

IN THE MATTER OF THE SECURITIES ACT, R.S.N.S. 1989, CHAPTER 418,  
AS AMENDED (THE "ACT")

AND

IN THE MATTER OF R. DAREN BAXTER

ORDER

(Conflict of Interest Rules, Section 10.1)

UPON the application of R. Daren Baxter (the "Applicant") to the Chairman of the Nova Scotia Securities Commission (the "Commission") for an order, pursuant to section 10.1 of the Conflict of Interest Rules ("Conflict Rules") which were adopted November 2, 1994, and continued in effect by subsection 150A (7) of the Act as rules made under section 150 of the Act, granting the Applicant an exemption from subsections 9.2 (b), (e) and (h) of the Conflict Rules;

AND UPON considering the application;

AND UPON it being represented to the Chairman by the Applicant that:

1. By Order in Council dated April 16, 2004, the Applicant was appointed a member and designated Vice-chairman of the Commission on a part-time basis for a term of three years, and by further Order in Council dated May 4, 2007, the Applicant was re-appointed a member and designated Vice-chairman of the Commission on a part-time basis for a further term of three years;
2. The Applicant is actively engaged in the practice of law and, effective February 1, 2007, will become a partner of McInnes Cooper, a full-service law firm in Halifax, Nova Scotia, which includes among its clients reporting issuers and registrants under the Act;
3. The Applicant's personal law practice is in the area of corporate and taxation law and includes among his clients issuers for which he acts as general corporate counsel ("Close-Relationship Clients");
4. The Applicant may in the future be retained to act as general corporate counsel for other issuers (also "Close-Relationship Clients") and intends to advise such Close-Relationship Clients that he will not provide Securities Law Advice, as defined in this Order, to them, but that such advice will be provided by one of his partners in McInnes Cooper;
5. McInnes Cooper has agreed that the Applicant will not provide Securities Law Advice to any of its clients and will not discuss a Securities Law Matter, as defined in this Order, with any partner or employee of McInnes Cooper in connection with the provision of services to its clients, other than private issuers as defined in National Instrument 45-106 Prospectus and Registration Exemptions ("NI 45-106");

6. McInnes Cooper has implemented procedures to advise the Applicant of any Matter Before the Commission, as defined in this Order, and of any matter likely to come before the Commission concerning which McInnes Cooper is retained;

7. The Applicant's continuing to engage in the practice of law as a partner of McInnes Cooper may be prohibited by subsections 9.2 (b) (ii), (e) and (h) of the Conflict Rules;

AND UPON the Chairman being satisfied that it is desirable for the Commission to have available to it the knowledge and judgment of the Applicant, that therefore the prohibitions in section 9.2 of the Conflict Rules are inappropriate in the circumstances, and that the granting of an exemption from these prohibitions, subject to appropriate conditions, will not bring the administration of the Act into disrepute;

IT IS ORDERED pursuant to section 10.1 of the Conflict Rules that the Applicant is not prohibited by subsections 9.2 (b), (e) or (h) from engaging in the practice of law while serving as a member and Vice-chairman of the Commission, subject to the following conditions:

- A. that the Applicant does not participate in or discuss with the staff of the Commission (the "Staff") any Matter Before the Commission,
  - (i) concerning which McInnes Cooper is retained by a party other than the Commission, directly or indirectly;
  - (ii) involving or directly affecting a significant client of McInnes Cooper, even though McInnes Cooper has not been retained to act in connection with the Matter Before the Commission;
  - (iii) involving or directly affecting a Close-Relationship Client, even though McInnes Cooper has not been retained to act in connection with the Matter Before the Commission; or
  - (iv) involving a significant competitor of a Close-Relationship Client, if the Applicant is aware that a decision in the Matter Before the Commission may result in a significant competitive advantage to the Close-Relationship Client;
- B. that the Applicant does not provide any Securities Law Advice or discuss a Securities Law Matter with any partner or employee of McInnes Cooper in connection with the provision of advice to any client of McInnes Cooper, except to a Close-Relationship Client where the Securities Law Advice is limited to identifying and advising the Close-Relationship Client or a partner or employee of McInnes Cooper of the existence of a securities law issue and the need to address it, and the Applicant does not participate further in the manner in which the issue is addressed by the Close-Relationship Client or McInnes Cooper;
- C. that the Applicant shall inform the Chairman of any new Close-

