Ontario Securities Act (OSA), including the applicable requirements of Sections 19 and 20 of the OSA.

Yours sincerely,

Marisol Collazo
Chief Executive Officer
DTCC Data Repository (U.S.) LLC

cc: Cosmin Cazan ccazan@osc.gov.on.ca
Shaun Olson solson@osc.gov.on.ca

DDR Canada TR Application Letter
July 22, 2014

In consultation with the Ontario Securities Commission (the "OSC"), DTCC Data Repository (U.S.) LLC ("DDR" or the "Applicant"), a company incorporated in the State of New York and domiciled and operating in the United States of America, has filed an application to be designated as a trade repository in the province of Ontario in accordance with Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (the "TR Rule") and the Companion Policy 91-507CP (the "TR CP" and, together with the TR Rule, the "TR Rules"). This application is made to facilitate the use of DDR's services in the United States by parties within and outside of Canada to satisfy their reporting obligations under the TR Rules.

In connection with this application and consistent with DDR's operations and services for customers, all of the relevant trade repository documentation, communication and services offered to entities with trade reporting obligations under the TR Rule, whether verbal, written or electronic (including information published on the DTCC website), shall be in English only.

This letter provides an explanation of why the Applicant should be so designated and how it will comply with the TR Rules in all material respects.

History

DDR is organized as a limited liability company under the laws of the state of New York. DDR is a wholly owned subsidiary of DTCC Deriv/SERV LLC. DTCC Deriv/SERV LLC is a wholly owned subsidiary of DTCC, which is the ultimate parent of DDR.

DTCC through its subsidiaries operates companies that provide derivatives trade reporting in many jurisdictions globally. These companies and the countries in which they are incorporated and the jurisdictions they serve are listed below**:**

Entity	Location	Jurisdictions where recognized or licensed as a trade repository
DTCC Data Repository (U.S.) LLC ("DDR")	United States	United States
DTCC Derivatives Repository Ltd. ("DDRL")	United Kingdom	EU and Australia
DTCC Data Repository (Japan) KK, ("DDRJ")	Japan	Japan
DTCC Data Repository (Singapore) Pte Ltd	Singapore	Singapore

In 2006, The Depository Trust & Clearing Corporation ("DTCC"), the ultimate parent of the Applicant, formed a subsidiary, DTCC Deriv/SERV LLC ("Deriv/SERV") to provide services to the OTC credit derivatives market. Those services evolved over time and resulted in the creation of the Trade Information Warehouse ("TIW") offered by Deriv/SERV's subsidiary, The Warehouse Trust Company LLC. .

In 2009, the G20 leaders – in response to the global financial crisis – agreed on a number of principles to govern the derivatives markets. Among these was the requirement that derivatives contracts should be reported to trade repositories. DTCC has been at the forefront of the development of trade repositories, building global capabilities across the spectrum of asset classes. In response to industry commitments made in 2011, DTCC began to offer regulatory reporting for credit default swap transactions which were voluntarily submitted to TIW to the world's regulators pursuant to guidelines established by the OTC Derivatives Regulators Forum ("ODRF"). ODRF reporting was eventually expanded to include information related to interest rate and equity derivatives.

In addition to the reporting currently provided to regulators pursuant to the ODRF guidelines, the various trade repositories that comprise DTCC's Global Trade Repository ("GTR") services span three continents, enabling users to meet their regulatory reporting obligations in an open, cost effective and efficient manner. A user of DDR's services who has signed a customer agreement is referred to as a "User" in DDRS documentation and hereinafter. DTCC's GTR services were selected as the industry's preferred provider of trade repository services after industry competitions held by the International Swaps and Derivatives Association ("ISDA") and Global Financial Markets Association ("GFMA"). DTCC's GTR services are focused on working with the industry, regulators and DTCC counterparts to create capabilities that leverage data in order to mitigate risk, enhance transparency and drive down costs in financial markets globally. DTCC offers these services through various

companies incorporated in various countries. In the United States, these services are offered by DDR, which is a subsidiary of Deriv/SERV.

Description of DDR's Current Business

DDR is provisionally registered with the Commodity Futures Trading Commission ("CFTC") as a swap data repository ("SDR"). To date the CFTC has not established any standards for granting permanent registration of SDRs. DDR's SDR services deliver to market participants a robust, automated regulatory reporting solution for cleared and uncleared OTC derivatives reporting.

DDR is dedicated to bringing greater transparency, and resultant risk mitigation, along with cost efficiency, to the portion of the global OTC derivatives market that it serves. DDR's current services center on helping regulators attain a comprehensive view of the U.S. OTC derivatives market and providing market participants an effective solution for their U.S. trade reporting and regulatory requirement needs on a fair, open and equal basis.

DDR's services provide regulators with the ability to monitor in a seamless and centralized fashion certain detailed transaction data needed to fulfill their regulatory mission to safeguard the financial system. DDR's services are designed to allow market participants to meet their reporting obligations under the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (Pub.L. 111-203, H.R. 4173) (the "Dodd-Frank Act").

Upon designation/recognition as a Trade Repository in Ontario DDR will provide a service to enable market participants to satisfy their reporting obligations in Ontario.

DDR has been granted provisional registration by the CFTC to operate as an SDR in the U.S. for five asset classes. DDR received its provisional registration from the CFTC to operate as an SDR for the credit, interest rates, equities and foreign exchange (FX) derivatives on September 19, 2012. The CFTC approved an amendment to DDR's provisional registration to add commodity derivatives on December 3, 2012.

The provisional approval allows DDR to operate as a registered SDR. Under CFTC rules, the process of reporting trades in credit and interest rate derivatives to an SDR began on October 12, 2012. Trades in all other derivatives classes started to be reported in February 2013.

Designed with scalability and flexibility in mind, the SDR services offered by DDR allow for industry compliance with current Dodd-Frank Act reporting obligations and future regulatory initiatives as well. Each asset class can be independently aggregated to provide regulators a clearer and more complete snapshot of the market's overall risk exposure.

DDR allows Users to submit trades to DDR and fulfill their regulatory reporting obligations under the Dodd-Frank Act in a cost-effective manner. An additional benefit is the ability to utilize several connectivity choices when interfacing with the SDR system, including:

- Web-based, csv. upload – usually preferred for small volume Users
- Webservices – geared for automation and higher volume Users
- FTP and sFTP – batch file processing for higher volume Users
- MQ (Message Queue) – FpML submissions – real-time solution for large volume Users
- SWIFT Network – geared for automation and higher volume Users
- Trade submissions can be accepted directly from firms or through a third-party services provider. Several formats are supported, including FpML, CpML and CSV.

To align with current CFTC regulations, DDR supports the submission of Primary Economic Terms ("PET") and valuation data. DDR also provides a mechanism for real-time price reporting. The CFTC regulations can be found at: http://www.cftc.gov/index.htm.

The SDR services provide open access to third-party providers to promote efficient reporting processes – including access to:

- Swap Execution Facilities
- Designated Contract Markets
- Derivatives Clearing Organizations

- Confirmation Providers
- Middleware Providers

The provisions of the DDR Rules do not govern, and will not preclude DDR from offering, services other than SDR Services ("Other Services"), which may include services ancillary to SDR Services, to Users and other persons, to the extent permitted by Applicable Law.

DDR's Proposed Trade Reporting Services in Ontario

DDR proposes to make available from the United States trade reporting services analogous to those described above tailored to the requirements of the TR Rules and the needs of its Users and the OSC. DDR will utilize its existing United States legal and technological infrastructure including message specification, connectivity and access protocols adjusted accordingly to provide trade reporting services to satisfy the needs of Users who need to report their trades to the OSC.

Description of CFTC Regulatory Regime

As an SDR, DDR is subject to the requirements of Part 49 of the CFTC's regulations, which incorporate other regulatory provisions by reference, including Parts 43, 45, 46 and 50 of the CFTC's regulations. Additionally, provisions regarding SDRs contained in the Dodd-Frank Act, which amended the Commodity Exchange Act (the "CEA"), are applicable. A description of the applicable requirements imposed by each of these parts of the CFTC's regulations is set out below.

The regulations related to DDR's operations as an SDR are covered under Part 49 of the CFTC's regulations. The duties and obligations of an SDR enumerated in Part 49 include specific requirements related to: (i) acceptance of data; (ii) confirmation of data accuracy; (iii) recordkeeping requirements; (iv) monitoring, screening and analysis of swap data as required, including analysis of the utilization of end-user exception claims made to the mandatory clearing requirement; (v) the privacy, confidentiality and utilization of swap data, including use by the SDR staff, third-party service providers and U.S. and non-U.S. regulators, as well as the restriction on an SDR commercializing data which it receives; (vi) governance arrangements to facilitate appropriate representation of interests and transparency about an SDR's governance process and key decisions impacting market participants and the public; (vii) the requirement to avoid adopting any rule or other actions that may result in an unreasonable restraint of trade or imposes any material anticompetitive burdens on the trading, clearing or reporting of swaps; (viii) the management of conflicts of interest; (ix) the designation and duties of a chief compliance officer; (x) policies and procedures for the exercise of emergency authority; (xi) the implementation of system safeguards, including a risk framework, risk analysis, business continuity and disaster recovery program; (xii) the maintenance and reporting of the financial resources retained by an SDR to provide for its ongoing operation; and (xiii) provisions related to access to DDR services and fees charged, as well as disclosure of risks to potential Users.

The provisions of other parts of the CFTC's regulations provide additional clarity and supplement the requirements that are generally imposed upon SDRs under Part 49. Part 43 details the real- time public dissemination requirements of swap data reported to an SDR, including the content, timing and method of dissemination by the SDR. Part 45 details the information that reporting parties are required to provide and which an SDR is required to accept in order to provide the CFTC with the PET of each swap in a uniform and consistent manner. This Part also provides for the ongoing updating of PET data due to changes in the market (*e.g.*, valuations) or the terms of the individual swap (*e.g.*, lifecycle events, terminations, and assignments). Part 46 provides details regarding the reporting of swaps to the SDR which were entered into after the enactment of the Dodd-Frank Act but prior to the CFTC's regulations which imposed the reporting obligation under Part 45 (historical swap reporting). Finally, the relevant provisions of Part 50 describe the information that must be provided to an SDR in order support the exceptions and exemptions that have been granted to end-users to the mandatory clearing requirement.

Description of Ontario provincial regulation

DDR, through its application for designation by the OSC, will agree to be bound by the requirements of the TR Rule with the exception of any requirements it has been exempted from complying with under Section 42 of the TR Rule by the OSC and will submit to the jurisdiction of the courts of Ontario in connection therewith.

The TR Rules outline the requirements that an applicant must fulfill before it can be designated as a trade repository in Ontario. The relevant sections of the TR Rule and DDR's responses are referenced below.

S.7 LEGAL FRAMEWORK[i]

DDR has established implemented, maintained, and enforced rules, policies and procedures that are transparent and promote the interests of its Users, regulators and the public. These rules, policies and procedures operate to facilitate the secure and efficient operation of the trade repository. Policies and procedures are described in detail in the DDR Rulebook and Operating Procedures.[ii] The DDR Rulebook (which is publicly available) prescribes rules concerning how the trade repository operates with

respect to all relevant parties such as Users, regulators and the public. User Agreements, Service Agreements, Confidentiality Agreements and myriad manuals, policies and procedures support the operation of the trade repository and clearly outline the rights and obligations of all of the relevant parties that utilize the services of the trade repository. The Rulebook and Operating Procedures establish rights of access to data (dependent upon the party) and the confidentiality of all data maintained by DDR. The Rulebook and Operating Procedures are governed by New York laws. If DDR is approved to act as a trade repository in non-U.S. jurisdictions, the Rulebook and Operating Procedures will be amended as appropriate. The Rulebook and Operation Procedures as modified for reporting in Canada will be published by DDR upon receipt of its designation/recognition.

Transaction records in the trade repository serve regulatory reporting requirements and are not meant to represent the legally binding contract between the counterparties to the transaction

S.8 GOVERNANCE[iii]

DDR is governed by its Board of Directors (the "Board"). The permitted number of Directors on the Board is between 7 and 30 with the actual number set from time to time by Board Resolution. Board governance documents are well defined and transparent, and set out a clear organizational
structure with consistent lines of responsibility, provide for effective internal controls, and promote the safety and efficiency of the designated trade repository. For a current list of the members of the DDR Board and access to the publicly accessible governance document that outlines DDR governance arrangements please refer to the following website: http://www.dtcc.com/~/media/Files/Downloads/Data-and-Repository-Services/GTR/US- DDR/ddr-governance.ashx.

Board members include representatives of financial institutions who are also Users of the DDR's services, buy-side representatives, and DTCC management. The DTCC Governance Committee periodically reviews the composition of the DDR Board to assure that the level of representation of Directors from Users, management and non-users is appropriate for the interests of these constituencies in DDR. This review is a proactive measure designed to serve the dual purposes of balancing the interests of relevant stakeholders and supporting the stability of the broader financial system in conjunction with other relevant public interest considerations.

The Board reserves the right to establish committees as necessary and appropriate to manage its operations and provide strategic guidance.

The Board of the DDR has established an Audit Committee to assist the Board in overseeing: (i) the integrity of DDR's financial statements and financial reporting; (ii) the overall effectiveness of DDR's control environment; (iii) the effectiveness of DDR's process for monitoring compliance with applicable laws, regulations and the code of ethics; (iv) the performance and coverage of the internal audit function; (v) the external auditor's independence, performance and coverage; (vi) legal, compliance and regulatory risks; and (vii) oversight of risk management.

S.9 BOARD OF DIRECTORS [iv]

Mission of the Board of Directors

The Board of DDR is responsible for providing direction to and overseeing the conduct of the affairs of DDR in the interests of the company, its shareholder and other stakeholders including entities in the financial markets which the company serves and the governmental and supervisory authorities responsible for regulating those markets.

The Board will discharge its oversight responsibilities and exercise its authority in a manner consistent with applicable legal and regulatory provisions and with regulatory expectations of the role of DDR in the infrastructure for those markets, that:

- Promotes the safe, sound and efficient operation of DDR, including activities related to swap data repository services, including trade recordkeeping, and public and regulatory reporting;
- Seeks to develop the services and businesses of DDR in a manner promoting further safety, soundness and efficiency broadly in its activities; and
- Leverages DDR's role as a leader in financial services with respect to risk management, promoting sound practices in governance and in transparency to its user community and in its role in the financial market infrastructure supporting the operation of orderly and efficient markets.

DDR shall, consider a director of DDR to be independent as long as such director has an "independent perspective" as per CFTC regulations. "Independent Perspective" as defined by the CFTC means a viewpoint that is impartial regarding competitive, commercial or industry concerns and contemplates the effect of a decision on all constituencies involved. DDR has incorporated an Independent Perspective into its nominations process, and the Board includes representatives from several constituencies impacted by the DDR operations. The Board is comprised of representatives from the dealer participants who are shareholders

of DTCC, as well as firms who do not have an ownership interest in DTCC or DDR. DDR is required to consider a viewpoint that is impartial regarding competitive, commercial or industry concerns and contemplates the effect of a decision on all constituencies involved. DDR shall provide to the OSC upon submission of its application a list of directors, and their employers, indicating if the company they are employed by holds an ownership interest in DTCC.

The CCO shall in satisfaction of the requirements of section 9(3) of the TR Rules resolve any potential conflicts of interest within DDR or related to the CCO's obligations in consultation with the Board or the CEO.

Nomination Process

The Board, in conjunction with DTCC's Governance Committee, considers possible nominations on its own initiative and invites suggestions from customers of DDR. In identifying potential Board candidates, DDR considers relevant expertise and experience in various areas, such as:

- the derivatives industry;
- strategic planning (e.g., new business development, expansion of markets/products/customers, joint ventures);
- risk management (including credit, market, liquidity, operational, and systemic risks);
- information technology (e.g. infrastructure, applications development and maintenance, information security, disaster recover);
- operations;
- management of a business unit or function;
- finance;
- audit;
- compliance/legal/regulatory matters; and
- governmental/regulatory/legislative relationship management;

Potential candidates are asked to complete a questionnaire eliciting information regarding how their experience aligns with these factors.

Board of Directors

The Board meets with the CCO at least annually and the Board or the CEO must consult with the CCO to resolve any conflicts of interests that may arise, including conflicts between business considerations and compliance requirements, conflicts between business considerations and compliance requirements for fair and open access, and conflicts between management and members of the board.

For a current list of the members of the DDR Board please refer to the following website:
http://www.dtcc.com/~/media/Files/Downloads/Data-and-Repository-Services/GTR/US- DDR/ddr-governance.ashx.

S.10 MANAGEMENT

DDR has established, implemented, maintained and enforced documented arrangements for its governance and management that are transparent and promote the efficient and effective operation of the trade repository. The roles and responsibilities of management are clearly defined and significant consideration has been given to the qualifications of individual employees related to their ability to carry out their designated roles and functions.

In addition to governance by its Board of Directors, DDR has a dedicated officer team that provides daily management oversight. The senior officers of DDR include a Chief Executive Officer, Counsel, Chief Compliance Officer, Business Manager, and Systems Director. See
http://www.dtcc.com/~/media/Files/Downloads/Data-and-Repository-Services/GTR/US-DDR/ddr-governance.ashx.

S.11 CHIEF COMPLIANCE OFFICER [v]

The Chief Compliance Officer ("CCO") has been granted the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth in the CEA and the CFTC's regulations and such other regulations to which DDR is or becomes subject. DDR shall, in satisfaction of the requirements of the TR Rules, have one individual serve as CCO notwithstanding its supervision by multiple regulators. The Board is responsible for the appointment and removal of the CCO, which is at the discretion of the Board. The Board is responsible for providing direction to and overseeing the conduct of the affairs of DDR in the interests of the company, its shareholders and other stakeholders. The Board also has a responsibility to comply with all applicable rules, policies and procedures of the Trade Repository in a manner consistent with effective corporate governance practices that are sufficient to support the safe and sound operation of the Trade Repository. It is implicit in the code of ethics and the principles of governance that the CCO have the requisite experience, competencies, integrity and mix of skills necessary to discharge its roles and responsibilities. The CFTC is notified within two business days of the appointment or removal of he CCO. The CCO reports to the Chief Executive Officer ("CEO"). The Board meets with the CCO at least annually. The CCO has supervisory authority over all staff acting at the direction of the CCO.
The duties of the CCO include, but are not limited to, the following:

(a) to oversee and review DDR's compliance with section 21 of the CEA and applicable regulations;

(b) in consultation with the Board or the CEO, to resolve any conflicts of interests that may arise, including conflicts between business considerations and compliance requirements, conflicts between business considerations and compliance requirements for fair and open access, and conflicts between the management and members of the Board;

(c) to establish and administer written policies and procedures reasonably designed to prevent violation of the CEA and applicable regulations;

(d) to take reasonable steps to ensure compliance with the CEA and applicable regulations relating to agreements, contracts or transactions and with applicable regulations under section 21 of the CEA, including the DDR rules and confidentiality and indemnification agreements entered into with foreign or domestic regulators;

(e) to establish procedures for the remediation of non-compliance issues identified by the CCO through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint;

(f) to establish and follow appropriate procedures for the handling, management response, remediation, retesting and closing of noncompliance issues;

(g) to establish and administer a written code of ethics; and

(h) to prepare and sign an annual compliance report in accordance with applicable regulations and associated recordkeeping.

