The Ontario Securities Commission

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The Ontario Securities Commission Administers the
Securities Act of Ontario (R.S.O. 1990, c.S.5) and the
Commodity Futures Act of Ontario (R.S.O. 1990, c.C.20)

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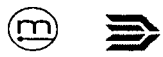

Table of Contents

Table of Contents
(cont'd)

Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 10, 2000

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
Toronto, Ontario
M5H 3S8

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Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Amalgamated Income Limited Partnership and 479660 B.C. Ltd.** s. 127 & 127.1 Ms. J. Superina in attendance for staff. Panel: TBA
Nov10/2000 10:00 a.m.	**Southwest Securities Inc.** ss. 127(1) and 127.1 Mr. T. Moseley in attendance for staff. Panel: TBA
Nov20/2000 10:00 a.m.	**Wayne S. Umetsu** s. 60, CFA Ms. K. Wootton in attendance for staff. Panel: TBA
Feb 5/2001 10:00 a.m.	**Noram Capital Management, Inc. and Andrew Willman** s. 127 Ms. K. Wootton in attendance for staff. Panel: TBA
Apr16/2001- Apr 30/2001 10:00 a.m.	**Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft** s. 127 Ms. K. Manarin & Ms. K. Wootton in attendance for staff. Panel: TBA

May 7/2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 Mr. I. Smith in attendance for staff. Panel: HIW / DB / MPC

ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little

Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier

Irvine James Dyck

M.C.J.C. Holdings Inc. and Michael Cowpland

Robert Thomislav Adzija, Larry Allen Ayres, David Arthur Bending, Marlene Berry, Douglas Cross, Allan Joseph Dorsey, Allan Eizenga, Guy Fangeat, Richard Jules Fangeat, Michael Hersey, George Edward Holmes, Todd Michael Johnston, Michael Thomas Peter Kennelly, John Douglas Kirby, Ernest Kiss, Arthur Krick, Frank Alan Latam, Brian Lawrence, Luke John Mcgee, Ron Masschaele, John Newman, Randall Novak, Normand Riopelle, Robert Louis Rizzuto, And Michael Vaughan

S. B. McLaughlin

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
Oct 16/2000 - Dec 22/2000 10:00 a.m.	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
Nov 14/2000 9:00 a.m.	**Arnold Guettler, Neo-Form North America Corp. and Neo-Form Corporation** s. 122(1)(c) Mr. D. Ferris in attendance for staff. Court Room No. 111, Provincial Offences Court Old City Hall, Toronto
Dec 4/2000 Dec 5/2000 Dec 6/2000 Dec 7/2000 9:00 a.m. Courtroom N	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
Jan 29/2001 - Feb 2/2001 Apr 30/2001 - May 7/2001 9:00 a.m.	**Einar Bellfield** s. 122 Ms. K. Manarin in attendance for staff. Courtroom C, Provincial Offences Court Old City Hall, Toronto

Reference: John Stevenson
Secretary to the
Ontario Securities Commission
(416) 593-8145

1.1.2 OSC Staff Notice 45-701-- Paragraph 35(2)14

OSC Staff Notice
Paragraph 35(2)14 of the Securities Act (Ontario)

On November 7, 2000, the Ontario Securities Commission recognized The Toronto Stock Exchange (the "TSE") for the purpose of clause 72(1)(m) of the Securities Act (Ontario) (the "Act"). Clause 72(1)(m) of the Act provides an exemption from the prospectus requirement for:

> [a trade] by an issuer in a security of its own issue in consideration of mining claims where the vendor enters into such escrow or pooling agreement as the Director considers necessary or where the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of this clause by the Commission and the issuer has received, where required by the by-laws, rules or policies of that stock exchange, the consent of that stock exchange to the issuance of the security.

Paragraph 35(2)14 of the Act provides an exemption from the registration requirement for trades in:

> [s]ecurities issued by a mining company or mining exploration company as consideration for mining claims where the vendor enters into such escrow or pooling agreement as the Director considers necessary.

Staff plans to recommend that paragraph 35(2)14 of the Act be amended to correspond with clause 72(1)(m) of the Act so as to provide a registration exemption if the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of paragraph 35(2)14 by the Commission and the issuer has received, where required by the by-laws, rules or policies of that stock exchange, the consent of that stock exchange to the issuance of the security.

In the interim, the Director will not consider any escrow or pooling agreement to be necessary for the purpose of trades made in reliance on paragraph 35(2)14 of the Act provided that the security proposed to be issued, or the security underlying that security, is listed and posted for trading on the TSE and the issuer has received, where required by the by-laws, rules or policies of the TSE, the consent of the TSE to the issuance of the security.

For further information contact:

Rick Whiler
Senior Accountant
Corporate Finance
(416)593-8127

1.1.3 Remarks by Stan Magidson, Janet Holmes and Terry Moore for Dialogue with the OSC

TAKE-OVER/ISSUER BIDS,
MERGERS AND ACQUISITIONS SECURITIES REGULATION:
THE MILLENNIUM AND BEYOND

Stan Magidson, Janet Holmes and Terry Moore[1]

INTRODUCTION

As the Year 2000 draws to a close it is timely to reflect on significant developments in the securities regulation of take-over/issuer bids, mergers and acquisitions in Ontario over the past year and comment on the direction such regulation might take in the future.

Significant M&A activity has again been evident in the Canadian marketplace over the past year. In addition to being involved in a number of these transactions, the take-over/issuer bids, mergers and acquisitions team at the Ontario Securities Commission (the "M&A Team") has spent considerable time over the past year on the implementation and development of policy in this area.

The past experience and future direction topics discussed in this paper are as follows:

- Update on OCS Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions ("Rule 61-501")
- CDNX Policy 5.9
- Share Exchange "Mini-Tenders"
- Exchange Offers by way of Prospectus
- Zimmerman Amendments
- Submission of the M&A Team to the Five Year Review Committee in connection with the review and reform of securities legislation in Ontario.

1. UPDATE ON OSC RULE 61-501

A. General

Effective May 1, 2000, OSC Policy Statement 9.1 ("Policy 9.1") was replaced by OSC Rule 61-501 and the Companion Policy 61-501CP (see (2000) 23 OSCB 965).

Like Policy 9.1, Rule 61-501 continues to regulate insider bids, issuer bids, going private transactions ("GPTs") and related party transactions by requiring enhanced disclosure, valuations and majority of minority shareholder approval in

[1] A version of this paper was delivered by members of the M&A Team at *Dialogue with the OSC 2000* (October 31, 2000). The views expressed in this paper do not necessarily represent the views of the OSC or other staff of the OSC.

connection with such transactions unless an exemption is otherwise available.

B. OSC Staff Notice 61-701 - Applications for Exemptive Relief under Rule 61-501

On June 30, 2000, the OSC published OSC Staff Notice 61-701 (the "Staff Notice") (see (2000) 23 OSCB 4498). The Staff Notice describes:

(1) the process applicable to applications for discretionary relief from Rule 61-501;

(2) the types of supporting documentation to be provided to the Director by or on behalf of persons or companies seeking discretionary relief; and

(3) the type of decision document that will be provided when the Director grants an exemption from one or more of the requirements in Rule 61-501.

The principal differences between the process that previously applied to requests for "no-action" relief under Policy 9.1 and the process that applies to requests for exemptions from Rule 61-501 are as follows:

(1) Since Rule 61-501 is part of "Ontario securities law", section 9.1 of Rule 61-501 contemplates that, in the appropriate circumstances, the Director will grant a formal exemption from one or more requirements of Rule 61-501. This replaces the practice of issuing "staff no-action letters" under Policy 9.1.

(2) Persons or companies seeking exemptive relief under Rule 61-501 are being asked to submit with their applications a draft decision document (a sample form of decision document is set out in an appendix to the Staff Notice).

(3) Upon receipt of an application for exemptive relief, a copy of the application will be placed on the public file immediately, unless confidentiality is specifically requested. If the Director decides to grant an exemption from all or any part of Rule 61-501, the decision will be placed on the public file and published in the Ontario Securities Commission Bulletin. The M&A Team believes that publishing these decisions will enhance the transparency of the decision-making process. (See *Re Franklin Resources Inc., FTI Acquisition Inc. and Bissett & Associates Investment Management Ltd.* (2000) 20 OSCB 7144.)

(4) Applications for exemptive relief from the requirements of Rule 61-501 and Policy Q-27 may be made under *National Policy 12-201 - Mutual Reliance Review System for Exemptive Relief Applications.*

The Staff Notice also provides guidance to applicants regarding: (i) the types of information staff generally will find helpful in analysing submissions; and (ii) the way in which requests for confidential treatment will be handled.

C. Differential Treatment of Securityholders

The M&A Team thought it would be helpful to provide some guidance with respect to frequently recurring issues concerning the application of Rule 61-501 to M&A transactions where there is differential treatment of securityholders.

I. Can the Shares Tendered by Recipients of Collateral Benefits Be Counted as Part of the "Minority" in a Second-Step GPT?

The M&A Team has considered a number of applications for exemptive relief and prefile inquiries that deal with the interaction between the collateral benefit provisions in the *Securities Act* (Ontario) (the "Act")[2] and the provisions in Rule 61-501permitting shares tendered to a formal bid to be counted as part of the minority in a second-step GPT.

Subsection 97(2) of the Act provides that, if an offeror makes or intends to make a take-over bid or issuer bid, neither the offeror nor anyone acting jointly or in concert with the offeror shall enter into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner consideration of greater value than that offered to other holders of the same class of securities.

Clause 104(2)(a) of the Act provides that, if the Commission is satisfied that it would not be prejudicial to the public interest, the Commission may decide for purposes of subsection 97(2) that an agreement, commitment or understanding with a selling securityholder is made for reasons other than to increase the value of the consideration paid to such securityholder for that holder's securities and that the agreement, commitment or understanding may be entered into despite that subsection.

Read together, subsection 97(2) and clause 104(2)(a) provide for a three-step inquiry:

(1) Is the bidder or one of its joint actors proposing to enter into an agreement, commitment or understanding with a holder or beneficial owner of target securities?

(2) If the answer to question (1) is yes, will the agreement, commitment or understanding have the *effect* of providing that holder or beneficial owner with some kind of benefit that is different from the benefit the other target securityholders will be offered under the bid?

(3) If the answers to questions (1) and (2) are yes, then it would appear that the agreement, commitment or understanding falls within the scope of the prohibition in subsection 97(2). An application for exemptive relief under clause 104(2)(a) should be considered. Clause 104(2)(a) authorizes the Commission to grant such an exemption if, among other things, the *purpose* of the collateral agreement, commitment or understanding is not to increase the value of the consideration the holder

[2] R.S.O. 1990, c.S.5 (as amended).

or beneficial owner is receiving for his or her target securities.

It is important to note that the Commission, in granting an order under clause 104(2)(a), *is not* making a determination that an agreement, commitment or understanding *does not* provide for a collateral benefit. The Commission is *permitting* the bidder to enter into an arrangement that provides for an otherwise prohibited collateral benefit.

Section 8.2 of Rule 61-501 provides that the votes attached to securities tendered to a formal bid may be included as votes in favour of a subsequent GPT if, among other things, the tendering securityholder did not receive:

(1) a consideration per security that is not identical in amount and type to that paid to all other beneficial owners in Canada of affected securities of the same class;

(2) consideration of greater value than that paid to all other beneficial owners of affected securities of the same class.

If, in connection with a formal bid, the offeror or any of its joint actors enters into a collateral agreement, commitment or understanding with a tendering securityholder that has the effect of providing that securityholder with greater consideration than that offered to other offerees (*i.e.*, if the arrangement falls within the scope of the prohibition on collateral benefits in subsection 97(2)), then that securityholder's securities cannot be counted as part of the minority unless discretionary relief is obtained from the Director. In essence, if you need to apply to the Commission for a s. 104(2)(a) order, then you're going to need an exemption from the Director under Rule 61-501, too, if you want to count the shares tendered by the recipient of the collateral benefit. The fact that you obtained a s. 104(2)(a) order doesn't negate the fact that the tendering securityholder is being treated differently than the other securityholders in the bid.

Staff's analysis of whether it is appropriate to recommend relief under clause 104(2)(a) likely will be similar in many, *but not all*, respects to its analysis whether it is appropriate to recommend an exemption under Rule 61-501 to permit the shares tendered by the securityholder party to the collateral agreement to be counted as part of the minority.

Accordingly, sometimes staff will recommend that both exemptions will be granted. In some circumstances, however, staff anticipates that it may recommend that the Commission grant relief under clause 104(2)(a) but recommend against the relief requested under Rule 61-501. For example, if a selling securityholder with a $10,000 investment in the target entered into a supply agreement reflecting normal commercial terms with the offeror and that supply agreement provided a revenue stream of $1 million/year to the securityholder, one might conclude that the securityholder's decision to support the bid had more to do with the prospect of entering into the supply agreement than the fact that the offer price under the bid was attractive. In such circumstances, staff might conclude that the securityholder's decision to tender its securities to the bid should not be considered a vote in favour of the price offered in the second-step GPT.

II. Availability of "Previous Arm's-Length Negotiation" from the Formal Valuation Requirements

Rule 61-501 carries forward from OSC Policy 9.1 a modified version of the "previous arm's-length negotiation with a selling securityholder" exemption from the formal valuation requirements otherwise applicable to an insider bid or a GPT. In very general terms, this exemption is available if, among other things, the consideration offered under the insider bid or GPT equals or exceeds the value, and is in the same form, as the highest consideration agreed to with one or more selling securityholders in prior arm's-length negotiations.

A person who proposes to rely upon the arm's-length negotiation exemption in paragraph (3) of subsection 2.4(1) or paragraph (2) of subsection 4.5(1) of Rule 61-501 should keep in mind that a collateral agreement, commitment or understanding entered into with the selling securityholder whose negotiations are supposed to serve as a proxy for a formal valuation may undermine the basis for relying upon this valuation exemption. This is because the arm's-length negotiation exemption is available only if the offeror or proponent of the GPT reasonably believes that, if there were any factors peculiar to the selling securityholder considered relevant to the selling securityholder in assessing the consideration, such factors did not have the effect of reducing the price that otherwise would have been acceptable to the selling securityholder. A collateral agreement, commitment or understanding with the bidder certainly would be a "factor peculiar to the selling securityholder". The question will be whether that collateral agreement, commitment or understanding had the effect of reducing the price the selling securityholder was willing to accept.

III. Collateral Benefits and One-Step GPTs

One of the principal differences between Policy 9.1 and Rule 61-501 is that the definition of "going private transaction" has been amended to make Rule 61-501's enhanced disclosure, formal valuation and minority approval provisions applicable only in situations where, among other things, the transaction is with or involves a related party of the issuer and the related party:

(1) upon completion of the transaction, beneficially owns or exercises control or direction over participating securities of a class other than the class subject to the GPT;

(2) is not treated identically to all other beneficial holders in Canada of affected securities; or

(3) receives consideration of greater value than that paid to all other beneficial owners of affected securities.

As a result, many one-step acquisition transactions proposed by third parties who are at arm's-length to the issuer will not fall within the scope of Rule 61-501.

It is important to note, however, that generally speaking, if the third party, directly or indirectly, enters into an agreement, arrangement or understanding with a related party of the issuer that results in the related party being treated differently

from other securityholders of the issuer or receiving consideration of greater value, the transaction will be subject to Part 4 of Rule 61-501 (governing GPTs) unless the transaction falls within the scope of subsection 4.1(2).[3]

Consider the following example:

(1) Company X, which is at arm's-length to Company Y, agrees to acquire Company Y through an acquisition structured as an arrangement.

(2) At the same time and as part of the arrangement, Company X enters into agreements with A and B, who are senior officers and shareholders of Company Y, to spin off a division of Company Y to them.

A and B are related parties with respect to Company Y because they are senior officers of Company Y. The arrangement "involves" A and B for the reason, among others, that they are Company Y shareholders. Since the spin-off transaction results in A and B being treated differently than other beneficial owners of Company Y shares, the arrangement will fall within the definition of "going private transaction" in Rule 61-501. Accordingly, unless exemptions are available, the transaction would be subject to Rule 61-501's enhanced disclosure, formal valuation and minority approval requirements.

What if Company X entered into consulting agreements with A and B, rather than an agreement to spin off a division to them? This is, perhaps, a less obvious example of a transaction that may fall within the scope of the definition of "going private transaction". In deciding whether the consulting agreements provide for "greater consideration", it may be helpful to consider whether the agreements are of the type for which a bidder would find it necessary to seek an exemption from the application of subsection 97(2) of the Act, if the transaction had been structured as a bid instead of an arrangement. If they are, the parties also may want to consider whether the Commission likely would grant an exemption under clause 104(2)(a) from the prohibition on collateral benefits if the transaction had been structured as a bid, rather than an arrangement. If so, this may be a situation in which the Director would be willing to grant an exemption from the application of Rule 61-501.

D. Disclosure Issues

Since this is the 6-month anniversary of Rule 61-501, the M&A Team thought it would be appropriate to provide some commentary on certain disclosure practices concerning Rule 61-501 with a view to improving the quality of disclosure in this area.

I. Disclosure about the Independent Valuator/Provider of Liquidity Opinion

The M&A Team has noted that, in some circumstances, the prescribed disclosure regarding independent valuators and persons providing liquidity opinions is not being included in "disclosure documents"[4] for M&A transactions. Section 6.2 of Rule 61-501 provides that an issuer or offeror that is required to obtain a formal valuation in respect of a transaction, or a liquidity opinion in order to qualify for the "liquid market" exemption,[5] shall include in the disclosure document for the transaction:

(1) a statement that the valuator or opinion provider has been determined to be qualified and independent;

(2) a description of the past, present or anticipated relationship between the valuator or opinion provider and the issuer or interested party if that relationship may be relevant to a perceived lack of independence;

(3) a description of the compensation paid, or to be paid, to the valuator or opinion provider;

(4) a description of any other factors relevant to a perceived lack of independence of the valuator or opinion provider;

(5) the basis for determining that the valuator or opinion provider is qualified; and

(6) the basis for determining that the valuator or opinion provider is independent, despite any perceived lack of independence.

In staff's view, it is not sufficient for the disclosure document to merely "cut and paste" the description by the valuator or opinion provider of its credentials and relationship to the issuer or interested person. Section 6.2 requires the *issuer or offeror* to state that it has determined that the valuator or opinion provider is qualified and independent and *explain the basis* for this conclusion.

II. An Exemption from the Formal Valuation Requirement Isn't an Exemption from All of Rule 61-501's Enhanced Disclosure Requirements

It is also important to keep in mind that, if an exemption from the formal valuation requirement is available but a disclosure document nevertheless is required in respect of the transaction, certain of Rule 61-501's enhanced disclosure requirements continue to apply.

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3 Subsection 4.1(2) provides, in general terms, that Part 4 does not apply to a GPT if: (i) the issuer is not a reporting issuer in Ontario; (ii) the issuer is a mutual fund; (iii) there is a *de minimis* connection to Ontario; or (iv) the transaction was announced but not completed before Rule 61-501 came into force and is being carried out in accordance with Policy 9.1 and substantially in accordance with previously disclosed terms.

4 The term "disclosure document" is defined in subsection 1.1(1) of Rule 61-501.

5 In certain circumstances, an exemption from the formal valuation requirement is available if, among other things, there is a "liquid market" in a class of securities of an issuer in respect of a transaction involving the issuer. This exemption is discussed in more detail below.

For example, if an insider makes a formal take-over bid that is exempt from the formal valuation requirement, the insider nevertheless must comply with, among other things:

(1) paragraph 2.2(1)(a) of Rule 61-501, which requires disclosure of the background to the insider bid;

(2) paragraph 2.2(1)(b), which requires disclosure in accordance with section 6.8 of prior valuations in respect of the offeree issuer (if the valuation was made in the 24 month period preceding the insider bid and its existence is known, after reasonable inquiry, to the offeror or any of its directors or senior officers); and

(3) paragraph 2.2(2), which requires the disclosure required by Form 33 (Issuer Bid Circulars), as appropriately modified.[6]

Subject to certain limited exceptions, section 6.8, in turn, requires the insider to:

(1) provide sufficient disclosure about the prior valuation to enable beneficial owners to understand the prior valuation and its relevance to the present transaction;

(2) indicate an address where a copy of the prior valuation is available for inspection; and

(3) state that a copy of the prior valuation will be sent to any securityholder upon request and without charge.

Where there are no prior valuations the existence of which is known after reasonable inquiry to the insider or any of its directors or senior officers, section 6.8 requires the insider to include a statement to this effect in the take-over bid circular.

Furthermore, section 6.9 requires anyone who is required to disclose a prior valuation to file a copy of it with the OSC concurrently with the filing of the document to which the prior valuation relates.

Likewise, the target board also is subject to enhanced disclosure requirements, even where an exemption from the formal valuation requirements applies (see, *e.g.*, s. 2.2(3) of Rule 61-501).

III. Disclosure of Facts Supporting Reliance upon an Exemption

As was the case with Policy 9.1, Rule 61-501 provides that, where a transaction is subject to Rule 61-501 but exempt either from the formal valuation or minority approval requirements, the availability of those exemptions generally is conditioned upon the disclosure document for the transaction disclosing the facts supporting reliance upon the exemption. (See, *e.g.*, ss. 2.4(1), 3.4(1), 4.5(1), 4.8(1), 5.6 and 5.8(1).) Staff believes that these provisions require more than a conclusory statement that a particular exemption is relied upon. These provisions require a more detailed explanation of the underlying facts.

For example, if an insider is relying upon the "previous arm's length negotiation" exemption from the formal valuation requirement in connection with an insider bid, the take-over bid circular should contain disclosure that is responsive to each of the criteria in subparagraphs (a)-(g) of paragraph 2.4(1)3 of Rule 61-501. Appropriate disclosure might take the following form:

> "A is relying upon the "previous arm's length negotiation" exemption from the valuation requirement applicable to the Offer. This exemption is available to A in connection with the Offer because: (a) the consideration provided for by the Offer is at least equal in value to, and in the same form as, the highest consideration agreed to with X, Y and Z (collectively, the "Vendors") in arm's length negotiations with A in connection with the Offer; (b) X beneficially owns or exercises control or direction over, and has agreed to sell, at least 10% of the outstanding common shares of B; (c) collectively, the Vendors beneficially own or exercise control or direction over, and have agreed to sell, at least 20% of the outstanding common shares of B beneficially owned or over which control or direction is exercised by persons or companies other than A and those acting jointly or in concert with A; (d) A believes, after reasonable inquiry, that at the time it entered into agreements with each of the Vendors, each of the Vendors had full knowledge and access to information concerning B and its securities and any factors peculiar to any Vendor, including non-financial factors, that were considered relevant to the Vendor in assessing the consideration did not have the effect of reducing the price that otherwise would have been considered acceptable by that Vendor; (e) at the time A entered into agreements with each of the Vendors, it did not know and, to its knowledge after reasonable inquiry, none of the Vendors knew, of any material non-public information in respect of B or its securities that was not disclosed generally and, if disclosed, could have reasonably been expected to increase the consideration agreed to; and (f) A does not know, after reasonable inquiry, of any material non-public information in respect of B or its securities since the time A entered into the agreements with each of the Vendors that has not been disclosed generally and could reasonably be expected to increase the value of B's securities."

Another area where disclosure regarding the availability of an exemption could be improved concerns the minority approval requirement applicable to a subsequent GPT. As discussed above, section 8.2 of Rule 61-501 provides that the votes attached to securities tendered to a formal bid may be included as votes in favour of a subsequent GPT in determining whether the requisite minority approval has been obtained if, among other things:

(1) the tendering securityholder: (i) received per security consideration that was identical in amount and type to

[6] See also section 4.1 of Companion Policy 61-501 CP in this regard.

that paid to all other beneficial owners in Canada of affected securities of the same class; (ii) did not receive consideration of greater value than that paid to all other beneficial owners of affected securities of the same class; and (iii) upon completion of the transaction, did not beneficially own or exercise control or direction over participating securities of a class other than affected securities; and

(2) the disclosure document for the preceding formal bid identified, among other things, the securities, if known to the offeror after reasonable inquiry, the votes of which would have to be excluded in determining whether minority approval had been obtained (collectively, "Excluded Securities").

The M&A Team has noticed that bidders have not necessarily been identifying as "Excluded Securities" securities tendered to the preceding formal bid by securityholders who received non-identical consideration or greater per security consideration than other offerees,[7] notwithstanding that the votes attaching to such securities may not be counted as part of the minority unless a discretionary exemption is obtained from the Director.

The M&A Team also has received inquiries about transactions where it appears that an issuer is relying upon the "liquid market" exemption from the formal valuation requirement but it is unclear whether reliance upon this exemption is founded upon receipt of a liquidity opinion or, alternatively, satisfaction of the "Presumption of Liquid Market Test" (as set out in paragraph (a) of subsection 1.3(1) of Rule 61-501 and discussed below).

Consider the following example. X proposes to effect a substantial issuer bid. Subsection 3.4(3) of Rule 61-501 provides for an exemption from the formal valuation requirement if the bid is made for securities of which:

(1) a liquid market exists;

(2) it is reasonable to conclude that, following completion of the bid, there will be a market for beneficial owners of the securities who do not tender to the bid that is not materially less liquid than the market that existed at the time the bid was made; and

(3) if an opinion referred to in subparagraph (b)(ii) of subsection 1.3(1) is provided, the opinion provider reaches the conclusion set out in (2) above and so states in its opinion.

There are two ways for X to satisfy the "liquid market" requirement set out in (1) above:

(1) satisfy the Presumption of Liquid Market Test set out in paragraph (a) of subsection 1.3(1) relating to the size and trading value of the public float, aggregate trading volume and number of trades; or

(2) pursuant to subparagraph b(ii) of subsection 1.3(1), obtain a liquidity opinion from a qualified person or company who is independent of all "interested parties", include that opinion in the issuer bid circular and have the principal Canadian stock exchange upon which the securities are listed deliver a statement to the Director that the exchange concurs with the opinion.

If X is *required* to obtain a liquidity opinion in order to establish that a liquid market exists prior to commencement of the bid, then the opinion provider must be qualified to provide such an opinion and satisfy the independence criteria set out in section 6.1 of Rule 61-501. Furthermore, X must ensure that the issuer bid circular contains the disclosure prescribed by section 6.2 regarding the opinion provider's independence and qualifications.

Even if X satisfies the "Presumption of Liquid Market Test", however, X's board of directors may decide to retain a person or company to: (1) collect the data the board needs to determine whether the quantitative criteria in the Presumption of Liquid Market Test can be satisfied; and (2) provide the board with an opinion to assist it in reaching the conclusion that, post-bid, there will be a market for non-tendering securityholders that is not materially less liquid than the market that existed at the time the bid was made.

