

THE SECURITIES ACT )  
 )  
Section 8(1) )

Order No. 4627  
December 16, 2004

**I.G. INVESTMENT MANAGEMENT, LTD.**

**WHEREAS:**

(A) On December 14, 2004, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("Notice of Hearing") giving notice of its intention to hold a hearing to consider, *inter alia*, whether or not it was in the public interest to grant an order pursuant to subsection 8(1) of The Securities Act ("Act") with respect to I.G. Investment Management, Ltd. ("IG");

(B) Staff of the Commission and IG entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated December 10, 2004 ("Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice of Hearing, subject to the approval of the Commission;

(C) IG has consented to the issuance of this Order and has waived its right to a full hearing;

(D) On December 16, 2004 the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(E) At the Settlement Hearing the Commission approved the Settlement Agreement and is of the opinion that it is in the public interest to make this order.

**IT IS ORDERED:**

1. **THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.

**BY ORDER OF THE COMMISSION**

Director, Legal and Enforcement



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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TDX 76  
CDS-OSC

**IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, c.S.5, as amended**

**-and -**

**IN THE MATTER OF THE SECURITIES ACT  
R.S.M. 1988, c. S50, as amended**

**- and -**

**I.G. INVESTMENT MANAGEMENT, LTD.**

**SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

1. By Notice of Hearing dated December 12, 2004, the Ontario Securities Commission (the "OSC") and The Manitoba Securities Commission (the "MSC" and together with the OSC, the "Commissions") announced that the Commissions proposed to hold a joint hearing to consider whether, pursuant to section 127 of the *Securities Act* (Ontario) (the "Ontario Act") and section 8 of *The Securities Act* (Manitoba) (the "Manitoba Act"), it is in the public interest for each of the Commissions to make an order approving the settlement agreement entered into between Staff of the Commissions and the respondent, I.G. Investment Management, Ltd ("IG").

**II. JOINT SETTLEMENT RECOMMENDATION**

2. Staff of the Commissions ("Staff") recommends settlement with IG (also referred to hereafter as the "Respondent") in accordance with the terms and conditions set out below. The Respondent agrees to the settlement on the basis of the facts set out in Part IV herein and consents to the making of an Order in the form attached as Schedule "B" on the basis of the facts set out in Part IV herein.

3. The terms of this settlement agreement, including the attached Schedule "A" and "B" (collectively, the "Settlement Agreement") will be released to the public only if and when the Settlement Agreement is approved by the Commissions.

### **III. ACKNOWLEDGEMENT**

4. Staff and the Respondent agree with the facts set out in Part IV herein for the purposes of this Settlement Agreement only and further agree that this agreement of facts is without prejudice to the Respondent or Staff in any other proceeding of any kind including, but without limiting the generality of the foregoing, any proceedings brought by the Commissions under the Ontario Act or Manitoba Act (subject to paragraph 29) or any civil or other proceedings which may be brought by any other person or agency. No other person or agency may raise or rely upon the terms of this Settlement Agreement or any agreement to the facts stated herein whether or not this Settlement Agreement is approved by the Commissions.

### **IV. AGREED FACTS**

#### **a) The Respondent**

5. IG is registered in Ontario and Manitoba as an investment counsel and portfolio manager and is responsible for the management of in excess of 140 mutual funds ("IG Funds") with assets under management of approximately \$42.5 billion (as of June 30, 2004). The distributor of IG Funds is Investor Group Financial Services Inc., except in Quebec where the distributor is Les Services Investisseurs Limitée, (collectively, the "Distributor"). IG and the Distributor are affiliated through their common ownership by Investors Group Inc., which is a wholly-owned subsidiary of IGM Financial Inc. ("IGMFI"). The shares of IGMFI are listed on the Toronto Stock Exchange under the symbol "IGI". The companies comprising Investors Group have an integrated management structure and many of the sales, compliance, and operational staff provide services to both IG and the Distributor. In this Settlement Agreement, "Investors Group" means, collectively, IGMFI, IG and the Distributor.

#### **b) The Fund Manager's Duty**

6. A mutual fund manager is required by securities legislation to exercise the powers and discharge the duties of its office honestly and in good faith and in the best interests of the mutual fund and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. Compliance with this duty requires that a mutual fund manager have regard to the potential for harm to a fund from an investor seeking to employ a frequent trading market timing strategy and take reasonable steps to protect a mutual fund from such harm to the extent that a reasonably prudent person would have done in the circumstances.