S.12 FEES[vi]

All fees currently imposed by DDR in connection with the reporting of swap data and any other supplemental or ancillary services provided are equitable and established in a uniform and non- discriminatory manner, as required by CFTC regulations. DDR's Fees Schedule is available to all market participants on DDR's website. All fees imposed by DDR, as approved by the Board, will be commensurate to DDR's costs for providing the SDR services. Any fees associated with making services available to Users in Canada will be subject to any local regulatory requirements and will be publicly available on DDR's website.

S.13 ACCESS TO TRADE REPOSITORY SERVICES[vii]

The services offered by DDR are available to all market participants on a fair, open and equal basis. DDR does not require the use or purchase of any other service for a person or company to utilize DDRs trade reporting service. DDR does not expect to reject applications by market participants who seek to utilize its services to satisfy their reporting obligations or those of their customers, but if an application to become a User is denied, or if a User's access is terminated, the procedures to appeal such decisions are contained in Rules 10.2 and 10.3 of the DDR Rulebook.

To participate in the services offered by DDR, each User must:

(a) enter into a User Agreement which is included in the DDR Rulebook posted on the public website at: http://dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx and

(b) agree to be bound by the terms of the User Agreement and Operating Procedures, which incorporate terms of the DDR Rulebook.

In addition to the legal agreements, potential Users must go through an onboarding process which includes discussions with DDRs technical team to determine the best method of data submission for the User. The DDR on-boarding team initiates the on-boarding process by forwarding the required documentation to an applicant including the required User Agreement and relevant supplements. The DDR on-boarding team reviews the information received, records the applicant's information, obtains any missing or additional information, conducts an adverse news check on the applicant and escalates any findings, as necessary and appropriate. Once the DDR on-boarding team has collected all applicable data and information, the DDR on-boarding team will provide each applicant with an id. Using the id the DDR on-boarding team will create an account for the applicant in the Trade Repository operations system. The DDR access and onboarding procedures are provided to applicants as part of the onboarding process.

S.14 ACCEPTANCE OF REPORTING

DDR supports reporting of interest rate, commodities, equities, foreign exchange and credit derivatives transactions consistent with the applicable ISDA taxonomy.

S.15 COMMUNICATION POLICIES, PROCEDURES AND STANDARDS

It is DDR's policy to accommodate market-accepted communication procedures and standards in order to facilitate the efficient exchange of data between its systems and those of its members other trade repositories, exchanges, clearing agencies, alternative trading systems, and other market places and service providers. There are multiple submission mechanisms available to facilitate Users of all levels of sophistication. Data can be submitted by connections/methods consisting of FTPs, web services, and MQ messaging protocols and private extranet or secure public internet connectivity options depending on whether they are submitting in FpML or CSV.

S.16 DUE PROCESS[viii]

DDR rules incorporate due process measures available to parties who experience a denial of application, who have been sanctioned by DDR and whose membership has been involuntarily terminated.

Denial of Application

The due process afforded a potential User whose application has been denied is contained within DDR Rule 10.2.1. The process contained in the rules is described below.

(a) To request a hearing on a denial of an application, a potential User shall file such a request (the "Hearing Request") with DDR within 5 business days of receipt of a notice that they have been denied access (a "Denial Notice"). The Hearing Request must set forth: (i) the action to be taken by DDR as set forth in the Denial Notice; and (ii) the name of the representative of the potential User who may be contacted with respect to a hearing.

(b) Within 7 business days after the potential User files such Hearing Request, such potential User shall submit to DDR a clear and concise written statement (the "Applicant Statement") setting forth, with particularity: (i) the basis for objection to such action; and (ii) whether the potential User chooses to be represented by counsel at the hearing. DDR may deny the right for a hearing if the Applicant Statement fails to set forth a prima facie basis for contesting the violation.

(c) The failure of a potential User to file either the Hearing Request and/or Applicant Statement within the time frames required under this Rule 10.2.1.1 will be deemed an election to waive the right to a hearing.

(d) Hearings shall take place promptly after receipt of the Applicant Statement. DDR shall notify the potential User in writing of the date, place and hour of the hearing at least 5 business days prior to the hearing (unless the parties agree to waive the 5 business day requirement). Such hearing must take place in New York during business hours unless otherwise agreed by the parties.

(e) A hearing shall be before a panel (the "Panel") of three individuals. The Panel shall consist of 3 members of the Board or their designees selected by the Chairman of the Board. At the hearing, the potential User shall be afforded an opportunity to be heard and may be represented by counsel if the potential User has so elected in the Applicant Statement. A record shall be kept of the hearing. The costs associated with the hearing may, in the discretion of the Panel, be charged in whole or in part to the potential User in the event that the decision at the hearing is adverse to the potential User.

(f) The Panel shall advise the potential User of its decision within 10 business days after the conclusion of the hearing. The decision of the Panel shall be disclosed in a notice of the decision (the "Decision Notice") setting forth the specific grounds upon which the decision is based and shall be furnished to the potential User. A copy of the Decision Notice shall also be furnished to the Chairman of the Board. If the decision of the Panel shall be to reverse the denial, such application will be returned to the staff for processing.

(g) Any denial as to which a potential User has the right to request a hearing pursuant to Section 10.2.1 shall be deemed final upon the earliest of: (i) when the potential User stipulates to the denial; (ii) the expiration of the applicable time period provided for the filing of a Hearing Notice and/or Applicant Statement; or (iii) when the Decision Notice is delivered to the potential User. Notwithstanding the foregoing, the Board may in its discretion modify any sanctions imposed or reverse any decision of the Panel that is adverse to a potential User. The reversal or modification by the Board of a Panel decision or reversal or modification by the Panel of any action by DDR shall not provide such potential User with any rights against DDR or its officers or Directors for determination made prior to such reversal or modification.

Imposition of Sanctions

Pursuant to the DDR rules, DDR may institute proceedings to sanction a User for violation of its rules. DDR Rule 10.4 provides a description of the process utilized before a sanction is imposed and the ability of a User to request a hearing and an appeal prior to any sanctions being imposed. The due process allows Users who may be subject to the imposition of sanctions by DDR are described below.

(a) Before any sanction is imposed, DDR shall furnish the User against whom the sanction is sought to be imposed ("Respondent") with a concise written statement of the charges against the Respondent. The Respondent shall have 10 business days after the service of such statement to file with DDR a written answer thereto. The answer shall admit or deny each allegation contained in the statement of charges and may also contain any defense which the Respondent wishes to submit. Allegations contained in the statement of charges which are not denied in the answer shall be deemed to have been admitted, and any defense not raised in the answer shall be deemed to have been waived. If an answer is not provided to DDR within the time permitted, as determined by the CCO, in consultation with DDR's Counsel, the allegations shall be deemed to have been admitted, and the Respondent will be notified in writing of any sanction that shall be imposed. If an answer is timely filed, DDR shall (unless the Respondent and DDR shall have stipulated to the imposition of an agreed sanction) schedule a hearing before a panel comprised of a chairman of the Disciplinary Panel and 2 (two) individuals appointed by the Board to conduct disciplinary proceedings under this Rule ("Disciplinary Panel"). At the hearing, the Respondent shall be afforded the opportunity to be heard and to present evidence on its behalf and may be represented by counsel. A record of the hearing shall be prepared and the cost of the transcript may, in the discretion of the Disciplinary Panel, be charged in whole or in part to the Respondent in the event any sanction is imposed on the Respondent. As soon as practicable after the conclusion of the hearing, the Disciplinary Panel shall furnish the Respondent and the Board with a written statement of its decision. If the decision is to impose a disciplinary sanction, the written statement shall set forth the sanction being imposed and the facts surrounding the violation of these Rules.

(b) In the event that the Disciplinary Panel censures, fines, suspends, expels or limits the activities, functions or operations of any Respondent, any affected User may apply for review to the Board, by written motion filed with DDR within 5 business days after issuance of the Disciplinary Panel's written statement of its decision.

(c) The granting of any such motion shall be within the discretion of the Board. In addition, the Board may determine to review any such action by a Disciplinary Panel on its own motion. Based upon such review, the Board may affirm, reverse or modify, in whole or in part, the decision of the Disciplinary Panel. The Respondent shall be notified in writing of the decision of the Board which shall be final. Once a decision of the Disciplinary Panel is final, the CCO will facilitate and coordinate the administration of any such sanctions imposed as a result of such disciplinary proceedings.

(d) Any time limit set forth in this Rule may be extended by the body having jurisdiction over the matter in respect of which the time limit is imposed.

Involuntary Termination

Under specified circumstances, DDR Rule 10.3 permits DDR to take more expedited actions to prevent harm to the DDR Systems by terminating a User. The DDR Rules grants a User whose account is subject to involuntary termination due process to appeal this determination after this extraordinary action has been taken. The appeals process within DDR Rules is described in greater detail below.

(a) A terminated User may appeal its termination of access by filing a written notice of appeal within 5 business days after the date of termination of access.

(b) Appeals shall be considered and decided by the Appeal Panel (a panel comprised of a chairman and two individuals appointed by the Chairman of the Board to consider appeals under Rule 10.3 and the DDR Rules). Appeal shall be heard as promptly as possible, and in no event more than 5 business days after the filing of the notice of appeal. The appellant shall be notified of the time, place and date of the hearing not less than 3 business days in advance of such date. At the hearing, the appellant shall be afforded an opportunity to be heard and to present evidence in its own behalf, and may, if it so desires, be represented by counsel. As promptly as possible after the hearing, the Appeal Panel shall, by the vote of a majority of its members, affirm or reverse the termination of access or modify the terms thereof. The appellant shall be notified in writing of the Appeal Panel's decision; and if the decision shall have been to affirm or modify the termination, the appellant shall be given a written statement of the grounds therefor.

(c) Any decision by the Appeal Panel to affirm or modify a termination shall be reviewable by the Board on its own motion or on written demand by the appellant filed with DDR within 3 business days after receipt of notice of the Appeal Panel's decision. The Board may, but is not required to, afford the appellant a further opportunity to be heard or to present evidence. The appellant shall be notified in writing of the decision of the Board, and if the decision shall have been to affirm or modify the termination, the appellant shall be given a written statement of the grounds therefor.

(d) The filing of an appeal pursuant to this Rule shall not impair the validity or stay the effect of the termination appealed from. The reversal or modification of a termination shall not invalidate any acts of DDR taken pursuant to such termination prior to such reversal or modification, and the rights of any person which may arise out of any such acts shall not be affected by such reversal or modification.

(e) A record shall be kept of any hearing held pursuant to these procedures. The cost of the transcript may, in the discretion of the body holding the hearing, be charged in whole or in part to the terminated User in the event that the termination to access is finally affirmed.

S.17 RULES, POLICIES AND PROCEDURES[ix]

DDR has published the DDR Rulebook in order to provide Users and potential Users with documented procedures that describe the key functions of DDR as well as the rights and obligations of its Users. We engage in compliance monitoring on an ongoing basis (please refer to the Operating Procedure.)

The DDR Rulebook, Operating Procedures and the User Agreements are governed by New York Law. New York is the forum for any legal proceedings between DDR and its Users; however, DDR will provide an agent for service of process in Ontario as required on form F2.

The DDR Rulebook is published on the DDR website and is provided to all interested parties during the onboarding process. Any planned changes to the DDR Rulebook are published in advance and currently require submission of a rule filing with the CFTC. The Rulebook, policies and procedures will be modified to address new jurisdictions in which DDR is registered. DDR shall provide to the OSC a copy of all new rules and all material changes to its rules as such rules are released or changed.

DDR monitors use of its services on an ongoing basis through exceptions based alerting. Such monitoring is done on a message submission level to ensure proper usage of the service. The DDR Rulebook provides for the imposition of sanctions for violations of the rule as outlined in Section 10 of the DDR Rulebook.

In the event there is a conflict between the securities legislation in Ontario and any other legislation with which DDR is obligated to comply DDR may, in satisfaction of 17(1)(c) of the TR Rule, cease operating in Ontario. DDR would comply with Section 6 of the TR Rules and provide 180 days notice of such cessation. DDR would expect to work with the relevant regulators during that period to allow DDR to eliminate or minimize the impact on DDR of such conflict during that period. In the event of such a cessation, DDR will comply with its obligation to transfer historical data to a successor entity under section 20(6) of the TR Rules.

S.18 RECORDS OF DATA REPORTED[x]

DDR maintains all information as required by CFTC regulations. This currently includes maintaining swap data throughout the existence of the swap and for 15 years following termination of the swap. The OSC under the TR Rule requires that data is maintained throughout the existence of the swap and for 7 years following termination of the swap well within the current standard utilized by DDR. The records are readily accessible throughout the life of a swap and for 5 years following its termination. For the remainder of the retention period, the swap record will be maintained in archival format and retrievable within 3 business days. DDR currently maintains this level of record retention for data that is stored within its databases. In addition to

the primary database, data is currently also maintained in a back-up database in a secure, remote data center operated by its parent DTCC under the Service Agreement (referenced in S. 24) utilizing hardware that is similar to that deployed in the primary data center. DDR will continue to evaluate data retention needs and adjust its policies as the Trade Repository business becomes more mature.

S.19 RISK MANAGEMENT FRAMEWORK

The DDR Board is ultimately responsible for overseeing the effectiveness of DDR's risk management policies, procedures and systems. The Board (or its designated committee) is required to review the Risk Tolerance Statement, which is currently being developed; this will be derived from a portfolio view of key risks, and impact to DDR. It is expected that this will be presented on an annual basis. The Board is also provided operational risk reports, which includes key metrics and a description of incidents. The reports also include a snapshot view of the DDR Risk Profile.

DDR Management is responsible for identifying, assessing, measuring, monitoring, mitigating and reporting the risks that may arise in the management of the trade repository. To enable DDR Management to effectively identify, understand and appropriately mitigate risks, DDR is the first line of defense in DTCC's three lines of defense, as described in its corporate risk framework:

- ***the first line of defense***, which includes Product Management, Operations, Finance, Technology, Legal, Human Resources, and others, is responsible for proactively managing risk;
- ***the second line of defense***, which is comprised of control functions, is responsible for establishing risk management standards, providing advice and guidance to the first line of defense in adhering to the standards and monitoring compliance with the standards;
- ***the third line of defense***, which is comprised of the Internal Audit Department, is responsible for providing independent, objective assurance and advisory services to assist DDR in maintaining an effective system of internal controls, including the manner in which the first and second lines of defense operate.

Risk Management Tools and Governance

DDR's risks are first assessed on an inherent risk basis, i.e., the risk before any mitigants and/or controls are applied, and then on a residual risk basis, i.e., the remaining risk after controls and/or mitigants are applied. DDR conducts monthly risk assessments of its operations and determines both the inherent and residual risks from its operations. In situations where the residual risks are not sufficiently mitigated by adequate controls, determination is made to consider such other controls as might be appropriate.

S.20. GENERAL BUSINESS RISK[xi]

DDR defines business risk as the sum of various risks the enterprise may be exposed to, including Strategic and Operational risk.

DDR management works with Finance, Operational Risk Management, Information Technology (IT), Operations, Legal, Compliance, Government Relations, and other DTCC departments on an ongoing basis to review and assess risks that could impact the business risks faced by DDR.

Moreover, DDR management and staff are also very actively involved in industry forums and working groups to identify business and regulatory requirements, and to identify and assess any risks these might pose to the DDR.

DDR holds liquid net assets based on a rolling 6 months operating expenses evaluation. Currently, DDR holds such assets as cash. In addition, for capital planning purposes, forecasts are calculated based on budget forecasts; these are presented to the DDR Board.

In the event DDR winds down its business, DDR commits to cooperating with the transfer of data to a successor registered trade repository or the regulator.

DDR will in satisfaction of sections 20(3), 20(4), and 20(5) of the TR Rules hold capital equal to a minimum of six months of operating expenses to allow for an orderly wind down if necessary. DDR shall in satisfaction of the requirement of sections 6(2) and 20(6) of the TR Rules maintain historical records not transferred to a successor entity.

S.21 SYSTEM AND OTHER OPERATIONAL RISK REQUIREMENTS[xii]

DDR's risks are first assessed on an inherent risk basis, i.e., the risk before any mitigants and/or controls are applied, and then on a residual risk basis, i.e., the remaining risk after controls and/or mitigants are applied. DDR conducts monthly risk assessments of its operations and determines both the inherent and residual risks from its operations and tests continuity plan readiness and connectivity on a regular basis, ensuring that Users and third party vendors/service providers can connect to our primary back –up sites. The DDR Risk Profile is reviewed with DDR management and ORMD. In situations where the residual risks are not sufficiently mitigated by adequate controls, determination is made to consider such other controls as might be appropriate. DDR on a reasonably frequent basis makes reasonable current and
future capacity estimates and conducts capacity stress tests prior to major releases. In satisfaction of TR Rule 21(6), DDR conducts an annual internal audit. The scope of such audit will be determined by DDR and the OSC.

DTCC's Operational Risk Management Department ("ORMD") framework is approved by the Board, which is applied for DDR, is comprised of multiple elements, including:

- Internal Incident Data Collection
- Risk Assessment – Operational Risk Profile
- Metrics
- Issue Tracking
- Reporting

DDR, working with ORMD, has also developed a monthly operational risk profile. In addition to centralizing the key drivers of residual risk, this profile identifies the day-to day operational risks in DDR's business process flows on a more granular level. The profile also consolidates all other control findings (incidents, audit findings, compliance testing results, etc.) and mitigation action plans. Trending information on incidents as well as metrics relevant to the two risk families are incorporated and will be leveraged to map back to the overall risk tolerance statements for DDR's two risk categories. The DDR Risk Profile is reviewed with DDR management and ORMD. Changes in the business and/or risks would trigger a re-assessment of the metrics captured; the Risk profile would be updated accordingly.

DDR defines business risk as the sum of various risks the enterprise may be exposed to, which include:

- Strategic risk;
- Operational risk; and

DDR management works with Finance, Operational Risk Management, Information Technology (IT), Operations, Legal, Compliance, Government Relations, and other internal areas on an ongoing basis to review and assess risks that could impact the business risks faced by DDR. This includes:

- Ongoing review of the DDR, including revenues, expenses, actual versus target performance, financial projections and funding.
- Ongoing meetings with Information Technology to review and assess application development,
- Ongoing application maintenance, performance testing, and infrastructure.
- Ongoing meetings with Operations to review operational support and any potential risks or issues.

Moreover, DDR management and staff are also very actively involved in industry forums and working groups to identify business and regulatory requirements, and to identify and assess any risks these might pose to the DDR.

The DDR System is supported by DTCC and relies on the disaster recovery program maintained by DTCC. In satisfaction of 21(5), DDR follows these key principles for business continuity and disaster recovery, which enables DDR to provide timely resumption of critical services should there be any disruption to DDR business:

(a) Achieve recovery of critical services within a four-hour window with faster recovery time in less extreme situations in satisfaction of 21(4);

(b) Disperse staff across geographically diverse operating facilities;

(c) Operate multiple back-up data centers linked by a highly resilient network technology; (d) Maintain emergency command and out-of-region operating control;

(d) maintain emergency command and out-of-region operating control

(e) Utilize new technology which provides high-volume, high-speed, asynchronous data transfer over distances of 1,000 miles or more;

(f) Maintain processes that mitigate marketplace, operational and cyber-attack risks;

(g) Test continuity plan readiness and connectivity on a regular basis, ensuring that Users and third party vendors/service providers can connect to our primary and back-up sites;

(h) Communicate on an emergency basis with the market, Users and government agency decision-makers; and

(i) Evaluate, test and utilize best business continuity and resiliency practice

DDR discloses to potential Users on its website the various methods available to interface with or access the trade repository. A reasonable period of time will be allowed for testing once operations have begun and prior to the commencement of operations and a reasonable period of time will be allowed for testing and system modifications. DDR publishes notifications sufficiently in advance before implementing a material change to technology requirements and allows a reasonable period of time for testing and system modifications.