In circumstances where a liquidity opinion is not required but one is nevertheless obtained, X should be careful to make it clear in its issuer bid circular that it is relying upon the Presumption of Liquid Market Test. Otherwise, shareholders may find the omission of the disclosure relating to the opinion provider's qualifications and independence quite confusing.

Again, this is a situation where it is important for a person or company that is relying upon an exemption from the formal valuation requirement to provide sufficient disclosure of the facts supporting reliance upon the exemption. In these circumstances, appropriate disclosure might take the following form:

> "X is relying upon the "liquid market" exemption from the valuation requirement applicable to the Offer. This exemption is available to X in connection with the Offer because: (a) there is a liquid market for the Shares; (b) X has reasonable grounds to conclude that, following completion of the Offer, there will be a market for beneficial owners of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time the Offer was made; and (c) Dealer, which X retained to advise it on, among other things, the liquidity of the market for the Shares on a pre-Offer and post-Offer basis, has provided an opinion that concurs with X's conclusion regarding the post-Offer liquidity of the Shares. X has determined that a liquid market presently exists for the Shares because: (i) there is a published market for the Shares; and (ii) the

[7] By analogy, Commission decisions providing for exemptive relief under clause 104(2)(a) of the Act from the application of subsection 97(2) can provide guidance as to the circumstances in which: (i) an agreement has the effect of providing for greater consideration; and (ii) staff likely would be willing to recommend exemptive relief under Rule 61-501 to permit securities tendered by persons receiving greater consideration to be counted as part of the minority in a second-step GPT.

Shares satisfy the quantitative criteria set out in Rule 61-501 regarding the size and trading value of the public float, the aggregate number of trades in the Shares on the TSE and the aggregate trading value of such trades in the Shares."

Providing adequate disclosure of the facts supporting reliance upon one or more exemptions from Rule 61-501 is important for several reasons. First, as noted above, the availability of most of these exemptions is conditioned upon providing such disclosure. Second, the M&A team has dealt with a number of inquiries and even some formal complaints in which the issue of compliance with Rule 61-501, or the availability of an exemption, was at issue. These inquiries and complaints might not have been made if facts supporting reliance upon the exemption sufficient to allow shareholders and other interested parties to understand the basis upon which the bidder or proponent of the transaction concluded the exemption was available, had been set out in the disclosure document.

2. CDNX POLICY 5.9

On September 29, 2000, the Canadian Venture Exchange ("CDNX") published for comment proposed CDNX Policy 5.9 - *Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions* ("Policy 5.9"). This policy has been proposed in connection with the CDNX application to the OSC for an order exempting CDNX from recognition for the purpose of carrying on business as a stock exchange in Ontario . Policy 5.9 is out for comment until November 15, 2000, and is scheduled to come into effect on June 30, 2001.

The purpose of Policy 5.9 is to incorporate OSC Rule 61-501 as a policy of CDNX, subject to certain exceptions. As a result, CDNX issuers, whether or not they are reporting issuers in Ontario, may be subject to the requirements to prepare formal valuations and/or seek minority approval in connection with insider bids, issuer bids, going private transactions and related party transactions.

In addition to the exemptions from the requirement to prepare a formal valuation in connection with a related party transaction that are currently set out in section 5.6 of OSC Rule 61-501, additional exemptions will be made available to CDNX issuers in connection with: (i) transactions where the fair market value of the assets are "indeterminate"; (ii) acquisitions or dispositions of oil & gas or mineral resource properties where the issuer has obtained an independent report; (iii) certain private placement transactions; and (iv) certain transactions involving concurrent financings. These additional exemptions are intended to recognize the unique circumstances of CDNX-listed issuers.

Where an issuer is a reporting issuer in Ontario and is therefore directly subject to OSC Rule 61-501, the issuer cannot rely upon CDNX Policy 5.9 to exempt it from the requirements of OSC Rule 61-501 and must make application to the OSC for an exemption. However, it is intended that the additional formal valuation exemptions found in CDNX Policy 5.9 will eventually be formally incorporated into OSC Rule 61-501.

3. SHARE EXCHANGE "MINI-TENDERS"

CSA Notice 61-301 defines a "mini-tender" as a widely-disseminated offer to purchase shares of a public company at a price below the current market price. A mini-tender is different from a take-over bid in Canada because a mini-tender offeror usually offers to acquire only a small percentage of the outstanding shares of a public company and in any event significantly less than 20% of the outstanding shares of a public company.

On May 3, 2000, Otis-Winston Ltd. filed an offer to purchase up to 1.85% of the outstanding shares of Xillix Technologies Corp., a TSE-listed company. Unlike a typical mini-tender where cash is offered for target securities, Otis-Winston was offering to deliver two shares of Digital Cybernet Corporation in exchange for each Xillix share tendered. The offering document contained no disclosure relating to Digital Cybernet, nor was the value of the Digital Cybernet shares properly disclosed.

On June 1, 2000 the OSC issued a temporary cease-trade order in respect of the Otis-Winston offer on the basis that the offering document did not contain adequate disclosure concerning Digital Cybernet, the Digital Cybernet shares being offered were not freely-tradable shares, and Otis-Winston was not registered to trade in securities. Subsequently, Otis-Winston withdrew its offer for Xillix shares.

Staff wishes to point out that the registration exemptions at sections 35(1)16 and 25(1)17 of the Act, and the prospectus exemptions at sections 72(1)(j) and 72(1)(k) of the Act do not apply to mini-tenders or securities exchange mini-tenders. Accordingly, a mini-tender offeror may not trade in securities exchanged under a mini-tender offer unless appropriately registered. Similarly, if a trade in securities exchanged constitutes a "distribution" under the Act, a prospectus will have to be filed in respect of the distribution of securities unless some other exemption is available.

4. EXCHANGE OFFERS BY WAY OF PROSPECTUS

In the past year, prospectus receipts have been issued to two issuers who made securities exchange offers to holders of various securities by way of prospectus. In December 1999, receipts were granted to NCE Diversified Income Trust and Enervest Diversified Income Trust for their "exchange offer" prospectuses. Both of these companies offered to acquire up to 10% of the outstanding units of approximately 50 different reporting issuers in exchange for their own units which would be qualified by prospectus. The offers did not constitute "take-over bids" as defined in the Act, but each holder of the target issuers was provided with an "exchange offer preliminary prospectus." The preliminary prospectus provided detailed disclosure relating to the offerors.

Any target unitholders who were interested in exchanging their units for units of NCE or Enervest would receive a final prospectus after tendering their units. The final prospectus described the number of units tendered to the exchange offer, as well as the ratio at which the various target units would be exchanged for NCE or Enervest units, as the case may be. The exchange ratios were based upon the 20-day average trading prices of the various units on the TSE.

OSC staff was of the view that, since target unitholders were being asked to exchange their units for NCE or Enervest units, as the case may be, and it would not be clear what the portfolio supporting the NCE/Enervest units would be comprised of until after the exchange offer deposit period had closed, they should be entitled to withdrawal rights similar to those granted to target shareholders of a share exchange offer. Accordingly, target unitholders who accepted the exchange offer were granted withdrawal rights for a period which was the greater of: (i) two days following receipt of a final prospectus (pursuant to s.71 of the Act); and (ii) 10 days following the date upon which information concerning the results of the exchange offer were mailed to tendering unitholders.

5. ZIMMERMAN AMENDMENTS

In 1996, a report commissioned by the Investment Dealers' Association (the "Zimmerman Report") recommended extending the minimum bid time periods in Canada to permit target companies and their shareholders more time to consider offers, as well as giving offerors the option of commencing take-over bids by way of advertisement. In particular, the Zimmerman Report recommended extending the minimum bid deposit periods in Canada from 21 to 35 days.

The Canadian Securities Administrators (the "CSA") has now targeted March 31, 2001 as the date that the legislative amendments proposed by the Zimmerman Report will be proclaimed in force across Canada. In the event that all jurisdictions are not in a position to implement the new provisions at that time, a "dual regime" for take-over bids may exist in Canada for an interim period. While the CSA is of the opinion that uniformity in take-over bid legislation across Canada is important, there was concern that implementation of the Zimmerman Report recommendations has been unduly delayed. The March 31, 2001 target date should provide all jurisdictions with enough time to implement the necessary legislative amendments or blanket orders.

6. SUBMISSION OF THE M&A TEAM TO THE FIVE YEAR REVIEW COMMITTEE IN CONNECTION WITH THE REVIEW AND REFORM OF SECURITIES LEGISLATION IN ONTARIO

On August 11, 2000 the M&A Team made a written submission to the Securities Review Advisory Committee (the "Five Year Review Committee") in response to such committee's request for comments on areas of Ontario's securities laws which should be considered for reform. (A copy of the M&A Team's full submission can be downloaded from the OSC's website, www.osc.gov.on.ca., where it is published with other comment letters submitted to the Five Year Review Committee.)

Seventeen years have passed since the last comprehensive review of the provisions of the Act relating to take-over bids and issuer bids.[8] Although the legislation in this area generally has served Ontario capital markets well, the M&A Team identified a number of issues that merit further consideration.

The purpose of the submission was to identify these issues for the Five Year Review Committee and recommend a path forward for their resolution.

In the submission, the issues were categorized as follows:[9]

(i) issues where the M&A Team recommends legislative amendment;
(ii) issues where legislative amendment would be required but which the M&A Team believes require further study before any such amendment is undertaken; and
(iii) issues for which there is adequate rule-making authority but that require further study and analysis before any rules are made.

Legislative Amendment Recommended

The M&A Team recommended that the Act be amended as follows:

- Clause 143(1)(28) of the Act should be amended to permit the OSC to vary the definition of "take-over bid" under the Act in order to permit the OSC to make rules in respect of offers to acquire less than 20% of the outstanding securities of a class. The purpose of this amendment would be to enable the OSC to make rules regulating mini-tenders and other broadly disseminated offers to acquire less than 20% of a class of securities, which is the current threshold for take-over bid regulation under the Act.

- Clause 143(1)(28) of the Act should be amended to permit the OSC to make rules in respect of offers to acquire securities that are convertible into voting or equity securities. The current application of Part XX of the Act to such securities could be clearer.

Further Study Required Before any Legislative Amendment is Undertaken

The M&A Team recommended that further study be conducted prior to undertaking any legislative changes in the following areas:

- The Commission des valeurs mobilières du Québec (the "CVMQ") had issued a notice stating that it will be asking the Canadian Securities Administrators Take-over Bid Committee to consider whether the take-over bid provisions should be extended to transactions that are not structured as take-over bids but that achieve the same result, such as arrangements. A further notice was subsequently issued by the CVMQ on this subject. The M&A Team believes that this subject requires thoughtful and thorough analysis before any legislative amendment is undertaken.

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8 See Gordon Coleman *et al., Report of the Committee to Review the Provisions of the Securities Act (Ontario) Relating to Take-over Bid and Issuer Bids* (September 1983) (the "Practitioners' Report") and Securities Industry Committee on Take-over Bids, *The Regulation of Take-over Bids in Canada: Premium Private Agreement Transactions* (November 1983).

9 The categories were selected based on a "least disturbance" approach to the current legislation.

- The adequacy of the powers and remedies available to the OSC, generally, to regulate M&A transactions is a subject that requires further thoughtful analysis before legislative amendment is undertaken.

Further Study Required But Legislative Amendment Unnecessary as Adequate Rule-Making Authority Exists

There are a number of other issues concerning M&A transaction regulation that the M&A Team identified as requiring further consideration. To the extent that the study of these issues results in the need for regulatory reform, the M&A Team believes that such reform could be effected through the implementation of rules for which adequate rule-making authority currently exists.

These issues include the following:

- Should the *de minimis* thresholds in the Act exempting foreign bids from the application of the Act be increased, and if so, to what level?
- Is there a need to clarify what constitutes adequate financing arrangements prior to the commencement of a bid, and if so, how should this requirement be clarified?
- Is there a need to regulate the types of conditions to which a bid may be subject?
- Is the OSC's policy on defensive tactics, including its approach to shareholder rights plans (or poison pills), appropriate, and if not, what changes should be made?
- Is additional regulation necessary in respect of communications made in the context of M&A transactions, and if so, what form should that regulation take?
- Are the time frames and methods for delivery of disclosure documents in the context of M&A transactions appropriate, and if not, what changes should be made?
- Do the provisions relating to a prospective bidder's accumulation of a target company's shares prior to public announcement of the transaction require revision, and if so, what form should that revision take?
- Does the application of Part XX of the Act to the acquisition of securities from treasury in certain circumstances require clarification?
- Is additional public disclosure necessary in respect of agreements or arrangements that affect control of an issuer or contain provisions that have material consequences in the event of a change of control?
- Is greater precision desirable in respect of the disclosure required in M&A transactions where shares are being issued?
- Are the tendering procedures currently provided for in the Act adequate, and if not, how could they be improved?
- Should a rule be made expressly requiring an offeror, at its own expense, to return securities that it has not paid for within the prescribed time period?
- Should the pre-bid integration provisions of the Act be clarified, particularly where share consideration is being issued in the subsequent take-over bid?
- Does the normal course purchase exemption from the take-over bid requirements require further clarification?
- Is further clarification required in connection with the private agreement exemption?
- Should certain refinements be made in the area of issuer bid regulation, including the codification of relief that is regularly granted in connection with "Dutch Auction" issuer bids?
- Should certain other regulatory relief that is routinely granted be codified?
- Does the term "business day", as it is used in Part XX of the Act, require clarification?

The M&A Team recognized that the submission raised a number of issues that may be beyond the scope of the Five Year Review Committee's agenda. The issues were raised, nevertheless, for the Five Year Review Committee to consider as it saw fit. A path forward for the Five Year Review Committee might be to focus on those two issues for which the M&A Team was recommending legislative amendment while leaving the other issues for separate study and analysis. The M&A Team believes that such separate study and analysis ultimately should be undertaken to ensure that Ontario's regulation of M&A transactions meets only one standard - the standard of excellence.

The M&A Team noted that a number of the issues raised in the Five Year Review Committee's request for comments dealt with the globalization theme and in the M&A Team's view, appropriately so. If Ontario is to gain its fair share of invested global capital it must have securities regulation that is, and is perceived to be, investor-friendly on a global comparative basis. In order to attract and retain issuers, such regulation also must be as issuer-friendly as possible. Although balancing these sometimes conflicting objectives can be difficult, it is the M&A Team's view that it is imperative that such a balance be achieved as part of the five-year review process and on an ongoing basis.

Furthermore, although the Canadian capital markets are relatively sophisticated, they also are relatively small. From a global perspective, issuers and investors will avoid the Canadian capital markets if the cost of compliance with securities regulation outweighs the benefits. The M&A Team recognizes this and works closely with its colleagues in other CSA jurisdictions in an effort to ensure that the securities regulation of M&A transactions in Canada is as seamless as possible. To the extent Ontario reform is undertaken in the

securities regulation of M&A transactions, it would be necessary to seek to have such changes made nationally.

7. CONCLUSION

As the Year 2000 draws to a close much has been done and proposed to be done to ensure that Ontario's securities regulation of M&A transactions meets only one standard - the standard of excellence.

1.1.4 TSE Request for Comments Market-on-close Orders

TORONTO STOCK EXCHANGE REQUEST FOR COMMENTS MARKET-ON-CLOSE ORDERS

A request for comments on the proposed amendments to the Rules of the Toronto Stock Exchange to provide for the reporting of orders to trade at the closing price ("Market-on-Close Orders") is being published in Chapter 13 of the Bulletin.

1.1.5 Toronto Stock Exchange Request for Comment Market Stabilization

TORONTO STOCK EXCHANGE REQUEST FOR COMMENT MARKET STABILIZATION

A request for comments on the proposed amendments to the Rules and Policies of the Toronto Stock Exchange related to the restrictions on trading by a Participating Organization involved in a distribution ("Market Stabilization") is being published in Chapter 13 of the Bulletin.

1.2 Notice of Hearings

1.2.1 Russell Millard - s. 127 and 127.1

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

AND

IN THE MATTER OF RUSSELL MILLARD

NOTICE OF HEARING
(Sections 127 and 127.1)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at its offices on the 17th Floor, 20 Queen Street West, Toronto, Ontario commencing on November 13, 2000 at 10:00 a.m. or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to section 127(1) and 127.1 of the Act, it is in the public interest for the Commission:

(a) to make an order that the registration of Russell Millard ("Millard") be terminated or suspended or restricted for such period as the Commission may order;

(b) to make an order that Millard cease trading in securities permanently or for such period as the Commission may order;

(c) to make an order that Millard resign any positions Millard holds as a director or officer of an issuer;

(d) to make an order to prohibit Millard from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;

(e) to make an order that Millard pay the costs of the Commission's investigation and this proceeding; and/or

(f) to make such other order as the Commission may deem appropriate;

BY REASON OF the allegations set out in the Statement of Allegations of Staff of the Commission and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

November 1st, 2000.

"John Stevenson"

1.2.2 Russell Millard - Statement of Allegations

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

AND

IN THE MATTER OF
RUSSELL MILLARD

STATEMENT OF ALLEGATIONS OF STAFF
OF THE ONTARIO SECURITIES COMMISSION

Factual Background

1. CCI Capital Canada Limited ("CCI") was, at the material time, a corporation registered pursuant to Ontario securities law as a mutual fund dealer.

2. Russell Millard ("Millard") is registered with the Commission to sell mutual fund securities. From February 1998 to March 1999 Millard was sponsored by CCI to sell mutual fund securities.

Amber Coast Resort Corporation

3. Amber Coast Resort Corporation ("Amber Coast") is a corporation organized pursuant to the laws of Turks and Caicos Islands.

4. Amber Coast created two offerings for its securities which relied on separate exemptions from the prospectus and registration requirements of the Act. No prospectus for Amber Coast was ever filed with or receipted by the Commission.

5. On September 1, 1998, Millard's sponsor, CCI, entered into an agreement to "place" $200,000 (U.S.) worth of units of Amber Coast by September 30, 1998 and an additional $400,000 (U.S.) worth of units by November 30, 1998 in exchange for fees and use of a luxury villa.

6. Although CCI was never registered as a limited market dealer, CCI encouraged its sales representatives, including Millard, to sell units of Amber Coast to their clients.

7. Millard sold units of Amber Coast to two of his clients. In total, those clients invested $110,000 (U.S.) in Amber Coast.

8. CCI paid referral fees of 5% of the monies invested to Millard by way of commission cheques.

9. As he was in the business of trading in securities, Millard required registration to sell limited market products in order to sell units of the Amber Coast offering. Millard was not licensed to sell limited market products thus his sales to clients constituted trading without registration.

Conduct Contrary to the Public Interest

10. The conduct of Millard was contrary to the public interest in that he sold shares of a distribution which relied on an exemption from the prospectus requirements. This trading required a limited market dealer licence which Millard did not have. Accordingly, Millard engaged in trading without registration in contravention of subsection 25(1) of the Act.

11. Such other allegations as Staff may make and the Commission may permit.

DATED at Toronto, this 1st day of November, 2000.

1.3 News Releases

1.3.1 Russell Millard - Former Salesperson of CCI Capital Canada Limited

November 2, 2000

Russell Millard, former salesperson of CCI Capital Canada Limited

Toronto - The Ontario Securities Commission (the "Commission") yesterday issued a Notice of Hearing and related Statement of Allegations against Russell Millard, former salesperson of CCI Capital Canada Limited. A hearing to consider a proposed settlement agreement between Staff and the respondent, has been set for Monday, November 13, 2000, and will commence at 10:00 a.m.

The hearing will be held in the main hearing room of the Commission located on the 17th Floor, 20 Queen Street West, Toronto, Ontario. Copies of the Notice of Hearing and Statement of Allegations are available on our website at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

References:

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Michael Watson
Director, Enforcement Branch
(416) 593-8156

1.3.2 Noram Capital Management, Inc. and Andrew Willman

November 3, 2000

Re: Noram Capital Management, Inc. and Andrew Willman

Toronto - The Ontario Securities Commission (the "Commission") has ordered that the hearing of this matter commence on February 5, 2001 or as soon thereafter as a Commission panel can be convened.

On July 10, 2000, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations against investment counsel portfolio manager Noram Capital Management, Inc. ("Noram") and Andrew Willman, Noram's President, Chief Executive Officer and Supervisory Procedures Officer.

Copies of the Notice of Hearing and the Statement of Allegations are available at www.osc.gov.on.ca or from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario. Any questions from members of the investing public can be directed to the inquiries line of the Commission at (416) 593-8314.

References:

Frank Switzer
Director, Communications
(416) 593-8120

Michael Watson
Director, Enforcement Branch
(416) 593-8156

1.3.3 Mark Bonham, Strategicnova Funds Management Inc. and Bonham & Co.

November 6, 2000

MARK BONHAM, STRATEGICNOVA FUNDS MANAGEMENT INC. AND BONHAM & CO.

TORONTO - At a hearing today, the Ontario Securities Commission (the "Commission") approved a settlement agreement entered into between Staff of the Commission and StrategicNova Funds Management Inc. Copies of the Commission's Order and terms of the Settlement Agreement are available from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

A pre-trial conference will be held on or before December 31, 2000 with respect to proceedings against Mark Bonham and Bonham & Co., at which time it is expected that a hearing date will be set.

References:

Frank Switzer
Director, Communications
Telephone: 416-593-8120

Michael Watson
Director, Enforcement Branch
Telephone: 416-593-8156

1.3.4 Proposals Would Give Investors Right to Sue over Inadequate Disclosure

November 6, 2000

Proposals Would Give Investors Right to Sue over Inadequate Disclosure

Toronto - Provincial governments should adopt legislation allowing investors in the secondary market to sue a company or responsible individuals that provide misleading or inadequate information about a firm's operations, say Canada's securities regulators.

The proposal is spelled out in a series of amendments to provincial securities laws drafted by the Canadian Securities Administrators, the umbrella organization of Canada's 13 provincial and territorial securities regulators. The proposed new laws would apply to securities issuers, directors, responsible senior officers, experts and influential persons such as holders of large blocks of shares.

"A failure to provide accurate and timely disclosure can hurt investors," said Doug Hyndman, CSA and BCSC Chair. "Our recommendations will provide investors an opportunity to seek damages if they believe they have been harmed by a company's failure to provide adequate disclosure."

The proposed legislation would give secondary market investors the right to seek limited compensation for damages suffered. The right would arise if an issuer made written or oral public disclosure that contained an untrue statement of a material fact or failed to make required disclosure.

"These proposals will encourage officers and directors to improve public disclosure," added David Brown, OSC Chair. "Improved disclosure will boost confidence in Canadian markets."

The proposal includes a liability cap that would limit the amount an issuer will pay to the greater of $1 million or five per cent of market capitalization. Court awards in other Canadian jurisdictions will count against the cap.

As well, to deter "nuisance" or "strike suits," plaintiffs will need the court's permission to commence an action. The courts will also be required to approve all settlements.

Copies of the proposed amendments are published in the OSC Bulletin or are available on our website at www.osc.gov.on.ca.

References:

Susan Wolburgh Jenah
General Counsel
(416) 593-8245

Rowena McDougall
Sr. Communications Officer
(416) 593-8117

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Northrock Resources Ltd.- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer declared to be no longer a reporting issuer following acquisition of all of its issued and outstanding equity securities by another corporation and its affiliate.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5 as am. s. 83

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, ONTARIO, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF NORTHROCK RESOURCES LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Northrock Resources Ltd. ("Northrock") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Northrock cease to be a reporting issuer;

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** the Northrock has represented to the Decision Makers that:

   3.1 Northrock is a corporation existing under the *Business Corporations Act* (Alberta) on December 19, 1986. Northrock's head office is located in Calgary, Alberta;

   3.2 Northrock's issued and outstanding capital consists of 42,745,671 common shares (the "Common Shares") and senior notes with an aggregate principal amount of US $75 million (the "Notes");

   3.3 Northrock is a reporting issuer, or its equivalent, in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;

   3.4 On May 26, 2000, Unocal Canada Management Limited ("UCML") made an offer (the "Offer") to purchase all of the issued and outstanding Northrock Shares not already held by UCML and its affiliate, Unocal Canada Resources ("UCR");

   3.5 Pursuant to the Offer and a subsequent compulsory acquisition, all the Northrock Shares are held by UCML and UCR;

   3.6 The Northrock Shares were listed and posted for trading on The Toronto Stock Exchange but were delisted on July 20, 2000;

   3.7 The Notes were issued to three institutional investors (the "Noteholders") in the United States pursuant to a private placement. To Northrock's knowledge, after reasonable inquiry, the Notes are beneficially held by the Noteholders for their own accounts;

   3.8 The agreement between Northrock and the Noteholders (the "Note Agreement") provides that Northrock is required to provide the Noteholders with unaudited quarterly financial statements, audited annual financial statements and a quarterly compliance report (the "Financial Information"). Northrock will continue to provide the Financial Information it is required to provide pursuant to the Note Agreement to the Noteholders;

   3.9 There are no securities of Northrock, including debt obligations, currently issued and outstanding other than the Notes and the Common Shares;

   3.10 There are no securities of Northrock listed on any stock exchange or traded over the counter in Canada or elsewhere;

   3.11 Northrock does not intend to seek public financing by way of an offering of securities;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation.

DATED at Calgary, Alberta this 18th day of September, 2000.

"Patricia M. Johnston"
Director
Legal Services & Policy Development

2.1.2 Sobeys Inc.-- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distributions of common shares by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.S.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b) and 233.

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (published for comment February 6, 1998)

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO, ALBERTA, BRITISH COLUMBIA, QUEBEC AND NEWFOUNDLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF SCOTIA CAPITAL INC., BMO NESBITT BURNS INC., NATIONAL BANK FINANCIAL INC., CIBC WORLD MARKETS INC. AND TD SECURITIES INC.,

AND

SOBEYS INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Newfoundland and Quebec (the "Jurisdictions") has received a application from Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., CIBC World Markets Inc. and TD Securities Inc. (collectively, the "Filers") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Filers in respect of a proposed distribution (the "Offering") of Common

Shares (the "Offered Securities") of Sobeys Inc. (the "Issuer"), pursuant to a short form prospectus (the "Prospectus");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filers have represented to the Decision Makers that:

1. The Issuer is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirements of the Legislation.

2. The Issuer is primarily engaged in the business of food distribution and foodservice in all provinces of Canada.

3. The Common Shares of the Issuer are listed on The Toronto Stock Exchange.

4. The head office of the lead underwriter for the Offering is in the Province of Ontario.

5. The Issuer filed a preliminary short form prospectus dated November 1, 2000 (the "Preliminary Prospectus") in each province of Canada.

6. The Filers along with Beacon Securities Limited and Dundee Securities Corporation are proposing to act as underwriters in connection with the Offering. It is intended that the Filers be allocated 95% of the Offering.

