



NOTICE TO MEMBERS

No. 2011 - 093

September 9, 2011

Sino-Forest Corporation (TRE) Put Options

On Friday, August 26, 2011, the Ontario Securities Commission (the “OSC”) issued a cease trade order under the *Securities Act* (Ontario) (the “Cease Trade Order”), ceasing all trading in securities of Sino-Forest Corporation (TRE) for a period of fifteen days. On Thursday September 8, 2011, the OSC made a further order extending the Cease Trade Order until January 25, 2012.

One of the consequences of the Cease Trade Order has been to prevent holders of outstanding put contracts from exercising their rights under such contracts to sell Sino-Forest common shares to the writers of such put contracts.

CDCC has received requests from several of its Clearing Members to address the issue of outstanding put contracts being exercised.

In accordance with CDCC prior practice, CDCC made application to the OSC on September 7, 2011 for an order varying the Cease Trade Order to permit the outstanding put contracts to be exercised.

OSC staff are considering CDCC’s application and have advised CDCC that, if OSC staff determine it is appropriate to recommend that the requested variation order be granted, OSC staff may recommend that a condition be included in the variation order that limits the relief to holders of outstanding put contracts who are not current or former members of management or other insiders of Sino-Forest Corporation.

Consistent with prior practice, OSC staff have asked CDCC to notify its Members, particularly those Members who, or whose clients, were the writers of such put contracts, that the application for a variation order has been made, and that interested parties and, in particular, writers and holders of the put contracts, are invited to make submissions in writing to the OSC with respect to whether CDCC’s application should be granted or not.

Members wishing to receive copies of CDCC’s application should contact Roger Warner at (416) 350-2775 or via e-mail at Rwarner@cdcc.ca.

Interested parties wishing to make written submissions to the OSC should do so **no later than Monday September 12, 2011 at 2:00 p.m. (Toronto time)**. Submissions should be sent via e-mail to Paul Hayward at phayward@osc.gov.on.ca and mail to Ontario Securities Commission, 20 Queen Street West, 19th Floor, Box 55, Toronto, Ontario M5H 3S8 Attention: Paul Hayward.

Glenn Goucher
President and Chief Clearing Officer

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