DDR provides testing facilities for accessing or connecting to the trade repository. These facilities are provided sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modifications by Users.

In satisfaction of 21, DDR shall provide the OSC staff timely advance notice of all: (1) Planned changes to the automated systems that may impact the reliability, security, or adequate scalable capacity of such systems: and (2) Planned changes to the swap data repository's program of risk analysis and oversight in line with its requirements to notify the CFTC of such changes.

S.22. DATA SECURITY AND CONFIDENTIALITY[xiii]

DTCC has established a Technology Risk Management team ("TRM"), whose role is to manage information security risk and the availability, integrity and confidentiality of the organization's information assets. The TRM supports the data security and confidentiality needs of DDR pursuant to a service level agreement between DTCC and DDR.

Various policies have been developed to provide the framework for both physical and information security and are routinely refreshed. TRM carries out a series of processes to protect DDR in a cost- effective and comprehensive manner. This includes preventative controls such as firewalls, appropriate encryption technology and authentication methods. Vulnerability scanning is used to identify high risks to be mitigated and managed and to measure conformance against the existing policies and standards.

Standards for protecting DDR's information are based upon the sensitivity level of that information. Control standards specify technical requirements for protection and end user handling of information while in use, transmission and storage.

DDR does not currently engage in any commercial use of data relating to SDR Services. DDR data relating to specific counterparties may be provided to third parties subject to consent from that counterparty or submitter of the trade. DDR does not, as a condition of the reporting of swap transaction data, require a reporting party to consent to the use of reported data for commercial or business purposes.

S.23. CONFIRMATION OF DATA AND INFORMATION[xiv]

DDR confirms accuracy of derivative data that it receives by checking inbound submissions and making available reports of data submitted available to Users. Upon submission, the DDR system will perform validation checks to ensure that each submitted record is in the proper format and will also perform validation and consistency checks against certain data elements. If the record fails these validation or consistency checks, the record will be rejected and such rejection status will be communicated to the User(s) to correct and resubmit. DDR cannot identify the duplication of records in the event both parties to a transaction report the same transaction and a unique trade identifier has not been provided. Each User is provided with access to reports showing data submitted by them, for them or naming them as counterparty to a transaction. Users can utilize these reports to confirm that data held by DDR pertaining to their transactions is accurate.

S.24 OUTSOURCING

- There is a written Service Agreement ("SLA") between DTCC and DDR. Pursuant to this SLA, DDR receives shared support functions from its parent DDR does not outsource any of its trade repository obligations. It does, however, operate on shared services model pursuant to which the following departmental functions are shared for all DTCC subsidiaries in accordance with the SLA.

Referenced below are some of the shared functions included in the SLA:

- Audit
- Finance
- Technology Risk Management
- Operational Risk Management
- Operation/Onboarding
- Corporate Communications
- Human Resources
- Internal Security
- IT Infrastructure Application Development and Maintenance
- Legal

S.29 UNIQUE TRANSACTION IDENTIFIERS

DDR, may, in satisfaction of section 29 of the TR Rule, utilize reporting party generated unique transaction identifiers and unique swap identifiers, whether self generated or generated by DDR in the form of existing UTI's and USI's, as such terms are defined in EMIR, CEA and applicable CFTC regulations.

S.37 DATA AVAILABLE TO REGULATORS[xv]

Data is made available to regulators to the extent such regulator is eligible to receive data under relevant law and regulation. Pursuant to applicable law, the CFTC is provided with direct electronic access to DDR data to satisfy their legal and regulatory obligations. Access to DDR data by other domestic or foreign regulators or appropriate third-parties is governed by applicable regulations. These regulations generally permit access to data that has been submitted to DDR pursuant to the regulatory requirements of another jurisdiction and for which DDR is appropriately registered with such regulators and is subject to their supervision. In that circumstance, access to such data will be granted without requiring a confidentiality and indemnification agreement. All other types of requests for data may be made and satisfied if the appropriate confidentiality and indemnification agreement has been provided to DDR pursuant to applicable CFTC regulations.

DDR shall provide Users and the OSC with prior notification of scheduled system downtime and routine system downtime on a regular basis to perform system maintenance, code deployments and/or other changes as necessary.

S.38 DATA AVAILABLE TO COUNTERPARTIES[xvi]

DDR provides Users, and third-party service providers authorized by a User, with access to transactions in which the User is a counterparty. This information is available via reports and other messages that are provided to the Users or authorized agents of the counterparties.

S.39 DATA AVAILABLE TO THE PUBLIC[xvii]

Data will be made available to the public on DDR's website in accordance with applicable regulations and the Order designating /recognizing DDR.

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i Please refer to Section 2.1 of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

ii Please refer to the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

iii Please refer to Section 2.2 in the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

iv Please refer to the DTCC Data Repository (U.S.) LLC Governance document publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/Data-and-Repository-Services/GTR/US- DDR/DDR_Governance_012814.ashx

v Please refer to Section 2.3 in the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

vi Please refer to Section 1.4 in the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

vii Please refer to Sections 1.1 & 1.2 of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on DTCC's website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

viii Please refer to Sections 10.2.1 & 10.2.1.1, 10.3 & 10.4 of the DTCC Data Repository (U.S,) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR_Rulebook.ashx

ix Please refer to the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

x Please refer to Section 1.3.1 of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xi In addition to the information referenced above please also refer to the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xii In addition to the information referenced above please also refer to Section 8.1 of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xiii Please refer to Section 6.3 & 9.2 of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xiv Please refer to Section 10.1.1 of the DTCC Date Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xv Please refer to Section 6.2 of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xvi Please refer to the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

xvii Please refer to Section 6.1 and the Appendix Section V as set forth in Appendix B : Operating Procedures of the DTCC Data Repository (U.S.) LLC Rulebook publicly accessible on the DTCC website: http://www.dtcc.com/~/media/Files/Downloads/legal/rules/DDR Rulebook.ashx

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

AND

IN THE MATTER OF
DTCC DATA REPOSITORY (U.S.) LLC

DRAFT ORDER
(Section 21.2.2 of the Act)

WHEREAS DTCC Data Repository (U.S.) LLC (DDR) has filed an application (the Application) with the Ontario Securities Commission (the Commission) requesting an order pursuant to section 21.2.2(1) of the Act designating DDR as a trade repository;

AND WHEREAS DDR has represented to the Commission that:1. DDR is incorporated under New York law and is provisionally registered with the Commodity Futures Trading Commission (CFTC), its primary regulator, as a swap data repository (SDR) for interest rate, credit, equity, foreign exchange and other commodity derivatives under the *U.S. Commodity Exchange Act*;

2. DDR will comply with all applicable requirements for designated trade repositories under Ontario securities laws, including applicable requirements in OSC Rule 91-507 and pursuant to its application to be a designated trade repository;

AND WHEREAS DDR is currently subject to the oversight of the CFTC as a SDR and may at a future date become subject to the oversight of the Securities and Exchange Commission (SEC) as a securities-based swap data repository (SBSDR);

AND WHEREAS DDR will be subject to the applicable requirements in OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, as amended from time to time (OSC Rule 91-507);

AND WHEREAS the Director has granted exemptions from certain requirements under subsections 4(1), 5(1), 17(5), 20(2), 20(4), 20(5) and 39(1) of OSC Rule 91-507, as set out in Schedule "B" of this order;

AND WHEREAS based on the Application and the representations DDR has made to the Commission, the Commission has determined that it is in the public interest to designate DDR as a trade repository pursuant to section 21.2.2(2) of the Act, subject to the terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS DDR has agreed to the respective terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS DDR has demonstrated that it is or will be compliant with the applicable requirements in OSC Rule 91-507 by October 31, 2014 and the respective terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and DDR's activities on an ongoing basis to determine whether it is appropriate that DDR continues to be designated subject to the terms and conditions in this order and whether it is appropriate to amend this order and the terms and conditions thereunder pursuant to section 144 of the Act;

IT IS ORDERED by the Commission that DDR be designated as a trade repository pursuant to section 21.2.2 of the Act;

PROVIDED THAT DDR complies with the applicable requirements in OSC Rule 91-507 and the terms and conditions attached hereto as Schedule "A" of this order.

DATED _____, 2014.

_____ _____

SCHEDULE "A"

TERMS and CONDITIONS

DEFINITIONS

For the purposes of this Schedule:

"Ontario-based participant" means a participant that (a) is a person or company organized under the laws of Ontario or that has its head office or principal place of business in Ontario, (b) is registered under Ontario securities law as a derivatives dealer or in an alternative category as a consequence of trading in derivatives, or (c) is an affiliate of a person or company described in (a) and such person or company is responsible for the liabilities of that affiliated party.

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act.

"Rule" means a proposed new, amendment to, or deletion of, any provision or other requirement in DDR's rulebook, policies, operating procedures or manuals, user guides, or similar documents governing the rights and obligations between DDR and its participants.

"Rule Subject to Approval" has the meaning ascribed to it in the Rule and Approval Protocol at Appendix "B" to this Schedule.

Unless the context otherwise requires, other terms used in this Schedule "A" and its Appendices have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this designation order).

REGULATION IN HOME JURISDICTION

1. DDR shall maintain its status as a SDR in the United States and will continue to be subject to the regulatory oversight of the CFTC.

2. DDR shall continue to comply with its ongoing regulatory requirements as a SDR in the United States.

3. DDR shall provide prompt written notice to the Commission of any material change or proposed material change to its status as a SDR in the United States or the regulatory oversight of the CFTC.

4. DDR shall immediately notify the Commission if and when it becomes subject to the regulatory oversight of the SEC as a SBSDR, and thereafter provide prompt written notice to the Commission of any material change or proposed material change to its status as a SBSDR in the United States or the regulatory oversight of the SEC.

OWNERSHIP OF PARENT

5. DDR shall immediately provide to the Commission written notice of a material change to the control or ownership of its parent, DTCC Deriv/SERV LLC (Deriv/SERV); and to the extent that Deriv/SERV is required to file with the CFTC a notification of such change, DDR shall provide such report to the Commission concurrently.6. DDR shall immediately provide to the Commission written notice, and a detailed description and any potential impact on DDR, of any person or company who has obtained over 20% of beneficial ownership or control or direction over any class or series of voting shares of DTCC.

7. To the extent that DTCC is required to file with the CFTC a report regarding material change in control of DTCC, DDR shall provide such report to the Commission concurrently.

SERVICES OFFERED

8. DDR shall not act as a trade repository designated in Ontario to which reporting counterparties report trades in an asset class other than commodity, credit, equity, interest rate, and foreign exchange, to meet the reporting requirements under OSC Rule 91-507 without prior written approval of the Commission.

ACCESS AND PARTICIPATION

9. DDR shall, on a semi-annual basis, filed 30 days after the end of each period, provide the Commission with a list that specifies each Ontario-based participant that has been granted access to DDR's services.

10. DDR shall promptly notify the Commission when an applicant has been denied access to DDR's services after the exhaustion of DDR's appeal process and who would otherwise be an Ontario-based participant.

DATA REPORTING

(a) Collection of Data

11. For greater clarity with respect to subsection 3(1) of OSC Rule 91-507, DDR shall not implement any material changes to the specifications of the methods (including templates and systems) used to collect data reported to it under OSC Rule 91-507 from participants, or to the definition, structure and format of the data, unless it has filed an amendment to Form 91-507F1 in the manner set out in that Form at least 45 days before implementing the changes. For other changes to the specifications of the methods used to collect data reported to it under OSC Rule 91-507, or to the definition, structure and format of the data, DDR shall provide the Commission with at least 10 business days prior notice.

12. DDR shall amend, create, remove, define or otherwise modify any data fields (including format) required to be reported by participants who are reporting, or who are reporting on behalf of reporting counterparties, under OSC Rule 91-507, in a manner and within a time frame required by the Commission from time to time after consultation with DDR and taking into consideration any practical implication of such modifications on DDR.

13. DDR shall continue to use best efforts to adapt to relevant internationally accepted communication procedures and standards for the collection and reporting of data required to be reported under OSC Rule 91-507 as requested by the Commission, in a manner and within a time frame acceptable to the Commission.

14. For life-cycle event data that is required to be reported under OSC Rule 91-507, DDR shall sequence and link life-cycle events to the creation data relating to the original transaction.

15. For any data fields that are specific to a particular asset class or product required to be reported under OSC Rule 91-507 for each transaction, DDR shall work with the Commission to provide Ontario-based participants with the option to populate a value indicating that a field is not applicable to the transaction.

16. DDR shall not accept transactions that are required to be reported under OSC Rule 91-507 if any mandatory data fields under OSC Rule 91-507 have been left blank; alternatively, DDR may accept such transactions provided that it provides warning to the participants and requires them to resubmit those transactions with the mandatory data fields completed.

(b) Public Dissemination of Data Pursuant to Section 39 of OSC Rule 91-507

17. DDR shall ensure that data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is in a format, and is disseminated in a manner, that is acceptable to the Commission. Without limiting the generality of the foregoing, DDR shall ensure that such data is readily available and easily accessible to the public through the homepage of its trade repository website similar to how public data is disseminated for the U.S.

18. DDR shall ensure that aggregate data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is only made publicly available in accordance with Appendix "A" to this Schedule, as amended from time to time. DDR shall ensure that all other data required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is not made publicly available until the Commission has approved of the method and format of the dissemination.

19. DDR shall (a) anonymize, or (b) make any other modifications based on thresholds or other criteria to, data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507, in a manner prescribed by the Commission.

20. DDR shall exclude inter-affiliate transactions from data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507.

21. DDR shall amend, create, remove, define or otherwise modify data (including format) required to be publicly disseminated pursuant to section 39 of OSC Rule 91-507 in a manner and within a timeframe required by the Commission from time to time after consultation with DDR and taking into consideration any practical implication of such modification on DDR.

22. Upon the Commission's request, DDR shall delay, and subsequently resume, the public dissemination of data that is required to be disseminated pursuant to section 39 of OSC Rule 91-507 in a manner and within a time frame acceptable to the Commission.

(c) Provision of Data to the Commission

23. For greater clarity with respect to section 37 of OSC Rule 91-507, DDR shall at a minimum, on a daily basis, provide the Commission with creation data that reflects life-cycle events up to and including the most current life-cycle event and valuation data through secured portal access with respect to data reported to it under OSC Rule 91-507; as well as work with the Commission to provide data reported to it under OSC Rule 91-507 that is in DDR's possession as is required by the

Commission to fulfill its mandate, including but not limited to creation, life-cycle event, and valuation data, through both secured portal and SFTP access, in a manner and within a timeframe acceptable to the Commission.

24. DDR shall work with the Commission to provide such reports as may be required by the Commission, including but not limited to life-cycle event and transaction level reports relating to data reported to it under OSC Rule 91-507, in a manner and within a timeframe acceptable to the Commission.

25. DDR shall ensure that a version number, including a date stamp, clearly identifies changes to the processes used to extract and load data that is required to be reported to the Commission pursuant to OSC Rule 91-507 using industry best practices. A summary of the changes should be provided to the Commission one week in advance of these changes.

26. DDR shall provide to the Commission in a timely manner, upon the Commission's request, data regarding transactions between non-Canadian participants in derivatives that are based on a Canadian underlying interest, subject to any applicable U.S. laws and requirements governing sharing and confidentiality of information.

RULES

27. DDR shall provide to the Commission, no later than 10 business days prior to the intended effective date, a Rule Subject to Approval in accordance with Appendix "B" to this Schedule.

28. DDR shall provide to the Commission, concurrently with filing with the CFTC and no later than 10 business days prior to the intended effective date, a Rule that is not a Rule Subject to Approval but that is applicable to Ontario-based participants.

29. DDR shall file with the Commission on a quarterly basis, within 30 days after the end of each quarter, a copy of its Rules showing all cumulative changes to the Rules made during the quarter.

SYSTEMS

30. DDR shall provide at least 30 days prior notice to the Commission before finalizing the scope of the review required under subsection 21(6) of OSC Rule 91-507, and after consultation with the Commission, DDR shall make any reasonable amendments to the scope as requested by the Commission.

FEES

31. DDR shall, by October 31, 2016 and at other times thereafter as requested by the Commission, conduct a review of its fee schedule for its services in Ontario. DDR shall provide a written report on the outcome of such review to the Commission within 30 days after the completion of the review.

COMMERCIALIZATION OF DATA

32. DDR shall not unreasonably restrict the access to and use of data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507.

33. DDR shall not restrict the access to and use of data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 without prior written approval of the Commission.

34. DDR shall provide the Commission with 30 days prior written notice of any intended changes to the terms of access or use as they pertain to data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507, which will include a detailed description of any such changes.

35. DDR shall not, as a term or condition of becoming a participant or as a term or condition of reporting data reported to it under OSC Rule 91-507 by a participant, require the consent of the participant to the release of any or all reported data for commercial or business purposes.

36. DDR shall be responsible for securing any and all necessary consents from any third parties whose proprietary information is contained in the data reported to it under OSC Rule 91-507 before releasing it for commercial or business purposes.

37. DDR shall not release data that is required to be reported pursuant to OSC Rule 91-507 for commercial or business purposes in relation to a product or service line without the Commission's prior written approval of the type and nature of the commercial or business product or service line, in the following manner:

a) DDR shall provide the Commission with written notification of the type and nature of the commercial or business product or service line at least 10 business days prior to launching the product or service line;

b) If Commission staff within 10 business days of receipt of the notification do not object to such product or service line, then the product or service line shall be deemed to be approved by the Commission;

c) If Commission staff within 10 business days of receipt of the notification object to such product or service line, then the Commission will review and make a decision regarding approval of such product or service line within 30 days of DDR providing notification to the Commission pursuant to paragraph (a) above.

38. DDR shall not release data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 for commercial or business purposes until after its public dissemination.

TRANSITION REQUIREMENTS

39. DDR shall achieve the milestones set out in in Appendix "C" to this Schedule with respect to the development and implementation of its services.

40. Following its designation, DDR shall facilitate to the satisfaction of the Commission the testing of access and connectivity to its systems by the Commission.

41. Following its designation in Ontario, DDR shall conduct testing with respect to Ontario-based participants under OSC Rule 91-507 and achieve results satisfactory to the Commission to gain assurance that data and reports that are required to be reported to the Commission reflect accurately and completely all data that is required to be reported by Ontario-based participants under OSC Rule 91-507. DDR shall provide summary results of such testing to the Commission promptly after the completion of such testing.

42. For a period of 2 years from the date of this order, filed 30 days after the end of each quarter, DDR shall provide a report summarizing (a) the number of applications in Ontario for access outstanding at the end of each quarter, and (b) any material issues encountered during each quarter relating to the onboarding of new participants or reporting from Ontario-based participants as well as DDR's plans to address them.