7. The Issuer is a party to two credit facilities (the "Credit Facilities") with a syndicate of banks (the "Lenders"); under one of the Credit Facilities, the Issuer was provided with a 364-day revolving operating facility in an amount of up to $300 million; under the other Credit Facility, the Issuer was provided with a non-revolving credit facility in an amount up to $250 million.

8. The Filers are subsidiaries of Canadian chartered banks which are Lenders.

9. The Credit Facilities may be repaid through application of the proceeds of the Offering.

11. The Lenders did not and will not participate in the decision to make the Offering or in the determination of its terms.

12. The Filers will not benefit in any manner from the Offering other than the payment of their underwriting fees in connection with the Offering.

13. By virtue of the Filers' relationship with some of the Lenders comprising the lending syndicate, each Filer is considered to be a connected issuer (or equivalent thereof) of the Issuer for the purposes of the Legislation.

14. The Issuer is not a related issuer (or the equivalent) of the Filers or of any of the other members of the underwriting syndicate.

15. The nature and details of the relationship between the Issuer and the Filers will be described in the Prospectus. The Prospectus will contain the information specified in Appendix "C" of proposed Multi-Jurisdictional Instrument 33-105 - Underwriting Conflicts (the "Proposed Instrument").

16. The Issuer is not a "specified party" as defined in the Proposed Instrument.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filers in connection with the Offering provided the Issuer is not a related issuer, as defined in the Proposed Instrument, to the Filers at the time of the Offering and is not a specified party, as defined in the Proposed Instrument, at the time of the Offering.

November 3rd, 2000.

"Robert W. Davis" "R. Stephen Paddon"

2.1.3 Dundee Securities Corporation and CMP 2000 II Resource Limited Partnership – MRRS Decision

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO, QUEBEC AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
DUNDEE SECURITIES CORPORATION

AND

CMP 2000 II RESOURCE LIMITED PARTNERSHIP

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from Dundee Securities Corporation (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities by an issuer made by means of a prospectus, where the issuer is a related issuer (or the equivalent) or a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by independent underwriters shall not apply to the Filer in respect of a proposed distribution (the "Offering") of units (the "Units" or "Offered Securities") of CMP 2000 II Resource Limited Partnership (the "Issuer"), pursuant to a prospectus;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. The Issuer is a limited partnership created on September 26, 2000 by the filing of a declaration in accordance with the *Limited Partnerships Act* (Ontario). The registered head office of the Issuer is Suite 5500, 40 King Street West, Toronto, Ontario M5H 4A9.

2. The Issuer is a special purpose entity created for the sole purpose of investing in flow-through shares of resource companies with a view to achieving capital appreciation for the limited partners of the Issuer. The Issuer will enter into share purchase agreements with such resource companies under which such companies will agree to incur Canadian Exploration Expense ("CEE") in carrying out exploration in Canada, renounce such CEE to the Issuer and issue flow-through shares to the Issuer.

3. The Issuer filed a preliminary prospectus dated September 27, 2000 (the "Preliminary Prospectus") in each of the provinces and territories of Canada in connection with the Offering.

4. Under the terms of the Offering, the Issuer is seeking to distribute a minimum of 50,000 Units (for aggregate proceeds of $5,000,000) and a maximum of 500,000 Units (for aggregate proceeds of $50,000,000). A Decision Document evidencing the preliminary receipts for the Preliminary Prospectus was issued on September 28, 2000.

5. The Filer is registered as a securities dealer (or equivalent) under the Legislation in each of the Jurisdictions. The Filer is not in default of any requirements of the Legislation or any rules or regulations made thereunder. The registered head office of the Filer is 8th Floor, 320 Bay Street, Toronto, Ontario.

6. The Filer is a member of the Investment Dealers Association of Canada and The Toronto Stock Exchange (the "TSE").

7. Pursuant to an agreement (the "Agency Agreement") to be made between the Filer, National Bank Financial Inc., Merrill Lynch Canada Inc., BMO Nesbitt Burns Inc., Canaccord Capital Corporation, Groome Capital.com Inc. and Wellington West Capital Inc. (collectively, the "Agents" and individually, an "Agent") and the Issuer, the Issuer will appoint the Agents, as its agents, to offer the Units on a best efforts basis.

8. Pursuant to the Agency Agreement, the Agents will be entitled to receive an aggregate fee (the "Agency Fee") of $7.50 for each Unit sold, with $5.00 per Unit being ultimately paid to dealers (Agents and selling group members) based on the numbers of Units sold through them.

9. Pursuant to an agreement between the Agents, the management fee portion of the Agents' Fees will be divided among the Agents as follows:

Agents	Percentage of management fees
Dundee Securities Corporation	25%
National Bank Financial Inc.	25%
Merrill Lynch Canada Inc.	15%
BMO Nesbitt Burns Inc.	15%
Canaccord Capital Corporation	7.5%
Groome Capital.Com Inc.	7.5%
Wellington West Capital Inc.	5%

10. With the exception of the Filer, each of the remaining Agents (the "Independent Underwriters") is an independent underwriter as defined in draft Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (the "Proposed Instrument") with respect to the Offering.

11. The Issuer is not a "related issuer" or "connected issuer" (as those terms are defined in the Proposed Instrument) of any of the Independent Underwriters.

12. The general partner of the Issuer, Dynamic CMP Funds II Management Inc. (the "General Partner"), is an affiliate of the Filer by virtue of the fact that both the General Partner and the Filer are wholly-owned subsidiaries of Dundee Wealth Management Inc. By reason of this relationship, the Issuer may be considered a related issuer (or the equivalent) of the Filer and may be considered a connected issuer (or the equivalent) of the Filer.

13. The Agents will receive no benefit under the Offering other than the payment of their fees in connection with the Offering.

14. The nature and details of the relationship between the Issuer and the Filer is described in the Preliminary Prospectus and will be described in the Prospectus. The Prospectus will contain the information specified in Appendix "C" of the Proposed Instrument.

15. The decision to issue the Units, including the determination of the terms of such distribution, has been made through negotiations between the Issuer and the Agents.

16. Pursuant to the Agency Agreement, an Independent Underwriter, National Bank Financial Inc., will receive a portion of the total management fees equal to an amount not less than 20 percent of the total management fees for the distribution.

17. The Independent Underwriters have participated and will continue to participate in the due diligence relating to the Offering and have participated in the structuring and pricing of the offering of the Units.

18. The certificate in each of the Preliminary Prospectus and the Prospectus will be signed by the Agents, including each of the Independent Underwriters.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filer in connection with the Offering provided that:

(i) the Independent Underwriters participate in the offering as stated in paragraphs 16 & 17 above; and

(ii) the relationship between the Issuer and the Filer is disclosed in the Prospectus.

November 1, 2000.

"Morley P. Carscallen" "Robert W. Davis"

2.1.4 Marshall-Barwick Inc., Marshall-Barwick Properties Inc. and Robert Mitchell Inc. – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - In connection with takeover bid, relief from the prohibition on collateral agreements with respect to consulting agreement where agreement is commercially reasonable, negotiated at arm's length and entered into with a view to facilitating the operations of the target company rather than providing greater consideration for principal shareholder's target shares - proposed agreement consistent with industry practice and provides incentive for principal of target company to assist with transition to new ownership - terms of proposed agreement substantially similar to current employment arrangements.

Applicable Ontario Statute

Securities Act, R.S.O. 1990 c. S.5, as am., ss. 97(2), 104(2)(a).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ONTARIO AND QUEBEC

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF MARSHALL-BARWICK INC., MARSHALL-BARWICK PROPERTIES INC. AND ROBERT MITCHELL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Quebec (collectively, the "Jurisdictions") has received an application from Marshall-Barwick Inc. ("Marshall-Barwick") and Marshall-Barwick Properties Inc.(the "Offeror") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the offer by the Offeror (the "Offer") for all of the issued and outstanding Class "A" Shares and Class "B" Shares (collectively, the "Shares") of Robert Mitchell Inc. ("Robert Mitchell") in exchange for cash consideration, the proposed consulting agreement hereinafter described (the "Consulting Agreement") between George Holland ("Holland") and Robert Mitchell is being made for reasons other than to increase the value of the consideration paid to Holland for Shares of Robert Mitchell beneficially owned or controlled by him and that the Consulting Agreement may be entered into notwithstanding the Legislation;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission ("OSC") is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Marshall-Barwick was continued under the *Canada Business Corporations Act* (the "CBCA"). It is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec and its common shares are listed and posted for trading on the Montreal Exchange. The registered office of Marshall-Barwick is located in Toronto, Ontario.

2. Marshall-Barwick is engaged, directly and indirectly, in the business of steel fabrication, with three areas of activity: (a) fabrication, erection and distribution of structural steel; (b) fabrication of stainless steel pipe fittings; and (c) manufacture of tank heads.

3. Robert Mitchell is a corporation incorporated under the CBCA. It is a reporting issuer in the Provinces of Ontario and Quebec.

4. Robert Mitchell, through its divisions and subsidiaries, manufactures and distributes a wide range of metal products for clients in various industries such as pulp and paper. It operates plants in Canada and the United States and one of its subsidiaries is a warehousing distribution of pipe, valves and fittings.

5. The authorized capital of Robert Mitchell consists of an unlimited number of Class "A" Shares and Class "B" Shares of which, based on information provided by the transfer agent of Robert Mitchell, 37,698 Class "A" Shares and 2,280,562 Class "B" Shares were outstanding as at September 26, 2000, the day before the announcement of the Offer. The Shares are listed and posted for trading on the Toronto Stock Exchange.

6. As of the date hereof, Marshall-Barwick owns 357,480 Class "B" Shares in the capital of Robert Mitchell representing approximately 15.7% of the outstanding Class "B" Shares.

7. The Offeror was incorporated under the laws of Canada on November 8, 1995 as a wholly-owned subsidiary of Marshall-Barwick. The Offeror has engaged in no significant activities to date other than those relating to making the Offer. The Offeror's primary asset will be the Shares, if any, it acquires pursuant to the Offer and any subsequent compulsory acquisition of Shares or going private transaction.

8. The Offer has been made by way of a take-over bid circular prepared in accordance with applicable securities laws. The price offered for each Share is $11.00 in cash. The Offer was mailed to shareholders of Robert Mitchell on October 5, 2000 and is open for acceptance until 5:00 p.m. (Toronto time) on October 27, 2000 (the "Expiry Time") unless extended or withdrawn.

9. The Offer is conditional upon, among other things, there being validly deposited under the Offer and not

withdrawn at the Expiry Time at least 66 2/3 % of the outstanding Class "A" Shares and 66 2/3 % of the outstanding Class "B" Shares.

10. If Offeror acquires not less than 90% of the Class A Shares and Class B Shares (including the Principal Shares described below), it intends to carry out a compulsory acquisition pursuant to section 206 of the CBCA, or, if such statutory right of acquisition is not available, such other amalgamation, statutory arrangement or other transaction involving Robert Mitchell that is a "going private transaction" (as defined in the CBCA).

11. The Estate of the Late Joan M. Harris, Geohol Investments Inc. and Estajohol Investments Inc. (collectively, the "Principal Shareholders") each own 23,928 Class "B" Shares, 667,235 Class "B" Shares and 479,091 Class "B" Shares, respectively, representing approximately 51% of the outstanding Class "B" Shares (the "Principal Shares"). The consideration for the Principal Shares to be received by the Principal Shareholders under the Offer, upon take-up, will be $12,872,794.

12. On September 27, 2000, the Principal Shareholders entered into a lock-up agreement (the "Lock-up Agreement") with the Offeror and Marshall-Barwick pursuant to which the Principal Shareholders agreed to deposit the Principal Shares under the Offer.

13. Holland, the current Chairman of the Board, President and Chief Executive Officer of Robert Mitchell, indirectly exercises control or direction over the Principal Shares. Holland controls Geohol Investments Inc. and Estajohol Investments Inc. and is the trustee under the trust created by the Estate of the Late Joan M. Harris.

14. Holland has been a director of Robert Mitchell since 1962 and the Chairman of the Board, President and Chief Executive Officer of Robert Mitchell since February 22, 1974.

15. The principal terms of the existing employment arrangements between Holland and Robert Mitchell are as follows:

    (a) Holland is, subject to the supervision and control of Robert Mitchell's board of directors, responsible for the administration and operation of Robert Mitchell and its subsidiaries and affiliated companies.

    (b) Holland's annual remuneration is to be at least $230,550 and he also continues to receive a pension payment of $55,250 per annum.

    (c) Holland can participate in any available health, long-term disability, death benefit and other insurance plans and benefits.

    (d) Holland can use a company car and is reimbursed for certain reasonable expenses, including golf expenses and four National Hockey League season tickets.

    (e) Upon the expiry of his employment, Holland will be paid a lifetime, indexed, supplementary retirement allowance. Upon Holland's death, his spouse would receive one-half of the retirement allowance payable to Holland.

16. Pursuant to the terms of the Consulting Agreement, Holland will voluntarily terminate his employment as Chairman of the Board, Chief Executive Officer and President of Robert Mitchell, and Robert Mitchell will employ Holland as a consultant for a term of 2 years at the same base salary with similar allowances and benefits that Holland was entitled to prior to such termination. The main differences between the terms of the Consulting Agreement and the existing employment arrangements described in paragraph 13 above are as follows:

    (a) The Consulting Agreement is for a two-year term.

    (b) Holland's duties will be those duties that are usually performed by consultants.

    (c) The pension payment will not be payable during the term of the Consulting Agreement but will commence upon its termination.

    (d) No retirement allowance will be payable.

17. The Consulting Agreement is primarily for the purpose of ensuring management continuity and is in keeping with industry practise. Holland has been an integral part of the successful development of the Robert Mitchell business and has substantial and valuable experience and expertise in the manufacture and distribution of a wide range of metal products. Holland's continued employment will reassure Robert Mitchell's employees, customers and suppliers and will allow a smooth transition for the new ownership.

18. The compensation provided in the Consulting Agreement is reasonable in light of the services to be rendered to Robert Mitchell by Holland and is consistent with current market conditions.

19. The Consulting Agreement has been negotiated with Holland at arm's length and is made on commercially reasonable terms and conditions that are consistent with Holland's current employment arrangements with Robert Mitchell.

20. The Consulting Agreement is being made for valid business purposes unrelated to Holland's control over the Principal Shares and not for the purpose of providing Holland with greater consideration for the Principal Shares than the consideration to be paid to other Robert Mitchell shareholders for their Shares.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Consulting Agreement will be made for reasons other than to increase the value of the consideration paid to Holland for the Shares owned beneficially or controlled by Holland and that the Consulting Agreement may be entered into notwithstanding the Legislation.

October 27, 2000.

"Robert W. Davis" "J. F. Howard

2.1.5 CT Investment Counsel (U.S) INC. – MRRS Decision

Headnote

Investment advisor registered as such under U.S. securities laws but operating out of Ontario is exempt from the registration requirement of the Act in connection with providing securities-related advisory services to clients that are resident in the U.S. - investment counselors employed by and registered under sponsorship of Ontario-registered investment advisor, which is an affiliate of the U.S.-registered investment advisor, are also exempt from the same registration requirement, in connection with providing securities-related advisory services to U.S.-resident clients on behalf of the U.S.-registered investment advisor - both exemptions subject to specified conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c. S.5, as am., ss. 25(1)(c) & 74(1).

U.S. Investment Advisors Act of 1940, s. 203.

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, NOVA SCOTIA, NEWFOUNDLAND, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NORTHWEST TERRITORIES, AND YUKON TERRITORY

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND
IN THE MATTER OF CT INVESTMENT COUNSEL (U.S.) INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Prince Edward Island, Northwest Territories, and Yukon Territory (the "Jurisdictions") received an application from CT Investment Counsel (U.S.) Inc. ("CTIC") and TD Asset Management Inc. ("TDAM") (collectively the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that CTIC and certain individuals who engage in securities-related advisory activities on behalf CTIC are not subject to the following requirement (the "Applicable Requirement") contained in the Legislation:

> no person or company shall act as an advisor unless the person or company is registered as an advisor, or is registered as a partner or officer of a registered advisor and is acting on behalf of the advisor, and the registration has been made in accordance with the Legislation and the person or company has received

written notice of such registration and, where the registration is subject to terms and conditions, the person or company complies with such terms and conditions;

AND WHEREAS, pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Applicants have represented to the Decision Makers as follows:

1. CTIC is a corporation duly incorporated under the laws of Canada. It is a wholly-owned subsidiary of CT Financial Services Inc. ("CTFS") and an indirect subsidiary of The Toronto-Dominion Bank. CTFS has its head office in Ontario.

2. TDAM is a corporation formed from the amalgamation of CT Investment Management Group Inc. and TD Asset Management Inc. on September 30, 2000. TDAM is registered under the Legislation as an adviser in the categories of investment counsel and portfolio manager.

3. Neither CTIC nor TDAM is a reporting issuer under the Legislation of each Jurisdiction.

4. CTIC was established as a vehicle to provide financial advice to clients who are resident in the United States (the "U.S. Clients").

5. CTIC is registered as an investment advisor under section 203 of the *United States Investment Advisors Act of 1940* to carry on the business of an advisor in the United States ("U.S.").

6. Investment counselors employed by TDAM, who are registered in the appropriate advisor category under the Legislation of each relevant Jurisdiction (the "TDAM Registrants"), will act on behalf of CTIC from time to time out of the offices of either CTIC or TDAM that are located in the relevant Jurisdictions, in respect of advising U.S. Clients.

7. The U.S. Clients of CTIC will include clients of TDAM and its affiliates who have left Canada and are currently U.S. residents. They will also include U.S. residents who are neither former Canadian residents nor former clients of TDAM or its affiliates.

8. Initially, each potential U.S. Client of CTIC will be identified from a review of the TDAM records and will be asked to enter into a new advisory agreement with CTIC. Written disclosure will be provided indicating that the U.S. Client is no longer under the responsibility of TDAM. The U.S. Client will also receive the Form ADV, a form mandated under applicable U.S. securities laws, which explains the relationship between CTIC and TDAM. TDAM Registrants who are acting or will act in an advisory capacity on behalf of CTIC will have business cards and letterhead which will identify them to the U.S. Clients as working on behalf of CTIC.

9. The investment counselors who will act on behalf of CTIC will be the TDAM Registrants. Such registrants may, at the same time, carry on advisory activities on behalf of TDAM and its affiliates, in respect of clients who are resident in the relevant Jurisdictions.

10. Neither CTIC nor any individual acting on its behalf who is not registered under the Legislation of each relevant Jurisdiction will at any time advise clients resident in such Jurisdiction. U.S. Clients will be advised at the time they enter into an advisory agreement with CTIC (and periodically thereafter) that, if they return to Canada, their accounts must be transferred to TDAM or any other adviser registered under the Legislation of each relevant Jurisdiction.

11. All TDAM Registrants acting on behalf of CTIC will comply with the registration and other requirements of applicable U.S. securities laws when advising U.S. Clients.

AND WHEREAS, pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirement does not apply to CTIC or the TDAM Registrants acting on its behalf in respect of advising U.S. Clients, provided that:

(a) CTIC and the TDAM Registrants acting on its behalf comply with the applicable registration and other requirements of U.S. securities laws; and

(b) neither CTIC nor any individual acting on its behalf who is not registered under the Legislation of each relevant Jurisdiction will at any time engage in securities-related advisory activities in respect of clients resident in such Jurisdiction.

October 27th, 2000.

"J.A. Geller" "Robert W. Korthals"

2.1.6 Alta Genetics Inc. –MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all its outstanding securities by another issuer pursuant to an arrangement except for preferred securities held by three U.S. residents.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O 1990, c.S.5. as am, s. 83

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN, ONTARIO, QUEBEC, NOVA SCOTIA, PRINCE EDWARD ISLAND AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF ALTA GENETICS INC.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Alta Genetics Inc. ("AGI" or the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the Filer be declared to be no longer a reporting issuer effective as of the date of this Order;

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** the Filer has represented to the Decision Makers that:

   3.1 AGI is a reporting issuer or equivalent thereof under the Legislation and has its head office in Balzac, Alberta;

   3.2 Alta Genetics Inc., a predecessor company to AGI (the "Predecessor Company") was formed on December 31, 1987 by the amalgamation of Western Breeders Services Ltd. and Alta Genetics Inc. pursuant to the Canada Business Corporations Act;

   3.3 on July 31, 2000 the Predecessor Company amalgamated with 3755649 Canada Inc. (the "Amalgamation") and continued as AGI;

   3.4 the authorized share capital of AGI consists of an unlimited number of common shares ("AGI Common Shares"), an unlimited number of class A preferred shares and an unlimited number of class B preferred shares ("AGI Class B Preferred Shares"), of which 100 AGI Common Shares and 68,864 AGI Class B Preferred Shares are currently issued and outstanding;

   3.5 as a result of the Amalgamation, Houdstermaatschappij Wilg B.V. became the sole shareholder of AGI Common Shares and all of the AGI Class B Preferred Shares are held by three individuals resident in the United States;

   3.6 there are no securities, including debt obligations, currently issued and outstanding other than the AGI Common Shares and the AGI Class B Preferred Shares;

   3.7 the AGI Common Shares were delisted from the Toronto Stock Exchange effective August 3, 2000 and no securities of AGI are listed or traded on any exchange or market in Canada or elsewhere;

   3.8 AGI does not intend to seek public financing by way of an issue of securities;

   3.9 other than failing to file its second quarter (June 30, 2000) financial statements, AGI is not in default of any of the requirements under the Legislation;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that the Filer is hereby declared to be no longer a reporting issuer effective as of the date of this Order.

DATED at Calgary, Alberta this 18th day of September, 2000.

"Patricia M. Johnston ",
Director, Legal Services & Policy Development

2.1.7 Primewest Royalty Corporation – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision declaring corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, NOVA SCOTIA, ONTARIO, QUEBEC AND SASKATCHEWAN

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF PRIMEWEST ROYALTY CORP., A SUCCESSOR TO RESERVE ROYALTY CORPORATION

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan (the "Jurisdictions") has received an application from PrimeWest Royalty Corp. ("PrimeWest") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that PrimeWest be deemed to have ceased to be a reporting issuer under the Legislation;

2. **AND WHEREAS** pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. **AND WHEREAS** PrimeWest has represented to the Decision Makers that:

   3.1 PrimeWest's principal office and registered office are located in Calgary, Alberta;

   3.2 PrimeWest was originally incorporated on June 20, 2000, under the provisions of the Business Corporations Act (Alberta) (the "ABCA"). PrimeWest became a reporting issuer in each of the Jurisdictions on July 27, 2000 by means of an amalgamation under the provisions of the ABCA with Reserve Royalty Corporation ("Reserve Royalty"), which was a reporting issuer in each of the Jurisdictions;

   3.3 Reserve Royalty was originally formed on January 1, 1996, by means of an amalgamation under the provisions of the Canada Business Corporations Act (the "CBCA") and was then continued under the provisions of the ABCA on July 27, 2000;

   3.4 prior to the amalgamation with PrimeWest, the authorized capital of Reserve Royalty consisted of: Common Shares in an unlimited number; First Preferred Shares, issuable in series in an unlimited number; First Preferred Shares, Series A, limited to 242,500 shares; Second Preferred Shares, issuable in series in an unlimited number and Third Preferred Shares, issuable in series in an unlimited number; of which 102,462,401 Common Shares were issued and outstanding;

   3.5 pursuant to an Offer to Purchase which expired on July 26, 2000, and a subsequent compulsory acquisition under the provisions of the CBCA, PrimeWest became the holder of all of the issued and outstanding Common Shares, and then amalgamated with Reserve Royalty;

   3.6 upon completion of the amalgamation on July 27, 2000, the Common Shares of Reserve Royalty were canceled;

   3.7 PrimeWest is authorized to issue an unlimited number of common shares, of which 100 are issued and outstanding, and are held by PrimeWest Energy Inc. PrimeWest has no other securities, including debt obligations, currently issued and outstanding to the Public;

   3.8 the Common Shares of Reserve Royalty were delisted from the Toronto Stock Exchange at the close of business on July 28, 2000, and there are no securities of PrimeWest or Reserve Royalty listed on any stock exchange or traded over the counter in Canada or elsewhere;

   3.9 PrimeWest does not intend to seek public financing by way of an offering of securities;

   3.10 PrimeWest is not in default of any of its obligations as a reporting issuer under the Legislation;

4. **AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. **AND WHEREAS** each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. **THE DECISION** of the Decision Makers under the Legislation is that PrimeWest is deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation effective as of the date of this Decision Document.

DATED at Calgary, Alberta this 18th day of September, 2000.

"Patricia M. Johnston",
Director, Legal Services & Policy Development

2.1.8 Prime Credit Money Market Fund et al – MRRS Decision

Headnote

MRRS for Exemptive Relief Applications - Extension of lapse date to permit the renewal prospectus of certain mutual funds to reflect results of corresponding NI 81-102 exemptive relief application.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss 62(1), 62(2) and 62(5).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NOVA SCOTIA, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NEWFOUNDLAND, NORTHWEST TERRITORIES AND YUKON TERRITORY

AND
IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
PRIME CREDIT MONEY MARKET FUND
CANADIAN FIXED INCOME FUND
CANADIAN EQUITY FUND
U.S. LARGE COMPANY EQUITY FUND
U.S. SMALL COMPANY EQUITY FUND
EAFE EQUITY FUND
EMERGING MARKETS EQUITY FUND
GLOBAL BOND FUND
ENHANCED GLOBAL BOND FUND
S&P 500 SYNTHETIC INDEX FUND
INTERNATIONAL SYNTHETIC INDEX FUND
(the "Funds")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland, the Northwest Territories and the Yukon Territory (the "Jurisdictions") has received an application from SEI Investments Canada Company (the "Manager") and the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time limits prescribed by the Legislation for filing the pro forma prospectus and final simplified prospectus for the Funds (the "Renewal Prospectus"), and the receipting thereof, be extended to the time periods that would be applicable if the lapse date for the distribution of the units of each series of each Fund was November 20, 2000;

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS it has been represented by the Manager to the Decision Makers that:

1. The Manager is a corporation incorporated under the laws of Canada with its head office located in the Province of Ontario. The Manager is the manager and promoter of each Fund.

2. Each Fund is an unincorporated open-end mutual fund trust created under the laws of the Province of Ontario by a trust agreement.

3. Each Fund is a reporting issuer in the Jurisdictions and is not in default of any requirements of the Legislation or the rules or regulations made thereunder.

4. Units of the three series of each Fund are qualified for distribution on a continuous bases in each Jurisdiction pursuant to a simplified prospectus and annual information form dated August 27, 1999, as amended and restated by an amended and restated simplified prospectus and annual information form dated March 20, 2000 and Amendment No. 2 to the said prospectus and annual information form dated August 29, 2000 (collectively, the "Prospectus").