Relationship Client, other than a Close-Relationship Client that is a private issuer, as defined in NI 45-106, which has not made a public offering of its securities, when he is so retained; and

- D. that the Applicant shall inform the Chairman of any Close-Relationship Client that is a private issuer, as defined in NI 45-106, that proposes to make a public offering of its securities;

AND IT IS ORDERED that the following terms, when used in this Order, shall have the meaning defined in or be construed in accordance with this paragraph:

- (i) a "Matter Before the Commission" means:
- (a) an adjudicative proceeding, whether or not for disciplinary purposes, including an application for a ruling or order under the Act or the regulations;
  - (b) an investigation or inquiry under the Act, including a decision to appoint a person to make an investigation or conduct an inquiry and any interim decision relating to an investigation or inquiry;
  - (c) with respect to condition A (i), the making of a rule, the adoption of a policy, or the making of an order pursuant to section 151A of the Act exempting a category of persons, companies, trades or distributions; and
  - (d) with respect to conditions A (ii), (iii) and (iv), the making of a rule, the adoption of a policy, or the making of an order pursuant to section 151A of the Act exempting a category of persons, companies, trades or distributions, where the rule, policy or order is likely to affect the client or the competitor, as the case may be, in a manner that is significantly different than the manner in which the rule, policy or order is likely to affect other persons or companies subject to it;
- (ii) "Securities Law Advice" and a "Securities Law Matter" mean, respectively, advice or a matter involving advice with respect to the meaning or application of a provision of the Act or of any substantially identical act of another Province of Canada ("Another Provincial Act"), of a regulation, rule or policy under the Act or Another Provincial Act, or of any conduct or decision of the Commission under the Act or the regulations, but does not include advice or a matter relating to:
- (a) a regulation, rule or policy under Another Provincial Act the subject matter of which is not dealt with in the Act or a regulation, rule or policy under the Act, as long as the transaction or matter to which the regulation, rule or policy applies does not otherwise

require consideration of a Securities Law Matter;

- (b) the bylaws, rules, policies or conduct of a stock exchange, except conduct concerning which the stock exchange is acting as a delegate of the Commission;
  - (c) a transaction in securities of a private issuer, as defined in NI 45-106, or any conduct of a private issuer, other than a public offering of its securities; and
  - (d) a Close-Relationship Client that is limited to informing the Close-Relationship Client or another partner or employee of McInnes Cooper of the existence of a securities law issue and the need to address it, but not the manner in which it may be addressed;
- (iii) the “significance” of a client, competitor, matter or effect shall be determined by the Applicant in light of the Applicant’s then existing knowledge, and if the Applicant has doubt about the significance of any client, competitor, matter or effect for purposes of this Order, he shall follow the procedure specified in section 10.2 of the Conflict Rules; and
- (iv) for greater certainty, the securities acts of the Provinces of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Ontario, Quebec, New Brunswick and Saskatchewan are “substantially identical to the Act” as of the date of this Order.

AND IT IS ORDERED that the Staff shall be advised by the Commission that they are to deal with any Matter Before the Commission that involves a Close-Relationship Client or concerning which McInnes Cooper is retained on the same basis as the Staff would deal with any matter having no connection with the Applicant.

DATED at Halifax, Nova Scotia, this \_\_4th\_\_\_\_ day of May, 2007.

“H. Leslie O’Brien”  
H. Leslie O’Brien, Q.C.  
Chairman