#### **c) Background**

7. In November 2003, the OSC, in co-operation with the Investment Dealers' Association of Canada and the Mutual Fund Dealers Association of Canada, began an

inquiry into potential late trading and market timing in the Canadian mutual fund industry. The inquiry involved 105 Canadian mutual fund companies, and has been carried out in three phases. The inquiry is in its third and final phase, is expected to continue over the next several weeks and involves a number of mutual fund managers. Investors Group has cooperated fully in the Commission's inquiry.

8. In its review of IG, Staff found no evidence of late trading occurring in IG Funds. Staff has not found any evidence of market timing by any insiders of IG or any evidence of ongoing market timing activity in IG Funds. The following facts relate exclusively to market timing by one third party investor in IG Funds.

**d) Market Timing: Cause and Effect**

9. Market timing involves short-term trading of mutual fund securities to take advantage of short-term discrepancies between the "stale" values of securities within a mutual fund's portfolio and the current market value of those securities. Stale values can occur in mutual fund portfolios comprised, in whole or in part, of non-North American foreign equities (e.g. European, Asian and International and Global funds, also referred to herein as "foreign funds"). Stale values of those securities may result in stale values of the units of a mutual fund as a result of the way in which the net asset value ("NAV") of most mutual funds is calculated for the purpose of determining the price at which an investor may purchase or redeem (buy or sell) a unit of the fund.

10. The price of a mutual fund, in accordance with industry practice and as prescribed in the mutual fund's Annual Information Form, is calculated at the close of each trading day (4:00 p.m. ET) by adding together the value of the assets of the fund (based on the most recent closing market price of securities in the fund's portfolio), less any liabilities, and dividing that amount (the NAV) by the number of units held by investors in the fund on that day. Any order to purchase or sell a unit of the fund received by the order receipt office of the fund in good order prior to 4:00 p.m. ET will be executed at the NAV per unit calculated as of 4:00 p.m. that day. Any order to purchase or sell a unit of the fund received by the order receipt office of the fund in good order after 4:00 p.m. ET will be executed at the NAV per unit determined at 4:00 p.m. ET the following day.

11. The securities in a fund's portfolio are each valued on the basis of their most recent closing market price as of 4:00 p.m. ET (the time at which North American markets close) on the day for which the NAV is being calculated. The closing market price of a foreign equity trading on an Asian market (which closed at 1:30 a.m. ET, for example) will have been determined 14.5 hours prior to the calculation of the foreign fund's NAV. Similarly, the closing market price of a foreign equity trading on a European market (which closed at 12 noon ET, for example) will have been determined 4 hours prior to the calculation of the foreign fund's NAV. Due to this lapse of time, the closing market price of the foreign equity used for the purpose of calculating the NAV of the fund may be "stale" and therefore the NAV of the foreign fund (and the unit price of the fund) calculated on the basis of that closing market price may also be "stale."

12. There is a strong correlation between price movements of equities on North American markets (as reflected in movements in the S&P 500 index, for example) on one day and price movements of equities on foreign markets on the following trading day. Due to the time at which the foreign markets close, the price of foreign equities held in the portfolio of a foreign fund, and therefore the price of the foreign fund, will not reflect this pricing correlation until the following trading day.

13. A market timer will attempt to take advantage of the difference between the “stale” value and an expected price movement of the foreign fund the following day by trading in anticipation of those price movements. Portfolios that are known to have a material component of foreign equities that are traded outside of North American time zones and that trade with a strong correlation with broad trends in price movements of equities on North American markets on the preceding day, afford the greatest “leverage” to investors using a market timing strategy.

**e) The Harm Caused by Market Timing of Mutual Funds**

14. When certain investors engage in frequent trading market timing in foreign funds, and when those investors are not required to pay a proportionate fee to the fund, the economic interest of long-term unitholders of these foreign funds is adversely affected. Significant harm may be incurred by a fund in which frequent trading market timing occurs. Any such harm would be borne by all investors in the fund. In addition to dilution<sup>1</sup>, market timing in a fund also may result in certain inefficiencies in that fund. Those inefficiencies, which will vary depending upon the particular fund, may involve increased transaction costs and disruption of a fund’s portfolio management strategy (including the maintenance of cash or cash equivalents and/or monetization of investments to meet redemption requirements) and may impair a fund’s long-term performance.

**f) The Disclosure of IG Simplified Prospectus and AIF**

15. Specific statements contained in the Prospectuses and AIFs filed by IG for the years 2000 to 2002 (although not identical from year to year) disclosed that IG (directly, and through its affiliated Distributor) could take certain steps, including imposing a fee of up to 3%, or prohibiting the purchase of further IG Funds, in circumstances where it was determined by the Distributor that “excessive” switching by an investor between IG Funds would have a detrimental effect on the IG Funds.