5. Further to an MRRS Decision Document dated August 8, 2000, the lapse date for the Prospectus of the Funds in the Jurisdictions was extended to October 31, 2000 (the "Lapse Date").

6. The Renewal Prospectus (excluding the French language version) was filed in the Jurisdictions on October 12, 2000. The French language version of the Renewal Prospectus was filed in the Jurisdictions on October 20, 2000.

7. The Enhanced Global Bond Fund, being one of the Funds included in the Renewal Prospectus, has submitted an application dated October 16, 2000, to the Decision Makers for exemptive relief from certain of the requirements of National Instrument 81-102 Mutual Funds ("NI 81-102). Such exemptive relief is necessary for the Enhanced Global Bond Fund to continue to carry out its fundamental investment objectives.

8. An extension of the Lapse Date for the Prospectus of the Funds will enable the Manager to reflect the determination of the NI 81-102 application discussed in paragraph 7 above in the Renewal Prospectus, rather than by a subsequent amendment filed by separate document after the issuance of the receipt for the Renewal Prospectus.

AND WHEREAS pursuant to the System this Decision Document evidences the decision of each Decision Maker (the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits prescribed by the Legislation for filing the Renewal Prospectus for the Funds, and the receipting thereof, be extended to the time periods that would be applicable if the Lapse Date for the distribution of the units of each series of each Fund was November 20, 2000.

October 31st, 2000.

"Paul A. Dempsey"

2.1.9 Primewest Energy Trust – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Certain registrants underwriting a proposed distribution of trust units by an issuer exempt from clause 224(1)(b) of the Regulation where the issuer is a connected issuer, but not a related issuer, of such registrants.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b) and 233.

Rules Cited

Proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (1998), 21 O.S.C.B. 781, as amended, (1999), 22 O.S.C.B. 149.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA,
ONTARIO, QUEBEC AND
NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF CIBC WORLD MARKETS INC.
AND SCOTIA CAPITAL INC.

AND

IN THE MATTER OF PRIMEWEST ENERGY TRUST

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario, Québec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc., for and on behalf of itself and Scotia Capital Inc. (the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that to comply with the rule against acting as an underwriter in connection with a distribution of securities of a related issuer or a connected issuer of that underwriter (the "Independent Underwriter Requirements") shall not apply to the Applicants in connection with a proposed distribution (the "Offering") of trust units of PrimeWest Energy Trust (the "Trust") to be made by means of a short form prospectus (the "Prospectus");

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS the Applicant has represented to the Decision Makers that:

   3.1 the Trust is an open-end investment trust established under the laws of Alberta pursuant to a declaration of trust dated August 2, 1996;

   3.2 the Trust's principle asset is a royalty in certain petroleum and natural gas properties owned by PrimeWest Energy Inc. ("Prime West") and its subsidiaries. That royalty entitles the Trust to receive 99% of the net cash flow generated by those properties, after certain costs and deductions;

   3.3 the Trust is authorized to issue an unlimited number of transferable, redeemable trust units (the "Trust Units"). Each Trust Unit represents an equal fractional undivided beneficial interest in the net assets of the Trust, and entitles its holder to one vote at meetings of unitholders of the Trust and to participate equally with respect to any and all distributions made by the Trust, including distributions of net income and net realized capital gains, if any;

   3.4 the Trust became a reporting issuer under the securities legislation in each of the provinces of Canada which has such a concept when it obtained a receipt pursuant to such legislation for its prospectus dated October 3, 1996. As of the date hereof, the Trust continues to be a reporting issuer under such legislation and does not appear on the list of reporting issuers in default maintained by the securities regulatory authorities in each province;

   3.5 the Trust Units of the Trust are listed and posted for trading on The Toronto Stock Exchange;

   3.6 the Trust and PrimeWest have a revolving credit facility to a maximum of $125,000,000 (the "Credit Facility") under which the lenders are Canadian Imperial Bank of Commerce ("CIBC") and The Bank of Nova Scotia ("BNS" and, collectively with CIBC, the "Banks"). As well, the Trust, through PrimeWest Royal Corp. (the "PrimeWest Royalty"), a wholly-owned subsidiary of PrimeWest, acquired all of the outstanding shares of Reserve Royalty Corporation ("Reserve Royalty") in July, 2000. As a result of that acquisition, PrimeWest Royalty assumed the obligations of Reserve Royalty under its credit facility (the "Reserve Royalty Credit Facility" and, collectively with the Credit Facility, the "Credit Facilities"). BNS is the lender under the Reserve Royalty Credit Facility. The maximum amount available under the Reserve Royalty Credit Facility is $36,000,000;

   3.7 CIBC World Markets Inc., one of the Applicants, is a wholly-owned subsidiary of CIBC and Scotia

Capital Inc., the other Applicant, is a wholly-owned subsidiary of BNS;

3.8 by virtue of the Credit Facilities owed to the Banks, the Trust may, in connection with the Offering, be considered a "connected issuer" of the Applicants and the Applicants may not be considered to be "independent underwriters" as such terms are defined in the Legislation;

3.9 the revolving phase of the Credit Facility is subject to an annual review. At the time of the annual review, the revolving phase may be extended, at the Bank's option, for a further 365 days. If the Banks revert the revolving facility to a non-revolving facility, the amounts outstanding under the facility become repayable in ten (10) equal semi-annual instalments commencing six (6) months from the maturity date of the revolving facility. The cost of funds borrowed under the Credit Facility is calculated by reference to CIBC's Prime Rate or United States Base Rate or a specified adjusted interbank deposit rate, stamping fee or discount rate, depending on the form of borrowing. Security for amounts outstanding is provided by a floating charge oil and gas debenture over all of the present and after-acquired assets of PrimeWest;

3.10 as at June 30, 2000, there was $80,000,000 outstanding under the Credit Facility;

3.11 as at March 31, 2000, there was $27,825,000 outstanding under the Royal Reserve Credit Facility. PrimeWest expects to consolidate the Reserve Royalty Credit Facility into the Credit Facility in the near future;

3.12 PrimeWest proposes to do an Offering of Trust Units and intends to file a preliminary short-form prospectus (the "Preliminary Prospectus") shortly and a final short-form prospectus (the "Prospectus") as soon as possible thereafter with the Commission and each of the provinces of Canada to qualify the Offering of Trust Units;

3.13 PrimeWest anticipates that the Offering would be effected on a "bought deal" basis and that the Applicants would be included in the underwriting syndicate for the Offering;

3.14 PrimeWest will ensure that one independent underwriter (the "Independent Underwriter") will underwrite at least 20% of the number of Trust Units offered pursuant to the Offering. That independent underwriter will participate in the pricing of the Offering and in the due diligence activities performed by the underwriters for the Offering, and will sign the prospectus certificate required by securities legislation in the Participating Jurisdictions;

3.15 PrimeWest also anticipates that the proceeds of the Offering will be used to reduce the indebtedness of the Trust, PrimeWest and PrimeWest Royalty under the Credit Facilities;

3.16 as a result of the foregoing, the underwriting syndicate for the Offering may not meet the requirements for certain minimum proportions of the distribution to be underwritten by independent registrants, as set forth under the applicable securities laws in each of the Participating Jurisdictions;

3.17 the Prospectus for the Offering will contain the information specified in Appendix C to MJI 33-105, including:

3.17.1 a statement on the front page of the Prospectus in bold type naming the Applicants and that the Trust is a connected issuer of the Applicants on the basis that the Applicants are wholly-owned subsidiaries of the Banks;

3.17.2 a statement on the front page of the Prospectus referring prospective investors to a section in the body of the prospectus entitled "Relationship Among The Trust, PrimeWest and Certain Underwriters" where further information concerning the relationship between the Trust and the Applicants is provided;

3.17.3 a statement in a section in the body of the Prospectus entitled "Relationship Among The Trust, PrimeWest and Certain Underwriters" naming the Applicants and that the Trust is a connected issuer of the Applicants on the basis that the Applicants are wholly-owned subsidiaries of the Banks;

3.17.4 the amount of the indebtedness under the Credit Facility, that the Trust and PrimeWest are in compliance with the terms of the credit agreement governing the Credit Facility, the fact that no related issuer has waived a breach of the credit agreement since its execution, a description of the security for the indebtedness under the Credit Facility, and that neither the financial position of the Trust and PrimeWest nor the value of the security has changed since the indebtedness under the Credit Facility was incurred;

3.17.5 similar disclosure to that described in paragraph (d) above in respect of the Reserve Royalty Credit Facility; and

3.17.6 disclosure to the effect that "the decision to distribute the Trust Units and the determination of the terms of the distribution were made through negotiations primarily between PrimeWest Management Inc., on behalf

of the Trust, and CIBC World Markets Inc. on its own behalf and on behalf of the remaining underwriters. The Banks did not have any involvement in such decision or determination, but have been advised of the issuance and the terms thereof. As a consequence of this issuance, each of CIBC World Markets Inc. and Scotia Capital Inc. will receive its share of the underwriter's fee";

3.18 the Trust is not a "related issuer" as defined in MJI 33-105;

3.19 the Trust is not a "specified party" as defined in MJI 33-105;

3.20 the Banks did not participate in the decision to make the Offering nor in the determination of the terms of the distribution or the use of proceeds thereof. The Independent Underwriter has and will participate in the drafting and preparation of the Preliminary Prospectus and Prospectus including the structuring and pricing of the Offering, and in the due diligence activities associated with the Offering;

3.21 the certificate in the Preliminary Prospectus and the certificate in the Prospectus will be signed by each of the Applicants and the Independent Underwriter as required by Legislation;

3.22 neither the Applicants nor the Independent Underwriter will receive any benefits from the Offering except for the payment of their underwriting fees in connection with the Offering;

3.23 each of the Applicants and the Independent Underwriter are and will be, at the time of final receipt of the Prospectus, registered as a dealer in the categories of "broker" and "investment dealer" under the securities legislation in all provinces and territories; and

3.24 the Trust is not in financial difficulty, is not under any immediate financial pressure to proceed with the Offering and is not in default in any of its obligations;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the pursuant to the Legislation is that the Independent Underwriter Requirements shall not apply to the Applicants in connection with the Offering, provided that:

(i) the Offering is made under a prospectus which contains the information specified in Appendix C to MJI 33-105;

(ii) the Trust is not a related issuer of any member of the underwriting syndicate for the Offering; and

(iii) the Trust is not a specified party.

DATED at Calgary, Alberta this 14th day of September, 2000.

"Glenda A. Campbell", Vice-Chair

"Walter B. O'Donoghue, Q.C.", Member

2.1.10 Franklin Resources, Inc. et al – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - employment and consulting agreements between offeror and certain key employees and executives of offeree made for for reasons other than to increase the value of the consideration paid to the key employees and executives and may be entered into despite the prohibition on collateral agreements in the Legislation.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 97 and 104(2)(a)

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA, MANITOBA, ONTARIO, SASKATCHEWAN, QUEBEC, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF FRANKLIN RESOURCES, INC., FTI ACQUISITION INC. AND BISSETT & ASSOCIATES INVESTMENT MANAGEMENT LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Franklin Resources, Inc. ("Franklin") and FTI Acquisition Inc. ("FTI") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with FTI's offer (the "Offer") to purchase all of the issued and outstanding common shares (the "Shares") of Bissett & Associates Investment Management Ltd. ("Bissett"), the employment agreements (the "New Employment Agreements") that Franklin's affiliate, Templeton Management Limited ("Templeton"), has entered into with Kevin W. Wolfe ("Wolfe"), Frederick E. Pynn ("Pynn"), Michael A. Quinn ("Quinn") and Nancy G. Lazar ("Lazar" and, collectively with Wolfe, Pynn and Quinn, the "Employees") and the consulting agreement (the "Consulting Agreement") that Templeton has entered into with David Bissett have been made for reasons other than to increase the value of the consideration paid to the Employees and David Bissett (collectively, the "Individuals") for their Shares and may be entered into despite the provisions in the Legislation that prohibit an offeror who makes or intends to make a take-over bid and any person acting jointly or in concert with the offeror from entering into any collateral agreement, commitment or understanding with any holder or beneficial owner of securities of the offeree issuer that has the effect of providing to the holder or owner a consideration of greater value than that offered to other holders of the same class of securities (the "Prohibition on Collateral Agreements");

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS the Filer has represented to the Decision Makers that:

   3.1 Franklin is a corporation organized under the laws of the State of Delaware;

   3.2 FTI is a wholly-owned subsidiary of Franklin incorporated under the laws of Ontario for the purpose of making the Offer;

   3.3 Bissett is an investment management company continued under the *Business Corporations Act* (Alberta);

   3.4 the authorized capital of Bissett consists of an unlimited number of Shares, an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, of which there were 6,948,750 Shares outstanding as at July 26, 2000. The Shares are listed and posted for trading on The Toronto Stock Exchange;

   3.5 David Bissett is Chairman of Bissett's board of directors. He beneficially owns, directly or indirectly, or exercises control or direction over 1,945,100 Common Shares representing approximately 28% of the class;

   3.6 Wolfe is Bissett's President and Chief Executive Officer. Wolfe beneficially owns, directly or indirectly, or exercises control or direction over 502,794 Common Shares representing approximately 7.2% of the class;

   3.7 Pynn is a Vice President and Senior Portfolio Manager of Bissett. Pynn beneficially owns, directly or indirectly, or exercises control or direction over 502,030 Common Shares representing approximately 7.2% of the class;

   3.8 Quinn is a Vice President and Senior Portfolio Manager of Bissett. Quinn beneficially owns, directly or indirectly, or exercises control or direction over 555,000 Common Shares representing approximately 8% of the class;

3.9 Lazar is a Vice President and Senior Portfolio Manager of Bissett. Lazar beneficially owns, directly or indirectly, or exercises control or direction over 531,160 Common Shares representing approximately 7.6% of the class;

3.10 pursuant to an acquisition agreement dated July 26, 2000 among Franklin, FTI and Bissett (the "Acquisition Agreement"), Franklin agreed to make an offer to acquire the Shares on the basis of $20.50 cash plus a special dividend of $0.48 cash per Share;

3.11 pursuant to lock-up agreements dated July 26, 2000 (the "Lock-up Agreements") between Franklin and, among others, each of the Individuals, the Individuals agreed to deposit under the Offer and, except in certain circumstances, not withdraw, Shares beneficially owned or controlled by them;

3.12 pursuant to an escrow agreement dated August 4, 2000 (the "Escrow Agreement") among Franklin, Montreal Trust Company of Canada (the "Escrow Agent"), Belmont Capital Management Ltd. ("Belmont"), a company controlled by David Bissett, 571770 Alberta Ltd. ("571770"), a company controlled by Pynn, Quinn and Lazar, and 604478 Alberta Ltd. ("604478" and, collectively with Belmont and 571770, the "Principal Shareholders"), a company controlled by Wolfe, each of the Principal Shareholders agreed to deliver to the Escrow Agent 30% of the aggregate purchase price (the "Escrowed Amount") to be received for their Shares, to be held and applied in accordance with the Escrow Agreement's terms. Subject to certain conditions, the Escrowed Amount will be released in specified amounts on each of the 18 month, second, third, fourth and fifth anniversaries of the Escrow Agreement;

3.13 the Offer was made on August 11, 2000 and is scheduled to expire, unless extended, on October 2, 2000. The Offer is conditional on, among other things, there being validly deposited under the Offer and not withdrawn at the expiry time at least 67.43% of the Shares (calculated on a fully diluted basis);

3.14 the principal terms of the existing employment arrangements between Bissett and each of the Employees are as follows:

3.14.1 for each of the fiscal years ended December 31, 1998 and 1999, Wolfe was entitled to a base salary of $180,000 and a bonus of $300,000;

3.14.2 for each of the fiscal years ended December 31, 1998 and 1999, Pynn was entitled to a base salary of $180,000 and a bonus of $300,000;

3.14.3 for each of the fiscal years ended December 31, 1998 and 1999, Quinn was entitled to a base salary of $180,000 and a bonus of $300,000;

3.14.4 for the fiscal year ended December 31, 1999, Lazar was entitled to a base salary of $135,000 ($180,000 in 1998) and a bonus of $180,000 ($180,000 in 1998);

3.14.5 there are no provisions relating to termination or change of control payments;

3.14.6 none of the Employees is a party to a non-competition or non-solicitation covenant granted in favour of Bissett.

3.15 the New Employment Agreements take effect only if Bissett is acquired by FTI and have the following material features:

3.15.1 the New Employment Agreements with Pynn, Quinn and Wolfe are for an initial term of four years unless terminated by Templeton on the expiration of the third anniversary of the New Employment Agreement. Pynn, Quinn and Wolfe are entitled to the same level of base salary and bonus that each received from Bissett for the fiscal years ended December 31, 1998 and 1999;

3.15.2 the New Employment Agreement with Lazar is for an initial term expiring on June 30, 2001 and provides Bissett with the option of retaining her services on an independent consulting basis for an additional one year term. For the fiscal year ended December 31, 2000, Lazar will be entitled to receive a base salary of $144,000, and a bonus of $240,000;

3.15.3 the New Employment Agreements provide that each of the Employees other than Lazar will be granted options to purchase 40,000 common shares of Franklin (the "Options"), which Options shall vest as to one quarter per year for a four year period commencing on or about September 30, 2001 at an exercise price determined in accordance with Franklin's stock option plan (the "SOP"). Pursuant to the SOP, the exercise price for an Option shall be based on the market price of common shares of Franklin one year prior to the vesting date;

3.15.4 the New Employment Agreements include confidentiality provisions and non-solicitation and non-competition covenants whereby during the term of the Employee's employment and for a period of two years thereafter the Employee

cannot compete with Bissett or solicit any of Bissett's clients;

3.16 the Consulting Agreement, which takes effect only if Bissett is acquired by FTI, has the following material terms:

3.16.1 the Consulting Agreement has a five-year term and provides that David Bissett shall provide client and dealer relations, communications and other services (the "Services") as Bissett may direct from time to time;

3.16.2 during the term of the Consulting Agreement and for a period of five years thereafter, David Bissett may not compete with, or solicit any business or clients of, Bissett or any of its affiliates (the "Covenants");

3.16.3 during the term of the Consulting Agreement, David Bissett may perform other services for third parties, provided that such activities do not interfere with the timely and efficient performance of the Services for Bissett and such activities are not otherwise in violation of the Consulting Agreement;

3.16.4 in consideration for agreeing to make his services available to Bissett upon request and in consideration for entering into the Covenants, David Bissett shall be entitled to receive a monthly fee of $5,000, regardless of whether he provides any services to Bissett;

3.17 Franklin believes that its ability to retain the Individuals was critical to its decision to make the Offer, since the Individuals have played an integral role in successfully developing Bissett's business and have substantial and valuable experience and expertise in the mutual fund industry. The purpose of the Agreements is to ensure the Individuals' continued participation in the successful management and development of Bissett's business and its integration with Franklin's operations following completion of the Offer;

3.18 the New Employment Agreements and the Consulting Agreement have been negotiated with the Individuals at arm's length and have been made on commercially reasonable terms and conditions that are consistent with the Individuals' prior employment or service. The granting of the Options pursuant to the New Employment Agreements is consistent with Franklin's intention to grant Options to a broader group of key Bissett employees;

3.19 the New Employment Agreements and the Consulting Agreement have been entered into for valid business reasons unrelated to the Individuals' beneficial ownership of Shares and not for the purpose of conferring an economic or collateral benefit on the Individuals that the other shareholders do not enjoy, and are being made for reasons other than to increase the value of the consideration to be paid to the Individuals pursuant to the Offer for their Shares.

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers in the Jurisdictions pursuant to the Legislation is that, in connection with the Offer, the New Employment Agreements and the Consulting Agreement are being entered into for reasons other than to increase the value of consideration to be paid to the Individuals for their Shares and such Agreements may be entered into despite the Prohibition on Collateral Agreements.

DATED at Edmonton, Alberta this 29th day of September, 2000.

"Eric T. Spink"
Vice-Chair

"Glenda A. Campbell"
Vice-Chair

2.1.11 Electrofuel Inc. – MRRS Decision

Please Note:

Subsequent to the making of this decision, Electrofuel Inc. decided to proceed with a Canadian only offering of its Common Shares. Hence, many of the facts upon which this Decision Document was based are not longer available.

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Relief from the prospectus requirements to permit an issuer to use the PREP Procedures under National Policy Statement No. 44 in connection with a public offering being conducted concurrently in the United States. Permission to include listing representations in prospectus.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 38(3), s. 147.

Rules Cited

In the Matter of Rule for Shelf Prospectus Offerings and for Pricing Offerings after the Prospectus is Receipted.

IN THE MATTER OF THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NOVA SCOTIA AND NEWFOUNDLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF ELECTROFUEL INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland (the "Jurisdictions") have received an application (the "Application") from Electrofuel Inc. (the "Corporation") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation"): (i) giving the Corporation permission to include a representation in the Offering Preliminary Prospectus (as defined below) stating that an application has been made to have the Shares (as defined below) listed and quoted on the Toronto Stock Exchange and to The Nasdaq Stock Market to have the Shares quoted on The Nasdaq Stock Market; and (ii) exempting the Corporation from the prospectus requirements of the Legislation and permitting the use by the Corporation of the PREP Procedures (as such term is defined in National Policy No. 44 ("NP 44") and similar procedures under the Legislation of Québec (the "Québec Procedures")) as if the Corporation were eligible under NP 44 and articles 37.5, 37.6 and 37.7 of the Regulation respecting Securities under the Legislation of Québec (the "Québec Regulation") in connection with the Corporation's proposed public offering (the "Offering") of its common shares (the "Shares"), each as more fully described below;

AND WHEREAS pursuant to the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission (the "Commission") is the principal regulator for this application;

AND WHEREAS the Corporation has represented to the Decision Makers that:

1. The Corporation has developed a proprietary technology which it has used to produce limited quantities (for marketing and test purposes) of lithium ion polymer batteries for use with portable computers and cellular telephones.

2. The Corporation was incorporated under the *Business Corporations Act* (Ontario) (the "Act") in September 1996. In January 1997, the Corporation completed a special warrant offering in Ontario. In July 1997, the Corporation filed a prospectus to qualify the common shares issuable upon the exercise of the special warrants and is a reporting issuer in the Province of Ontario.

3. The authorized share capital of the Corporation consists of an unlimited number of Shares of which 18,177,077 Shares were issued and outstanding as at March 31, 2000.

4. The Offering will consist of concurrent public offerings of treasury Shares in Canada and in the United States. The Corporation anticipates that the gross proceeds of the Offering will be in excess of $50 million. The underwriters of the Offering in Canada will be BMO Nesbitt Burns Inc., Credit Suisse First Boston Securities Canada, Inc. and Yorkton Securities Inc. The underwriters of the Offering in the United States will be Credit Suisse First Boston Corporation, BMO Nesbitt Burns Inc. and Wit SoundView Corporation.

5. Subject to resolving any comments received by the securities regulatory authorities in Canada and in the United States, the Corporation anticipates filing, in connection with this Offering: (i) a preliminary prospectus (the "Offering Preliminary Prospectus") with the securities regulatory authorities of each of the provinces of Canada approximately four to six weeks after the filing of the Application; and (ii) a Form F-1 registration statement (the "Registration Statement") with the Securities and Exchange Commission of the United States (the "SEC") approximately four to six weeks after the filing of the Application.

6. In connection with the Offering in the United States, the Corporation plans to use the procedures permitted by Rule 430A under the *Securities Act of 1933* (the "1933 Act") which will permit the Corporation to omit certain

pricing information in the Registration Statement until after it has been declared effective by the SEC.

7. The Corporation has made an application to the Toronto Stock Exchange to have the Shares listed and posted for trading and to The Nasdaq Stock Market in the United States to have the Shares quoted on the Nasdaq National Market. It is required by the SEC that the Registration Statement include references to these facts.

8. Contemporaneously with the filing of this Application, the Corporation is also filing with the securities regulatory authorities a confidential application pursuant to the procedures established by the Mutual Reliance Review System for Prospectuses and Annual Information Forms (as set out in National Policy 43-201) (the "43-201 Application") stating, among other things, that the Offering Preliminary Prospectus is being pre-filed with the 43-201 Application on a confidential basis; and requesting that the securities regulatory authorities will commence their review of the pre-filed Offering Preliminary Prospectus in accordance with the review periods set out in NP 43-201, which review periods will commence on the pre-filing of the Offering Preliminary Prospectus, and that if the comments from the securities regulatory authorities are not completely resolved by the date of the filing of the Offering Preliminary Prospectus, the Corporation will continue to work with the Commission to resolve the comments.

9. Contemporaneously with the confidential pre-filing of the Offering Preliminary Prospectus enclosed with the 43-201 Application, the Corporation is furnishing a confidential draft submission of the Registration Statement to the SEC pursuant to the SEC's confidential review procedures extended to foreign issuers.

10. Use of the PREP Procedures and the Québec Procedures would permit the Corporation and its underwriters to better co-ordinate the pricing, prospectus delivery, confirmation of purchase, closing and settlement processes in Canada with those anticipated to be employed in the United States.

11. Neither the Corporation nor the Shares satisfy the eligibility requirements which would otherwise enable the Corporation to use the PREP Procedures and the Québec Procedures.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met:

THE DECISION of the Decision Makers under the Legislation is that: (i) permission is hereby granted for the Preliminary Prospectus to refer to the fact that an application has been made to the Toronto Stock Exchange to have the Shares listed and posted for trading and to The Nasdaq Stock Market in the United States to have the Shares quoted on the Nasdaq National Market; and (ii) the Corporation is hereby exempted from prospectus requirements of the Legislation and the Québec Procedures with respect to the Canadian tranche of the Offering:

1. insofar as such requirements concern the form and content of a preliminary prospectus or a prospectus, including the form of prospectus certificates, filed under the Legislation;

2. insofar as the requirements of the Legislation concern the filing of an amendment or supplement to a preliminary prospectus or prospectus filed under the Legislation;

provided that:

3. a preliminary prospectus complying with NP 44 and the Québec Regulation is filed under the Legislation pursuant to and in accordance with the requirements and procedures set forth in NP 44 and the Québec Regulation, as if the Corporation was eligible to use the PREP Procedures and the Québec Procedures and such preliminary prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in NP 44 and the Québec Regulation, including the filing of amendments complying with the requirements of the Legislation;

4. a prospectus complying with NP 44 and the Québec Regulation is filed under the Legislation pursuant to and in accordance with the requirements and procedures set forth in NP 44 and the Québec Regulation, as if the Corporation was eligible to use the PREP Procedures and the Québec Procedures; and

5. such prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in NP44 and the Québec Regulation, including the filing of amendments complying with the requirements of the Legislation.