43. Following its designation in Ontario, and on an ongoing basis, DDR shall (a) ensure that appropriate access, including direct access, data feeds, browser and internet-based interfaces, reports or any other relevant form of access, is provided to the Commission, (b) monitor the development by any service provider it engages of all systems (including applications) supporting its trade repository functions, and (c) ensure that its systems are secure and that any security vulnerabilities are monitored and promptly corrected once identified.

44. Following its designation in Ontario, DDR shall ensure that any necessary maintenance and enhancement of its trade repository services and systems is being appropriately prioritized and staffed, and that any issues are appropriately escalated to senior management.

REPORTING REQUIREMENTS

45. DDR shall promptly notify the Commission of any event, circumstance, or situation that could materially prevent DDR's ability to continue to comply with the terms and conditions of the order.

46. DDR shall, as soon as reasonably possible, notify the Commission of any intended emergency response which would modify, limit, suspend or interrupt its services.

47. DDR shall promptly provide to the Commission information regarding any material known investigations or legal proceedings instituted against it, to the extent that it is not prohibited from doing so under applicable law.

48. DDR shall promptly provide to the Commission the details of any appointment of a receiver or the making of any voluntary arrangement with its creditors.

INFORMATION SHARING AND REGULATORY COOPERATION

49. DDR shall provide to the Commission any information related to its business as a designated trade repository as may be requested from time to time, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

50. DDR shall provide regulators other than the Commission with access to data that is required to be reported pursuant to Ontario securities law in compliance with the relevant laws and regulations governing such access.

APPENDIX "A"

DRAFT CANADIAN PUBLIC AGGREGATE DATA REPORTING TEMPLATE

A trade repository designated in Ontario **(an "Ontario-designated TR")** is required to publically disseminate the range and type of aggregate metrics set out in this Annex [X] in order to satisfy its obligations under section 39 of OSC Rule 91-507.

Part I. Current Notional and Number of Positions Outstanding

1. For each reporting period, an Ontario-designated TR must publish on the Report Date

   a) the gross notional amount of all open positions, and

   b) the total number of positions outstanding.

2. At a minimum, an Ontario-designated TR must publish the data described in section 1 for the following reporting periods:

   a) current week,

   b) previous week, and

   c) four weeks prior to the current week.

3. An Ontario-designated TR must publish the data required by section 1 according to the following breakdowns:

   a) Asset Class: Commodity, Interest Rate, Credit, Foreign Exchange and Equity;

   b) Asset Classes in (a) by Tenor: 0-3 month, 3-6 month, 6-12 months, 12-24 months, 24-60 months, and greater than 60 months; and

   c) Asset Classes in (a) by cleared/uncleared.

4. An Ontario-designated TR must publish the data required by section 1 according to the following Product Categories for each Asset Class:

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Metals	IR Swap	Single Name-Sovereign	Non-deliverable forwards	Single Name Swap
Power	FRA	Single Name-Non-Sovereign	Non-deliverable options	Portfolio Swap
Natural Gas	Cross Currency	Index (including Index tranche)	Forward	Contract For Difference
Oil	Option (Including cap/floor)	Total Return Swap	Vanilla Option	Option
Coal	Exotic	Swaptions	Exotic	Forward
Index	Other	Exotic	Other	Exotic
Agriculture		Other		Other
Environment				
Freight				
Exotic				
Other				

5. Despite section 4, an Ontario-designated TR must publish the data required by section 1 for a particular Product Category specified in section 4 under the category of "Other" where

a) there is less than 30 open positions in that Product Category for a given period; or there are no new transactions in that Product Category for four consecutive weeks.

6. Despite sections 3 and 4, an Ontario-designated TR is not required to report the gross notional amount of all open positions for the "Commodity" Asset Class.

7. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a beginning the week ending November 28th. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a and 2.b beginning the week ending December 5th. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a, 2.b, 2c beginning the week ending December 19th.

Part II. Turnover Notional and Number of Transactions

1. For each reporting period, an Ontario-designated TR must publish on the Report Date

a) the gross notional turnover (i.e. the gross notional amount of all new transactions entered into for that period), and

b) the total number of transactions.

2. At a minimum, an Ontario-designated TR must publish the data described in section 1 for the following reporting periods:

a) current week,

b) previous week, and

c) the trailing 4-week period.

3. An Ontario-designated TR must publish the data required by section 1 according to the following breakdowns:

a) Asset Class: Commodity, Interest Rate, Credit, Foreign Exchange and Equity;

b) Asset Classes in (a) by Tenor: 0-3 month, 3-6 month, 6-12 months, 12-24 months, 24-60 months, and greater than 60 months; and

c) Asset Classes in (a) by cleared/uncleared.

4. An Ontario-designated TR must publish the data required by section 1 according to the following Product Categories for each Asset Class:

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Metals	IR Swap	Single Name-Sovereign	Non-deliverable forwards	Single Name Swap
Power	FRA	Single Name-Non-Sovereign	Non-deliverable options	Portfolio Swap
Natural Gas	Cross Currency	Index (including Index tranche)	Forward	Contract For Difference
Oil	Option (Including cap/floor)	Total Return Swap	Vanilla Option	Option
Coal	Exotic	Swaptions	Exotic	Forward
Index	Other	Exotic	Other	Exotic
Agriculture		Other		Other
Environment				

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Freight				
Exotic				
Other				

5. Despite section 4, an Ontario-designated TR must publish the data required by section 1 for a particular Product Category specified in section 4 under the category of "Other" where there are fewer than five new transactions a week in that Product Category during the previous four-week period.

6. Despite sections 3 and 4, an Ontario-designated TR is not required to report the turnover notional amount for the "Commodity" Asset Class.

7. An Ontario-designated TR must commence publication of the data required under this Part II beginning the week ending December 12th.

Explanatory Notes

Currency	The denomination currency of the reports is **Canadian dollars**. TRs are free to choose the conversion rate, but need to include the source in the reports. If the denomination currency of a transaction is non-Canadian dollar, the Canadian dollar equivalent notional amount should be calculated with report run date conversion rate.
Number of transactions	Represents the number of new unique transactions that are reported to a TR during the one-week period. Each transaction is recorded once, and netting arrangements and offsets (including compression) are ignored.
Pre-existing transactions	Pre-existing transactions should be included in calculating total outstanding notional and number of outstanding positions, while it should be excluded in calculating turnover notional and number of new positions.
Position Outstanding	It refers to a snapshot view of open transactions as of the end of the reporting period.
Report Date	TRs are expected to publish aggregation data by the following Wednesday after the report week
Tenor	For Current Notional and/or Positions Outstanding, use remaining contract maturity which is determined by the difference between the **weekly end date of the reporting period** and the expiry date for the position. For Turnover Notional and/or Number of Transactions, use original maturity which is determined by the difference between the end date and the effective date. The tenor should be rounded into month. The upper bound of a bucket is included in the bucket (i.e. the 0-3M bucket includes 0, 1, 2 and 3M. and the 3-6 bucket does not include 3M.).
Week	A week is defined as having an execution timestamp between Saturday 12:00:00 AM UTC – Friday 11:59:59PM UTC. Transactions with an execution timestamp in the above period but reported in the following two days at the end of the week should be included in the weekly report. Transactions with an execution timestamp in the above period but reported after the following two days at the end of the week should not be included in the weekly report.
Criteria of assessing usability of public data	• Data could be downloaded. • Data in "analysis-friendly" format (e.g. csv) instead of pdf format. • Part 1 and 2 Section 2 period data could be viewed without signing up, making request or any other condition.
Counterparty identity	A designated trade repository must not disclose the identity of either counterparty to the transaction.

APPENDIX "B"

RULE REVIEW and APPROVAL PROTOCOL

1. PURPOSE

On [DATE] the Commission issued a designation order with terms and conditions governing the designation of DDR pursuant to subsection 21.2.2 of the Securities Act (Ontario). To comply with OSC Rule 91-507 and the terms and conditions of the designation order, DDR shall file with the Commission documents outlining any Rule Subject to Approval. This protocol sets out the process for the filing, review and approval by the Commission of a Rule Subject to Approval.

2. DEFINITIONS

For the purposes of this Appendix:

> "Canada-Based Participant" means a participant that (a) is a person or company organized under the laws of an Applicable Canadian Province or that has its head office or principal place of business in an Applicable Canadian Province, (b) is registered under the securities legislation of an Applicable Canadian Province as a derivatives dealer or in an alternative category as a consequence of trading in derivatives, or (c) is an affiliate of a person or company described in (a) and such person or company is responsible fo the liabilities of that affiliated party.
>
> "Applicable Canadian Province" means Manitoba, Ontario, Quebec or any other province or territory in Canada in which DDR is designated or recognized as a trade repository;
>
> "Rule Subject to Approval" means a Rule that applies exclusively to Canada-Based Participants, excluding any amendments that are intended to effect:
>
> (i) changes to the routine internal processes, practice or administration of DDR;
>
> (ii) changes to correct spelling, punctuation, typographical or grammatical mistakes, or inaccurate cross-referencing; or
>
> (iii) stylistic or formatting changes, including changes to headings or paragraph numbers.

Unless the context otherwise requires, other terms used in this Appendix B have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this designation order).

3. PROCEDURES FOR REVIEW AND APPROVAL OF RULES

(a) Documents

For a Rule Subject to Approval, DDR will provide to the Commission, where applicable, the following documents in electronic format, or by other means as agreed to by Commission staff and DDR, from time to time:

(i) a cover letter that describes the Rule Subject to Approval and its nature and purpose; and

(ii) the existing Rule Subject to Approval and a blacklined version of the Rule Subject to Approval indicating its proposed changes.

(b) Confirmation of Receipt

Commission staff will promptly send to DDR confirmation of receipt of documents submitted by DDR under subsection (a).

(c) Deemed Approval of Rules Subject to Approval

If Commission staff do not object to a Rule Subject to Approval within 10 business days of receipt, the Rule shall be deemed approved. Otherwise, the Rule Subject to Approval will be reviewed and approved by the Commission in accordance with the procedures set out in paragraphs (d) to (g) of section 3 of this protocol.

(d) Publication of a Rule by the Commission

If Commission staff objects to a Rule Subject to Approval within 10 business days of receipt and it has an impact on current and possible future participants or the capital markets in general, Commission staff may require that a notice of change to a Rule

Subject to Approval and, where applicable, a blacklined version of the Rule Subject to Approval, be published in the OSC Bulletin or the OSC website for a comment period of 30 days. The notice and accompanying Rule Subject to Approval will be published as soon as reasonably practicable.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their review of the Rule Subject to Approval and provide comments to DDR within 30 days of DDR filing materials with the Commission. However, there will be no restriction on the amount of time necessary to complete the review of the Rule Subject to Approval in such instances.

(f) DDR Canada's Responses to Commission Staff's Comments

DDR will respond to any comments received to Commission staff in writing.

(g) Approval of Rules by the Commission

Commission staff will use their best efforts to prepare the Rule Subject to Approval by the Commission for approval by the later of:

(i) 45 days from receipt of the filing of the Rule Subject to Approval by DDR, including the filing of all relevant documents in subsection (a) above; or

(ii) 30 days after receipt of written responses from DDR to Commission staff comments or requests for additional information, and a summary of participant comments and DDR's response to those comments (and upon the request of Commission staff, copies of the original comments), or confirmation from DDR that there were no comments received.

(h) Effective Date of a Rule

A Rule Subject to Approval will be effective as of the date 10 business days after receipt of such Rule by the Commission absent object thereto, or on a date determined by DDR if such date is later.

4. IMMEDIATE IMPLEMENTATION OF A RULE

(a) Criteria for Immediate Implementation

DDR may make a Rule Subject to Approval effective immediately where DDR determines that there is an urgent need to implement the Rule Subject to Approval because of a substantial and imminent risk of significant harm to DDR, participants, other market participants, or the capital markets.

(b) Prior Notification

Where DDR determines that immediate implementation is appropriate, DDR will advise Commission staff in writing as soon as possible. Such written notice will include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify DDR of the disagreement in writing, or request more time to consider the immediate implementation within 3 business days of being advised by DDR under subsection (b); and

(ii) Commission staff and DDR will discuss and resolve any concerns raised by Commission staff in order to proceed with the immediate implementation.

(d) Review of Rule Implemented Immediately

A Rule Subject to Approval that has been implemented immediately will be reviewed and approved by the Commission in accordance with the procedures set out in section 3, with the necessary modifications. If the Commission subsequently disapproves the Rule Subject to Approval, DDR will immediately repeal the Rule Subject to Approval and inform its participants of the disapproval.

5. MISCELLANEOUS

(a) Waiving Provisions of the Protocol

Commission staff may exercise its discretion to waive any part of this protocol upon request from DDR, or at any time it deems it appropriate. A waiver granted upon request by DDR must be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may, at any time, be amended by mutual agreement of the Commission and DDR.

APPENDIX "C"

IMPLEMENTATION MILESTONES

1. PURPOSE

On [DATE] the Commission issued a designation order with terms and conditions governing the designation of DDR pursuant to subsection 21.2.2 of the Securities Act (Ontario). To comply with OSC Rule 91-507 and the terms and conditions of the designation order, DDR shall achieve the milestones set out in this Appendix with respect to the development and implementation of its services.

2. MILESTONES

DDR shall:

(a) facilitate the testing of access and connectivity to its systems by the Commission by August 8, 2014, to be completed by September 8, 2014; and

(b) provide user acceptance testing for participants and users for the commodity, credit, equity, interest rate, and foreign exchange asset classes by September 12, 2014.

SCHEDULE "B"

DIRECTOR'S EXEMPTION

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

AND

IN THE MATTER OF
DTCC DATA REPOSITORY (U.S.) LLC

DECISION
(Section 42 of OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting)

WHEREAS DTCC Data Repository (U.S.) LLC (DDR) has applied to the Commission for designation as a trade repository under section 21.2.2 of the Act, and will be subject to OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (OSC Rule 91-507) and the terms and conditions of its designation order;

AND WHEREAS the Director may, pursuant to section 42 of OSC Rule 91-507, exempt DDR, in whole or in part, from a requirement in OSC Rule 91-507;

AND WHEREAS OSC Rule 91-507 would require DDR:

(a) to file audited financial statements for its most recently completed financial year with the Commission as part of its application for designation pursuant to subsection 4(1),

(b) to file annual audited financial statements with the Commission no later than the 90th day after the end of its financial year pursuant to subsection 5(1),

(c) to file its proposed new or amended rules, policies and procedures (collectively, rules) for approval pursuant to subsection 17(5);

(d) to hold sufficient insurance coverage and liquid net assets funded by equity to cover potential general business losses pursuant to subsection 20(2);

(e) to identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and to establish, implement, maintain and enforce written rules reasonably designed to facilitate its orderly wind-down pursuant to subsections 20(4) and 20(5) respectively; and

(f) to create and make available to the public on a periodic basis, at no cost, aggregate data on volume, number (of transactions) and, where applicable, price, relating to the transactions reported to it pursuant to subsection 39(1);

AND WHEREAS DDR has applied for an exemption from the requirements under each of subsections 4(1), 5(1), 17(5), 20(2), 20(4), 20(5) and 39(1) of OSC Rule 91-507;

AND WHEREAS DDR is provisionally registered as a Swap Data Repository (SDR) with the Commodity Futures Trading Commission (CFTC) in the United States and is subject to CFTC's requirements;

AND WHEREAS DDR does not have audited financial statements for its most recently completed financial year, and DDR has provided to the Commission its unaudited financial statements and audited financial statements of its ultimate parent, The Depository Trust & Clearing Corporation, for the most recent financial year;

AND WHEREAS DDR is not required to file annual audited financial statements with the CFTC, but is required to file annual unaudited financial statements and to maintain liquid net assets equal to a minimum of six months of operating expenses pursuant to CFTC requirements; and DDR has represented that it will provide annually unaudited financial statements to the Commission concurrently with filing with the CFTC and will maintain the required liquid net assets;

AND WHEREAS DDR is required to file with the CFTC proposed new or amended rules pursuant to CFTC's requirements, and application of subsection 17(5) of OSC Rule 91-507 to DDR may result in regulatory duplication, to the extent that proposed new or amended rules are subject to prior approval by the CFTC;

AND WHEREAS DDR holds sufficient liquid net assets, in the amount of at least six months current operating expenses, to cover potential general business losses pursuant to OSC Rule 91-507, although it does not maintain insurance coverage for this purpose; DDR is required under CFTC's requirements to maintain sufficient financial resources to perform its SDR functions and such amount should cover its operating costs for a period of at least one year, and to maintain liquid financial assets equal to at least six months' operating costs; and therefore maintenance of insurance is duplicative for the purposes of covering business risk;

AND WHEREAS international work on wind-down planning is ongoing at CPSS-IOSCO level, and DDR is not currently subject to CFTC's requirements relating to orderly wind-down;

AND WHEREAS the Director is satisfied it would not be prejudicial to the public interest to exempt DDR from:

(a) Subsection 4(1) of OSC Rule 91-507,

(b) Subsection 5(1) of OSC Rule 91-507,

(c) Subsection 17(5) of OSC Rule 91-507 for proposed new or amended rules that are not specific to Ontario-based participants

(d) Subsection 20(2) of OSC Rule 91-507,

(e) Subsections 20(4) and 20(5) of OSC Rule 91-507 for a temporary period, and

(f) Subsection 39(1) of OSC Rule 91-507 for a temporary period;

AND WHEREAS "Ontario-based participant" has the meaning ascribed to it in the Commission's order designating DDR as a trade repository pursuant to section 21.2.2 of the Act;

IT IS THE DECISION of the Director that pursuant to section 42 of Rule 91-507, DDR is exempt from:

(a) Subsection 4(1) of OSC Rule 91-507,

(b) Subsection 5(1) of OSC Rule 91-507,

(c) Subsection 17(5) of OSC Rule 91-507 for proposed new or amended rules that are not specific to Ontario-based participants,

(d) Subsection 20(2) of OSC Rule 91-507,

(e) Subsections 20(4) and 20(5) of OSC Rule 91-507, until the earlier of (i) two years from the effective date of the order designating DDR as a trade repository, and (ii) the effective date of any CFTC requirement applicable to DDR relating to the development of a wind-down plan, and

(f) Subsection 39(1) of OSC Rule 91-507 with respect to creating and making available to the public aggregate data on volume, number (of transactions) and, where applicable, price, relating to the transactions reported to it, until March 31, 2015;

PROVIDED THAT:

(a) DDR remains registered as a Swap Data Repository and subject to the regulatory oversight and requirements of the CFTC;

(b) DDR files with the Commission, concurrently with filing with the CFTC and no later than the 90th day after the end of its financial year:

(i) Annual unaudited financial statements of DDR prepared in accordance with U.S. GAAP as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107), and

(ii) Annual audited financial statements of its ultimate parent, The Depository Trust & Clearing Corporation, prepared in accordance with U.S. GAAP as defined in NI 52-107;

(c) DDR complies with section 49.25 of CFTC's Rules relating to financial resources,

(d) DDR's proposed new or amended rules are subject to prior approval by the CFTC, and

(e) DDR create and make available to the public on a periodic basis as required by the Commission, at no cost, aggregate data on open positions relating to the transactions reported to it.