**g) Market Timing in IG Funds**

16. One institutional client holding accounts in IG Funds has been identified as having profited as a result of frequent trading market timing strategies that were pursued in certain of the IG Funds (the “Relevant Funds”) in the period from October 2000 to

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<sup>1</sup> Dilution of a fund’s value caused by market timing may be calculated by taking the percentage difference between the fund’s stale price and current market value multiplied by the amount invested.

November 2002 (the “Market Timing Client”). The Market Timing Client traded in the IG Funds through the Distributor.

17. Investors Group entered into an agreement with the Market Timing Client that contained the following basic terms:

- specific funds in which the Market Timing Client could invest were identified (12 IG funds);
- a limit on the size of the investment that could be made by the Market Timing Client in the form of a minimum and maximum range for each specified Relevant Fund (aggregating a total value between \$15 and \$70 million for all the specified Relevant Funds) with Investors Group maintaining full discretion to change these ranges or limit the size invested (as was the case, for example, with two Asian Funds in which the maximum investment was reduced and the excess funds were permitted to be moved into an IG Global and European fund);
- between 3 and 4 “round turns” (a “round turn” being a switch of an investment from one IG Fund to another IG Fund and then back to the first IG Fund) per specified Relevant Fund per month were permitted;
- no fees were payable for switches;
- redemption fees ranged from 3% of the NAV if redemptions were made within one year from the date of purchase, to no fees payable for redemptions made four years after purchase. The fee schedule generally applicable in all IG Funds was such that redemptions were subject to a sliding fee scale ranging from 3% of the NAV if redeemed within two years after purchase, to 1% of the NAV if redeemed during the sixth year of purchase, with no fee payable for redemptions made six years after the date of purchase;
- management fees were charged as if the Market Timing Client’s funds were invested 100% of the time in equity funds; and
- a termination clause permitting either party to terminate the agreement on 10 days’ notice, which if exercised by Investors Group would be effected without redemption fees.

There was no public disclosure of this agreement.

18. Investors Group terminated the agreement with the Market Timing Client in November 2002.

19. In the period October 2000 to November 2002:

- the total profit realized in IG Funds by the Market Timing Client was approximately \$36 million (not all of the profit realized by the Market Timing Client was from frequent trading market timing transactions, and the profit realized by the Market Timing Client does not equate to harm to other investors in IG Funds);
- the Market Timing Client achieved a return on its overall investment in the Relevant Funds that was significantly higher than the return that long-term

investors would have achieved on their investments in the Relevant Funds in the same period;

- Investors Group received revenues in connection with trading by the Market Timing Client of approximately \$4.2 million (net of distribution and other expenses, IG earned approximately \$500,000 before taxes); and
- no fees were charged by IG.

20. In entering into the agreement referred to in paragraph 17 that permitted the Market Timing Client to engage in frequent trading market timing, Investors Group recognized some of the costs that could be incurred by the Relevant Funds as a result of the trading by the Market Timing Client and implemented measures to protect the Relevant Funds against those costs. However, those measures adopted by Investors Group reduced, but did not negate, the harm resulting from the market timing activities. At the same time, Investors Group failed to recognize all of the costs (and, in particular, dilution) resulting from the frequent trading market timing activities of the Market Timing Client and did not implement appropriate measures to protect the funds against the associated harm.

#### **V. THE RESPONDENT'S POSITION**

21. During the period between May 2003 and July 2004, Investors Group adopted additional practices and procedures to prevent and detect market timing that could reasonably be expected to be harmful to the IG Funds and unitholders of IG Funds.

22. Investors Group's current monitoring of trades in IG Funds indicates that the policies and procedures that have been implemented have served to eliminate any potential adverse impact of frequent trading market timing.

#### **VI. CONDUCT CONTRARY TO THE PUBLIC INTEREST**

23. The agreement described in paragraph 17 protected the Relevant Funds from some, but not all, of the costs to those funds of the trading by the Market Timing Client. Accordingly, the conduct of IG in failing to protect fully the best interests of the Relevant Funds in respect of the frequent trading market timing was contrary to the public interest.

#### **VII. TERMS OF SETTLEMENT**

24. IG agrees that, as a term of settlement, it will make a payment in the amount of \$19.2 million to be distributed to Affected Investors (as defined in Schedule "A" to this agreement) through the distribution mechanism referred to in Schedule "A" to this agreement, and in accordance with the terms and conditions specified in Schedule "A" to this agreement.

### **VIII. STAFF COMMITMENT**

25. If this Settlement Agreement is approved by the Commissions, Staff will not initiate any proceeding under securities legislation in respect of any conduct or alleged conduct of IG or its affiliates in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 29 below.