June 5th, 2000.

"Iva Vranic"

2.1.12 Merrill Lynch Canada Inc. et al – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - trade in units of a limited partnership formed by U.S. investment dealer to certain senior management and key employees of Canadian affiliate not subject to dealer registration and prospectus requirements of the Legislation, subject to certain conditions - the number of units to be traded is *de minimus*, affiliates of U.S. investment dealer providing investment advice to limited partnerships that are not registrants under the Legislation not subject to the advisor registration requirements of the Legislation, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25(1)(a), 25(1)(c), 53, 74(1).

Other Statutes Cited

United States Securities Act of 1933, as amended.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ALBERTA, BRITISH COLUMBIA, ONTARIO AND QUÉBEC
AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
MERRILL LYNCH CANADA INC. AND MERRILL LYNCH TAURUS 2000 INTERNATIONAL FEEDER FUND, L.P.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario and Québec (the "Jurisdictions") has received an application from Merrill Lynch Canada Inc. ("Merrill Lynch Canada") and ML Taurus, Inc. (the "General Partner") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation:

(i) to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Registration and Prospectus Requirement"); and

(ii) to be registered as an adviser under the Legislation where such a person or company engages in or holds himself, herself or itself out as engaging in the business of advising other as to the investing in or the buying and selling of securities (the "Adviser Registration Requirement"),

shall not apply in connection with the proposed offering (the "Offering") of limited partnership units (the "Feeder LP Units") in the Merrill Lynch Taurus 2000 International Feeder Fund, L.P. (the "Feeder Fund") to certain high-income officers, directors and employees of Merrill Lynch Canada subject to certain conditions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Merrill Lynch Canada is a corporation existing under the *Business Corporations Act* (Canada). Its head office is located in Toronto, Ontario. It is not a reporting issuer in any of the Jurisdictions or in any other province in Canada. It is registered as an investment dealer or its equivalent under the Legislation in each of the Jurisdictions.

2. The Feeder Fund is a limited partnership formed and registered in the Cayman Islands. It is not, and has no intention of becoming, a reporting issuer under the Legislation.

3. The Feeder Fund is an investment vehicle formed, managed and advised by affiliates of Merrill Lynch & Co., Inc. ("ML & Co.").

4. The General Partner, a Delaware corporation, will be the sole general partner of the Feeder Fund and an indirect wholly owned subsidiary of ML & Co. The General Partner is a newly formed entity with no other operations, and is not a reporting issuer under the Legislation nor registered in any capacity under the Legislation.

5. An offering memorandum (the "Offering Memorandum") has been prepared in connection with the Offering which contains disclosure concerning the Feeder Fund, the Feeder LP Units, the Merrill Lynch Taurus 2000 Fund, L.P. (the "Fund") and limited partnership units thereof ("LP Units").

6. Merrill Lynch Canada will offer the Feeder LP Units in Canada to certain of its high-income officers, directors and employees, and it is expected that affiliates of ML & Co. will offer Units in approximately twenty (20) other countries to high-income employees of ML & Co. and its affiliates ("Merrill Lynch").

7. The Feeder Fund has been organized to permit certain qualified employees, officers and directors of Merrill Lynch, including Merrill Lynch Canada (each, a "Canadian Eligible Investor") to purchase Feeder LP Units. Each eligible investor holds the title of Vice-President or higher. There are not more than 101 Canadian Eligible Investors resident in Canada.

8. The Feeder Fund has been structured to hold units in the Fund. Canadian Eligible Investors are being offered Feeder LP Units instead of LP Units to avoid certain potential U.S. tax consequences for Canadian Eligible Investors if they invested directly in the Fund.

9. LP Units of the Fund will not be distributed in Canada.

10. The Feeder LP Units have not been, and will not be registered under the *Securities Act* of 1933, as amended (the "1933 Act"), and the Feeder Fund is not and does not intend to become registered under the *Investment Company Act* of 1940, as amended.

11. The Fund may invest in the United States or abroad (with the exception of Australia) in any industry, in equity or debt, and directly or indirectly through other investment vehicles. In seeking to achieve its investment objectives, it is expected that a substantial portion of the Funds's assets will be invested in privately negotiated equity and equity related opportunities which come to the attention of Merrill Lynch in the course of its investment banking, investment management and other financial activities. The Fund expects to invest a significant portion of its assets in high growth opportunities in the telecommunications, media, technology and health care sectors. No diversification requirements will be established for the Fund, although the General Partner will, to the extent practicable, seek to diversify the Funds' investments in a prudent manner.

12. Each Canadian Eligible Investor must subscribe for a minimum of U.S. $25,000 of Feeder LP Units and cannot exceed a maximum contribution of U.S. $225,000. Contributions above the minimum amount must be made in U.S. $5,000 increments.

13. Merrill Lynch Canada will provide each Canadian Eligible Investor with a copy of the Offering Memorandum, a subscription agreement describing the subscription terms, investing and redemption terms, as well as profit and loss allocation and other aspects of the management and operation of the Feeder Fund. The Offering Memorandum will provide each Canadian Eligible Investor with a contractual right of action for rescission or damages for misrepresentations in the Offering Memorandum. Canadian Eligible Investors will also be provided with a copy of the partnership agreements of the Feeder Fund (the "Partnership Agreements")

14. Within 180 days after the end of the Feeder Fund's fiscal year, or as soon thereafter as practicable, the General Partner will send to each person who was an investor in the Feeder Fund (a "Limited Partner") at any time during the fiscal year then ended, an annual report of the Feeder Fund audited a certified public accountant, including the portfolio valuation as of the end of the fiscal year, and a report of the investment activities of the Feeder Fund during that year.

15. Merrill Lynch will pay all expenses associated with the organization and offering of Feeder LP Units in the Feeder Fund. The Feeder Fund will pay its operating expenses and reimburse the General Partner for its personnel, overhead and administrative expenses attributable to the Feeder Fund subject to an annual limit on such reimbursements being not more than 1.5% of the partners' aggregate contribution.

16. The term of the Feeder Fund will continue until the later of the date that is one year after the date of the last Fund investment is liquidated or December 31, 2007. The Feeder fund will also be dissolved upon the occurrence of certain events as described in the Partnership Agreement.

17. Under the partnership agreement governing the Feeder Fund, the Feeder LP Units are non-redeemable, non-transferable and non-assignable, with the exception of a transfer to another Eligible Investor or to immediate family or a transfer resulting from operation of law. No transfer can occur without the prior written consent of ML Taurus, Inc., the general partner of the Feeder Fund; and

18. Canadian Eligible Investors will participate on a voluntary basis and are not being induced to purchase Feeder LP Units by expectation of employment or continued employment with Merrill Lynch Canada, or any of its affiliates.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that:

1. The Registration and Prospectus Requirement shall not apply to a trade in Feeder LP Units made by the Feeder Fund to a Canadian Eligible Investor, provided that:

   (a) the Canadian Eligible Investor is not induced to purchase Feeder LP Units by expectation of employment or continued employment and acquires the Feeder LP Units voluntarily;

   (b) a copy of the Offering Memorandum is provided to the Canadian Eligible Investor and filed with the local securities authority in the Jurisdiction of the trade;

   (c) the first trade in Feeder LP Units acquired pursuant to the Decision or by any person or company referred to in this paragraph in a Jurisdiction shall be deemed to be a distribution, unless such first trade is made to any of the following:

      (i) the General Partner or a Limited Partner;

      (ii) an affiliate of the General Partner;

(iii) a member of the Limited Partner's immediate family;

(iv) a corporation controlled by a Limited Partner and/or any member of his or her immediate family where the Limited Partner is an officer or director of the corporation and where all the shares are owned at all times by any combination of Limited Partner, member of his or her immediate family, the children of any of them or the offspring of such children;

(v) a trust where all the beneficiaries are any combination of the Limited Partner, members of his or her immediate family, the children of any of them or the offspring of such children and at least one of the trustees is the Limited Partner;

(vi) a registered retirement savings plan and/or personal holding company of the Limited Partner; or

(vii) a person or company acquiring Feeder LP Units by operation of law; and

2. The Adviser Registration Requirement of the applicable Legislation shall not apply to the General Partner or its designees for the purposes of providing investment advice to the Fund and the Feeder Fund, provided that:

(a) the Canadian Eligible Investors are the only persons to whom Feeder LP Units are distributed in Canada; and

(b) where the General Partner or its designees act as advisers to the Fund or the Feeder Fund in respect of securities of Canadian issuers, such advice will be incidental to their acting as an adviser to the Fund or the Feeder Fund in respect of securities of foreign issuers.

October 16, 2000.

"Morley P. Carscallen" "Robert W. Korthals"

2.1.13 Canadian Home Income Plan Corporation – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Waiver granted pursuant to section 4.5 of National Policy Statement No. 47 (and equivalent Quebec legislation) to enable Issuer to participate in the POP System and the Shelf System (as contemplated in National Policy Statement No. 44 (and equivalent Quebec legislation) to distribute asset-backed securities in accordance with proposed National Instruments 44-101 and 44-102.

Applicable National Policies

National Policy Statement No. 47 - Prompt Offering Qualification System
National Policy Statement No. 44 - Rules for Shelf Prospectus Offerings and for Pricing Offerings After the Final Prospectus is Receipted
Proposed National Instrument 44-101 - Short Form Prospectus Distributions
Proposed National Instrument 44-102 - Shelf Distributions

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND, NEWFOUNDLAND, NUNAVUT, YUKON AND NORTHWEST TERRITORIES**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CHIP MASTER TERM TRUST
A SPECIAL PURPOSE TRUST
TO BE ORGANIZED BY
CANADIAN HOME INCOME PLAN CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Nunavut, Yukon and Northwest Territories (the "Jurisdictions") has received an application from Canadian Home Income Plan Corporation (the "Applicant") on behalf of CHIP Master Term Trust, a special purpose trust to be created under the laws of Ontario, (the "Issuer") for a decision pursuant to section 4.5 of Canadian Securities Administrators' National Policy Statement No. 47 ("NP 47") - *Prompt Offering Qualification System* and pursuant to the applicable securities legislation of Quebec including, but not limited to, those set forth in Title II and Title III of the *Securities Act* and *Regulation* (Quebec) (the "POP

Requirements") (the POP Requirements together with Canadian Securities Administrators' National Policy Statement No. 44 ("NP 44") - *Rules for Shelf Prospectus Offerings* and the applicable securities legislation of Quebec, including but not limited to those set forth in Title II and Title III of the *Securities Act* and *Regulation* (Quebec) (the "Shelf Requirements") are referred to collectively as the "Policies") that the eligibility requirements (the "Eligibility Requirements") contained in the Policies for participation in the Prompt Offering Qualification System (the "POP System"), participation in the shelf system (the "Shelf System"), use of the Shelf Procedures (as defined in the Shelf Requirements) relating to securities with an Approved Rating by an Approved Rating Organization (all as defined in the POP Requirements) and for the utilization of annual information forms (each , an "AIF"), a preliminary short form base shelf prospectus ("preliminary Shelf Prospectus") or a preliminary short form prospectus ("preliminary Short Form Prospectus"), a final short form base shelf prospectus ("final Shelf Prospectus") or a final short form prospectus ("final Short Form Prospectus"), shelf prospectus supplements (each a "Prospectus Supplement") and any necessary supporting documents shall not apply to the Issuer and that the Issuer may participate in the POP System and the Shelf System with respect to the issuance of Asset-Backed Securities (as defined below) from time to time to the public.

AND WHEREAS pursuant to National Policy 12-201 - *Mutual Reliance Review System for Exemptive Relief Applications* (the "System"), the Applicant has selected the Ontario Securities Commission as the Principal Regulator for this application.

AND WHEREAS the Applicant has represented to the Decision Makers that:

1. The Issuer will be established by a Canadian trust company pursuant to a declaration of trust (the "Declaration of Trust") governed by the laws of the Province of Ontario. Pursuant to an administration agreement to be entered into between the Issuer and the Applicant (in this capacity, the "Administrative Agent"). The Administrative Agent will agree to carry out certain administrative and management activities for and on behalf of the Issuer.

2. Pursuant to the Declaration of Trust, the business activities (the "Business Activities") of the Issuer will be specifically limited to purchasing or originating interests in reverse mortgages or purchasing partnership interests (the "Partnership Interests") in single purpose limited partnerships (the "Limited Partnerships") which in turn will be specifically limited to:

    (i) purchasing reverse mortgages from the Applicant or originating reverse mortgages directly;
    (ii) redeeming Partnership Interests previously issued to other limited partners of the Limited Partnerships;
    (iii) loaning funds to the Applicant; and
    (iv) activities reasonably incidental to the foregoing;

    for the purpose of earning income therefrom, and the funding of such activities through the issuance of Asset-Backed Securities (as defined in paragraph 3 below), evidencing indebtedness of the Issuer pursuant to the terms of a trust indenture (the "Trust Indenture") between the Issuer and an indenture trustee (the "Indenture Trustee"). The Issuer will not carry on any activities other than those permitted under the Declaration of Trust.

3. The Issuer proposes to offer (the "Offerings") under the POP System or the Shelf System from time to time to the public in Canada, securities ("Asset-Backed Securities"), which will be issued in series and may comprise one or more classes in each series, having an Approved Rating (as defined in the POP Requirements) that are primarily serviced by the cash flows of discrete pools of reverse mortgage receivables ("Reverse Mortgages") that by their terms convert into cash within a finite time period, and any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders. Proceeds from the issuance of Asset-Backed Securities will be primarily used to finance the Business Activities of the Issuer.

4. The Issuer currently has no assets or liabilities and, as a special purpose trust, the Issuer will have no assets other than interests in reverse mortgages and/or the Partnership Interests to be purchased from time to time in connection with any future Offering and certain other assets, such as highly rated marketable securities, designed to assure the servicing or timely distribution of proceeds to its security holders. The Issuer will not carry on any activities other than purchasing and holding reverse mortgages and/or Partnership Interests and related assets and issuing Asset-Backed Securities in connection therewith.

5. Holders of Asset-Backed Securities of the Issuer will only have recourse to a related Partnership Interest (or a segregated pool of reverse mortgages) and related security and will not have any further recourse to the Issuer.

6. The Issuer would not be eligible to participate in the POP System without this decision because it does not satisfy the 12-month reporting issuer history or the public float eligibility criteria set out in the POP Requirements.

7. In connection with each proposed Offering by the Issuer pursuant to the POP System,

    (a) the Issuer will have a current AIF;

    (b) if the Issuer is filing a preliminary Short Form Prospectus more than 90 days after the end of its most recently completed financial year, the Issuer will have filed financial statements for that year;

    (c) in the case of an Offering made under the POP System that is not an Offering under the Shelf System, the Asset-Backed Securities to be distributed will:

(i) have received an Approved Rating on a provisional basis,

(ii) not have been the subject of an announcement by an Approved Rating Organization of which the Issuer is or ought reasonably to be aware that the Approved Rating given by the Approved Rating Organization may be downgraded to a rating category that would not be an Approved Rating, and

(iii) not have received a provisional or final rating lower than an Approved Rating from any Approved Rating Organization.

(d) in the case of an Offering under the Shelf System, at the respective times of the filing of its preliminary Shelf Prospectus and final Shelf Prospectus, the Issuer will have reasonable grounds for believing that:

(i) all Asset-Backed Securities that it may distribute under the final Shelf Prospectus will receive an Approved Rating from at least one Approved Rating Organization; and

(ii) no Asset-Backed Securities that it may distribute under the final Shelf Prospectus will receive a rating lower than an Approved Rating from any Approved Rating Organization.

8. Each AIF of the Issuer will be prepared in accordance with Appendix A of NP 47 and Schedule IX to the regulation under the *Securities Act* (Quebec), with the following amendments:

(a) the disclosure in AIFs filed by the Issuer will be modified to reflect the special purpose nature of its business;

(b) if the Issuer has not completed its first financial year, the Issuer may present the information contained in its initial AIF as at a date within 30 days before the date that the initial AIF is filed;

(c) if the Issuer has Asset-Backed Securities outstanding that were issued pursuant to a prospectus, the AIF filed by the Issuer will disclose:

(i) a description of any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of any payments or distributions to be made under the Asset-Backed Securities;

(ii) for the two most recently completed financial years of the Issuer or the lesser period commencing on the first date on which the Issuer had Asset-Backed Securities outstanding, information on the underlying pool of financial assets relating to:

(A) the composition of the pool as of the end of the financial year or partial period;

(B) income and losses from the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(C) the payment, prepayment and collection experience of the pool on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(D) servicing and other administrative fees; and

(E) any significant variances experienced in the matters referred to in subclauses 8(c)(ii)(A) to (D);

(iii) if any of the information disclosed under clause 8(c)(ii) has been audited, the existence and results of the audit;

(iv) the investment parameters applicable to investments of any cash flow surpluses;

(v) the amount of payments made during the two most recently completed financial years of the Issuer or the lesser period commencing on the first date on which the Issuer had Asset-Backed Securities outstanding, in respect of principal and interest or capital and yield, each stated separately, on asset-backed securities of the Issuer outstanding;

(vi) the occurrence of any events that have led or with the passage of time could lead to the accelerated payment of principal or capital of Asset-Backed Securities; and

(vii) the identity of any principal obligors for the outstanding Asset-Backed Securities of the Issuer at the end of the most recent financial year or partial period, the percentage of the underlying pool of financing assets represented by obligations of each principal obligor and whether the principal obligor, if any, has filed an AIF in any jurisdiction or a Form 10-K or Form 20-F in the United States.

9. Each preliminary Short Form Prospectus, preliminary Shelf Prospectus, final Short Form Prospectus and final Shelf Prospectus, as applicable, filed by the Issuer will be prepared in accordance with Appendix B of NP 47

and Schedule IV to the regulation made under the *Securities Act* (Quebec) with such amendments in connection with the Shelf System as are specified in subsection 2.3(b), Section 3 and Appendix B of NP 44 and Division III.1 of Chapter I of Title II to the regulation under the *Securities Act* (Quebec) with the following additional amendments:

(a) the disclosure in the preliminary Short Form Prospectus, preliminary Shelf Prospectus, final Short Form Prospectus and final Shelf Prospectus filed by the Issuer will be modified to reflect the special nature of its business;

(b) the preliminary Short Form Prospectus, preliminary Shelf Prospectus, final Short Form Prospectus and final Shelf Prospectus will describe or set out:

(i) the material attributes and characteristics of the Asset-Backed Securities to be offered, including:

(A) the rate of interest or stipulated yield and any premium;

(B) the date for repayment of principal or return of capital and any circumstances in which payments of principal or capital may be made before such date, including any redemption or pre-payment obligations or privileges of the Issuer and any events that may trigger early liquidation or amortization of the underlying pool of financial assets;

(C) provisions for the accumulation of cash flows to provide for the repayment of principal or return of capital;

(D) provisions permitting or restricting the issuance of additional securities and any other material negative covenants applicable to the Issuer;

(E) the nature, order and priority of the entitlements of holders of Asset-Backed Securities and any other entitled persons or companies to receive cash flows generated from the underlying pool of financial assets; and

(F) any events, covenants, standards or preconditions that may reasonably be expected to affect the timing or amount of payment or distributions to be made under the Asset-Backed Securities, including those that are dependent or based on the economic performance of the underlying pool of financial assets;

(ii) information on the underlying pool of financial assets for the period from the date as at which the following information was presented in the Issuer's current AIF to a date not more than 90 days before the date of the issuance of a receipt for the preliminary Short Form Prospectus or preliminary Shelf Prospectus, as the case may be, of:

(A) the composition of the pool as of the end of the period;

(B) income and losses from the pool for the period, on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets; and

(C) the payment, prepayment and collection experience of the pool for the period on at least an annual basis or such shorter period as is reasonable given the nature of the underlying pool of assets;

(iii) the type or types of the financial assets, the manner in which the financial assets originated or will originate and, if applicable, the mechanism and terms of the agreement governing the transfer of the financial assets comprising the underlying pool to or through the Issuer, including the consideration paid for the financial assets;

(iv) any person or company who:

(A) originated, sold or deposited a material portion of the financial assets comprising the pool, or has agreed to do so;

(B) acts, or has agreed to act, as a trustee, custodian, bailee or agent of the Issuer or any holder of the Asset-Backed Securities, or in a similar capacity;

(C) administers or services a material portion of the financial assets comprising the pool or provides administrative or managerial services to the Issuer, or has agreed to do so, on a conditional basis or otherwise, if (a) finding a replacement provider of the services at a cost comparable to the cost of the current provider is not reasonably likely, (b) a replacement provider of the

services is likely to achieve materially worse results than the current provider, (c) the current provider of the services is likely to default in its service obligations because of its current financial condition, or (d) the disclosure is otherwise material;

(D) provides a guarantee, alternative credit support or other credit enhancement to support the obligations of the Issuer under the Asset-Backed Securities or the performance of some or all of the financial assets in the pool, or has agreed to do so; or

(E) lends to the Issuer in order to facilitate the timely payment or repayment of amounts payable under the Asset-Backed Securities, or has agreed to do so;

(v) the general business activities and material responsibilities under the Asset-Backed Securities of a person or company referred to in subclause 9(b)(iv);

(vi) the terms of any material relationships between:

(A) any of the persons or companies referred to in subclause 9(b)(iv) or any of their respective affiliates: and

(B) the Issuer;

(vii) any provisions relating to termination of services or responsibilities of any of the persons or companies referred to in subclause 9(b)(iv) and the terms on which a replacement may be appointed; and

(viii) any risk factors associated with the Asset-Backed Securities, including disclosure of material risks associated with changes in interest rates or prepayment levels, and any circumstances where payments on the Asset-Backed Securities could be impaired or disrupted as a result of any reasonably foreseeable event that may delay, divert or disrupt the cash flows dedicated to service the Asset-Backed Securities,

provided that if any of the foregoing information will be disclosed in a Prospectus Supplement, and a statement indicating that all shelf information omitted from the shelf prospectus will be contained in one or more prospectus supplements that will be delivered to purchasers together with the final Shelf Prospectus, it may be omitted from the corresponding Shelf Prospectus;

(c) each preliminary Shelf Prospectus and final Shelf Prospectus will contain a statement that the Issuer has filed an undertaking that it will not distribute Asset-Backed Securities of a type that, at the time of distribution, have not previously been distributed by prospectus ("Novel Asset-Backed Securities") without pre-clearing with the applicable Decision Maker the disclosure to be contained in a Prospectus Supplement pertaining to the distribution of such Novel Asset-Backed Securities;

(d) each preliminary Short Form Prospectus, preliminary Shelf Prospectus, final Short Form Prospectus and final Shelf Prospectus will disclose any factors or considerations previously identified by the Approved Rating Organization in writing as giving rise to unusual risks associated with the securities to be distributed

(e) if one or more ratings, including provisional ratings, have been received from one or more Approved Rating Organizations for the securities to be distributed and the rating(s) continue in effect, each preliminary POP Prospectus, final POP Prospectus, preliminary Shelf Prospectus and final Shelf Prospectus will disclose:

(i) each security rating, including a provisional rating, received from an Approved Rating Organization;

(ii) the name of each Approved Rating Organization that has assigned a rating for the securities to be distributed;

(iii) a definition or description of the category in which each Approved Rating Organization rated the securities to be distributed and the relative rank of each rating within the Approved Rating Organization's overall classification system;

(iv) an explanation of what the rating addresses and what attributes, if any, of the securities to be distributed are not addressed by the rating;

(v) any factors or considerations identified by the Approved Rating Organization as giving rise to unusual risks associated with the securities to be distributed;

(vi) a statement that security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization; and

(vii) any announcement made by, or any proposed announcement known to the

Issuer to be made by, an Approved Rating Organization that the Approved Rating Organization is reviewing or intends to revise or withdraw a rating previously assigned and required to be disclosed in this paragraph.

10. The Prospectus Supplements will be prepared in accordance with the Shelf Requirements, and will include all of the shelf information pertaining to the distribution of asset-backed securities which was omitted from the Shelf Prospectus.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Policies is that the Eligibility Requirements set forth in the POP Requirements shall not apply to the Issuer in connection with the Offerings and that the Issuer may participate in the POP System and the Shelf System to distribute Asset-Backed Securities with an Approved Rating from time to time, and for the purposes of any such distribution to utilize AIF's, a preliminary Shelf Prospectus or preliminary Short Form Prospectus, as the case may be, a final Shelf Prospectus or final Short Form Prospectus, as the case may be, Prospectus Supplements and any necessary supporting documents, with such amendments from the form requirements of the Policies, as applicable, as are set forth herein, provided that:

(a) the Issuer complies with paragraphs 7, 8, 9 and 10 hereof;

(b) the Issuer complies with all of the filing requirements and procedures set out in the POP Requirements and the Shelf Requirements, except as such requirements are varied by this Decision;

(c) the Issuer files an undertaking before or concurrently with each preliminary Shelf Prospectus which states that:

(i) the Issuer will not distribute under the final Shelf Prospectus Novel Asset-Backed Securities without pre-clearing the disclosure pertaining to the distribution of such Novel Asset-Backed Securities in any Prospectus Supplement with the applicable Decision Maker; and

(ii) the Issuer shall not distribute such Novel Asset-Backed Securities in any Jurisdiction unless:

(A) the draft Prospectus Supplements pertaining to the distribution of such Novel Asset-Backed Securities have been delivered to the applicable Decision Maker in substantially final form; and

(B) either:

(1) the applicable Decision Maker has confirmed his or her acceptance of each draft Prospectus Supplement in substantially final form or in final form; or

(2) 21 days has elapsed since the date of delivery of each draft Prospectus Supplement in substantially final form to the applicable Decision Maker and the applicable Decision Maker has not provided written comments on the draft Prospectus Supplement;

(d) the Issuer files with each AIF for each director and executive officer of the Administrative Agent for whom the Issuer has not previously delivered to the Decision Makers the following information, a statement containing such individual's:

(i) full name;

(ii) position with or relationship to the Administrative Agent;

(iii) employer's name and address, if other than the Administrative Agent;

(iv) full residential address;

(v) date and place of birth; and

(vi) citizenship; and

an authorization of such individual for the collection of personal information;

(e) the Issuer is not required to file an eligibility certificate with each AIF;

(f) in the case of an Offering made under the POP System that is not an Offering under the Shelf System, at the time of filing its preliminary Short Form Prospectus the Asset-Backed Securities to be distributed have

(i) received an Approved Rating, on a provisional basis,

(ii) not been the subject of an announcement by an Approved Rating Organization of which the Issuer is or ought to be aware that the Approved Rating given by the organization may be down-graded to a rating category that would not be an Approved Rating, and

(iii) not received a provisional or final rating lower than an Approved Rating from any Approved Rating Organization;

(g) in the case of an Offering under the Shelf System, at the time of the filing of its preliminary Shelf Prospectus and final Shelf Prospectus, the Issuer has reasonable grounds for believing that:

(i) all Asset-Backed Securities that it may distribute under the final Shelf Prospectus will receive an Approved Rating from at least one Approved Rating Organization, and

(ii) no Asset-Backed Securities that it may distribute under the final Shelf Prospectus will receive a rating lower than an Approved Rating from any Approved Rating Organization;

(h) the Issuer files with each preliminary Short Form Prospectus, and each preliminary Shelf Prospectus, an eligibility certificate executed on behalf of the Issuer by one of its senior officers certifying that the Issuer satisfies all of the criteria on which the Issuer is relying in order to be qualified to file a prospectus in the form of a short form prospectus, and which makes reference to this Decision; and

(i) this decision will automatically expire upon the later of proposed National Instrument 44-101 and proposed National Instrument 44-102 coming into force in each of the Jurisdictions.