DATED _____, 2014

_____

13.4.4 ICE Trade Vault, LLC – Application for Designation as a Trade Repository and Draft Order

July 18, 2014

Sent By E-mail

Ontario Securities Commission
20 Queen Street West, 19th Floor
Toronto, Ontario M5H 3S8

Attention: Franklin Lacroce, Shaun Olson and Cosmin Cazan

Re: ICE Trade Vault, LLC

Application for Designation as a Trade Repository in Ontario

Dear Sirs,

ICE Trade Vault, LLC (the "Applicant") hereby files this application with the Ontario Securities Commission (the "Commission") pursuant to subsection 21.2.2(1) of the Securities Act (Ontario) to be designated as a foreign trade repository in the province.

For convenience, this application is divided into Parts I to III, Part II of which describes how the Applicant satisfies Commission staff's criteria for recognition as a foreign trade repository ("TR").

Part I Introduction

Part II Application of Approval Criteria to the Applicant

1. Legal Basis
2. Governance
3. Comprehensive Management of Risk
4. Access and Participation Requirements
5. Communication Policies, Procedures and Standards
6. Disclosure of Market Data by TRs
7. Recordkeeping and Confirmation of Data
8. Fees

Part III Other Matters

1. Submissions in support of designation
2. Enclosures

PART I INTRODUCTION

1.1 The Applicant is a limited liability company organized under the laws of the State of Delaware in the United States and is a provisionally registered swap data repository ("SDR") regulated by the Commodity Futures Trading Commission ("CFTC"). The Applicant has been accepting derivatives data for the commodity and credit asset classes in the United States since April 2013 and is in good standing with the CFTC.

1.2 The Applicant is a wholly owned subsidiary of Intercontinental Exchange Holdings, Inc. ("ICE"), which itself is owned by Intercontinental Exchange, Inc. ("ICE Inc."). ICE Inc. is listed on the NYSE under the symbol "ICE". ICE is a leading operator of regulated global markets and clearing houses, including futures exchanges, over-the-counter markets, derivatives clearing houses and post-trade services. ICE operates these global marketplaces for trading and clearing in a broad array of energy, environmental and agricultural commodities, credit default swaps, equity indices and currency contracts.

1.3 ICE has a subsidiary operating as a TR in Europe and is regulated by the European Securities and Markets Authority.

1.4 Subject to obtaining the necessary regulatory approvals, the Applicant is seeking to operate a trade repository in each province of Canada that will require the reporting of derivatives transactions (that are not excluded from the definition by reason of any other rule or order of the Commission) ("Derivatives transactions") involving local counterparties. The Applicant currently anticipates (subject to the Commission designating the Applicant's foreign TR) that it will accept Derivatives transaction data for the commodity, credit and foreign exchange asset classes in the Province.

PART II APPLICATION OF APPROVAL CRITERIA TO THE APPLICANT

The following is a discussion of how the Applicant meets the Commission staff's criteria for designation as a TR. Text boxes in this Part II set out the applicable requirements in OSC Rule 91-507 – Trade Repositories and Derivatives Data Reporting and Companion Policy 91-507CP – Trade Repositories and Derivatives Data Reporting (the "Applicable Provincial Rules and Policies").

1. Legal Basis

1.1 Legal Framework

7. (1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to ensure a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities. (2) Without limiting the generality of subsection (1), a designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that are not contrary to the public interest and that are reasonably designed to ensure that (a) such rules, policies and procedures and the contractual arrangements are supported by the laws applicable to those rules, policies, procedures and contractual arrangements, (b) the rights and obligations of a user, owner and regulator with respect to the use of the designated trade repository's information are clear and transparent, (c) the contractual arrangements that it enters into and supporting documentation clearly state service levels, rights of access, protection of confidential information, intellectual property rights and operational reliability, and (d) the status of records of contracts in its repository and whether those records of contracts are the legal contracts of record are clearly established.
17. (1) The rules, policies and procedures of a designated trade repository must (a) be clear and comprehensive and provide sufficient information to enable a participant to have an accurate understanding of its rights and obligations in accessing the services of the designated trade repository and the risks, fees, and other material costs they incur by using the services of the designated trade repository, (b) be reasonably designed to govern all aspects of the services offered by the designated trade repository with respect to the collection and maintenance of derivatives data and other information on a completed transaction, and (c) not be inconsistent with securities legislation. (2) A designated trade repository must monitor compliance with its rules, policies and procedures on an ongoing basis.

(3) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures for sanctioning non-compliance with its rules, policies and procedures.

(4)A designated trade repository must publicly disclose on its website

(a) its rules, policies and procedures referred to in this section, and

(b) its procedures for adopting new rules, policies and procedures or amending existing rules, policies and procedures.

(5) A designated trade repository must file its proposed new or amended rules, policies and procedures for approval in accordance with the terms and conditions of its designation order, unless the order explicitly exempts the designated trade repository from this requirement.

1.1.1 The Applicant maintains written policies, procedures and rules that will be posted on the Applicant's website upon designation as a TR. These written policies, procedures and rules are designed to assist and inform validly enrolled participants ("Participants") about the TR service offered by the Applicant utilized for the collection, storage and regulatory reporting of derivatives transaction data ("Trade Vault"). These written materials include: (i) the Applicant's rulebook (the "Rulebook") which sets out detailed rules and standards relating to Trade Vault; and (ii) a Service and Pricing Schedule. As further discussed in Section 2.4 of this application, the Applicant's Chief Compliance Officer ("CCO") and General Counsel ("GC") are responsible for monitoring compliance with, and enforcing any violations of, the Rulebook and Applicable Law.[1]

1.1.2 The Applicant maintains user agreements ("User Agreements") for the two classes of users that utilize Trade Vault, namely (i) Participants and (ii) clearing agencies or trading venues that have a duly executed trusted sources agreement in effect with the Applicant ("Trusted Sources"). Participants and Trusted Sources are collectively referred to as "Reporting Entities". The User Agreements set out the rights and obligations for Reporting Entities and requires that Reporting Entities utilize Trade Vault in accordance with Applicable Law. In addition, the Rulebook governs certain aspects of the Applicant's relationship with Participants and Trusted Sources, including service levels, rights of access, protection of confidential information and operational reliability. As further discussed in Section 8.1 of this application, Reporting Entities will also be subject to certain fees, which will be described in a fee schedule to be posted on the Applicant's website.

1.1.3 The Applicant maintains a number of internal policies and procedures designed to govern the Applicant's operations, including: (i) governance standards and procedures; (ii) codes of conduct for directors, committee members and employees; (iii) policies for identifying and resolving conflicts of interest; (iv) qualification methodology; (v) security procedures; (vi) a business continuity plan; and (vii) a corporate information security policy. The Applicant has senior managers in charge of oversight of internal policies and procedures. "Senior Management", from time to time, includes the president and the GC.

1.1.4 The Rulebook, User Agreements and internal policies and procedures may be amended from time to time. Amendments may occur as a result of changes in Applicable Law, developments in the derivatives industry or feedback from Reporting Entities. In general, Senior Management of the Applicant is responsible for approving amendments to the Rulebook, User Agreements and internal policies and procedures. Amendments may be subject to regulatory approval, if required by Applicable Law. ICE policies and procedures are amended by the senior management or the board of directors of ICE.

2. <u>Governance</u>

8. (1) A designated trade repository must establish, implement and maintain written governance arrangements that

(a) are well-defined, clear and transparent,

(b) set out a clear organizational structure with consistent lines of responsibility,

(c) provide for effective internal controls,

[1] "Applicable Law" includes any and all laws and regulations governing or applicable to Trade Vault (including but not limited to applicable CFTC regulations and Applicable Provincial Rules and Policies) as amended from time to time, including the requirements of all applicable federal, provincial, and foreign governmental statute, law, ordinance, regulation, rule, directive, technical standard, code, guidance, published practice, judicial order or decision, concession, interpretation and protocol, as amended from time to time.

> (d) promote the safety and efficiency of the designated trade repository,
>
> (e) ensure effective oversight of the designated trade repository,
>
> (f) support the stability of the broader financial system and other relevant public interest considerations, and
>
> (g) properly balance the interests of relevant stakeholders.
>
> (...)
>
> (3) A designated trade repository must publicly disclose on its website
>
> (a) the governance arrangements established in accordance with subsection (1),
>
> (...)

2.1.1 The Applicant has established robust governance arrangements which provide clear and direct lines of responsibility and accountability. The Applicant is managed by a Board of Directors that is responsible for overseeing the operations of the Applicant. In addition, the Applicant has established an advisory committee which includes representatives from its various stakeholders. The discussion in Sections 2.2, 2.3, 2.4, 2.5 and 2.7 below provide additional details concerning the Applicant's governance arrangements. The Applicant's governance arrangements will be publicly available on the Applicant's website.

2.2 **Board of Directors**

> 9. (1) A designated trade repository must have a board of directors.
>
> (2) The board of directors of a designated trade repository must include
>
> (a) individuals who have an appropriate level of skill and experience to effectively and efficiently oversee the management of its operations in accordance with all relevant laws, and
>
> (b) appropriate representation by individuals who are independent of the designated trade repository.
>
> (...)

2.2.1 The Board of Directors plays an active and important role in the oversight of all risks relating to Trade Vault. The powers and authority of the Board of Directors include the ability to: (i) designate and authorize specific appointed officers to act on behalf of the Board of Directors; (ii) fix, determine and levy all TR fees, when necessary; (iii) prepare and amend the Rulebook; (iv) act in emergencies; (v) delegate any such power to the appropriate party; and (vi) direct that an investigation of any suspected Violation be conducted by the CCO and shall hear any matter referred to it by the CCO regarding a suspected Violation.

2.2.2 The Board of Directors has a minimum of three members. Because the Applicant is a wholly-owned subsidiary of ICE, ICE retains the sole right to appoint the members of the Board of Directors. The Applicant has two types of directors – public and non-public. The Applicant's "Public directors" are "independent", as that concept is defined in the *Commodity Exchange Act* (US) ("CEA").[2] The Applicant's "Non-public directors" are not independent. As a governance matter, the Applicant requires at least one of its directors to be a "Public director".

2.2.3 ICE considers several factors in determining the composition of the Board of Directors, including whether directors, both individually and collectively, possess the required integrity, experience, judgment, commitment, skills and expertise to exercise their obligations of oversight and guidance over a TR. Members of the Board of Directors must have the following attributes:

(a) sufficiently good reputation;

(b) requisite skills and expertise to fulfill their responsibilities in the management and governance of a TR;

(c) a clear understanding of such responsibilities; and

[2] `Please refer to the CFTC Release: 5652-09 dated April 27, 2009.

(d) the ability to exercise sound judgment regarding TR affairs.

2.2.4 The Applicant does not currently have any board committees or subcommittees.

2.3 **Management**

> 10. (1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that
>
> (a) specify the roles and responsibilities of management, and
>
> (b) ensure that management has the experience, competencies, integrity and mix of skills necessary to discharge its roles and responsibilities.
>
> (2) A designated trade repository must notify the Commission no later than the 5th business day after appointing or replacing its chief compliance officer, chief executive officer or chief risk officer.

2.3.1 The Applicant has written policies and procedures which specify the roles and responsibilities of the Applicant's management team. Members of the Applicant's management team were identified and recruited for their particular position based upon their skills and expertise in the industry in which the Applicant operates, according to personnel qualifications required for their particular position, as set forth in the Applicant's internal policies and procedures. Their individual goals and performance are regularly assessed by their direct supervisor/manager as part of the Applicant's, as well as ICE's, performance management process. The Applicant does not currently have a chief risk officer because risk management functions are performed by the Applicant's CCO and GC.

2.4 **Chief compliance officer**

> 8. (3) The board of directors of a designated trade repository must, in consultation with the chief compliance officer of the designated trade repository, resolve conflicts of interest identified by the chief compliance officer.
>
> (4) The board of directors of a designated trade repository must meet with the chief compliance officer of the designated trade repository on a regular basis.
>
> 11. (1) The board of directors of a designated trade repository must appoint a chief compliance officer with the appropriate experience, competencies, integrity and mix of skills necessary to serve in that capacity.
>
> (2) The chief compliance officer of a designated trade repository must report directly to the board of directors of the designated trade repository or, if so directed by the board of directors, to the chief executive officer of the designated trade repository.
>
> (3) The chief compliance officer of a designated trade repository must
>
> (a) establish, implement, maintain and enforce written rules, policies and procedures to identify and resolve conflicts of interest,
>
> (b) establish, implement, maintain and enforce written rules, policies and procedures to ensure that the designated trade repository complies with securities legislation,
>
> (c) monitor compliance with the rules, policies and procedures required under paragraphs (a) and (b) on an ongoing basis,
>
> (d) report to the board of directors of the designated trade repository as soon as practicable upon becoming aware of a circumstance indicating that the designated trade repository, or an individual acting on its behalf, is not in compliance with the securities laws of a jurisdiction in which it operates and one or more of the following apply:
>
> (i) the non-compliance creates a risk of harm to a user;
>
> (ii) the non-compliance creates a risk of harm to the capital markets;
>
> (iii) the non-compliance is part of a pattern of non-compliance;

(iv) the non-compliance may have an impact on the ability of the designated trade repository to carry on business as a trade repository in compliance with securities legislation,

(e) report to the designated trade repository's board of directors as soon as practicable upon becoming aware of a conflict of interest that creates a risk of harm to a user or to the capital markets, and

(f) prepare and certify an annual report assessing compliance by the designated trade repository, and individuals acting on its behalf, with securities legislation and submit the report to the board of directors

(4) Concurrently with submitting a report under paragraph (3)(d), (3)(e) or (3)(f), the chief compliance officer must file a copy of the report with the Commission.

2.4.1 The CCO of the Applicant is appointed by the Board of Directors, and reports directly to the President. The CCO also has direct communication with the Board of Directors. The Board of Directors shall meet with the CCO semi-annually, or more frequently if required to address any specific issues or concerns.

2.4.2 The CCO works directly with the Board of Directors in certain instances, for example, when resolving conflicts of interest. The CCO has supervisory authority over all staff acting at the direction of the CCO and his or her responsibilities include, but are not limited to:

(a) preparing and signing a compliance report which shall be provided to the Board of Directors and the Commission at least annually and certify that Trade Vault are in compliance with Applicable Law;

(b) in consultation with the GC, overseeing and reviewing the Applicant's compliance with Applicable Law;

(c) in consultation with the GC, establishing and administering written policies and procedures reasonably designed to prevent violations of Applicable Law;

(d) in consultation with the Board of Directors, resolving any conflicts of interest that may arise including (a) conflicts between business considerations and compliance requirements; (b) conflicts between business considerations and the requirement that the Applicant provide fair and open access; and (c) conflicts between the Applicant's management and members of the Board of Directors;

(e) establishing and implementing procedures for the remediation of non-compliance issues;

(f) establishing procedures for the remediation of non-compliance issues identified by the CCO through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint;

(g) in consultation with the GC, establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of non-compliance issues; and

(h) in consultation with the GC, establishing and administering a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct.

2.4.3 The CCO has the authority to inspect the books and records of all Participants and Trusted Sources that are reasonably relevant to any investigation. The CCO also has the authority to require any Participant or Trusted Source to appear before him or her to answer questions regarding alleged Violations (as defined below). The CCO may also delegate such authority to employees of the Applicant, including officers, and such other individuals (who possess the requisite independence) as the Applicant may hire on a contract basis.

2.4.4 The CCO conducts investigations of possible violations of the Rulebook, Participant Agreement and Trusted Sources Agreement ("Violations") committed by Reporting Entities, prepares written reports with respect to such investigations, furnishes such reports to the Board of Directors and the Commission and conducts the prosecution of such Violations.

2.5 **Advisory Committee**

2.5.1 The Applicant has established an advisory committee which provides non-binding guidance to the Board of Directors with respect to Trade Vault (the "Advisory Committee").

2.6 **Conflicts of interest**

> 8 (2) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to identify and manage existing and potential conflicts of interest.
>
> (3) A designated trade repository must publicly disclose on its website
>
> (b) the rules, policies and procedures established in accordance with subsection (2).

2.6.1 The Applicant, through its conflict of interest rules, policies and procedures, has established a robust set of safeguards designed to reasonably identify and manage existing and potential conflicts of interest arising from its operation or the services it provides. As discussed above, the CCO is primarily responsible for identifying and managing conflicts of interest. If a real or potential conflict of interest is identified, the CCO will work with the Board of Directors to resolve the matter. Rules relating to conflicts of interest will be maintained on the Applicant's website.

2.7 **Communication with Reporting Entities**

2.7.1 The Applicant considers effective communication with Reporting Entities to be an important part of its overall governance strategy. Participants will receive detailed system and user guides and regular updates from the Applicant concerning system enhancements, new products/data values and Participant enrollments. The Applicant also expects to convene Participant working groups from time to time, in particular during the implementation period(s) for Applicable Provincial Rules and Policies. If Reporting Entities have any feedback or questions, they will be able to contact the Applicant through a dedicated email inbox.

3. <u>Comprehensive Risk Management Framework</u>

> 19. A designated trade repository must establish, implement and maintain a written risk-management framework for comprehensively managing risks including business, legal, and operational risks.

3.1 **Introduction**

3.1.1 The Applicant maintains a risk management framework for the management of business, legal and operational risk, which is described in the Applicant's Operational Risk Policy. All of the entities in the ICE Inc., including the Applicant, have adopted an approach to enterprise risk management with a goal of ensuring that each key risk is identified and properly managed. Risk tolerances have been developed for consistency at both the subsidiary and group level, and the risk management framework operates both from a bottom-up perspective and on a top-down basis. The discussion in Sections 3.2, 3.3, 3.4 and 3.5 below provide additional details concerning the Applicant's risk management framework.

3.2 **General business risk**

> 20. (1) A designated trade repository must establish, implement and maintain appropriate systems, controls and procedures to identify, monitor, and manage its general business risk.
>
> (2) Without limiting the generality of subsection (1), a designated trade repository must hold sufficient insurance coverage and liquid net assets funded by equity to cover potential general business losses in order that it can continue operations and services as a going concern in order to achieve a recovery or an orderly wind down if those losses materialize.
>
> (3) For the purposes of subsection (2), a designated trade repository must hold, at a minimum, liquid net assets funded by equity equal to six months of current operating expenses.
>
> (4) A designated trade repository must identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for an orderly wind-down.
>
> (5) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to facilitate its orderly wind-down based on the results of the assessment required by subsection (4).

(6) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures to ensure that it or a successor entity, insolvency administrator or other legal representative, will continue to comply with the requirements of subsection 6(2) and section 37 in the event of the bankruptcy or insolvency of the designated trade repository or the wind-down of the designated trade repository's operations.

3.2.1 The Applicant maintains, and will continue to maintain in force, business liability coverage in the amount of US$1 million for each claim and an aggregate of US$25 million, to protect itself from a claim due to negligence on its part relating to Trade Vault. This amount of coverage is consistent with Applicant's assessment of its general business liability. The Applicant will provide, upon request by a Participant or Trusted Source, a certificate of insurance evidencing the insurance requirements have been satisfied and will provide Participants or Trusted Sources 30 days' advance notice of any cancellation or material reduction in coverage. The Applicant will hold at a minimum, liquid net assets funded by equity equal to six months of current operating expenses.

3.2.2 The Applicant has: (i) identified scenarios that may prevent it from being able to provide critical operations, (ii) established and maintains rules, policies and procedures to facilitate an orderly wind-down and (iii) established and maintains rules, policies and procedures to ensure that successors comply with Applicable Provincial Rules and Policies in the event of the bankruptcy of the Applicant.

