



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
CHILDREN'S EDUCATION FUNDS INC.**

ORDER

WHEREAS on March 31, 2014, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in relation to the Statement of Allegations filed by Staff of the Commission ("Staff") on March 31, 2014 with respect to Children's Education Funds Inc. ("CEFI");

AND WHEREAS CEFI entered into a Settlement Agreement dated March 31, 2014, (the "Settlement Agreement") in relation to certain of the matters set out in the Statement of Allegations;

AND WHEREAS the Settlement Agreement acknowledges CEFI's co-operation with Staff and sets out the costs incurred by CEFI in retaining an independent consultant (the "Consultant") to prepare and assist CEFI in implementing a plan to strengthen CEFI's "compliance system" within the meaning of section 11.1 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

AND WHEREAS the Settlement Agreement sets out that a manager in the Compliance and Registrant Regulation Branch of the Commission (the “OSC Manager”) approved the Consultant’s plan dated October 1, 2012 and the addendum to the Consultant’s plan dated November 12, 2012 and that the OSC Manager reviewed the progress reports detailing CEFI’s progress with respect to the implementation of the amended Consultant’s plan as revised by various progress reports (the “Amended Consultant’s Plan”);

AND WHEREAS the Settlement Agreement sets out that the Consultant confirmed by letter dated November 5, 2013 that CEFI has implemented the procedures and controls recommended by the Consultant to address each of the deficiencies identified in the 2012 Compliance Report and to strengthen CEFI’s compliance system;

AND WHEREAS the Commission issued a Notice of Hearing dated March 31, 2014, setting out that it proposed to consider the Settlement Agreement;

AND WHEREAS Staff and counsel for CEFI have advised that the parties have amended the Settlement Agreement to delete the words “KYC and Suitability” from paragraphs 10 and 41 of the Settlement Agreement and from paragraph (b) of the draft order at Schedule “A” of the Settlement Agreement;

AND UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations and upon considering submissions from CEFI’s counsel and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement as amended is approved;

(b) pursuant to clause 4 of subsection 127(1) of the Act, no later than June 3, 2015, CEFI will provide the OSC Manager as defined in the Terms and Conditions with a report by the Consultant, based on a work plan to be agreed upon jointly by CEFI, the Consultant and the OSC Manager, which reports on whether the revised policies and procedures and internal controls set out in the Amended Consultant's Plan as well as any subsequent revisions thereto are: (i) being followed by CEFI; (ii) working appropriately and (iii) being adequately administered and enforced by CEFI, such report to include a description of the Consultant's testing to support its conclusions for the 12 month period ending April 3, 2015; and

(c) pursuant to clause 6 of subsection 127(1) of the Act, CEFI is reprimanded.

DATED at Toronto, Ontario this 7th day of April, 2014.

"James E. A. Turner"