October 20th, 2000.

"Iva Vranic"

2.1.14 Panatlas Energy Inc. – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be reporting issuer following a successful takeover bid by another corporation.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am. s. 83.

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF ALBERTA, BRITISH COLUMBIA,
ONTARIO AND QUEBEC

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF PANATLAS ENERGY INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario and Québec (the "Jurisdictions") has received an application from PanAtlas Energy Inc. ("PanAtlas") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that PanAtlas be deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation;

2. AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS PanAtlas has represented to the Decision Makers that:

3.1 PanAtlas is a corporation continued under the *Business Corporations Act* (Alberta) (the "ABCA") on June 1, 1998, and is a reporting issuer, or the equivalent thereof, under the Legislation;

3.2 PanAtlas is not default of any of its obligations as a reporting issuer, or the equivalent thereof, under the Legislation;

3.3 PanAtlas's principal office is located in the City of Calgary in the Province of Alberta;

3.4 the authorized capital of PanAtlas consists of an unlimited number of common shares (the

"Common Shares") of which 15,901,927 Common Shares are currently issued and outstanding;

3.5 pursuant to a take-over bid which expired on July 10, 2000, Velvet Exploration Ltd. ("Velvet") acquired approximately 94% of the outstanding Common Shares of PanAtlas, and on July 17, 2000 acquired the remaining Common Shares of PanAtlas not tendered to the take-over bid pursuant to the compulsory acquisition provisions of the ABCA;

3.6 Velvet is the sole security holder of PanAtlas and there are no securities, including debt securities, currently issued and outstanding other than the Common Shares;

3.7 PanAtlas's Common Shares were delisted from the Toronto Stock Exchange following the close of trading on July 18, 2000 and there are no securities of PanAtlas listed on any stock exchange or traded over the counter in Canada or elsewhere; and

3.8 PanAtlas does not intend to seek public financing by way of an offering of securities;

4. AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers under the Legislation is that PanAtlas is deemed to have ceased to be a reporting issuer, or the equivalent thereof, under the Legislation effective as of the date of this Decision.

DATED at Calgary, Alberta this 29th day of August, 2000.

"Patricia M. Johnston"
Director, Legal Services and Policy Development

2.1.15 Talvest Canadian Mutual Management Fund – MRRS Decision

Headnote

Relief from the requirements of clause 111(2)(b) and subsection 111(3), clauses 117(1)(a) and 117(1)(d) in respect of a passive fund-of-fund structure of one mutual fund investing in four unrelated underlying funds.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990, c.S. 5, as am. Ss. 111(2)(b), 111(3), 117(1)(a) & (d).

IN THE MATTER OF
THE SECURITIES LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, ONTARIO AND NOVA SCOTIA

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
TALVEST FUND MANAGEMENT INC. AND TALVEST CDN. MULTI MANAGEMENT FUND
MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Nova Scotia (the "Jurisdictions") has received an application (the "Application") from Talvest Fund Management Inc. ("Talvest") in its own capacity and on behalf of Talvest Cdn. Multi Management Fund (the "Top Fund") for a decision (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements or prohibitions under the Legislation (the "Applicable Requirements") described in paragraphs (1) and (2) below shall not apply to investments by the Top Fund directly in securities of Talvest Cdn. Equity Growth Fund, Talvest Cdn. Equity Leaders Fund, Talvest Small Cap Cdn. Equity Fund and Talvest Millennium Next Generation Fund (the "Reference Funds"):

1. the provisions prohibiting a mutual fund from knowingly making or holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder;

2. the provisions requiring a management company, or in British Columbia, the mutual fund manager, to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in

portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS it has been represented by Talvest to the Decision Makers that:

1. Talvest is a corporation established under the laws of Canada and will be the manager of the Top Fund and is the manager of the Reference Funds. TAL Global Asset Management Inc. will be the investment adviser of the Top Fund and is presently the investment adviser of Talvest Cdn. Equity Growth Fund and Talvest Cdn. Equity Leaders Fund. Van Berkom and Associates Inc. is the investment adviser of Talvest Small Cap Cdn. Equity Fund and Morrison Williams Investment Management Ltd. is the investment adviser of Talvest Millennium Next Generation Fund.

2. The Top Fund will be and the Reference Funds are, open-ended investment trusts established under the laws of the Province of Ontario. Securities of the Top Fund and the Reference Funds will be offered for sale under a (final) simplified prospectus and annual information form that will be filed shortly in each of the provinces and territories of Canada (the "Prospectus") under SEDAR project number 288043. The Reference Funds are, and the Top Fund will be, reporting issuers in each of the provinces and territories of the various securities authorities of Canada.

3. The Top Fund will invest specified percentages (the "Fixed Percentages") of its assets (exclusive of cash and cash equivalents) in securities of the Reference Funds and may not deviate more than 2.5% above or below the Fixed Percentages (the 'Permitted Ranges").

4. The Prospectus will disclose the investment objective of the Top Fund and the Reference Funds, the Fixed Percentages of the net assets of the Top Fund invested in securities of each of the Reference Funds and the Permitted Ranges within which such Fixed Percentages may vary.

5. The investments by the Top Fund in the Reference Funds will be without sales or redemption charges and without duplication of management fees.

6. The Reference Funds are not currently invested in other mutual funds. The Top Fund will not invest in any mutual fund whose investment objective includes investing directly or indirectly in other mutual funds.

7. Talvest will not change the Reference Funds without first obtaining approval of securityholders of the Top Fund and will not vary the Fixed Percentages without first filing an amendment to the Prospectus and in either event, will provide 60 days' notice to securityholders of the Top Fund.

8. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument No 81-102, the investments by the Top Fund in the Reference Funds have been structured to comply with the investment restrictions of the Legislation and National Instrument No 81-102.

9. In the absence of this Decision, pursuant to the Legislation, the Top Fund is prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial unitholder; and (b) knowingly holding an investment referred to in subsections (a) hereof. As a result, in the absence of this Decision, the Top Fund would be required to divest itself of any investments referred to in subsections (a) and (b) herein.

10. In the absence of this Decision, the Legislation requires Talvest. to file a report on every purchase or sale of securities of the Reference Funds by the Top Fund.

AND WHEREAS under the System, this MRRS Decision Document evidences the Decision of each Decision Maker;

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply so as to prevent the Top Fund from investing in, or redeeming the securities of, the Reference Funds.

PROVIDED THAT IN RESPECT OF the investment by the Top Fund directly in securities of the Reference Funds:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of National Instrument 81-102.

2. the Decision shall only apply in respect of investments made by the Top Fund in compliance with the following conditions:

   a) the Top Fund and the Reference Funds are under common management and the Reference Funds' securities are offered for sale in the jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Makers;

   b) the Top Fund invests its assets (exclusive of cash and cash equivalents) in the Reference Funds in accordance with the Fixed Percentages disclosed, subject to a permitted variation above or below such Fixed Percentages of not more than 2.5%

of the net asset value of the Top Fund to account for market fluctuations;

c) the Prospectus will disclose the intent of the Top Fund to invest in securities of the Reference Funds, the names of the Reference Funds, the Fixed Percentages and the Permitted Ranges within which such Fixed Percentages may vary;

d) the Top Fund will not invest in any mutual fund whose investment objective includes investing directly or indirectly in other mutual funds;

e) the investment by the Top Fund in the Reference Funds is compatible with the fundamental investment objectives of the Top Fund;

f) the Fixed Percentages and Permitted Ranges which are disclosed in the Prospectus may be changed only if the Prospectus is amended or a new prospectus is filed, and in either event, if the securityholders of the Top Fund have been given at least 60 days' notice of the change;

g) if at any time, the assets of the Top Fund that are invested in the Reference Funds deviate from the Permitted Ranges the necessary changes are made in the Top Fund's investment portfolio as at the next valuation date of the Top Fund in order to bring the Top Fund's investment portfolio into conformity with the aforesaid amount;

h) there are compatible dates for the calculation of the net asset value of the Top Fund and the Reference Funds for the purpose of the issue and redemption of the securities of such mutual funds;

i) in the event of the provision of any notice to securityholders of a Reference Fund as required by the constating documents of the Reference Fund or by the laws applicable to the Reference Fund, such notice will also be delivered to the securityholders of the Top Fund; all voting rights attached to the securities of a Reference Fund which are directly owned by the Top Fund will be passed through to the securityholders of the Top Fund;

j) in the event that a securityholders' meeting is called for the securityholders of a Reference Fund, all of the disclosure and notice material prepared in connection with such meeting and received by the Top Fund will be provided to its securityholders, and such securityholders will be entitled to direct a representative of the Top Fund to vote its holdings in the Reference Fund in accordance with their direction; the representative of the Top Fund will not be permitted to vote its holdings in the Reference Funds except to the extent the securityholders of the Top Fund so direct;

k) no sales charges are payable by the Top Fund in relation to its purchases of securities of the Reference Funds;

l) no fees or charges of any sort are paid by the Top Fund and the Reference Funds, by their respective managers or principal distributors, or by any affiliate or associate of any of the foregoing entities to anyone in respect of the Top Fund's purchase, holding or redemption of the securities of the Reference Funds;

m) the arrangements between or in respect of the Top Fund and the Reference Funds are such as to avoid the duplication of management fees;

n) in addition to receiving the annual and, upon request, the semi-annual financial statements, of the Top Fund, its securityholders will receive the annual and, upon request, the semi-annual financial statements of the Reference Funds in either a combined report containing financial statements of the Top Fund and the Reference Funds, or in a separate report containing the financial statements of the Reference Fudns; and

o) to the extent that the Top Fund and the Reference Funds do not use a combined simplified prospectus and annual information form containing disclosure about the Top Fund and the Reference Funds, copies of the simplified prospectus and annual information form of the Reference Funds may be obtained upon request by a securityholder of the Top Fund and this fact will be disclosed in the simplified prospectus of the Top Fund.

November 3, 2000

"Howard I. Weston" "Robert W. Davis"

2.1.16 Shaw Communications Inc. et al – MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements in connection with trades of variable rate equity linked to exchangeable debentures - subsequent trades permitted provided that they are made over foreign exchange, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, s.C.5, as am., ss. 25, 53, 74(1)

IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND, PRINCE EDWARD ISLAND, THE NORTHWEST TERRITORIES, THE YUKON TERRITORY AND THE TERRITORY OF NUNAVUT

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF SHAW COMMUNICATIONS INC., 875500 ALBERTA LTD. AND SHAW INVESTMENT PARTNERSHIP III

AND

TD SECURITIES INC.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island, and in the Northwest Territories, the Yukon Territory and the Territory of Nunavut (the "Jurisdictions") has received an application from Shaw Communications Inc. ("SCI") and 875500 Alberta Ltd. ("Shaw Subco") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file and obtain a receipt for a preliminary prospectus and a prospectus (the "Prospectus Requirements") (collectively, the "Prospectus and Registration Requirements") shall not apply to trades in connection with certain conversion events related to variable rate equity linked exchangeable debentures of Shaw Subco due May 31, 2025 (the "Debentures");

2. AND WHEREAS, under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Alberta Securities Commission is the principal regulator for this application;

3. AND WHEREAS SCI and Shaw Subco have represented to the Decision Makers that:

   3.1 SCI is a corporation organized under the Business Corporations Act (Alberta), is a reporting issuer in each of the Provinces of Canada in which such concept exists and is not in default of any of the requirements of the Legislation;

   3.2 Shaw Subco is a corporation incorporated under the *Business Corporations Act* (Alberta) and is a direct wholly-owned subsidiary of SCI;

   3.3 Shaw Investment Partnership III ("SIP") is a general partnership formed under the laws of Alberta. The partners of SIP consist of 875514 Alberta Ltd., which is a direct wholly-owned subsidiary of SCI, and Shaw Investment Limited Partnership, which is a limited partnership, registered in Alberta and indirectly wholly-owned by SCI;

   3.4 Liberate Technologies ("Liberate") is a corporation incorporated under the laws of the state of Delaware and is subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended (the "1934 Act");

   3.5 the shares of common stock of Liberate (the "Liberate Common Shares") are listed and posted for trading on The NASDAQ Stock Market ("NASDAQ");

   3.6 neither Shaw Subco, SIP nor Liberate is, and there is no expectation that they will be, a reporting issuer in any of the Jurisdictions in which such concept exists;

   3.7 SIP currently beneficially owns 452,506 Liberate Common Shares (the "Pledged Securities") which represent less than one percent of the issued and outstanding Liberate Common Shares. SCI originally acquired the Pledged Securities from Liberate pursuant to an exemption from the prospectus and registration requirements contained in the Legislation, and later caused the Pledged Securities to be transferred to SIP;

   3.8 according to a list of registered shareholders of Liberate maintained by Liberate and dated as of April 30, 2000, of the 90,730,476 Liberate Common Shares outstanding, less than 1.0% were held by registered shareholders resident in Ontario, approximately 1.1% were held by registered shareholders resident in British Columbia and approximately 1.8% were held by registered shareholders resident in Alberta. Of

the registered shareholders, two are resident in Ontario, one is resident in B.C. and one is resident in Alberta;

3.9 the Debentures, in the aggregate principal amount of U.S. $33,923,000, were issued by Shaw Subco to TD Securities Inc. ("TDSI") pursuant to a trust indenture (the "Trust Indenture") dated May 31, 2000 (the "Closing Date") among Shaw Subco, SCI, SIP and Montreal Trust Company of Canada, as trustee (the "Trustee");

3.10 the Debentures were issued by Shaw Subco to TDSI pursuant to an exemption from the prospectus and registration requirements contained in the Legislation. TDSI may resell the Debentures to persons in, or outside of, the Jurisdictions pursuant to exemptions from the prospectus and registration requirements contained in the Legislation;

3.11 the Debentures have a 25 year term with a maturity date of May 31, 2025 (the "Maturity Date"). The Debentures were issued in U.S. $1,000 denominations, with each U.S. $1,000 principal amount of Debenture being exchangeable for Liberate Common Shares;

3.12 a prescribed rate of interest is payable on the Debentures by Shaw Subco semi-annually on May 31 and November 30 of each year commencing on November 30, 2000;

3.13 pursuant to a limited recourse guarantee (the "Guarantee"), SIP guarantees, as principal debtor pursuant to the terms of the Trust Indenture, the obligations of Shaw Subco under the Debentures and the Trust Indenture;

3.14 as security for the Guarantee, Shaw Subco and SIP have pledged to the Trustee all of their right, title and interest in the Pledged Securities (the "Securities Pledges");

3.15 the Pledged Securities include all after-acquired securities, instruments or other personal property or assets distributable in respect of any of the Pledged Securities pursuant to any dividends, interest obligations, stock dividends, recapitalizations, amalgamations, mergers, consolidations, stock splits, combinations, exchanges or otherwise (collectively, "Resulting Property"; any Resulting Property which constitutes securities is referred to as the "Resulting Securities");

3.16 under the terms of the Securities Pledges and the Trust Indenture, Shaw Subco and SIP have the right to replace the Pledged Securities or the Resulting Property from time to time with Authorized Investments (as defined in the Trust Indenture). Shaw Subco and SIP may sell, transfer or otherwise dispose of any such Liberate Common Shares or Resulting Property that are released from the Securities Pledges;

3.17 the Trust Indenture provides that the exchange price (the "Exchange Price") is U.S. $74.967 per Liberate Common Share. Each U.S. $1,000 principal amount of Debenture will be exchangeable from time to time and in part or in whole at the option of the Debenture holder (the "Right to Exchange") for, in addition to the payment of accrued but unpaid interest, the number of Liberate Common Shares which is obtained by dividing the Exchange Price into U.S. $1,000 (the "Exchange Rate") which on the Closing Date was 13.3392 Liberate Common Shares per U.S. $1,000 principal amount of Debentures;

3.18 Shaw Subco may elect to satisfy its obligation under the Right to Exchange by delivery of:

3.18.1 Liberate Common Shares (that constitute Pledged Securities) and/or Resulting Property (if any), provided that, at the time of delivery of the Liberate Common Shares, such shares can be traded on NASDAQ without the trade constituting a distribution under applicable Canadian securities Legislation and there are no other applicable restrictions on the sale of the shares on NASDAQ under applicable Canadian or United States securities legislation ("NASDAQ Tradeable"); or

3.18.2 in respect of each U.S. $1,000 principal amount of Debentures, subject to paragraph 3.24 below as it relates to Resulting Property, the cash amount equal to the Exchange Rate multiplied by the Current Market Price (as defined in the Trust Indenture) per Liberate Common Share (the "Liberate Cash Payment");

3.19 if Shaw Subco makes the election under clause 3.18 above and is unable to deliver Liberate Common Shares that are NASDAQ Tradeable, Shaw Subco shall be obliged to deliver the Liberate Cash Payment instead;

3.20 at any time after May 31, 2004 and prior to the Maturity Date, and subject to the right of Debenture holders to exercise the Right to Exchange, Shaw Subco may redeem, from time to time, not less than that number of Debentures equal to one-third of the Debentures issued and outstanding on the Closing Date, in all cases, at a redemption price equal to the principal amount ("Redemption Value") plus any accrued and unpaid semi-annual payments of interest;

3.21 Shaw Subco may elect to satisfy payment of the Redemption Value by delivery of Liberate Common Shares (that constitute Pledged Securities) that are NASDAQ Tradeable (and/or

Resulting Property, if any) or, subject to paragraph 3.24 below as it relates to Resulting Property, by way of the Liberate Cash Payment for the amount redeemed;

3.22 if Shaw Subco makes an election to deliver Liberate Common Shares and is unable to deliver Liberate Common Shares that are NASDAQ Tradeable, Shaw Subco shall be obliged to deliver the Liberate Cash Payment instead;

3.23 the Exchange Rate shall be adjusted by the Trustee upon the occurrence of certain stated dilutive events, which may produce Resulting Property, including a Share Reorganization, a distribution of an Extraordinary Cash Dividend or Dividend Property, a Reorganization Event or a Merger Event (as such terms are defined in the Trust Indenture and each referred to herein as an "Adjustment Event"), all in accordance with the provisions of the Trust Indenture;

3.24 the provisions of the Trust Indenture relating to the satisfaction of Shaw Subco's obligations under the Right to Exchange and on redemption provide that Resulting Property, including Resulting Securities, for which there is no liquid market, must be distributed in kind to the Debenture holders upon exchange or redemption. In such circumstances, cash in the form of the Liberate Cash Payment or otherwise cannot be delivered in lieu thereof;

3.25 on the Maturity Date, to the extent that the Debentures have not been previously redeemed or exchanged, in respect of each U.S. $1,000 principal amount of the Debentures, Shaw Subco will repay the Debentures at the principal amount of the Debentures plus any accrued and unpaid semi-annual payments of interest (collectively, the "Maturity Value") in accordance with the provisions of the Trust Indenture;

3.26 at the option of Shaw Subco, and subject to paragraph 3.24 above as it relates to Resulting Property, the Maturity Value may be satisfied in respect of each U.S. $1,000 principal amount of Debentures by:

3.26.1 delivery to a Debenture holder of Liberate Common Shares (that constitute Pledged Securities) that are NASDAQ Tradeable and/or Resulting Property (if any) with a value, based on the Current Market Price on the date which is one business day prior to the Maturity Date, equal to the Maturity Value; or

3.26.2 any combination of 3.26.1 and cash;

3.27 Shaw Subco or SIP may enter into securities lending transactions whereby the Liberate Common Shares and/or Resulting Securities which either Shaw Subco or SIP receives from the Trustee upon replacement of such securities with Authorized Investments, as described above in paragraph 3.16, are loaned to a securities borrower who may be:

3.27.1 a Debenture holder; or

3.27.2 a qualified party described in Appendix A ("Qualified Party") who wishes to loan the Liberate Common Shares and/or Resulting Securities to a Debenture holder, for the purposes described in paragraphs 3.28 to 3.31 below;

3.28 a Debenture holder may seek to limit the risk of declining value in the Liberate Common Shares and/or Resulting Securities, which the Debenture holder would receive on an exercise of the Right to Exchange, by the use of a short hedge;

3.29 to implement a short hedge, the Debenture holder would sell short a certain number of Liberate Common Shares and/or Resulting Securities and then borrow the same number of Liberate Common Shares and/or Resulting Securities to settle the short sale;

3.30 the Debenture holder may borrow the Liberate Common Shares and/or Resulting Securities from either Shaw Subco or SIP or from a Qualified Party (who obtained the Liberate Common Shares as described in paragraph 3.27 or otherwise);

3.31 at a future time, the Debenture holder will be required to buy the same number of Liberate Common Shares and/or Resulting Securities, or exercise the Right to Exchange to obtain such number of Liberate Common Shares and/or Resulting Securities, in order to repay the securities loan to a securities lender who may then use such Liberate Common Shares and/or Resulting Securities in another securities lending transaction;

3.32 the transactions involved in paragraphs 3.27 to 3.31 (inclusive) are referred to herein as the "Securities Lending Transactions";

3.33 in order to provide maximum flexibility to SCI and Shaw Subco during the term of the Debentures, Debentures properly tendered, delivered or exchanged by a holder in connection with the exercise by a Debenture holder of the Right to Exchange, or in connection with the payment of the Redemption Value on redemption, may, at the direction of Shaw Subco, be purchased, redeemed or otherwise acquired by a subsidiary of SCI other than Shaw Subco. Debentures so purchased, redeemed or otherwise acquired will not be canceled and may be re-issued. On such a purchase, redemption or other acquisition by a subsidiary of SCI other than Shaw Subco, such subsidiary is required to deliver to the Debenture holder the same

consideration that would otherwise be deliverable by Shaw Subco on the exercise of the Right to Exchange, or in connection with the payment of the Redemption Value on redemption, as the case may be, including Liberate Common Shares or Resulting Securities;

4. AND WHEREAS, under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

5. AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

6. THE DECISION of the Decision Makers pursuant to the Legislation is that the Prospectus and Registration Requirements shall not apply to trades of Debentures, Liberate Common Shares or Resulting Securities in connection with:

   6.1 the exercise by a Debenture holder of the Right to Exchange;

   6.2 the payment of the Redemption Value of a Debenture on redemption;

   6.3 the payment of the Maturity Value of a Debenture on the Maturity Date;

   6.4 the replacement of Liberate Common Shares or Resulting Securities with Authorized Investments;

   6.5 the purchase of Debentures by a subsidiary of SCI other than Shaw Subco;

   (collectively, the "Conversion or Transaction Events") provided that, at the time of such trades, Shaw Subco is not a reporting issuer or equivalent in any of the Jurisdictions;

7. THE FURTHER DECISION of the Decision Makers pursuant to the Legislation is that any subsequent trade of Debentures, Liberate Common Shares or Resulting Securities acquired in connection with a Conversion or Transaction Event shall be a distribution or a distribution to the public unless:

   7.1 the trade is executed through the facilities of NASDAQ or a stock exchange located outside of Canada in accordance with the laws and rules applicable to NASDAQ or such exchange; or

   7.2 the trade is made in connection with a Securities Lending Transaction to a Debenture holder, SIP, Shaw Subco or a Qualified Party.

DATED at Calgary, Alberta this 1st day of September, 2000.

"Glenda A. Campbell", Vice-Chair

"James E. Allard", Member

2.1.17 Gaz Metropolitain Inc. – MRSS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a "connected issuer", but not a "related issuer", in respect of the Applicants who Bank-owned registrants that are underwriting a distribution of securities of the Issuer - Applicants exempt from the requirement in the legislation that an independent underwriter underwrite a portion of the distribution equal to the largest portion being underwritten by a non-independent underwriter.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am.

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 219(1), 224(1)(b), 233, Part XIII.

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (1998), 21 OSCB 781. 33-5B - In the Matter of Limitations on a Registrant Underwriting Securities of a Related or a Connected Issuer of the Registrant (1997), 20 OSCB 1217, as varied by (1999), 22 OSCB 149.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF THE PROVINCES OF BRITISH COLUMBIA, ALBERTA, ONTARIO, QUÉBEC AND NEWFOUNDLAND

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
GAZ MÉTROPOLITAIN, INC. AND OF BMO NESBITT BURNS INC., CIBC WORLD MARKETS INC., NATIONAL BANK FINANCIAL INC. AND TD SECURITIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Québec and Newfoundland (collectively, the "Jurisdictions") have received an application from BMO Nesbitt Burns Inc. ("BMO"), CIBC World Markets Inc. ("CIBC"), National Bank Financial Inc. ("NBF") and TD Securities Inc. ("TD") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation regarding acting as an underwriter in connection with a distribution of securities of an issuer made by means of a prospectus where the issuer is a "connected issuer" (or the equivalent) of the registrant (the "Independent Underwriter Requirements"), shall not apply to each of BMO,

CIBC, NBF and TD in respect of the proposed distributions (the "Offerings") of an aggregate amount of up to $250,000,000 medium term series I first mortgage bonds (the "MTN Series I Bonds") of Gaz Métropolitain, Inc. (the "Issuer") to be made pursuant to a short form shelf prospectus (the "Prospectus") dated September 8, 2000 which has been filed with the Decision Maker in each of the Jurisdictions, a prospectus supplement (the "Prospectus Supplement") and pricing supplements (the "Pricing Supplements") expected to be filed with the Decision Maker in each of the Jurisdictions;

AND WHEREAS pursuant to the Mutual Reliance System for Exemptive Relief Applications (the "System"), the Commission des valeurs mobilières du Québec is the principal regulator for this application;

AND WHEREAS BMO, CIBC, NBF and TD have represented to the Decision Makers that:

1. The Issuer is a company governed by the laws of Québec.

2. The Issuer is acting in the capacity of general partner of Gaz Metropolitain and Company, Limited Partnership ("GMCLP") in accordance with a limited partnership agreement. As at June 30, 2000, the Issuer held 77.4% of the 110,468,612 units of GMCLP and Gaz Métropolitain Plus Inc., a wholly-owned subsidiary of the Issuer, held 8,551 units of GMCLP. The balance is held by the public.