3.3 **Operational Risk**

System and other operational risk requirements

21. (1) A designated trade repository must establish, implement, maintain and enforce appropriate systems, controls and procedures to identify and minimize the impact of all plausible sources of operational risk, both internal and external, including risks to data integrity, data security, business continuity and capacity and performance management.

(2) The systems, controls and procedures established pursuant to subsection (1) must be approved by the board of directors of the designated trade repository.

(3) Without limiting the generality of subsection (1), a designated trade repository must

(a) develop and maintain

(i) an adequate system of internal controls over its systems, and

(ii) adequate information technology general controls, including without limitation, controls relating to information systems operations, information security and integrity, change management, problem management, network support and system software support,

(b) in accordance with prudent business practice, on a reasonably frequent basis and, in any event, at least annually

(i) make reasonable current and future capacity estimates, and

(ii) conduct capacity stress tests to determine the ability of those systems to process transactions in an accurate, timely and efficient manner, and

(c) promptly notify the Commission of a material systems failure, malfunction, delay or other disruptive incident, or a breach of data security, integrity or confidentiality, and provide a post-incident report that includes a root cause analysis as soon as practicable.

(4) Without limiting the generality of subsection (1), a designated trade repository must establish, implement, maintain and enforce business continuity plans, including disaster recovery plans reasonably designed to

(a) achieve prompt recovery of its operations following a disruption,

(b) allow for the timely recovery of information, including derivatives data, in the event of a disruption, and

(c) provide for the exercise of authority in the event of an emergency.

(5) A designated trade repository must test its business continuity plans, including disaster recovery plans, at least annually.

(6) For each of its systems for collecting and maintaining reports of derivatives data, a designated trade repository must annually engage a qualified party to conduct an independent review and prepare a report in accordance with established audit standards to ensure that it is in compliance with paragraphs (3)(a) and (b) and subsections (4) and (5).

(7) A designated trade repository must provide the report prepared in accordance with subsection (6) to

(a) its board of directors or audit committee promptly upon the completion of the report, and

(b) the Commission not later than the 30th day after providing the report to its board of directors or audit committee.

(8) A designated trade repository must publicly disclose on its website all technology requirements regarding interfacing with or accessing the services provided by the designated trade repository,

(a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

(b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.

(9) A designated trade repository must make available testing facilities for interfacing with or accessing the services provided by the designated trade repository,

(a) if operations have not begun, sufficiently in advance of operations to allow a reasonable period for testing and system modification by participants, and

(b) if operations have begun, sufficiently in advance of implementing a material change to technology requirements to allow a reasonable period for testing and system modification by participants.

(10) A designated trade repository must not begin operations in Ontario unless it has complied with paragraphs (8)(a) and (9)(a).

(11) Paragraphs (8)(b) and (9)(b) do not apply to a designated trade repository if

(a) the change to its technology requirements must be made immediately to address a failure, malfunction or material delay of its systems or equipment,

(b) the designated trade repository immediately notifies the Commission of its intention to make the change to its technology requirements, and

(c) the designated trade repository publicly discloses on its website the changed technology requirements as soon as practicable.

3.3.1 Trade Vault data is saved to a redundant, co-located production database and a remote disaster recovery database in near real-time. The Trade Vault database is backed up to tape daily with tapes moved offsite weekly.

3.3.2 The Applicant maintains robust policies and procedures to ensure system security, confidentiality and capacity. See sections 3.43 and 5.1 below for additional details. The Applicant's systems are tested regularly on a quarterly basis. Tests include functional testing, business cycle testing, user interface testing, performance testing and security and access control testing. The ICE quality assurance group bears the overall responsibility of ensuring that the system functions the way that it was intended and the requirements have been implemented as specified.

3.3.3 The Applicant maintains a robust emergency and business continuity and disaster recovery plan (the "BC-DR Plan") that prescribes the disaster recovery strategy. The BC-DR Plan is primarily managed by the ICE Director of Business Continuity and is executed by the ICE operations, configuration management and system engineering staff. The operations department maintains detailed procedures and other necessary documentation to implement disaster recovery steps such as: restoration of databases at the recovery site using the replicated transaction logs; system and network testing and verification; rerouting data traffic to the alternate site and making the system available to customers.

3.3.4 The BC-DR Plan allows for timely resumption of key business processes and operations following unplanned interruptions, unavailability of staff, inaccessibility of facilities, and disruption or disastrous loss to one or more of the Applicant's facilities or services. In accordance with the BC-DR Plan, all production system hardware and software is replicated in near real-time at an alternative location disaster recovery site that is operated by an alternative vendor to avoid any loss of data. The disaster recovery plan is tested quarterly and the business continuity plan is tested annually.

3.3.5 The Applicant maintains technical guides relating to interfacing with or accessing the services provided by Trade Vault. Testing facilities will be made available to Reporting Entities sufficiently in advance of beginning operations in the Province.

3.3.6 The Applicant also maintains systems and Security Procedures that ensure that Canadian Derivatives transaction data it not commingled with Derivatives transactions data reportable in other jurisdictions. Derivatives transaction data from different jurisdictions is physical separated at the database level.

3.4 **Risk management framework for business, legal and operational risk**

Data Security and Confidentiality

> 22. (1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures reasonably designed to ensure the safety, privacy and confidentiality of the derivatives data.
>
> (2) A designated trade repository must not release derivatives data for commercial or business purposes unless
>
> (a) the derivatives data has otherwise been disclosed pursuant to section 39, or
>
> (b) the counterparties to the transaction have provided the designated trade repository with their express written consent to use or release the derivatives data.

3.4.1 The Applicant recognizes its responsibility to ensure data confidentiality and dedicates significant resources to information security. The Applicant maintains a Corporate Security Policy that sets forth technical and procedural processes for information security and contains an extensive list of policies and means of implementation.

3.4.2 The Applicant uses a multi-tiered firewall scheme to provide network segmentation and access control to its services. Firewalls are deployed in redundant pairs and employ stateful inspection technology. The Applicant's application servers are housed in a demilitarized network zone behind external firewalls. A second set of internal firewalls further isolate the Applicant database systems, while an intrusion system provides added security to detect any threats and network sensors analyze all internet and private line traffic for malicious patterns.

3.4.3 Tactical controls are regularly examined and tested by multiple tiers of internal and external test groups, auditors and independently contracted third-party security testing firms. In addition, the security policy imposes an accountable and standard set of best practices to protect the confidentiality of Participants' sensitive data. ICE annually completes a SSAE 16 audit for adherence to the security policy. The SSAE 16 audit tests the following applicable controls, among others, to the Applicant systems: (i) logical access controls, (ii) logical access to databases, (iii) physical and environmental controls, (iv) backup procedures, and (v) change management.

3.4.4 The Applicant has rules in place which prohibit the use of, for commercial or business purposes, Derivatives transaction data accepted and maintained by Trade Vault without the express written consent of the Participant submitting trade data. The Applicant's staff's access to Trade Vault data is strictly limited to those with the direct responsibility for supporting Participants, Trusted Sources and any regulator acting within the scope of its jurisdiction (a "Regulator"), and the Applicant's staff are prohibited from using Trade Vault data other than in the performance of their job responsibilities.

3.5 Outsourcing

> 24. If a designated trade repository outsources a material service or system to a service provider, including to an associate or affiliate of the designated trade repository, the designated trade repository must
>
> (a) establish, implement, maintain and enforce written rules, policies and procedures for the selection of a service provider to which a material service or system may be outsourced and for the evaluation and approval of such an outsourcing arrangement,

(b) identify any conflicts of interest between the designated trade repository and a service provider to which a material service or system is outsourced, and establish, implement, maintain and enforce written rules, policies and procedures to mitigate and manage those conflicts of interest,

(c) enter into a written contract with the service provider that is appropriate for the materiality and nature of the outsourced activity and that provides for adequate termination procedures,

(d) maintain access to the books and records of the service provider relating to the outsourced activity,

(e) ensure that the Commission has the same access to all data, information and systems maintained by the service provider on behalf of the designated trade repository that it would have absent the outsourcing arrangement,

(f) ensure that all persons conducting audits or independent reviews of the designated trade repository under this Rule have appropriate access to all data, information and systems maintained by the service provider on behalf of the designated trade repository that such persons would have absent the outsourcing arrangement,

(g) take appropriate measures to determine that a service provider to which a material service or system is outsourced establishes, maintains and periodically tests an appropriate business continuity plan, including a disaster recovery plan in accordance with the requirements under section 21,

(h) take appropriate measures to ensure that the service provider protects the safety, privacy and confidentiality of Derivatives data and of users' confidential information in accordance with the requirements under section 22, and

(i) establish, implement, maintain and enforce written rules, policies and procedures to regularly review the performance of the service provider under the outsourcing arrangement.

3.5.1 The Applicant obtains from ICE, in accordance with Applicable Law, certain services relating to the operation of the Applicant's business. This outsourcing arrangement is consistent and in the same manner as all other regulated ICE entities and is documented in a written services agreement. This outsourcing arrangement allows ICE to leverage its resources and provide the highest level of support to its subsidiaries. The Applicant's agreement with ICE codifies this outsourcing relationship and outlines the services to be performed, service levels and changes and the fees to be charged. Services to be outsourced include legal, accounting, tax, IT services and human resources.

3.5.2 Additionally, the Applicant licenses software from ICE. ICE has developed certain proprietary software that is used in connection with providing electronic confirmation of over-the-counter bilateral trades. The software agreement with ICE codifies this licensing relationship and outlines the software and intellectual proprietary to be provided by ICE. The Applicant uses this software in connection with its business. This agreement allows the Applicant to leverage the resources of its parent that develops cutting edge and world class software for use in the derivatives markets. ICE provides the highest level of technology and support to its subsidiaries.

4. Access and Participation Requirements

4.1 Access

13. (1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures that establish objective, risk-based criteria for participation that permit fair and open access to the services it provides.

(2) A designated trade repository must publicly disclose on its website the rules, policies and procedures referred to in subsection (1).

(3) A designated trade repository must not do any of the following:

(a) unreasonably prohibit, condition or limit access by a person or company to the services offered by the designated trade repository;

(b) permit unreasonable discrimination among the participants of the designated trade repository;

(c) impose a burden on competition that is not reasonably necessary and appropriate;

(d) require the use or purchase of another service for a person or company to utilize the trade reporting service offered by the designated trade repository.

Fair, Open and Equal Access

4.1.1 The Applicant provides access to Trade Vault on a fair, open and equal basis. Access to, and usage of, Trade Vault is available to all market participants that validly engage in Derivatives transactions and does not require the use of any other ancillary service offered by the Applicant. The Applicant does not unreasonably prohibit, condition or limit access nor does it permit unreasonable discrimination among market participants. The Applicant's access standards are publicly disclosed in the Rulebook.

4.1.2 Access to Trade Vault is provided to parties that have a duly executed User Agreement in effect with the Applicant. When enrolling, the Reporting Entity must designate a master user ("Administrator"). The Administrator will create, permission and maintain all user IDs for their firm.

4.1.3 The enrollment process for Reporting Entities can be organized into two phases. Phase I focuses on enrollment and Phase II on system integration. It is important that the transition from Phase I to Phase II be managed in seamless manner for the Reporting Entity.

Revocation of Access

4.1.4 Prior to implementing a limitation or revocation of a Participant's or Trusted Source's access to Trade Vault or data maintained by the Applicant, the CCO shall review the basis for the limitation or revocation for compliance with Applicable Law and the Rulebook. The Rulebook contains procedures relating to a reinstatement, revocation or modification of such revocation or limitation. Revocation of a Reporting Entity's access is addressed in the Participant and Trusted Sources Agreements.

4.2 **Due Process**

16. For a decision made by a designated trade repository that directly adversely affects a participant or an applicant that applies to become a participant, the designated trade repository must ensure that

(a) the participant or applicant is given an opportunity to be heard or make representations, and

(b) it keeps records of, gives reasons for, and provides for reviews of its decisions, including, for each applicant, the reasons for granting, denying or limiting access.

Notice of Charge; Right to Hearing

4.2.1 The CCO has the power to initiate an investigation of any suspected Violation, conduct investigations of possible Violations, prepare written reports with respect to such investigations and undertake action in response to such Violations in accordance with the Rulebook. If the CCO (or another employee of the Applicant designated for this purpose by the Applicant) concludes that a Violation may have occurred, he or she may:

(a) in consultation with the GC, issue a warning letter to the Participant or Trusted Source informing it that there may have been a Violation and that such continued activity may result in further action by the Applicant; or

(b) in consultation with the GC, negotiate a written settlement agreement with the Participant or Trusted Source, whereby the Participant or Trusted Source, with or without admitting guilt, may agree to (i) a cease and desist order or a reprimand; (ii) a fine for each Violation plus the monetary value of any benefit received as a result of the Violation; and/or (iii) a suspension or a termination of Participant or Trusted Source status or other remedial action to address the Violation.

4.2.2 The CCO shall serve a notice of action (a "Notice") on the Reporting Entity responsible for a Violation (the "Respondent"). Such Notice shall state: (i) the acts, practices or conduct of the Respondent that are considered to be a Violation; (ii) how such acts, practices or conduct constitute a Violation; (iii) that the Respondent is entitled, upon written request filed with the Applicant within twenty days of service of the Notice, to a formal hearing on the alleged Violation; (iv) that the failure of the Respondent to request a hearing within twenty days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing; (v) that the failure of the Respondent to file a written answer to the Notice with the CCO within twenty days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct contained in the Notice; and (vi) that the failure of the Respondent to expressly deny a particular allegation contained in the Notice shall be deemed an admission of such act, practice or conduct.

4.2.3 Any hearing requested by Respondent shall be presented to a panel (the "Hearing Panel"). The Hearing Panel shall be comprised of three individuals: two members of ICE Senior Management and one independent member. The Hearing Panel shall be selected unanimously by the President of the Applicant and the CCO. No member of the Hearing Panel shall hear a matter in which that member, in the determination of the CCO, has a direct financial, personal or other interest in the matter under consideration. The hearing shall be conducted pursuant to rules and procedures adopted by said Hearing Panel, which, in their judgment, are sufficient to give such Respondent an opportunity to fully and fairly present the Respondent's case.

4.3 **Acceptance of reporting**

14. A designated trade repository must accept derivatives data from a participant for a transaction in a derivative of the asset class or classes set out in the designated trade repository's designation order.

4.3.1 The Applicant currently anticipates (subject to the Commission designating the Applicant's foreign TR) that Trade Vault will accept Derivatives transaction data for the commodity, credit and foreign exchange asset classes.

5. Communication policies, procedures and standards

15. A designated trade repository must use or accommodate relevant internationally accepted communication procedures and standards in order to facilitate the efficient exchange of data between its systems and those of (a) its participants, (b) other trade repositories, (c) exchanges, clearing agencies, alternative trading systems, and other marketplaces, and (d) other service providers.

5.1 The Applicant uses internationally accepted communication procedures and standards in order to facilitate the efficient exchange of Derivative transaction data with Participants, Trusted Sources and Regulators. The Applicant does not exchange data between its systems and other trade repositories. Access to Trade Vault is available through a web-based front-end that requires a Participant's systems to: (a) satisfy the Applicant minimum computing system and web browser requirements, and (b) support HTTP 1.1 and 128-bit or stronger SSL data encryption. The Applicant also provides system access via an Application Program Interface ("API"). The API provides Participants with automated and scalable access solution.

6. Disclosure of Market Data by TRs

6.1 Data available to regulators

37. (1) A designated trade repository must, at no cost (a) provide to the Commission direct, continuous and timely electronic access to such data in the designated trade repository's possession as is required by the Commission in order to carry out the Commission's mandate, (b) accept and promptly fulfil any data requests from the Commission in order to carry out the Commission's mandate, (c) create and make available to the Commission aggregate data derived from data in the designated trade repository's possession as required by the Commission in order to carry out the Commission's mandate, and (d) disclose to the Commission the manner in which the derivatives data provided under paragraph (c) has been aggregated. (2) A designated trade repository must conform to internationally accepted regulatory access standards applicable to trade repositories.

(3) A reporting counterparty must use its best efforts to provide the Commission with access to all derivatives data that it is required to report pursuant to this Rule, including instructing a trade repository to provide the Commission with access to such data.

6.1.1 The Applicant conforms to internationally accepted regulatory access standards applicable to TRs, including, but not limited to, the access standards set by the Commission. The Applicant will provide the Commission with direct, continuous and timely electronic access to data maintained by Trade Vault in respect of trades reported by Reporting Entities pursuant to the requirements of Applicable Provincial Rules and Policies, as is required by the Commission in order to carry out the Commission's mandate. Aggregate Derivatives transaction data, as required by the Commission, will also be made available to the Commission. Any Regulator requiring or requesting access to Trade Vault (for example, a securities regulator in another province of Canada) should contact the CCO (via email: TradeVaultChiefComplianceOfficer@theice.com) to request access and the necessary documentation and certify that it is acting within the scope of its jurisdiction.

6.1.2 The Applicant shall provide access to the requested Derivative transaction data as permitted by and consistent with Applicable Law. Such access may include, where applicable, proper tools for the monitoring, screening and analyzing of Derivative transaction data, including, but not limited to, web-based services and services that provide downloadable data to Regulators. The Commission shall have access to TR Information as permitted by Applicable Law and as required under Applicable Provincial Rules and Policies. In addition, as a result of the Applicant being registered as an SDR in the United States, the CFTC has access to TR Information as required under applicable CFTC regulations including the CEA.

6.2 **Data available to counterparties**

38. (1) A designated trade repository must provide counterparties to a transaction with timely access to all derivatives data relevant to that transaction which is submitted to the designated trade repository.

(2) A designated trade repository must have appropriate verification and authorization procedures in place to deal with access pursuant to subsection (1) by non-reporting counterparties or a party acting on behalf of a non-reporting counterparty.

(3) Each counterparty to a transaction is deemed to have consented to the release of all derivatives data required to be reported or disclosed under this Rule.

(4) Subsection (3) applies despite any agreement to the contrary between the counterparties to a transaction.

6.2.1 Access to the Applicant is strictly limited to Participants and Trusted Sources with valid permissions and security access. Participants and Trusted Sources shall only have access to their own data and data that the Applicant is required to make publicly available under Applicable Provincial Rules and Policies ("Public Data").

6.3 **Data available to public**

39. (1) A designated trade repository must, on a periodic basis, create and make available to the public, at no cost, aggregate data on open positions, volume, number and price, relating to the transactions reported to it pursuant to this Rule.

(2) The periodic aggregate data made available to the public pursuant to subsection (1) must be complemented at a minimum by breakdowns, where applicable, by currency of denomination, geographic location of reference entity or asset, asset class, contract type, maturity and whether the transaction is cleared.

(3) A designated trade repository must make transaction level reports of the data indicated in the column entitled "Required for Public Dissemination" in Appendix A for each transaction reported pursuant to this Rule available to the public at no cost not later than

(a) the end of the day following the day on which it receives the data from the reporting counterparty to the transaction, if one of the counterparties to the transaction is a derivatives dealer, or

(b) the end of the second day following the day on which it receives the data from the reporting counterparty to the transaction in all other circumstances.

(4) In disclosing transaction level reports required by subsection (3), a designated trade repository must not disclose the identity of either counterparty to the transaction.