### **IX. PROCEDURE FOR APPROVAL OF SETTLEMENT**

26. Approval of this Settlement Agreement shall be sought at a joint hearing of the Commissions on a date agreed to by counsel for Staff and IG.

27. Staff and IG may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and IG also agree that if this Settlement Agreement is approved by the Commissions, it will constitute the entirety of the evidence to be submitted respecting IG in this matter, and IG agrees to waive its rights to a full hearing, judicial review or appeal of the matter under the Ontario Act and the Manitoba Act.

28. Staff and IG agree that if this Settlement Agreement is approved by the Commissions, neither Staff nor IG will make any public statement inconsistent with this Settlement Agreement. Nothing in this section is intended to restrict IG from making full answer and defence to any civil proceedings against it.

29. If this Settlement Agreement is approved by the Commissions and, at any subsequent time, IG fails to honour any of the Terms of Settlement set out in Part VII herein, Staff reserve the right to bring proceedings under securities legislation against IG based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement.

30. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commissions or an Order in the form attached as Schedule "B" is not made by the Commissions, each of Staff and IG will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

31. Whether or not this Settlement Agreement is approved by the Commissions, IG agrees that it will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the Commissions of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.



**X. DISCLOSURE OF AGREEMENT**

32. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commissions, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commissions, except with the written consent of both IG and Staff or as may be required by law.

33. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commissions.

**XI. EXECUTION OF SETTLEMENT AGREEMENT**

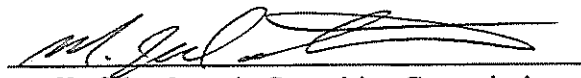
34. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be effective as an original signature.

Dated this 10<sup>th</sup> day of December, 2004.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
I.G. INVESTMENT MANAGEMENT, LTD.

  
\_\_\_\_\_  
Staff of the Ontario Securities Commission  
Per: "Michael Watson"  
Director, Enforcement Branch

\_\_\_\_\_  
Douglas R. Brown  
Director Legal and Enforcement  
The Manitoba Securities Commission

**X. DISCLOSURE OF AGREEMENT**

32. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commissions, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commissions, except with the written consent of both IG and Staff or as may be required by law.

33. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commissions.


**XI. EXECUTION OF SETTLEMENT AGREEMENT**

34. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be effective as an original signature.

Dated this 10<sup>th</sup> day of December, 2004.

I.G. Investment Management, Ltd.

Per:   
\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Staff of the Ontario Securities Commission  
Per: "Michael Watson"  
Director, Enforcement Branch

\_\_\_\_\_  
Douglas R. Brown  
Director Legal and Enforcement  
The Manitoba Securities Commission

## X. DISCLOSURE OF AGREEMENT

32. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commissions, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commissions, except with the written consent of both IG and Staff or as may be required by law.

33. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commissions.

## XI. EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.


35. A facsimile copy of any signature shall be effective as an original signature.

Dated this 10<sup>th</sup> day of December, 2004.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
I.G. INVESTMENT MANAGEMENT, LTD.

\_\_\_\_\_  
Staff of the Ontario Securities Commission  
Per: "Michael Watson"  
Director, Enforcement Branch

  
\_\_\_\_\_  
Douglas R. Brown  
Director Legal and Enforcement  
The Manitoba Securities Commission

## SCHEDULE A

### PLAN OF DISTRIBUTION

**The following terms pertain to the payment made pursuant to paragraph 24 of the Settlement Agreement. Terms defined in the Settlement Agreement and used in this Schedule have the meanings ascribed thereto in the Settlement Agreement:**

1. Respondent shall make a payment in the amount of \$19.2 million (the "Funds"), plus interest accruing from the date of approval of the settlement agreement to the date of the final approval referred to in subparagraph (ix) at the rate of 5% per annum, to the unitholders (including former unitholders) of the Respondent Funds that suffered harm from the market timing activities described in the Settlement Agreement (the "Affected Investors"), on the following terms:

- (i) Respondent shall, prior to the commencement of the hearing contemplated in paragraph 1 of the Settlement Agreement, pay the Funds to the OSC, to be held by the OSC pending approval and implementation of the distribution to Affected Investors in accordance with subparagraphs (ix) and (xi) below;
- (ii) Respondent shall prepare a plan for distributing the Funds (the "Plan of Distribution"), the objectives of which are to accomplish a fair allocation of the Funds among the Affected Investors in a timely manner and in a manner the costs of which are reasonable in the circumstances;
- (iii) In connection with the preparation of the Plan of Distribution, Respondent shall retain, at its expense and subject to prior approval by Staff of the Commissions, an independent consultant (the "Consultant"), to oversee the preparation of the Plan of Distribution;
- (iv) Respondent shall be responsible for all costs of preparing and implementing the Plan of Distribution and distributing the Funds. The Funds shall not be applied toward any expenses of Respondent in connection with this settlement or its implementation;
- (v) Respondent shall cooperate fully with the Consultant and shall provide the Consultant with access to its files, books and personnel as requested for purposes of the Plan of Distribution;
- (vi) the Plan of Distribution shall include provisions which deal reasonably with circumstances in which the registered unitholders are not the beneficial owners of the units in question;
- (vii) the Plan of Distribution shall not result in any payment to unitholders described in paragraph 16 of the Settlement Agreement;

- (viii) Respondent shall, by September 30, 2005, deliver the Plan of Distribution to Staff of the Commissions for approval, together with a report of the Consultant that confirms that the Plan of Distribution was prepared in accordance with the objectives contained in paragraphs (ii) and (vi). Such date may be extended by the prior joint agreement of Staff of the Commissions and Respondent to allow for the obtaining of any rulings or completion of any discussions with Canada Revenue Agency in connection with the tax treatment of the receipt of compensation by Affected Investors considered necessary or advisable;
- (ix) the Plan of Distribution shall be implemented in accordance with paragraph (xi) if approved by separate approval of (i) Staff of the Commissions, and (ii) the Chair and a Vice-Chair of the Commissions;
- (x) each of Staff and the Chair and Vice-Chair of the Commissions reviewing the Plan of Distribution in accordance with paragraph (ix) shall approve the Plan, if, in their opinion acting reasonably, the Plan of Distribution was prepared in accordance with the objectives contained in paragraph (ii) and (vi);
- (xi) Respondent shall implement the Plan of Distribution within 3 months after the receipt of the last approval contemplated in paragraph (ix);
- (xii) Respondent shall retain, at its expense and subject to approval by Staff of the Commissions, an independent consultant to monitor the implementation of the Plan of Distribution; and
- (xiii) Within 2 months of the completion of the implementation of the Plan of Distribution referred to in subparagraph (xi), the Respondent shall deliver to Staff of the Commissions:
  - (A) A report of the consultant retained under paragraph (xii) in a form acceptable to Staff of the Commissions confirming that the distribution has been completed in accordance with the Plan of Distribution as approved under paragraph (ix); and
  - (B) A certificate of the Chief Executive Officer of the Respondent confirming that the distribution has been completed in accordance with the Plan of Distribution as approved under paragraph (ix).

2. If either of the terms set out in subparagraph (viii) or (xi) is not satisfied by the applicable date, the matter may be brought back before the Commissions, for an order revoking or varying their decisions

**SCHEDULE "B"**

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

**AND**

**I.G. INVESTMENT MANAGEMENT, LTD.**

**ORDER  
(Sections 127)**

**WHEREAS** on December 12, 2004, the Commission issued a Notice of Hearing (the "Notice of Hearing") pursuant to section 127 of the *Securities Act* (the "Act") in respect of I.G. Investment Management, Ltd. (the "Respondent");

**AND WHEREAS** the Respondent entered into a settlement agreement with Staff of the Commission (the "Settlement Agreement"), in which the Respondent agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

**AND UPON** reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for the Respondent and for 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** the Settlement Agreement dated December 10, 2004, attached hereto, is approved.

DATED at Toronto this 16th day of December, 2004

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Schedule "B"

THE SECURITIES ACT	)	Order No.
	)	
Section 8(1)	)	December 16, 2004

I.G. INVESTMENT MANAGEMENT, LTD.

WHEREAS:

(A) On December 14, 2004, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("Notice of Hearing") giving notice of its intention to hold a hearing to consider, *inter alia*, whether or not it was in the public interest to grant an order pursuant to subsection 8(1) of The Securities Act ("Act") with respect to I.G. Investment Management, Ltd. ("IG");

(B) Staff of the Commission and IG entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated December 10, 2004 ("Settlement Agreement"), which proposed settlement of the proceedings initiated by the Notice of Hearing, subject to the approval of the Commission;

(C) IG has consented to the issuance of this Order and has waived its right to a full hearing;

(D) On December 16, 2004 the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(E) At the Settlement Hearing the Commission approved the Settlement Agreement and is of the opinion that it is in the public interest to make this order.

IT IS ORDERED:

1. THAT the Settlement Agreement, Schedule "A", be and the same is hereby approved.

BY ORDER OF THE COMMISSION

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Director, Legal and Enforcement