3. The Issuer's principal place of business is located at 1717 Du Havre St., Montreal, Québec, H2K 2X3.

4. The Issuer is a "reporting issuer" or the equivalent not in default pursuant to the securities legislation in all of the provinces and territories of Canada.

5. GMCLP is a limited partnership governed by the laws of Québec.

6. GMCLP operates as its core business an integrated system for the distribution, storage and transmission of natural gas through underground pipelines in an exclusive area in the province of Québec.

7. GMCLP's principal place of business is located at 1717 Du Havre St., Montreal, Québec, H2K 2X3.

8. GMCLP is a "reporting issuer" or the equivalent not in default pursuant to securities legislations in all of the provinces and territories of Canada and its units are listed on the Toronto Stock Exchange.

9. Each of BMO, CIBC, NBF and TD is directly or indirectly controlled by a Canadian Bank. These Canadian Banks (the "Banks") are part of a consortium of financial institutions (the "Consortium") which have granted to the Issuer, for the exclusive benefit of GMCLP, a credit facility (the "Credit Facility") of $300,000,000. The Consortium is comprised of Bank of Montreal, Royal Bank of Canada, TD Bank, National Bank of Canada, Canadian Imperial Bank of Commerce, Chase Manhattan Bank, Citibank, Caisse Centrale Desjardins and Italian Bank of Commerce. The Banks did not participate, and will not in the future participate, in any decision to make the Offerings of MTN Series I Bonds under Pricing Supplements nor in the determination of the terms of the Offerings or the use of proceeds thereof.

10. As a result of the Credit Facility, the Issuer may be considered a "connected issuer" or the equivalent to each of BMO, CIBC, NBF and TD pursuant to the Legislation.

11. The Issuer is not a "related issuer" or the equivalent to each of BMO, CIBC, NBF and TD pursuant to the Legislation.

12. The Issuer is not a "specified party" within the meaning of proposed Multi-jurisdictional Instrument No. 33-105 – *Underwriters Conflicts* ("MJI33-105").

13. In connection with the Offerings, the Issuer has filed the Prospectus with the decision makers in accordance with the procedures set out in National Policy Statement No. 44 ("NP 44") and a MRRS decision document (a receipt) has been issued by the Commission des valeurs mobilières du Québec as principal regulator on behalf of each of the Decision Makers.

14. The Prospectus, together with the Prospectus Supplement, will qualify the distribution of the MTN Series I Bond which may be offered from time to time in an aggregate principal amount of up to US$250,000,000.

15. Each Pricing Supplement will describe the principal terms of a particular series of MTN Series I Bond, including the aggregate principal amount of MTN Series I Bond being offered, the issue date, the issue price, the actual proceeds to the Issuer, and the actual Agents' remuneration.

16. BMO, CIBC, NBF, TD and Casgrain & Company Limited ("Casgrain") (collectively, the "Agents") intend to enter into a selling agency agreement with the Issuer under which the Agents would act as the Issuer's exclusive agents to solicit, from time to time, offers to purchase MTN Series I Bonds up to an aggregate amount of $250,000,000.

17. The Issuer is in good financial condition.

18. CBRS Inc. and Dominion Bond Rating Service Ltd. have respectively granted the A (high) and A rating to the Series H First Mortgage Bonds 6.95% due November 2, 2009. The Issuer and BMO, CIBC, NBF and TD expect to receive similar ratings for MTN Series I Bonds issued under the Offerings.

19. The Prospectus Supplement will contain the information specified in Appendix "C" of draft MJI 33-105 on the basis that the Issuer is a "connected issuer" or the equivalent of each of BMO, CIBC, NBF and TD, including a disclosure concerning the nature of the indebtedness of the Issuer under the Credit Facility and

the relationship with the Issuer, each of BMO, CIBC, NBF and TD and the Banks.

20. Casgrain is an independent underwriter within the meaning of MJI 33-105. Casgrain will be responsible for 10 % of the Offering.

21. BMO, CIBC, NBF and TD will not benefit in any manner from the distribution of the MTN Series I Bond other than the payment of its fees in connection with the distribution of such MTN Series I Bond.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the authority to make the Decision has been met.

THE DECISION of the Decision Makers pursuant to the Legislation is that each of BMO, CIBC, NBF and TD is exempt from the Independent Underwriter Requirements in connection with the Offerings provided the Issuer is not a "specified party" as that term is defined in MJI 33-105 at the time of each Offering and provided that at the time of each Offering, the Issuer is not a "related issuer" (or the equivalent) as that term is defined in MJI 33-105, of any of BMO, CIBC, NBF or TD.

Dated at Montreal, Quebec October 16, 2000.

"Guy Lemoine" "Viateur Gagnon"

2.2 Orders

2.2.1 Canada-iNvest Direct Inc. - s.21.1(4)

Headnote

Relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, pursuant to section 4.1 of OSC Rule 31-505, subject to the terms and conditions wet out in the Order.

Decision pursuant to s.21.1(4) of the Act, that the IDA Suitability Requirements do not apply to the Filer, subject to the terms and conditions set out in the Order.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4)

Rules Cited

Ontario Securities Commission Rule 31-505 "Condition of Registration" (1999) 22 O.S.C.B. 731

IDA Regulations Cited

IDA Regulation 1300.1(b), 1800.5(b), 1900.4

IN THE MATTER
OF THE SECURITIES ACT, R.S.O. 1990, C.S.5,
AS AMENDED (THE 'ACT")

AND

IN THE MATTER OF
CANADA-INVEST DIRECT INC.
ORDER
(SECTION 21.1 (4) OF ACT AND
S.4.1 OF RULE 31-505)

WHEREAS the Commission has received an application from Canada-iNvest Direct Inc. (the "Filer") for

1. a decision pursuant to Section 4.1 of Ontario Securities Commission Rule 31-505 –Conditions of Registration ("Rule 31-505") that the requirements of Rule 31-505 requiring the Filer and its registered salespersons, partners, officers and directors ("Registered Representatives") to make inquiries of each client of the Filer as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (such requirements, the "Suitability Requirements") do not apply to the Filer and its Registered Representatives; and

2. a decision under section 21.1 (4) of the Act that the requirements of the Investment Dealers Association of Canada (the "IDA"), in particular IDA Regulation 1300.1(b), 1800.5(b) and 1900.4, requiring the Filer and its Registered Representatives to make inquiries of each client of the Filer as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (such requirements, the "IDA Suitability Requirements") do not apply to the Filer and its Registered Representatives;

AND WHEREAS the Filer has represented to the Commission that:

1. the Filer is a corporation incorporated under the *Business Corporations Act* (Ontario);

2. the head office of the Filer is located in Ontario (the "Jurisdiction") and the Filer has officers and salespersons registered in the Jurisdiction;

3. the Filer is registered under the *Securities Act* (Ontario) (the "Legislation") as an investment dealer and is a member of the IDA;

4. the Filer and its Registered Representatives will not provide advice or recommendations regarding the purchase or sale of any security and the Filer has adopted policies and procedures to ensure the Filer and its Registered Representatives do not provide advice or recommendations regarding the purchase or sale of any security;

5. when the Filer provides trade execution services to clients it would, in the absence of this Decision, be required to comply with the Suitability Requirements and IDA Suitability Requirements;

6. clients who request the Filer or its Registered Representatives to provide advice or recommendations or advice as to suitability will be referred to a registered dealer or adviser that provides those services;

7. the Filer does not and will not compensate its Registered Representatives on the basis of transactional values;

8. each client of the Filer will be advised of the Decision of the Decision Maker and requested to acknowledge at the time of opening an account with the Filer that:

   (a) no advice or recommendation will be provided by the Filer or its Registered Representatives regarding the purchase or sale of any security, and

   (b) the Filer and its Registered Representatives will not determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client; (both (a) and (b) shall constitute the "Client Acknowledgement")

9. each client of the Filer will be advised at the time of opening an account with the Filer that if he or she does not wish to provide a Client Acknowledgement, he or

she has the option of opening an account or accounts with another registered dealer or adviser that provides advice and recommendations, and that in the event an account has already been opened by the Filer for the client, the Filer will not charge any transfer fees to a client who wishes to effect such a transfer (the "Account Transfer Option");

10. the Filer obtained registration as an investment dealer under the Legislation on October 20, 2000 and become a member of the IDA on October 20, 2000;

11. the Filer has not opened a client account prior to the granting of this decision;

12. the Filer will not permit the opening of any client account for which a Client Acknowledgement has not been received;

13. all prospective clients of the Filer will be advised and required to acknowledge that: no

    (a) advice or recommendations will be provided by the Filer or its Registered Representatives regarding the purchase or sale of any security, and

    (b) the Filer and its Registered Representatives will not determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client, (both (a) and (b) shall constitute the "Prospective Client Acknowledgement")

    prior to the Filer opening an account for such prospective client;

14. the Filer has adopted policies and procedures to ensure:

    (a) that evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA,

    (b) all client accounts of the Filer are appropriately designated as being a client account to which a Client Acknowledgement or Prospective Client Acknowledgement has been received or being a client account to which a Client Acknowledgement has not been received, and

    (c) or any client of the Filer who does not provide a Client Acknowledgement and chooses to exercise the client's Account Transfer Option, the Filer will transfer the client's account in an expeditious manner and the Filer will not charge any transfer fees to a client who effects such a transfer;

AND WHEREAS the Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Director under Section 4.1 of Rule 31-505 is that the Suitability Requirements contained in Rule 31-505 shall not apply to the Filer and its Registered Representatives so long as:

1. the Filer and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;

2. clients who request the Filer or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to a registered dealer or adviser that provides those services;

3. the Filer is a distinct legal entity and operates using its own letterhead, accounts, Registered Representatives and account documentation;

4. the Filer does not compensate its Registered Representatives on the basis of transactional values;

5. each client of the Filer is advised of the Decision of the Decision Maker and requested to make a Client Acknowledgement or transfer his or her account to a dealer who provides advice if the client does not make a Client Acknowledgement;

6. the Filer will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

7. each prospective client of the Filer is advised of the Decision of the Decision Maker and required to make a Prospective Client Acknowledgement prior to the Filer servicing such prospective client;

8. evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

9. for any client who elects to exercise the client's Account Transfer Option, the Filer transfers such account or accounts to a registered dealer or adviser that provides advice or recommendations in an expeditious manner and the Filer does not charge any transfer fees to a client who effects such a transfer; and

10. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

November 3, 2000

"William Gazzard"

THE DECISION of the Commission is that the IDA Suitability Requirements do not apply to the Filer and its Registered Representatives so long as:

1. the Filer and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;

2. clients who request the Filer or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to a registered dealer or adviser that provides those services;

3. the Filer is a distinct legal entity and operates using its own letterhead, accounts, Registered Representatives and account documentation;

4. the Filer does not compensate its Registered Representatives on the basis of transactional values;

5. each client of the Filer is advised of the Decision of the Decision Maker and requested to make a Client Acknowledgement or transfer his or her account to a dealer who provides advice if the client does not make a Client Acknowledgement;

6. the Filer will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

7. each prospective client of the Filer is advised of the Decision of the Decision Maker and required to make a Prospective Client Acknowledgement prior to the Filer servicing such prospective client;

8. evidence of all Client Acknowledgements, Prospective Client Acknowledgements and Account Transfer Options is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

9. for any client who elects to exercise the client's Account Transfer Option, the Filer transfers such account or accounts to a registered dealer or adviser that provides advice or recommendations in an expeditious manner and the Filer does not charge any transfer fees to a client who effects such a transfer; and

10. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the IDA Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

November 3, 2000

"Robert W. Davis" "R. Stephen Paddon"

2.2.2 Modatech Systems Inc. - s.144

Headnote

Section 144 – partial revocation of cease trade order to permit (i) reorganization of share capital of issuer, (ii) issuance and transfer of shares pursuant to reverse take-over transaction, (iii) retraction of retractable shares issued pursuant to reorganization, and (iv) ordinary course borrowing by issuer.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., 144.

Notices Cited

OSC Notice 35 - Revocation of Cease Trade Orders dated January 6, 1995, (1995) 18 OSCB 5.

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

AND

IN THE MATTER OF MODATECH SYSTEMS INC.

ORDER
(Section 144)

WHEREAS under Section 127 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act") an order was made on December 13, 1995 (the "Cease Trade Order") prohibiting all trading in the securities of Modatech Systems Inc. ("Modatech");

AND WHEREAS the Cease Trade Order was issued against Modatech for failure to file financial statements;

AND WHEREAS the applicant, 528419 British Columbia Ltd. (the "Friesen Group"), has applied for a partial revocation of the Cease Trade Order in connection with a reorganization of the capital of Modatech under the terms of an arrangement under Section 252 of the *Company Act*, R.S.B.C. 1996, c. 62, as amended (the "Company Act"), the issuance of 6,772,000 Common shares in the capital of Modatech to Ruland Realty Limited in consideration of the acquisition from Ruland Realty Limited of an interest in Markham Ventures Partnership, and certain other trades described below;

AND WHEREAS the Friesen Group has represented to the Commission that:

Incorporation, Reporting Status and Business of Modatech

1. Modatech was incorporated under the *Company Act* (British Columbia) on February 28, 1983, and was formerly engaged in the business of software development.

2. Modatech is a reporting issuer in British Columbia, Ontario, Manitoba and Quebec and is currently subject to cease trade orders in each of those jurisdictions.

3. Modatech's Common shares were formerly listed for trading on The Toronto Stock Exchange and NASDAQ.

4. The authorized capital of Modatech consists of 30,000,000 shares divided into 25,000,000 Common shares without par value and 5,000,000 redeemable Preferred shares with a par value of $1.00, of which 12,093,522 Common shares and no Preferred shares are issued and outstanding.

Bankruptcy of Modatech

5. On November 3, 1995, Modatech made an assignment in bankruptcy, appointing Barnes Kissack Henfrey & George cba MacKay & Company Ltd. as trustee in bankruptcy (the "Trustee").

6. The Trustee liquidated Modatech's personal property and used the proceeds of the liquidation to satisfy, in full, the claims of all secured and preferred creditors and to make a preliminary distribution of approximately $136,000 to unsecured creditors. The gross amount currently available for distribution to unsecured creditors is approximately $314,000, not including $140,000 payable by the Friesen Group to the Trustee under the terms of the Friesen Proposal (defined below).

7. The remaining value, if any, in Modatech lies in its tax attributes, consisting of approximately $20,000,000 in unused income tax losses and scientific research deductions which may be used to shelter income earned by Modatech provided there is no change of control of Modatech within the meaning of the *Income Tax Act* (Canada).

8. The Trustee, with the concurrence of the inspectors appointed by the creditors of Modatech under the *Bankruptcy and Insolvency Act* (Canada), marketed Modatech to the local financial community in Greater Vancouver by sending letters to 25 entities. As a result of the Trustee's efforts, requests for follow-up information from four different parties were received, including the Friesen Group.

9. On December 10, 1996 the Friesen Group entered into an agreement with the Trustee pursuant to which the Friesen Group submitted a proposal (the "Friesen Proposal") to the Trustee for approval by the creditors of Modatech and the Supreme Court of British Columbia. Under the terms of the Friesen Proposal, the Friesen Group agreed to pay the Trustee $140,000 for all remaining unsatisfied claims against Modatech, which claims totaled approximately $1,700,000.

10. On September 6, 2000, the Trustee convened a meeting of creditors of Modatech pursuant to the *Bankruptcy and Insolvency Act* (Canada). The Friesen Proposal was voted upon at that meeting, and approved by the requisite number of creditors in accordance with the *Bankruptcy and Insolvency Act* (Canada).

11. On September 26, 2000, the Trustee applied to the Supreme Court of British Columbia for an order approving the Friesen Proposal, which order was granted by Master Horn.

12. The Friesen Group has paid the $140,000 to the Trustee pursuant to the terms of the Friesen Proposal, and the bankruptcy of Modatech has been annulled within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

Background on the Friesen Group and its Relationship with Modatech

13. The Friesen Group was incorporated under the *Company Act* (British Columbia) on October 3, 1996.

14. The Friesen Group is a private company beneficially owned as to:

    (a) 51 percent by Robert Allan Friesen and members of his family; and

    2. 49 percent by Ronald Mathison,

    and was incorporated for the sole purpose of facilitating the Friesen Group's reorganization of Modatech.

15. The Friesen Group became a shareholder of Modatech in August, 2000 by purchasing 818,000 Common shares of Modatech from Goepel McDermid Inc. for $0.025 per share.

16. To permit the purchase of shares from Goepel McDermid Inc., the Friesen Group applied for and obtained a partial revocation of the outstanding cease trade order of the British Columbia Securities Commission. The partial revocation order of the British Columbia Securities Commission was dated June 11, 1999, and was granted on the understanding that the Friesen Group's intention was to cause Modatech to acquire a business that would permit Modatech to be reactivated.

17. The Friesen Group tried without success to arrange for Modatech to acquire a business and found that potential vendors were not interested in proceeding with a transaction until Modatech's share capital was reorganized and its bankruptcy annulled. In addition, the Friesen Group found that potential vendors were not interested in investing in Modatech in the absence of a plan for Modatech to go private.

18. The Friesen Group thus applied to the Supreme Court of British Columbia on August 14, 2000 for an order (the "Interim Order") convening an extraordinary general meeting (the "Meeting") of the shareholders of Modatech to consider an arrangement (the "Arrangement") proposed by the Friesen Group under Section 252 of the Company Act, which provides that, among other things:

    (a) all 12,093,522 Common shares in the capital of Modatech are to be exchanged, on a one-for-one basis, for newly created voting Class A Preferred shares in the capital of Modatech, retractable for $0.025 per share (the "Common

Share Exchange") after December 31, 2005 and entitled to a cumulative 6 percent dividend until December 31, 2005;

(b) one Common share in the capital of Modatech is to be issued to the Friesen Group (the "Common Share Issuance") immediately after the Common Share Exchange; and

(c) 2,000,000 newly created non-voting Class B Preferred shares in the capital of Modatech are to be issued to the Friesen Group (the "Preferred Share Issuance"), retractable for $1.00 per share after March 31, 2006 and subordinate to the Class A Preferred shares in all respects

(collectively, the Common Share Exchange, the Common Share Issuance and the Preferred Share Issuance are referred to herein as the "Arrangement Trades").

The Interim Order was granted by Master Donaldson.

19. On September 13, 2000 the Friesen Group agreed, subject to regulatory approval, to purchase an additional 900,000 Common shares of Modatech from Dr. William Allen of Kentucky, U.S.A. for US$25,000 and in consideration of Dr. Allen's agreement to vote in favour of the Arrangement proposed by the Friesen Group.

20. To permit the purchase of shares from Dr. William Allen, the Friesen Group is currently seeking a partial revocation order from the British Columbia Securities Commission.

21. The Meeting was held in accordance with the terms of the Interim Order and the shareholders of Modatech approved the Arrangement by a majority in excess of the required majority under the Company Act.

22. The Friesen Group applied to the Supreme Court of British Columbia for final approval of the Arrangement under Section 252 of the Company Act on September 29, 2000, and such approval was granted pursuant to an order of Master Horn.

Post- Arrangement Acquisition by Modatech

23. The Friesen Group has entered into an agreement (the "Ruland Subscription Agreement") with Ruland Realty Limited of Ontario to arrange for Modatech to acquire, subject to regulatory approval, a 99.9% partnership interest (the "Partnership Interest") in Markham Ventures Partnership, which owns and operates a shopping mall in Markham, Ontario whose estimated value is not less than $31 million.

24. Completion of the Arrangement is a condition precedent to the closing of Modatech's acquisition of the Partnership Interest pursuant to the Ruland Subscription Agreement.

25. In consideration of the acquisition of the Partnership Interest by Modatech, the Friesen Group has agreed (i) to cause Modatech to issue 6,772,000 Common shares to Ruland Realty Limited and (ii) to transfer to Ruland Realty Limited 900,000 Class A Preferred shares and one Common share in the capital of Modatech (the issuance by Modatech and the transfers by the Friesen Group collectively the "Acquisition Trades").

Post-Acquisition Trading

26. The Friesen Group and, to the best of the Friesen Group's knowledge, Ruland Realty Limited, will not be seeking a market for trading in Modatech's securities or a full revocation of any of the outstanding cease trade orders against Modatech, as the market value of Modatech's public float will not exceed $305,000 and it is expected that all public shareholders of Modatech will retract their shares as soon as they are entitled to do so. The retraction of Class A Preferred shares and Class B Preferred shares will constitute trading (the "Retraction Trades"), and a partial revocation of the Commission's Cease Trade Order will be required to permit such trading.

27. Modatech may from time to time need to borrow funds from Canadian chartered banks in the ordinary course (the "Ordinary Course Borrowing") in connection with its obligations as the owner of the Partnership Interest, and any and all such ordinary course borrowing will constitute trading.

Post-Acquisition Continuous Disclosure by Modatech

28. Notwithstanding that Modatech will ultimately go private, the Friesen Group recognizes that public shareholders, as holders of Class A Preferred shares, will have an interest in the affairs of Modatech, and should receive financial and other continuous disclosure until Modatech goes private. Accordingly, the Friesen Group proposes that until March 31, 2006 Modatech will:

(a) prepare and deliver financial statements in accordance with the requirements of the Act;

(b) provide continuous disclosure to the public (e.g. press releases and material change reports); and

(c) hold annual shareholder meetings and deliver statutorily required meeting materials to shareholders.

29. Apart from the failure to file financial statements that prompted the issuance of the Cease Trade Order, Modatech is not, to the best of the Friesen Group's knowledge, in default of any requirement of the Act, the rules or the regulation made thereunder.

30. The Friesen Group understands that the Cease Trade Order will remain in effect following the completion of the Acquisition Trades and that all securities of Modatech will remain subject to the Cease Trade Order, except as otherwise provided herein.

AND UPON considering the application of the Friesen Group and the recommendation of the Staff of the Commission;

AND UPON the Director being satisfied that to do so would not be contrary to the public interest;

IT IS ORDERED pursuant to Section 144 of the Act that the Cease Trade Order be and is hereby partially revoked to permit the Arrangement Trades, the Acquisition Trades, the Retraction Trades, and Ordinary Course Borrowing.

October 26th, 2000.

"Margo Paul"

2.2.3 Marcus Energy Inc. - s.144

IN THE MATER OF THE SECURITIES ACT;
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")

AND

IN THE MATTER OF
MARCUS ENERGY INC.

ORDER
(Section 144)

WHEREAS, the securities of Marcus Energy Inc. ("MEI") are subject to a temporary order of the Director (the "Director") of the Ontario Securities Commission (the "Commission") dated July 19, 1990, made under the predecessor to section 127 of the Act directing that trading in the securities of MEI cease, which was extended by an order of the Director dated July 31, 1990 (collectively, the "Cease Trade Order");

AND WHEREAS MEI has made application pursuant to section 144 of the Act for revocation of the Cease Trade Order;

AND UPON MEI having represented to the Commission as follows:

1. MEI has been a reporting issuer under the Act since January 12, 1988.

2. The Cease Trade Order was issued due to the failure of MEI to file with the Commission and send to its shareholders annual audited financial statements for the fiscal year ended December 31, 1989 and interim financial statements for the three months ended March 31, 1990 as required by the Act.

3. Due to a lack of financial resources, MEI also failed to file with the Commission and send to its shareholders, financial statements for the fiscal years ended December 31, 1989 through 1999; unaudited interim financial statements for the three, six and nine month periods, as the case may be, during such periods, as well as for the three, six and nine months ended March 31, 2000, June 30, 2000 and September 30, 2000, respectively.

4. MEI has had little business activity since the Cease Trade Order; its audited financial statements for the fiscal year ended December 31, 1999 disclose nominal expenses from operations and no assets.

5. The audited financial statements for the years ending December 31, 1997, 1998 and 1999, (the "Annual Financial Statements") respectively, were filed with the Commission on August 31, 2000; the unaudited interim financial statements for the three months ended March 31, 1997, 1998, 1999 and 2000, the six months ended June 30, 1997, 1998, 1999 and 2000 and the nine months ended September 30, 1997, 1998, 1999 and 2000 (the "Interim Financial statements") were filed on October 3, 2000.

6. An annual meeting of the shareholders of MEI will be held on November 10, 2000. On October 16, 2000 MEI mailed a notice of meeting and a management information circular dated October 11, 2000; the Annual Financial Statements; and the Interim Financial Statements to its Shareholders.

7. MEI is a shell and has no assets, no business and no prospects.

8. MEI is not presently considering, nor is it involved in any discussions relating to, a reverse take-over or similar transaction.

9. MEI has not been subject to any previous cease trade orders issued by the Commission.

10. Except for the Cease Trade Order, MEI is not in default with the financial and continuous disclosure requirements of the Act and the regulation made thereunder.

AND UPON considering the application and the recommendation of the staff of the Commission;

AND UPON the Director being of the opinion that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order be and is hereby revoked.

October 25th, 2000.

"John Hughes"

2.2.4 Consolidated Grandview Inc. – s 144

Headnote

Section 144 - revocation of cease trade order upon remedying of default, updating of public disclosure record and mailing of disclosure information, together with outstanding financial statements, to shareholders.

Statutes Cited

Securities Act, R.S.O. 1990, c. .5 as am., ss. 127 and Part XVIII.

IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1990, CHAPTER S.5, AS AMENDED ("the Act")

AND IN THE MATTER OF CONSOLIDATED GRANDVIEW INC.