(5) A designated trade repository must make the data required to be made available to the public under this section available in a usable form through a publicly accessible website or other publicly accessible technology or medium.

(6) Despite subsections (1) to (5), a designated trade repository is not required to make public any derivatives data for transactions entered into between affiliated companies as defined under subsection 1(2) of the Act.

6.4 Public users will have the ability to access the Applicant's website and view Public Data at no cost in accordance with Applicable Law at www.icetradevault.com.

7. Recordkeeping and Confirmation of Data

7.1 Records of Data Reporting

18. (1) A designated trade repository must design its recordkeeping procedures to ensure that it records derivatives data accurately, completely and on a timely basis.

(2) A designated trade repository must keep, in a safe location and in a durable form, records of derivatives data in relation to a transaction for the life of the transaction and for a further 7 years after the date on which the transaction expires or terminates.

(3) Throughout the period described in subsection (2), a designated trade repository must create and maintain at least one copy of each record of derivatives data required to be kept under subsection (2), in a safe location and in a durable form, separate from the location of the original record.

7.1.1 Participants' and, Trusted Sources' individual Derivative transaction data records remain available to these parties and Regulators at no charge for online access through Trade Vault from the date of submission until seven years after the date on which the Derivative transaction expires or terminates. During this time period, Trade Vault data will provide to the Commission direct, continuous and timely electronic access to such data in Trade Vault as is required by the Commission in order to carry out its mandate. After the initial seven year period, Participants' and Trusted Sources' Derivative transaction data will be stored off-line and remain available to these parties and Regulators, upon a three-day advance request to the Applicant, until ten years from the last date on which the Derivative transaction expired or terminated.

7.1.2 In accordance with the Applicant's Business Continuity and Disaster Recovery Plan, Trade Vault data is saved to a redundant, local database and a remote disaster recovery database in near real-time. Trade Vault database is backed-up to tape daily with tapes moved offsite weekly.

7.2 **Confirmation of Data and Information**

23. (1) A designated trade repository must establish, implement, maintain and enforce written rules, policies and procedures to confirm with each counterparty to a transaction, or agent acting on behalf of such counterparty, that the derivatives data that the designated trade repository receives from a reporting counterparty, or from a party to whom a reporting counterparty has delegated its reporting obligation under this Rule, is accurate.

(2) Despite subsection (1), a designated trade repository need only confirm the accuracy of the derivatives data it receives with those counterparties that are participants of the designated trade repository.

7.2.1 The Applicant reasonably relies on the accuracy of Derivatives transaction data submitted from Trusted Sources where: (i) the Trusted Source has executed an ICE Trade Vault Trusted Sources Agreement; and (ii) the data submitted by the Trusted Source indicates that both counterparties agreed to the data. All Trusted Sources connecting to the Applicant must complete a conformance test to validate data submission integrity prior to the Applicant's acceptance of actual Derivatives data and must immediately inform the Applicant of any system or technical issues that may affect the accuracy of Derivatives data transmissions.

7.2.2 In accordance with Applicable Provincial Rules and Policies, Trade Vault shall confirm with the other party to a transaction, provided such party is a Participant or Trusted Source, the Derivative transaction data that Trade Vault has received from a Reporting Entity. The Applicant will have fulfilled its obligation under Applicable Provincial Rules and

Policies by providing notice to each counterparty that is a Participant that a report has been made naming such entity as a counterparty and providing the means to access the report. If Trade Vault does not receive a response from the Non-Reporting Counterparty within two business days, the data is deemed confirmed. Trade Vault shall have no obligation to obtain confirmation of Derivative transaction data from a counterparty who is not a Participant

7.2.3 The Applicant has policies and procedures in place to ensure that the production environment in which the recording process of Trade Vault operates does not invalidate or modify the terms of a valid Derivative transaction. These controls are regularly audited and prevent any unauthorized, unsolicited changes to Derivative transaction data submitted to the Applicant through system-wide protections related to the processing of data associated with Trade Vault.

8. Fees

12. All fees and other material costs imposed by a designated trade repository on its participants must be (a) fairly and equitably allocated among participants, and (b) publicly disclosed on its website for each service it offers with respect to the collection and maintenance of derivatives data.

8.1 Any fees or charges imposed by the Applicant in connection with Trade Vault and any other supplemental or ancillary services are equitable and established in a uniform and non-discriminatory manner. The Applicant's fees and charges are designed not to have the effect of creating an artificial barrier to access to Trade Vault. The Applicant does not offer preferential pricing arrangements for Trade Vault to any market participant on any basis, including volume discounts or reductions unless such discounts or reductions apply to all market participants uniformly and are not otherwise established in a manner that would effectively limit the application of such discount or reduction to a select number of market participants. As noted in Section 2.21 above, the Applicant's Senior Management has the power and authority to fix, determine and levy all TR fees. The Applicant's fee schedule for Reporting Entities will be publicly available on the Applicant's website.

PART III OTHER MATTERS

1. Submissions

1.1 The Applicant satisfies all the criteria for designation as a foreign TR, as described under Part II of this application. Ontario market participants that engage in Derivative transactions would benefit from the ability to report trades to the Applicant's foreign TR, given the Applicant's user-friendly and advanced trade reporting tools and industry experience, particularly in relation to commodity Derivatives. Stringent oversight of the Applicant's foreign TR as well as the sophisticated information systems, regulations and compliance functions that have been adopted by the Applicant will ensure that Ontario users of the Applicant's foreign TR are adequately protected in accordance with Applicable Law and consistent with international standards.

1.2 Based on the foregoing it would not be prejudicial to the public interest to designate the Applicant as a foreign TR in Ontario.

2. Enclosures

2.1 In support of this application, under separate cover, the Applicant delivered to the Commission a completed Form 91-507F1 – Information Statement and exhibits thereto along with financial statements of the Applicant. We have requested confidential treatment of such materials.

If you have any questions or require anything further, please do not hesitate to contact us.

Yours very truly,

Bruce Tupper
BT:

cc: Kara Dutta, *ICE Trade Vault, LLC*
Jake Sadikman, Blair Wiley and Patrick Lupa, *Osler, Hoskin & Harcourt LLP*

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

AND

IN THE MATTER OF
ICE TRADE VAULT, LLC

DRAFT ORDER
(Section 21.2.2 of the Act)

WHEREAS ICE Trade Vault, LLC (ICE Trade Vault) has filed an application (Application) with the Ontario Securities Commission (Commission) requesting an order pursuant to section 21.2.2 of the Act designating ICE Trade Vault as a trade repository;

AND WHEREAS ICE Trade Vault has represented to the Commission that:

1. ICE Trade Vault is a limited liability company organized under the provisions of The Delaware Limited Liability Company Act and situated in Atlanta, Georgia;
1
2. ICE Trade Vault is an indirect and wholly-owned subsidiary of Intercontinental Exchange, Inc. (ICE), a public company governed by the laws of the State of Delaware and listed on the New York Stock Exchange;

3. ICE Trade Vault does not have any offices or maintain other physical installations in Ontario or any other Canadian province or territory;

4. ICE Trade Vault is subject to the oversight of the Commodity Futures Trading Commission (CFTC) as a Swap Data Repository;

5. ICE Trade Vault will offer a trade repository solution that enables Ontario participants to fulfil their reporting obligation under OSC Rule 91-507 Trade Repositories and Derivatives Data Reporting, as amended from time to time (OSC Rule 91-507);

6. ICE Trade Vault will accept derivatives transaction data for the commodity, credit and foreign exchange asset classes;

7. ICE Trade Vault will meet and comply with all applicable requirements for a designated trade repository under Ontario securities laws;

AND WHEREAS ICE Trade Vault is currently subject to the oversight of the Commodity Futures Trading Commission (CFTC) as a Swap Data Repository;

AND WHEREAS ICE Trade Vault will be subject to the requirements in OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*, as amended from time to time (OSC Rule 91-507);

AND WHEREAS the Director has granted exemptions from certain requirements under subsections 4(1), 5(1) and 17(5) of OSC Rule 91-507, as set out in Schedule "B" of this order;

AND WHEREAS based on the Application and the representations ICE Trade Vault has made to the Commission, the Commission has determined that it is in the public interest to designate ICE Trade Vault as a trade repository pursuant to section 21.2.2 of the Act, subject to the terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS ICE Trade Vault has agreed to the respective terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS ICE Trade Vault has demonstrated that it is or will be compliant with the applicable requirements in OSC Rule 91-507 by October 31, 2014 and the respective terms and conditions that are set out in Schedule "A" of this order;

AND WHEREAS the Commission will monitor developments in international and domestic capital markets and ICE Trade Vault's activities on an ongoing basis to determine whether it is appropriate that ICE Trade Vault continues to be designated subject to the terms and conditions in this order and whether it is appropriate to amend this order and the terms and conditions thereunder pursuant to section 144 of the Act;

IT IS ORDERED by the Commission that ICE Trade Vault be designated as a trade repository pursuant to section 21.2.2 of the Act;

PROVIDED THAT ICE Trade Vault complies with the applicable requirements in OSC Rule 91-507 and the terms and conditions attached hereto as Schedule "A" of this order.

DATED _____, 2014.

_____ _____

SCHEDULE "A"

TERMS and CONDITIONS

DEFINITIONS

For the purposes of this Schedule:

"Ontario-based participant" means a participant that (a) is a person or company organized under the laws of Ontario or that has its head office or principal place of business in Ontario, (b) is registered under Ontario securities law as a derivatives dealer or in an alternative category as a consequence of trading in derivatives, or (c) is an affiliate of a person or company described in (a) and such person or company is responsible for the liabilities of that affiliated party.

"Ontario securities law" has the meaning ascribed to it in subsection 1(1) of the Act.

"Rule" means a proposed new, amendment to, or deletion of, any provision or other requirement in ICE Trade Vault's rulebook, policies, operating procedures or manuals, user guides, or similar documents governing the rights and obligations between ICE Trade Vault and its participants.

"Rule Subject to Approval" has the meaning ascribed to it in the Rule and Approval Protocol at Appendix "B" to this Schedule.

Unless the context otherwise requires, other terms used in this Schedule "A" and its Appendices have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this designation order).

REGULATION IN HOME JURISDICTION

1. ICE Trade Vault shall maintain its status as a Swap Data Repository in the United States and will continue to be subject to the regulatory oversight of the CFTC.

2. ICE Trade Vault shall continue to comply with its ongoing regulatory requirements as a Swap Data Repository in the United States.

3. ICE Trade Vault shall provide prompt written notice to the Commission of any material change or proposed material change to its status as a Swap Data Repository in the United States or the regulatory oversight of the CFTC.

OWNERSHIP OF PARENT

4. ICE Trade Vault shall provide to the Commission 90 days prior written notice and a detailed description and assessment of impact of a change in control of Intercontinental Exchange, Inc.

SERVICES OFFERED

5. ICE Trade Vault shall not act as a trade repository designated in Ontario to which reporting counterparties report trades in an asset class other than commodity, credit and foreign exchange, to meet the reporting requirements under OSC Rule 91-507 without prior written approval of the Commission.

ACCESS AND PARTICIPATION

6. ICE Trade Vault shall, on a semi-annual basis, filed 30 days after the end of each period, provide the Commission with a list that specifies each Ontario-based participant that has been granted access to ICE Trade Vault's services.

7. ICE Trade Vault shall promptly notify the Commission when an applicant who has been denied access to ICE Trade Vault's services and who would otherwise be an Ontario-based participant.

DATA REPORTING

(a) Collection of Data

8. For greater clarity with respect to subsection 3(1) of OSC Rule 91-507, ICE Trade Vault shall not implement any material changes to the specifications of the methods (including templates and systems) used to collect data reported to it under OSC Rule 91-507 from participants, or to the definition, structure and format of the data, unless it has filed an amendment to Form 91-507F1 in the manner set out in that Form at least 45 days before implementing the changes. For other changes to the

specifications of the methods used to collect data from participants, or to the definition, structure and format of the data, ICE Trade Vault shall provide the Commission with at least one week prior notice.

9. ICE Trade Vault shall amend, create, remove, define or otherwise modify any data fields (including format) required to be reported by participants who are reporting, or who are reporting on behalf of reporting counterparties, under OSC Rule 91-507, in a manner and within a time frame required by the Commission from time to time after consultation with ICE Trade Vault and taking into consideration any practical implication of such modification on ICE Trade Vault.

10. ICE Trade Vault shall use best efforts to adapt to relevant internationally accepted communication procedures and standards for the collection and reporting of data for each required data field under OSC Rule 91-507 as requested by the Commission, in a manner and within a time frame acceptable to the Commission.

11. For life-cycle event data that is required to be reported under OSC Rule 91-507, ICE Trade Vault shall sequence and link life-cycle events to the creation data relating to the original transaction.

12. For any data fields that are specific to a particular asset class or product required to be reported under OSC Rule 91-507 for each transaction, ICE Trade Vault shall provide Ontario-based participants with the option to populate a value indicating that a field is not applicable to a transaction.

13. ICE Trade Vault shall not accept transactions that are required to be reported under OSC Rule 91-507 if any mandatory data fields under OSC Rule 91-507 have been left blank.

(b) Public Dissemination of Data

13. ICE Trade Vault shall ensure that data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is in a format, and is disseminated in a manner, that is acceptable to the Commission. Without limiting the generality of the foregoing, ICE Trade Vault shall ensure that such data is readily available and easily accessible to the public through the homepage of its website.

14. ICE Trade Vault shall ensure that aggregate data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is only made publicly available in accordance with Appendix "A" to this Schedule, as amended from time to time. ICE Trade Vault shall ensure that all other data required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 is not made publicly available until the Commission has approved of the method and format of the dissemination.

15. ICE Trade Vault shall (a) anonymize, or (b) make any other modifications based on thresholds or other criteria to, data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507, in a manner prescribed by the Commission.

16. ICE Trade Vault shall exclude inter-affiliate transactions from data that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507.

18. ICE Trade Vault shall amend, create, remove, define or otherwise modify data (including format) required to be publicly disseminated pursuant to section 39 of OSC Rule 91-507 in a manner and within a timeframe required by the Commission from time to time after consultation with ICE Trade Vault and taking into consideration any practical implication of such modification to ICE Trade Vault.

19. Upon the Commission's request, ICE Trade Vault shall delay, and subsequently resume, the public dissemination of data that is required to be disseminated pursuant to section 39 of OSC Rule 91-507 in a manner and within a time frame acceptable to the Commission.

(c) Provision of Data to the Commission

20. For greater clarity with respect to section 37 of OSC Rule 91-507, ICE Trade Vault shall at a minimum, on a daily basis, provide the Commission with creation data that reflects life-cycle events up to and including the most current life-cycle event and valuation data through secured portal access with respect to data reported to it under OSC Rule 91-507; as well as work with the Commission to provide data reported to it under OSC Rule 91-507 that is in ICE Trade Vault's possession as is required by the Commission to fulfill its mandate, including but not limited to creation, life-cycle event, and valuation data, through both secured portal and SFTP access, in a manner and within a timeframe acceptable to the Commission.

21. ICE Trade Vault shall work with the Commission to provide such reports as may be required by the Commission, including but not limited to life-cycle event and transaction level reports relating to data reported to it under OSC Rule 91-507, in a manner and within a timeframe acceptable to the Commission.

22. ICE Trade Vault shall ensure that a version number, including a date stamp, clearly identifies changes to the processes used to extract and load data that is required to be reported to the Commission pursuant to OSC Rule 91-507 using industry best practices. A summary of the changes should be provided to the Commission one week in advance of these changes.

23. When a transaction is subdivided into a series of units (known as strips) with multiple settlement dates, ICE Trade Vault shall provide the settlement price value of each strip based on its product terms. The aggregate value of all individual strips in a product's position must equal the market value of the equivalent aggregate open transactions for each participant.

RULES

24. ICE Trade Vault shall provide to the Commission, no later than 10 business days prior to the intended effective date, a Rule Subject to Approval in accordance with Appendix "B" to this Schedule.

25. ICE Trade Vault shall provide to the Commission, concurrently with filing with the CFTC and no later than 10 business days prior to the intended effective date, a Rule that is not a Rule Subject to Approval but that is applicable to Ontario based participants.

26. ICE Trade Vault shall file with the Commission on a quarterly basis, within 30 days after the end of each quarter, a copy of its Rules showing all cumulative changes to the Rules made during the quarter.

SYSTEMS

27. ICE Trade Vault shall provide at least 30 days prior notice to the Commission before finalizing the scope of the review required under subsection 21(6) of OSC Rule 91-507, and after consultation with the Commission, ICE Trade Vault shall make any reasonable amendments to the scope as requested by the Commission.

FEES

28. ICE Trade Vault shall not act as a designated trade repository for transactions in the foreign exchange asset class without obtaining prior written approval of the Commission of the related fee schedule.

29. ICE Trade Vault shall, by October 31, 2016 and at other times thereafter as requested by the Commission, conduct a review of its fee schedule for its trade repository services in Ontario. ICE Trade Vault shall provide a written report on the outcome of such review to the Commission within 30 days after the completion of the review.

COMMERCIALIZATION OF DATA

30. ICE Trade Vault shall not unreasonably restrict the access to and use of data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507.

31. ICE Trade Vault shall not restrict the access to and use of data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 without prior written approval of the Commission.

32. ICE Trade Vault shall provide the Commission with 30 days prior written notice of any intended changes to the terms of access or use as they pertain to data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507, which will include a detailed description of any such changes.

33. ICE Trade Vault shall not, as a term or condition of becoming a participant or as a term or condition of reporting data reported to it under OSC Rule 91-507 by a participant, require the consent of the participant to the release of any or all reported data for commercial or business purposes.

34. ICE Trade Vault shall be responsible for securing any and all necessary consents from third parties whose proprietary information is contained in the data reported to it under OSC Rule 91-507 before releasing it for commercial or business purposes.

35. ICE Trade Vault shall not release data that is required to be reported pursuant to OSC Rule 91-507 for commercial or business purposes in relation to a product or service line without the Commission's prior written approval of the type and nature of the commercial or business product or service line, in the following manner:

a) ICE Trade Vault shall provide the Commission with written notification of the type and nature of the commercial or business product or service line at least 10 business days prior to launching the product or service line;

b) If Commission staff within 10 business days of receipt of the notification do not object to such product or service line, then the product or service line shall be deemed to be approved by the Commission;

c) If Commission staff within 10 business days of receipt of the notification object to such product or service line, then the Commission will review and make a decision regarding approval of such product or service line within 30 days of ICE Trade Vault providing notification to the Commission pursuant to paragraph (a) above.

36. ICE Trade Vault shall not release data reported to it under OSC Rule 91-507 that is required to be disseminated to the public pursuant to section 39 of OSC Rule 91-507 for commercial or business purposes until after its public dissemination.

TRANSITION REQUIREMENTS

37. ICE Trade Vault shall achieve the milestones set out in in Appendix "C" to this Schedule with respect to the development and implementation of its services.

38. Following its designation, ICE Trade Vault shall facilitate to the satisfaction of the Commission the testing of access and connectivity to its systems by the Commission.

39. Following its designation in Ontario, ICE Trade Vault shall conduct testing with respect to Ontario based participants under OSC Rule 91-507 and achieve results satisfactory to the Commission to gain assurance that data and reports that are required to be reported to the Commission reflect accurately and completely all data that is required to be reported by Ontario-based participants under OSC Rule 91-507. ICE Trade Vault shall provide summary results of such testing to the Commission promptly after the completion of such testing.

