



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

-AND-

IN THE MATTER OF PRO-FINANCIAL ASSET MANAGEMENT INC.

**ORDER
(Subsections 127(1), (2) and (8))**

WHEREAS on May 17, 2013, the Ontario Securities Commission (the “Commission”) issued a temporary order (the “Temporary Order”) with respect to Pro-Financial Asset Management Inc. (“PFAM”) pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) ordering that:

1. Pursuant to paragraph 1 of subsection 127(1) of the Act, the registration of PFAM as a dealer in the category of exempt market dealer is suspended and the following terms and conditions apply to the registration of PFAM as an adviser in the category of portfolio manager and to its operation as an investment fund manager:

- (a) PFAM’s activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Pro-Hedge Funds and Pro-Index Funds; and
- (b) PFAM shall not accept any new clients or open any new client accounts of any kind in respect of the Managed Accounts;

2. Pursuant to subsection 127(6) of the Act, the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

AND WHEREAS it appeared to the Commission that PFAM: (i) is capital deficient contrary to subsection 12.1(2) of NI 31-103; and (ii) there is an ongoing reconciliation being conducted by PFAM for the nine series of principal protected notes (“PPNs”);

AND WHEREAS on May 28, 2013, the Commission ordered: (i) the Temporary Order extended to June 27, 2013; (ii) the hearing to consider whether to further extend the terms of the Temporary Order and/or to make any further order as to PFAM's registration, would proceed on June 26, 2013 at 10:00 a.m.;

AND WHEREAS on June 26, 2013, the Commission ordered that: the Temporary Order be extended to July 15, 2013; the affidavit of Michael Denyszyn sworn May 24, 2013 not be marked as an exhibit until the next appearance in the absence of a Commission order to the contrary; and the hearing to consider this matter will proceed on July 12, 2012;

AND WHEREAS on July 11, 2013, the Commission ordered that; (i) the Temporary Order be extended to July 22, 2013; (ii) the hearing be adjourned to July 18, 2013 at 11:00 a.m.; and (iii) the hearing date of July 12, 2013 at 10:00 a.m. be vacated;

AND WHEREAS on July 18, 2013, PFAM brought a motion (the "PFAM Motion") that the hearing be held in camera and that the affidavits of Michael Denyszyn sworn May 24 or June 24, 2013 and the affidavit of Michael Ho sworn July 17, 2013 (collectively the "Staff Affidavits") either not be admitted as evidence or else be treated as confidential documents and the parties agreed that the motion should be heard in camera;

AND WHEREAS on July 18, 2013, PFAM's counsel filed supporting documents (the "PFAM Materials") in support of the PFAM Motion and counsel for PFAM and Staff made oral submissions;

AND WHEREAS the parties have agreed that to the terms of this Order set out below;

AND WHEREAS PFAM has agreed to provide an update to Staff on the PPN reconciliation process by July 31, 2013;

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

IT IS HEREBY ORDERED that:

1. the Temporary Order is extended to August 26, 2013;

2. Staff is granted leave to file written submissions on PFAM's motion by Wednesday, July 24, 2014 and PFAM is granted leave to file reply submissions by Friday, July 26, 2013;
3. the Staff Affidavits, the transcript of the PFAM Motion, the PFAM Materials, any written submissions filed by Staff or reply submissions filed by PFAM and other documents presented in the course of the PFAM Motion shall be treated as confidential documents until further direction or order of the Commission; and
4. the hearing to consider whether to: (i) further extend or vary the terms of the Temporary Order; (ii) make any further order as to PFAM's registration; (iii) review PFAM's plan for a sale of PFAM's assets; and/or (iv) consider whether to order PFAM to deliver the final PPN reconciliation report to Staff, will proceed on August 23, 2013 at 10:00 a.m.

DATED at Toronto this 22nd day of July, 2013.

“James E. A. Turner”

James E. A. Turner