



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;
2. Pursuant to paragraph 1 of subsection 127(1) of the Act, 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;
3. 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 PFAM has undertaken to Staff that all early redemptions for the nine series of PPNs and all redemptions at maturity shall cease while PFAM completes its PPN reconciliation which reconciliation process is ongoing;

AND WHEREAS on May 28, 2013, the Commission ordered that: (i) the Temporary Order be 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 Staff's investigation is ongoing;

AND WHEREAS PFAM advised Staff on June 21, 2013 that PFAM expected the final PPN reconciliation report would be completed within one month;

AND WHEREAS on June 26, 2013, Staff and counsel for PFAM advised the Commission that the parties agree that: (i) the Temporary Order should be extended to July 15, 2013; (ii) PFAM will provide Staff with its plan for a sale of its assets by July 3, 2013; and (iii) the hearing be adjourned to July 12, 2013 at 10:00 a.m. for the purposes set out below;

AND WHEREAS on June 26, 2013, Staff sought to have the affidavit of Michael Denyszyn sworn May 24, 2013 marked as an exhibit in this hearing and counsel for PFAM opposed Staff's request on the basis that public disclosure of the affidavit in the short term might adversely affect PFAM's ongoing sale process;

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

AND WHEREAS by Authorization Order made April 12, 2013, pursuant to subsection 3.5(3) of the Act, the Commission authorized each of Howard I. Wetston, James E. A. Turner, Mary G. Condon, James D. Carnwath, Edward P. Kerwin, Vern Krishna, Alan J. Lenczner, Christopher Portner and C. Wesley M. Scott acting alone, to exercise the powers of the Commission to make Orders under section 127 of the Act;

IT IS HEREBY ORDERED pursuant to subsection 127(8) of the Act that:

1. The Temporary Order is extended to July 15, 2013;
2. The affidavit of Michael Denyszyn sworn May 24, 2013 will not be marked as an exhibit at this time but will be received as an exhibit at the hearing on July 12, 2013 in the absence of a Commission order to the contrary; and
3. 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 July 12, 2013 at 10:00 a.m.

DATED at Toronto this 26th day of June, 2013.

“Christopher Portner”

Christopher Portner