40. For a period of 2 years from the date of this order, filed 30 days after the end of each quarter, ICE Trade Vault shall provide a report summarizing (a) the number of applications in Ontario for access outstanding at the end of each quarter, and (b) any material issues encountered during each quarter relating to the onboarding of new participants or reporting from Ontario-based participants as well as ICE Trade Vault's plans to address them.

41. Following its designation in Ontario, and on an ongoing basis, ICE Trade Vault shall (a) ensure that appropriate access, including direct access, data feeds, browser and internet-based interfaces, reports or any other relevant form of access, is provided to the Commission, (b) monitor the development by any service provider it engages of all systems (including applications) supporting its trade repository functions, and (c) ensure that its systems are secure and that any security vulnerabilities are monitored and promptly corrected once identified.

42. Following its designation in Ontario, ICE Trade Vault shall ensure that any necessary maintenance and enhancement of its trade repository services and systems is being appropriately prioritized and staffed, and that any issues are appropriately escalated to senior management.

REPORTING REQUIREMENTS

43. ICE Trade Vault shall promptly notify the Commission of any event, circumstance, or situation that could materially prevent ICE Trade Vault's ability to continue to comply with the terms and conditions of the order.

44. ICE Trade Vault, as soon as reasonably possible, notify the Commission of any intended emergency response which would modify, limit, suspend or interrupt its services.

45. ICE Trade Vault shall promptly provide to the Commission information regarding any material known investigations or legal proceedings instituted against it, to the extent that it is not prohibited from doing so under applicable law.

46. ICE Trade Vault shall promptly provide to the Commission the details of any appointment of a receiver or the making of any voluntary arrangement with its creditors.

INFORMATION SHARING AND REGULATORY COOPERATION

47. ICE Trade Vault shall provide to the Commission any information related to its business as a designated trade repository as may be requested from time to time, and otherwise cooperate with, the Commission or its staff, subject to any applicable privacy or other laws (including solicitor-client privilege) governing the sharing of information and the protection of personal information.

48. ICE Trade Vault shall provide regulators other than the Commission with access to data that is required to be reported pursuant to Ontario securities law in compliance with the relevant laws and regulations governing such access.

APPENDIX "A"

CANADIAN PUBLIC AGGREGATE DATA REPORTING TEMPLATE

A trade repository designated in Ontario **(an "Ontario-designated TR")** is required to publically disseminate the range and type of aggregate metrics set out in this Appendix A in order to satisfy its obligations under section 39 of OSC Rule 91-507.

Part I. Current Notional and Number of Positions Outstanding

1. For each reporting period, an Ontario-designated TR must publish on the Report Date:

   a) the gross notional amount of all open positions, and

   b) the total number of positions outstanding.

2. At a minimum, an Ontario-designated TR must publish the data described in section 1 for the following reporting periods:

   a) current week,

   b) previous week, and

   c) four weeks prior to the current week.

3. An Ontario-designated TR must publish the data required by section 1 according to the following breakdowns:

   a) Asset Class: Commodity, Interest Rate, Credit, Foreign Exchange and Equity;

   b) Asset Classes in (a) by Tenor: 0-3 month, 3-6 month, 6-12 months, 12-24 months, 24-60 months, and greater than 60 months; and

   c) Asset Classes in (a) by cleared/uncleared.

4. An Ontario-designated TR must publish the data required by section 1 according to the following Product Categories for each Asset Class:

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Metals	IR Swap	Single Name-Sovereign	Non-deliverable forwards	Single Name Swap
Power	FRA	Single Name-Non-Sovereign	Non-deliverable options	Portfolio Swap
Natural Gas	Cross Currency	Index (including Index tranche)	Forward	Contract For Difference
Oil	Option (Including cap/floor)	Total Return Swap	Vanilla Option	Option
Coal	Exotic	Swaptions	Exotic	Forward
Index	Other	Exotic	Other	Exotic
Agriculture		Other		Other
Environment				
Freight				
Exotic				
Other				

5. Despite section 4, an Ontario-designated TR must publish the data required by section 1 for a particular Product Category specified in section 4 under the category of "Other" where

a) there is less than 30 open positions in that Product Category for a given period; or there are no new transactions in that Product Category for four consecutive weeks.

6. Despite sections 3 and 4, an Ontario-designated TR is not required to report the gross notional amount of all open positions for the "Commodity" Asset Class.

7. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a beginning the week ending November 28th. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a and 2.b beginning the week ending December 5th. An Ontario-designated TR must commence publication of the data required under this Part I Section 2.a, 2.b, 2c beginning the week ending December 19th.

Part II. Turnover Notional and Number of Transactions

1. For each reporting period, an Ontario-designated TR must publish on the Report Date:

a) the gross notional turnover (i.e. the gross notional amount of all new transactions entered into for that period), and

b) the total number of transactions.

2. At a minimum, an Ontario-designated TR must publish the data described in section 1 for the following reporting periods:

a) current week,

b) previous week, and

c) the trailing 4-week period.

3. An Ontario-designated TR must publish the data required by section 1 according to the following breakdowns:

a) Asset Class: Commodity, Interest Rate, Credit, Foreign Exchange and Equity;

b) Asset Classes in (a) by Tenor: 0-3 month, 3-6 month, 6-12 months, 12-24 months, 24-60 months, and greater than 60 months; and

c) Asset Classes in (a) by cleared/uncleared.

4. An Ontario-designated TR must publish the data required by section 1 according to the following Product Categories for each Asset Class:

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Metals	IR Swap	Single Name-Sovereign	Non-deliverable forwards	Single Name Swap
Power	FRA	Single Name-Non-Sovereign	Non-deliverable options	Portfolio Swap
Natural Gas	Cross Currency	Index (including Index tranche)	Forward	Contract For Difference
Oil	Option (Including cap/floor)	Total Return Swap	Vanilla Option	Option
Coal	Exotic	Swaptions	Exotic	Forward
Index	Other	Exotic	Other	Exotic
Agriculture		Other		Other
Environment				

Commodities	Interest Rate	Credit	Foreign Exchange	Equity
Freight				
Exotic				
Other				

5. Despite section 4, an Ontario-designated TR must publish the data required by section 1 for a particular Product Category specified in section 4 under the category of "Other" where there are fewer than five new transactions a week in that Product Category during the previous four-week period.

6. Despite sections 3 and 4, an Ontario-designated TR is not required to report the turnover notional amount for the "Commodity" Asset Class.

7. An Ontario-designated TR must commence publication of the data required under this Part II beginning the week ending December 12th.

Explanatory Notes

Currency	The denomination currency of the reports is **Canadian dollars**. TRs are free to choose the conversion rate, but need to include the source in the reports. If the denomination currency of a transaction is non-Canadian dollar, the Canadian dollar equivalent notional amount should be calculated with report run date conversion rate.
Number of transactions	Represents the number of new unique transactions that are reported to a TR during the one-week period. Each transaction is recorded once, and netting arrangements and offsets (including compression) are ignored.
Pre-existing transactions	Pre-existing transactions should be included in calculating total outstanding notional and number of outstanding positions, while it should be excluded in calculating turnover notional and number of new positions.
Position Outstanding	It refers to a snapshot view of open transactions as of the end of the reporting period.
Report Date	TRs are expected to publish aggregation data by the following Wednesday after the report week
Tenor	For Current Notional and/or Positions Outstanding, use remaining contract maturity which is determined by the difference between the **weekly end date of the reporting period** and the expiry date for the position. For Turnover Notional and/or Number of Transactions, use original maturity which is determined by the difference between the end date and the effective date. The tenor should be rounded into month. The upper bound of a bucket is included in the bucket (i.e. the 0-3M bucket includes 0, 1, 2 and 3M. and the 3-6 bucket does not include 3M.).
Week	A week is defined as having an execution timestamp between Saturday 12:00:00 AM UTC – Friday 11:59:59PM UTC. Transactions with an execution timestamp in the above period but reported in the following two days at the end of the week should be included in the weekly report. Transactions with an execution timestamp in the above period but reported after the following two days at the end of the week should not be included in the weekly report.
Criteria of assessing usability of public data	• Data could be downloaded. • Data in "analysis-friendly" format (e.g. csv) instead of pdf format. • Part 1 and 2 Section 2 period data could be viewed without signing up, making request or any other condition.
Counterparty identity	A designated trade repository must not disclose the identity of either counterparty to the transaction.

APPENDIX "B"

RULE REVIEW and APPROVAL PROTOCOL

1. PURPOSE

On [DATE] the Commission issued a designation order with terms and conditions governing the designation of ICE Trade Vault pursuant to subsection 21.2.2 of the Securities Act (Ontario). To comply with OSC Rule 91-507 and the terms and conditions of the designation order, ICE Trade Vault shall file with the Commission documents outlining any Rule Subject to Approval. This protocol sets out the process for the filing, review and approval by the Commission of a Rule Subject to Approval.

2. DEFINITIONS

For the purposes of this Appendix:

> "Canada-Based Participant" means a participant that (a) is a person or company organized under the laws of an Applicable Canadian Province or that has its head office or principal place of business in an Applicable Canadian Province, (b) is registered under the securities legislation of an Applicable Canadian Province as a derivatives dealer or in an alternative category as a consequence of trading in derivatives, or (c) is an affiliate of a person or company described in (a) and such person or company is responsible for the liabilities of that affiliated party.
>
> "Applicable Canadian Province" means Manitoba, Ontario, Quebec or any other province or territory in Canada in which ICE Trade Vault is designated or recognized as a trade repository;
>
> "Rule Subject to Approval" means a Rule that applies exclusively to Canada-based participants, excluding any amendments that are intended to effect:
>
> (i) changes to the routine internal processes, practice or administration of ICE Trade Vault;
>
> (ii) changes to correct spelling, punctuation, typographical or grammatical mistakes, or inaccurate cross-referencing; or
>
> (iii) stylistic or formatting changes, including changes to headings or paragraph numbers.

Unless the context otherwise requires, other terms used in this Appendix B have the meanings ascribed to them in Ontario securities law (including terms defined elsewhere in this designation order).

3. PROCEDURES FOR REVIEW AND APPROVAL OF RULES

(a) Documents

For a Rule Subject to Approval, ICE Trade Vault will provide to the Commission, where applicable, the following documents in electronic format, or by other means as agreed to by Commission staff and ICE Trade Vault, from time to time:

(i) a cover letter that describes the Rule Subject to Approval and its nature and purpose; and

(ii) the existing Rule Subject to Approval and a blacklined version of the Rule Subject to Approval indicating its proposed changes.

(b) Confirmation of Receipt

Commission staff will promptly send to ICE Trade Vault confirmation of receipt of documents submitted by ICE Trade Vault under subsection (a).

(c) Deemed Approval of Rules Subject to Approval

If Commission staff do not object to a Rule Subject to Approval within 10 business days of receipt, the Rule shall be deemed approved. Otherwise, the Rule Subject to Approval will be reviewed and approved by the Commission in accordance with the procedures set out in paragraphs (d) to (g) of section 3 of this protocol.

(d) Publication of a Rule by the Commission

If Commission staff objects to a Rule Subject to Approval within 10 business days of receipt and it has an impact on current and possible future participants or the capital markets in general, Commission staff may require that a notice of change to a Rule Subject to Approval and, where applicable, a blacklined version of the Rule Subject to Approval, be published in the OSC Bulletin or the OSC website for a comment period of 30 days. The notice and accompanying Rule Subject to Approval will be published as soon as reasonably practicable.

(e) Review by Commission Staff

Commission staff will use their best efforts to conduct their review of the Rule Subject to Approval and provide comments to ICE Trade Vault within 30 days of ICE Trade Vault filing materials with the Commission. However, there will be no restriction on the amount of time necessary to complete the review of the Rule Subject to Approval in such instances.

(f) ICE Trade Vault Canada's Responses to Commission Staff's Comments

ICE Trade Vault will respond to any comments received to Commission staff in writing.

(g) Approval of Rules by the Commission

Commission staff will use their best efforts to prepare the Rule Subject to Approval for approval by the Commission by the later of:

(i) 45 days from receipt of the filing of the Rule Subject to Approval by ICE Trade Vault, including the filing of all relevant documents in subsection (a) above; or

(ii) 30 days after receipt of written responses from ICE Trade Vault to Commission staff comments or requests for additional information, and a summary of participant comments and ICE Trade Vault's response to those comments (and upon the request of Commission staff, copies of the original comments), or confirmation from ICE Trade Vault that there were no comments received.

(h) Effective Date of a Rule

A Rule Subject to Approval will be effective as of the date 10 business days after receipt of such Rule by the Commission absent object thereto, or on a date determined by ICE Trade Vault, if such date is later.

4. IMMEDIATE IMPLEMENTATION OF A RULE

(a) Criteria for Immediate Implementation

ICE Trade Vault may make a Rule Subject to Approval effective immediately where ICE Trade Vault determines that there is an urgent need to implement the Rule Subject to Approval because of a substantial and imminent risk of significant harm to ICE Trade Vault, participants, other market participants, or the capital markets.

(b) Prior Notification

Where ICE Trade Vault determines that immediate implementation is appropriate, ICE Trade Vault will advise Commission staff in writing as soon as possible. Such written notice will include an analysis to support the need for immediate implementation.

(c) Disagreement on Need for Immediate Implementation

If Commission staff do not agree that immediate implementation is necessary, the process for resolving the disagreement will be as follows:

(i) Commission staff will notify ICE Trade Vault of the disagreement in writing, or request more time to consider the immediate implementation within 3 business days of being advised by ICE Trade Vault under subsection (b); and

(ii) Commission staff and ICE Trade Vault will discuss and resolve any concerns raised by Commission staff in order to proceed with the immediate implementation.

(d) Review of Rule Implemented Immediately

A Rule Subject to Approval that has been implemented immediately will be reviewed and approved by the Commission in accordance with the procedures set out in section 3, with the necessary modifications. If the Commission subsequently disapproves the Rule Subject to Approval, ICE Trade Vault will immediately repeal the Rule Subject to Approval and inform its participants of the disapproval.

5. MISCELLANEOUS

(a) Waiving Provisions of the Protocol

Commission staff may exercise its discretion to waive any part of this protocol upon request from ICE Trade Vault, or at any time it deems it appropriate. A waiver granted upon request by ICE Trade Vault must be granted in writing by Commission staff.

(b) Amendments

This protocol and any provision hereof may, at any time, be amended by mutual agreement of the Commission and ICE Trade Vault.

APPENDIX "C"

IMPLEMENTATION MILESTONES

1. PURPOSE

On [DATE] the Commission issued a designation order with terms and conditions governing the designation of ICE Trade Vault pursuant to subsection 21.2.2 of the Securities Act (Ontario). To comply with OSC Rule 91-507 and the terms and conditions of the designation order, ICE Trade Vault shall achieve the milestones set out in this Appendix with respect to the development and implementation of its services.

2. MILESTONES

ICE Trade Vault shall:

(a) facilitate the testing of access and connectivity to its systems by the Commission by [September 1, 2014] for commodities, to be completed by September 12, 2014;

(b) facilitate the testing of access and connectivity to its systems by the Commission by [September 30, 2014] for credit and foreign exchange, to be completed by October 17, 2014; and

(c) provide user acceptance testing for participants and users for the foreign exchange, credit and commodity asset classes by September 12, 2014.

SCHEDULE "B"

DIRECTOR'S EXEMPTION

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

AND

IN THE MATTER OF
ICE TRADE VAULT, LLC

DECISION
(Section 42 of OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting*)

WHEREAS ICE Trade Vault, LLC (ICE Trade Vault) has applied to the Commission for designation as a trade repository under section 21.2.2 of the Act, and will be subject to OSC Rule 91-507 and the terms and conditions of its designation order;

AND WHEREAS the Director may, pursuant to section 42 of OSC Rule 91-507, exempt ICE Trade Vault, in whole or in part, from a requirement in OSC Rule 91-507 *Trade Repositories and Derivatives Data Reporting* (OSC Rule 91-507);

AND WHEREAS OSC Rule 91-507 would require ICE Trade Vault to file:

(a) to file audited financial statements for its most recently completed financial year with the Commission as part of its application for designation pursuant to subsection 4(1),

(b) annual audited financial statements with the Commission no later than the 90th day after the end of its financial year pursuant to subsection 5(1), and

(c) its proposed new or amended rules, policies and procedures (collectively, rules) for approval pursuant to subsection 17(5);

AND WHEREAS ICE Trade Vault has applied for an exemption from the requirements under each of subsections 4(1), 5(1) and 17(5) of OSC Rule 91-507;

AND WHEREAS ICE Trade Vault is provisionally registered as a Swap Data Repository (SDR) with the Commodity Futures Trading Commission (CFTC) in the United States and is subject to CFTC's requirements;

AND WHEREAS ICE Trade Vault does not have audited financial statements for its most recently completed financial year, and Ice Trade Vault has provided to the Commission its unaudited financial statements and audited financial statements of its ultimate parent, Intercontinental Exchange, Inc., for the most recent financial year;

AND WHEREAS ICE Trade Vault is not required to file annual audited financial statements with the CFTC, but is required to file annual unaudited financial statements and to maintain liquid net assets equal to a minimum of six months of operating expenses pursuant to CFTC requirements; and ICE Trade Vault has represented that it will provide annually unaudited financial statements to the Commission concurrently with filing with the CFTC and will maintain the required liquid net assets;

AND WHEREAS ICE Trade Vault is required to file with the CFTC proposed new or amended rules pursuant to CFTC's requirements, and application of subsection 17(5) of OSC Rule 91-507 to ICE Trade Vault may result in regulatory duplication, to the extent that proposed new or amended rules are subject to prior approval by the CFTC;

AND WHEREAS the Director is satisfied that an exemption from:

(a) Subsection 4(1) of OSC Rule 91-507,

(b) subsection 5(1) of OSC Rule 91-507, and

(c) subsection 17(5) of OSC Rule 91-507 for proposed new or amended rules, policies and procedures that are not specific to Ontario-based participants

would not be prejudicial to the public interest;

AND WHEREAS "Ontario-based participant" has the meaning ascribed to it in the Commission's order designating ICE Trade Vault as a trade repository pursuant to section 21.2.2 of the Act;

IT IS THE DECISION of the Director that pursuant to section 42 of Rule 91-507, ICE Trade Vault is exempt from:

(a) Subsection 4(1) of OSC Rule 91-507,

(b) Subsection 5(1) of OSC Rule 91-507, and

(c) subsection 17(5) of OSC Rule 91-507 for proposed new or amended rules, policies and procedures that are not specific to Ontario-based participants;

PROVIDED THAT:

(a) ICE Trade Vault remains registered as a Swap Data Repository and subject to the regulatory oversight and requirements of the CFTC;

(b) ICE Trade Vault files with the Commission, concurrently with filing with the CFTC and no later than the 90th day after the end of its financial year:

(i) Annual unaudited financial statements of ICE Trade Vault prepared in accordance with U.S. GAAP as defined in National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* (NI 52-107), and

(ii) Annual audited financial statements of its ultimate parent, IntercontinentalExchange, Inc. prepared in accordance with U.S. GAAP as defined in NI 52-107; and

(c) ICE Trade Vault's proposed new or amended rules, policies and procedures are subject to prior approval by the CFTC.

DATED _____, 2014

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Index