ORDER
(Section 144)

UPON the application of Consolidated Grandview Inc. ("Consolidated Grandview") to the Ontario Securities Commission ("the Commission") for an order pursuant to section 144 of the Act that the order issued by the Commission under subsection 123(3) (now subsection 127(5)) of the Act on April 16, 1987, extended on April 23, 1987, and further extended on April 29, 1987 (the "Cease Trading Order"), be revoked insofar as the Cease Trading Order relates to the securities of Consolidated Grandview;

AND UPON Consolidated Grandview having represented to the Commission that:

1. Consolidated Grandview was formed by Letters Patent dated November 23, 1945, under the laws of the Province of Ontario and became a reporting issuer under the Act on September 15, 1979;

2. The authorized capital of Consolidated Grandview consists of an unlimited number of common shares and an unlimited number of preference shares, of which 3,271,002 common shares and no preference shares are issued and outstanding;

3. On April 16, 1987, the Commission issued an order which provided that trading in the securities of Consolidated Grandview and in securities of Crownbridge Industries Inc. ("Crownbridge") cease;

4. The order of April 16, 1987, was extended on April 23, 1987, and again on April 29, 1987, and continues in effect with respect to Consolidated Grandview, it having been revoked with respect to Crownbridge by subsequent orders of the Commission;

5. With respect to Consolidated Grandview, the Cease Trading Order was made on the basis that Consolidated Grandview may have violated certain provisions of the Act, but the proceeding in respect of those allegations

was adjourned *sine die* on April 29, 1987, and has not proceeded;

6. At the time of the issuance of the Cease Trading Order the common shares of Consolidated Grandview were quoted on the Canadian Over-the-Counter Automated Quotation System;

7. On March 25, 1988, the Commission commenced proceedings in Provincial Court against Consolidated Grandview, among others, pursuant to section 118 (now section 122) of the Act;

8. On April 26, 1991, the charges against Consolidated Grandview were withdrawn;

9. Subsequent to the issuance of the Cease Trading Order, Consolidated Grandview was inactive until 1998, at which time Consolidated Grandview, under new management, commenced operating as a merchant bank;

10. Consolidated Grandview's new business plan is to acquire significant equity interests in high-tech companies and to provide financial and strategic advice to management of such companies;

11. The three members of Consolidated Grandview's new management team and board of directors have over one hundred years of combined experience in all aspects of corporate management from start-up situations to senior management positions of top Canadian companies;

12. Consolidated Grandview's first initiative in pursuing its new corporate mandate was to take a minor ownership position in Navitrak International Corporation ("Navitrak"), a public company whose shares are quoted on CDNX. In November, 1998, Consolidated Grandview acquired 832,000 common shares of Navitrak for an aggregate purchase price of $83,200;

13. Consolidated Grandview currently owns approximately 1,096,800 common shares of Navitrak, representing approximately 12.3% of the outstanding common shares of Navitrak, and has rights and warrants to purchase up to an additional 921,598 common shares of Navitrak;

14. Navitrak is involved in the application of global positioning system technology to develop and manufacture products used for navigation and mapping in the institutional and consumer markets. Navitrak uses patented hardware, proprietary software mapping technology and an exclusive digital, seamlessly tiled, map database to deliver user-friendly navigation, mapping, imaging and asset-tracking products to its customers;

15. Consolidated Grandview is not considering, nor is it involved in any discussions relating to, a reverse take-over or similar transaction; and

16. In connection with its annual and special meeting of shareholders held on September 7, 2000, Consolidated Grandview filed with the Commission and provided to its shareholders a Notice of Meeting and Management Information Circular dated August 1, 2000 containing prospectus type disclosure including the audited annual consolidated financial statements of Consolidated Grandview for the years ended May 31, 2000, 1999 and 1998.

AND UPON the Commission being satisfied that to grant this order would not be prejudicial to the public interest;

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trading Order is revoked insofar as it relates to the securities of Consolidated Grandview.

November 2nd, 2000.

"Iva Vranic"

2.2.5 Seagram Company Ltd. - ss 59(1)

Headnote

Subsection 59(1) of Schedule I - issuer is exempt from payment of the fee otherwise payable pursuant to clause 32(1)(b) of Schedule I to the Regulation in respect of certain transactions exempted from the issuer bid requirements pursuant to an MRRS Decision Document under clause 104(2)(c), where the transactions did not result in any change to the share ownership structure of the issuer, subject to the requirement that a minimum fee of $800 be paid.

Statute Cited

Securities Act, R.S.O. 1990, c. S.5, as am.

Regulation Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss 32(1)(b) and 59(1) of Schedule I.

IN THE MATTER OF THE SECURITIES ACT, R.S.O 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF THE REGULATION UNDER THE SECURITIES ACT, R.R.O. 1990, REGULATION 1015, AS AMENDED (the "Regulation")

AND

IN THE MATTER OF THE SEAGRAM COMPANY LTD.

ORDER
(subsection 59(1) of Schedule 1)

UPON the application (the "Application") of The Seagram Company Ltd. ("Seagram") to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 59(1) of Schedule 1 (the "Schedule") to the Regulation made under the Act exempting Seagram from payment of the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule;

AND UPON considering the Application and the recommendation of the Staff of the Commission;

AND UPON Seagram having represented to the Commission as follows:

1. Seagram is governed by the *Canada Business Corporations Act* (the "CBCA") and its executive offices are located in Montreal, Quebec. Seagram is a reporting issuer or has equivalent status in each of the provinces of Canada and its common shares are listed on The Toronto Stock Exchange, the New York Stock Exchange and the London Stock Exchange Limited. Seagram is not on the list of defaulting issuers maintained by the various securities regulatory authorities in Canada.

2. The authorized share capital of Seagram consists of an unlimited number of common shares (the "Seagram Common Shares") and an unlimited number of preferred shares issuable in series, of which 436,493,537 Seagram Common Shares and no preferred shares were issued and outstanding as at May 31, 2000.

3. Seagram and Vivendi S.A. ("Vivendi"), Canal Plus S.A., Sofiée S.A. ("Sofiée") and 3744531 Canada Inc. have entered into a merger agreement (the "Merger Agreement") made as of June 19, 2000 pursuant to which, among other things, Vivendi will merge into its subsidiary Sofiée (the surviving corporation is referred to as "Vivendi Universal") and Vivendi Universal will indirectly acquire all of the Seagram Common Shares (the "Transaction") pursuant to a plan of arrangement (the "Arrangement") under section 192 of the CBCA.

4. All shareholders of Seagram will be offered the opportunity to participate in the proposed reorganization involving Seagram (the "Reorganization"), to be described in the Management Information Circular of Seagram to be sent in connection with the Transaction, subject to certain conditions described therein. However, Seagram currently anticipates that only a limited number of Canadian resident Seagram shareholders would participate in the Reorganization (the "Participants").

5. Under the Reorganization, Participants will transfer their Seagram Common Shares to a holding company (each such corporation referred to herein as "Subco") incorporated solely for the purpose of the Reorganization, which has no other material assets or liabilities. Seagram will acquire all of the issued and outstanding shares of each Subco in exchange for the issuance of that number of Seagram Common Shares equal to the number of Seagram Common Shares owned by such Subco.

6. The Reorganization will be subject to the issuer bid requirements of the Act to the extent that the Reorganization constitutes an indirect offer by Seagram for Seagram Common Shares owned by each Subco. Relief from the issuer bid requirements will be granted in the form of a separate MRRS Decision Document.

7. The Reorganization is to enable holders of Seagram Common Shares who elect to participate in the Reorganization to achieve certain tax planning objectives relating to the ownership of their Seagram Common Shares.

8. The Reorganization is intended to allow Participants access to the applicable amount of "safe income" for purposes of the *Income Tax Act* (Canada) attributable to the Participants' existing investment in Seagram Common Shares, without affecting the cost basis for tax purposes of Seagram Common Shares held by other shareholders.

9. The Merger Agreement, which contemplates carrying out the Reorganization and the Arrangement, has been approved by the Board of Directors of Seagram.

10. All material costs and expenses incurred by Seagram in connection with the Reorganization will be paid for by the Participants.

11. Following the completion of the Reorganization, the Participants, either directly or through one or more holding companies, as well as other Seagram shareholders, will own the same number of Seagram Common Shares that they owned immediately prior to the Reorganization and will have the same rights and benefits in respect of such shares that they had immediately prior to the Reorganization. The number of Seagram Common Shares issued and outstanding will be the same after the completion of the Reorganization as it was prior to the Reorganization.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to subsection 59(1) of the Schedule that Seagram is exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule in connection with the Reorganization, provided that the minimum fee of $800 is paid.

October 24, 2000.

"Stephen N. Adams" "Theresa McLeod"

2.3 Rulings

2.3.1 Optical Communications Products, Inc. – s.74(1)

Headnote

Subsection 74(1) - issuance of shares to certain employees of customers of non-reporting issuer pursuant to its directed share program in connection with its U.S. initial public offering - first trade is a distribution unless made in accordance with ss. 72(4) or made over NASDAQ

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., s. 53, 72(4), 74(1).

Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.,

Rules Cited

Ontario Securities Commission Rule 45-501 - *Exempt Distributions*

Ontario Securities Commission Rule 72-501 - *Prospectus Exemption for First Trade Over a Market Outside Ontario*

IN THE MATTER OF THE SECURITIES ACT R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF OPTICAL COMMUNICATION PRODUCTS, INC.

RULING
(Subsection 74(1))

UPON the application (the "Application") of Optical Communication Products, Inc. ("Optical Communication Products") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that certain trades in the shares of Class A Common Stock of Optical Communication Products (the "Shares") to be made pursuant to a proposed Directed Share Program (the "Program") to employees of certain customers of Optical Communication Products residing in the Province of Ontario, who elect to participate in the Program (the "Ontario Program Participants"), shall not be subject to section 53 of the Act;

AND UPON considering the Application and recommendation of the staff of the Commission;

AND UPON Optical Communication Products having represented to the Commission as follows:

1. Optical Communication Products is a corporation incorporated under the laws of Delaware and is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.

2. Optical Communication Products is currently in the process of completing an initial public offering (the "IPO") in the United States and in connection therewith has filed a registration statement on Form S-1, as amended (the "Preliminary Prospectus") with the Securities and Exchange Commission (the "SEC") under the *Securities Act of 1933*.

3. Optical Communication Products proposes to offer 10,500,000 Shares under the IPO.

4. Application has been made to have the Shares quoted on the Nasdaq National Market.

5. In addition to the Ontario Program Participants, the Program is being made available to customers, business partners and employees of Optical Communication Products ("Optical Communication Products Program Participants", the Optical Communication Products Program Participants and the Ontario Program Participants collectively known as "Program Participants"), in connection with the IPO, all on the same terms and conditions.

6. Participation in the Program is voluntary and the Preliminary Prospectus prepared in accordance with U.S. Securities laws will be forwarded to the Ontario Program Participants who choose to participate in the Program.

7. The Shares will be offered at a price equal to the price of the Shares issued under the IPO.

8. The Ontario Program Participants are employees of customers of the Applicant.

9. After giving effect to the IPO and assuming all Ontario Program Participants have acquired all the Shares to which they are entitled under the Program, the aggregate number of Shares held by Ontario Program Participants residing in the Province of Ontario will be less than 5% of the issued and outstanding shares of Optical Communication Products and the number of registered Ontario holders of Shares will not be more than 10% of the total number of holders of outstanding Shares.

10. There is not expected to be a market for the Shares in Ontario and it is intended that any resale of Shares acquired under the Program will be effected through the facilities of the Nasdaq National Market in accordance with its rules and regulations.

11. As a result of the relationship between Optical Communication Products and the Ontario Program Participants, such Ontario Program Participants possess knowledge of the business and affairs of Optical Communication Products.

12. The annual reports, proxy materials and other materials generally distributed to Optical Communication Products shareholders resident in the United States will be provided to Ontario Program Participants at the same time and in the same manner as the documents

would be provided to United States resident shareholders.

13. The Ontario Program Participant will be provided with a notice advising that such Ontario Program Participant will not have any rights against Optical Communication Products under provincial securities laws and, as a result, must rely on other remedies which may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of U.S. federal securities laws.

14. The Shares will be traded to the Ontario Program Participants through UBS Bunting Warburg, Inc., which is registered as an investment dealer under the Act.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest.

IT IS RULED, pursuant to subsection 74(1) of the Act, that trades in Shares pursuant to the Program to the Ontario Program Participants are not subject to section 53 of the Act, provided that the first trade in any of the Shares acquired by an Ontario Program Participant pursuant to this ruling shall be a distribution unless such trade is:

A. is executed in accordance with the provisions of subsection 72(4) of the Act as modified by section 3.10 of Commission Rule 45-501 *Prospectus Exempt Distributions*, except that, for these purposes, it shall not be necessary to satisfy the requirements in clause 72(4)(a) that the issuer not be in default of any requirement of the Act or the regulations if the seller is not in a special relationship with the issuer, or if the seller is in a special relationship with the issuer, the seller has reasonable grounds to believe that the issuer is not in default under the Act or the regulations, where, for these purposes, ``special relationship" shall have the same meaning as in Commission Rule 14-501; or

B. is made in accordance with the provisions of subsection 2.1 of Commission Rule 72-501- *Prospectus Exemption For First Trade Over a Market Outside Ontario*.

November 3rd, 2000.

"R. W. Davis" "R. Stephen Paddon"

2.3.2 Meridex Network Corporation – s.74(1)

Headnote

Subsection 74(1) - Relief granted for the first trade of common shares of B.C. issuer underlying warrants issued by the B.C. issuer to an Ontario company in connection with a service access and promotion agreement where the B.C. issuer is not a reporting issuer in Ontario and the percentage of shareholders of the B.C. issuer resident in Ontario is greater than 10%. First trade to be executed over a stock exchange outside of Ontario or on the NASDAQ National Market.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss 53, 72(1)(a), 74(1)

Rules Cited

Rule 45-501 - Exempt Distributions

IN THE MATTER OF THE SECURITIES ACT, R.S.O. 1990, C.S.5, AS AMENDED (the "Act")

AND

IN THE MATTER OF MERIDEX NETWORK CORPORATION

RULING (Subsection 74(1))

UPON the application (the "Application") by Meridex Network Corporation ("Meridex") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that the first trade in the Underlying Shares (as defined below) of Meridex to be distributed in connection with the exercise of 288,306 Series A Special Warrants (as defined below) and 1,000,000 Warrants (as defined below) issuable upon the exercise of 1,000,000 Series B Special Warrants (as defined below), are not subject to section 53 of the Act, subject to certain conditions.

AND UPON considering the Application and the recommendations of the staff of the Commission;

AND UPON Meridex having represented to the Commission as follows:

1. Meridex was incorporated under the Company Act (British Columbia) on May 19, 1981. Meridex's head office is located in Richmond, British Columbia, and Meridex is in the business of providing e-business solutions which link buying and supplying organizations through the Internet.

2. The authorized capital of Meridex consists of 100,000,000 common shares without par value, 20,000,000 Class "A" Preference Shares with a par value of $50.00 each and 20,000,000 Class "B" Preference Shares with a par value of $25.00 each, of which 31,366,679 common shares (the "Meridex

Shares") and no Preference Shares are issued and outstanding as of the date hereof.

3. Ontario residents hold approximately 8.6% of the outstanding Meridex Shares and represent approximately 18% of the Shareholders of Meridex.

4. The Meridex Shares are listed on the Canadian Venture Exchange (the "CDNX") under the symbol MEX.

5. Meridex is not a reporting issuer under the Act.

6. Cebra was incorporated under the Canada Business Corporations Act, is a member of the Bank of Montreal Group of Companies and is a wholly owned subsidiary of the Bank of Montreal. Cebra's principal office is in Toronto, Ontario and Cebra is a full service e-commerce solutions provider, and provides the MERX service, a national electronic tendering service for the public sector procurement.

7. Cebra is not a reporting issuer under the Act.

8. Meridex and Cebra entered into a Reciprocal Service Access and Promotion Agreement dated as of April 1, 2000 (the "Access Agreement"), pursuant to which Meridex will offer e-procurement services to MERX users. Meridex and Cebra will also develop a joint marketing plan in order to promote the Meridex service. The terms of the Access Agreement provide for the issuance of:

   (a) 288,306 series A special warrants (the "Series A Special Warrants"), each entitling the holder to acquire one common share of Meridex (a "Share") at no additional cost; and

   (b) 1,000,000 series B special warrants (the "Series B Special Warrants"), each entitling the holder to acquire one warrant (a "Warrant"), each Warrant entitling the holder to acquire one common share of Meridex (a "Warrant Share") at a price of $7.15 per share for a period of 30 months expiring November 26, 2002.

The Shares and Warrant Shares are collectively referred to as the "Underlying Shares".

10. The issuance of the Special Warrants to Cebra was effected on May 26, 2000 pursuant to the prospectus exemption contained in section 72(1)(a) of the Act.

11. The issuance of the following securities will be effected pursuant to the exemption contained in section 2.13 of OSC Rule 45-501 – Exempt Distributions:

   (a) the issuance of the Shares upon exercise of the Series A Special Warrants;

   (b) the issuance of the Warrants upon exercise of the Series B Special Warrants; and

   (c) the issuance of Warrant Shares upon exercise of the Warrants.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS RULED, pursuant to subsection 74(1) of the Act, that first trade in the Underlying Shares shall not be subject to section 53 of the Act provided that such first trade is made through the facilities of a stock exchange outside of Ontario or on the NASDAQ Stock Market.

October 10th, 2000.

"J.A. Geller" "Robert W. Davis"

Chapter 3

Reasons: Decisions, Orders and Rulings

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Chapter 4

Cease Trading Orders

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Chapter 5

Rules and Policies

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Chapter 6

Request for Comments

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IN THIS ISSUE

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
16Oct00	1440858 Ontario Inc. - Floating Rate Exchangeable Debentures, Series 2000	73,652,740	73,652,740
16Oct00 & 24Oct00	3785262 Canada Inc., AlphaComm - Common Shares	250,000	714,285
10Oct00	A&B Geoscience Corporation - Common Shares	75,000	250,000
11Oct00 & 16Oct00	Acuity Pooled Canadian Equity Fund - Units	302,855	15,295
12Oct00	Alternative Fuel Systems Inc. - Special Warrants	7,137,499	4,785,333
07Feb00	Altius Energy Corporation - Units	US$250,000	500,000
11Oct00	AQT Solutions, Inc. -Shares of Common Stock	900,000	5,150,000
06Oct00	Arrow Capital Advance Fund -	148,499	14,530
29Sep00	Ascendant Limited Partnership - Limited Partnership Units	2,750,000	2,841
11Oct00	Bioniche Life Sciences Inc. - Special Warrants	2,576,000	805,000
06Oct00	BPI American Opportunities Fund - Units	1,497,569	10,052
29Sep00	BPI American Opportunities Fund - Units	6,405,914	42,448
17Oct00	Brookfield Properties Corporation - Common Shares	174,800,000	8,000,000
07Oct00	Canadian Golden Dragon Resources Ltd. - Common Shares	4,750	25,000
29Sep00	Canadian Golden Dragon Resources Ltd. - Common Shares	3,750	25,000
19Oct00	Canadian Hydro Developers, Inc. - Special Warrants	2,033,760	1,071,400
13Oct00	Canadian Imperial Venture Corp. - Units	150,000	937,500
12Oct00	CMS Energy Corporation - 9⅞% Senior Notes due 2007	7,495,088	7,495,088
04Oct00	Coach, Inc. - Common Stock	US$114,400	7,150
25Sep00	CoSine Communications, Inc. - Common Stock	US$1,296,050	56,350
17Oct00	Findore Gold Resources Ltd. - Common Shares	187,500	625,000
18Oct00	Flagship Capital Group - Limited Partnership Units	41,321,852	40,270
25Sep00	General Dynamics Corporation - Common Stock	US$6,166,755	97,885
19Oct00	Genstar Capital Partnership III, L.P. - Units	US$4,500,000	4,500,000
31May00	GIS Global Imaging Solutions Inc. - Special Warrants	1,536,580	1,536,580

Trans. Date		Security	Price ($)	Amount
18Oct00		Global Net Entertainment Corp. - Common Shares	209,999	913,043
06Oct00		Golden Goliath Resources Ltd. - Units	250,000	500,000
20Oct00		Grovenor Services 2000 Limited Partnership - Limited Partnership Units	13,473,188	87
20Oct00		GS New Regency Limited Partnership - Class A Units	14,005,200	14,005
10May00		GT Group Telecom Inc. - First Preference Shares	10,500,000	7,000,000
29Sep00		Hallmark Bond Fund -	169,484	169,484
29Sep00		Hallmark Dividend Fund -	462,875	462,875
29Sep00		Hallmark Dividend Fund -	588,399	588,399
20Oct00		Holly Street (Denver) Associates Limited Partnership - Limited Partnership Units	2,075	20,000
20Jul00		IE-Engine Inc. - Common Shares	1,232,000	616,000
25Jul00		IE-Engine Inc. - Common Shares	500,000	250,000
18Oct00		Innova LifeSciences Corporation - Special Warrants	5,000,025	6,666,700
11Oct00		ITF Optical Technologies Inc. - Series B Convertible Shares	18,442,613	116,769
23Oct00	#	Ixia - Common Stock	US$845,000	65,000
13Oct00		Kingwest Avenue Portfolio - Units	1,200,904	60,441
04Oct00		Learnco International Inc. - Units	499,999	1,111,110
30Sep00		Marquest Balanced Fund #750 -	376,692	25,915
30Sep00		Marquest Canadian Equity Growth Fund #501 -	1,228	38
30Sep00		Marquest Technology Fund #401US -	150,000	14,853
30Sep00		Marquest US Equity Growth Fund #301US -	150,000	5,952
18Oct00		Media Ventures Productions Limited Partnership - Limited Partnership Units	41,321,852	40,270
11Oct00		Megawheels.com Inc. - Share Purchase Warrants and Convertible Promissory Note	600,000	600,000
13Oct00		Morphometrix Technologies Inc. - Special Warrants	13,368,020	2,814,320
03Oct00		MTR Corporation Limited - Shares	1,434,249	1,180,300
20Sep00		Nu-Wave Photonics - Class C Preferred Shares	492,150	51,000
17Oct00		OminSky Corporation - Shares	1,812,677	29,100
24Oct00		Orica Canada Inc. - 7.53% Series E Guaranteed Senior Notes due 2010	$25,000,000	$25,000,000
10Oct00		Prime Trust - Class B Note	$12,750,000	1
04Oct00		Providence Equity Partners IV L.P. - Limited Partnership	52,491,598	52,491,598
26Sep00		Southern Energy, Inc. - Common Stock	US$2,374,614	107,937
29Sep00		Tenke Mining Corp. - Common Shares	125,000	125,000
24Oct00		Tiomin Resources Inc. - Special Warrants	5,000,000	5,882,353
16Oct00 to 20Oct00		Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names)	872,233	99,780
29Sep00		Twenty First Century Canadian Equity Fund - Units	150,000	21,707
13Oct00		UltraVision Corporation - Common Shares	799,999	459,770
19Oct00		UTS Energy Corporation - Common Shares	14,000,000	16,470,589
06Sep00 to 28Sep00		Vanguard Institutional Index Funds - Shares	763,691	1,490
16Oct00		Venture Coaches Fund LP - Class B Limited Partnership - Units	2,125,000	2,125,200
12Oct00		Viventia Biotech Inc. - Units	8,200,000	14,642,857

Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)

Seller	Security	Amount
Palm American Investments Inc.	Allegiance Equity Corporation - Common Shares	1,000,000
Belzberg, Sidney	Belzberg Technologies Inc. - Common Shares	80,000
Belzberg, Alicia	Belzberg Technologies Inc. - Common Shares	80,000
Black, Conrad M.	Hollinger Inc - Series II Preference Shares.	1,611,039
Baran, Steve	Meridian Resources Inc. - Shares	4,500,000
Gastle, Susan M. S.	Microbix Biosystems Inc. - Common Shares	796,452
Malion, Andrew J.	Spectra Inc. - Common Shares	200,000
Faye, Michael R.	Spectra Inc. - Common Shares	200,000
Hawkins, Stanley	Tandem Resources Ltd. - Common Shares	2,000,000

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Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
360 Venture Fund Inc.
Type and Date:
Preliminary Prospectus dated October 31st, 2000
Receipted November 2nd, 2000
Offering Price and Description:
Class A Shares
Underwriter(s), Agent(s) or Distributor(s):
CIBC World Markets Inc.
Promoter(s):
TCU Sponsor Inc.
360 Venture Partners Inc.
Project #308875

Issuer Name:
1World™ Conservative Portfolio
1World™ Moderate Conservative Portfolio
1World™ Moderate Portfolio
1World™ Moderate Aggressive Portfolio
1World™ Moderate Aggressive Registered Portfolio
1World™ Aggressive Portfolio
1World™ Aggressive Registered Portfolio
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated October 30th, 2000
Mutual Reliance Review System Receipt dated November 2nd, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Investors Group Financial Services Inc.
Les Services Investors Limitee
Promoter(s):
Investors Group Financial Services Inc.
Project #308487

Issuer Name:
AGF RSP MultiManager Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 7th, 2000
Mutual Reliance Review System Receipt dated November 8th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
AGF Funds Inc.
Promoter(s):
AGF Funds Inc.
Project #310008

Issuer Name:
Altamira Investment Services Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 7th, 2000
Mutual Reliance Review System Receipt dated November 8th, 2000
Offering Price and Description:
$ * - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Promoter(s):
N/A
Project #310148

Issuer Name:
Alternative Fuel Systems Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated October 31st, 2000
Mutual Reliance Review System Receipt dated November 6th, 2000
Offering Price and Description:
$10,513,597.50 Common Shares and 7,009,065 Common Shares and 3,504,533 Common Share Purchase Warrants Issuable upon Exercise of 7,009,065 Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Octagon Capital Corporation
Promoter(s):
N\A
Project #309474

Issuer Name:
Darnley Bay Resources Limited

Type and Date:
Preliminary Prospectus dated October 30th, 2000
Receipted October 31st, 2000
Offering Price and Description:
1,960,510 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
La Prairie Limited
Project #307959

Issuer Name:
Dynasty Motorcar Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 31st, 2000
Mutual Reliance Review System Receipt dated November 2nd, 2000
Offering Price and Description:
Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Goepel McDermid Inc.
BayStreetDirect Inc.
Promoter(s):
N/A
Project #308918

Issuer Name:
IG AGF U.S. Growth RSP Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated November 6th, 2000
Mutual Reliance Review System Receipt dated November 7th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Investors Group Financial Services Inc.
Les Services Investors Limitee
Promoter(s):
Investors Group Financial Services Inc.
Project #310004

Issuer Name:
ImagicTV Inc.
Principal Regulator - Ontario
Type and Date:
Second Amended Preliminary PREP Prospectus dated November 3rd, 2000
Mutual Reliance Review System Receipt dated November 3rd, 2000
Offering Price and Description:
$ * - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #306142

Issuer Name:
Investors Global Science & Technology RSP Fund
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated October 30th, 2000
Mutual Reliance Review System Receipt dated November 2nd, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Investors Group Financial Services Inc.
Les Services Investors Limitee
Promoter(s):
Investors Group Financial Services Inc.
Project #308722

Issuer Name:
iProfile Canadian Equity Pool
iProfile U.S. Equity Pool
iProfile International Equity Pool
iProfile Emerging Markets Pool
iProfile Fixed Income Pool
iProfile Global Equity RSP Pool
iProfile Money Market Pool
Principal Regulator - Manitoba
Type and Date:
Preliminary Simplified Prospectus dated October 30th, 2000
Mutual Reliance Review System Receipt dated November 3rd, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Investors Group Financial Services Inc.
Promoter(s):
Investors Group Financial Services Inc.
Project #308512

Issuer Name:
Look Communications Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 1st, 2000
Mutual Reliance Review System Receipt dated November 3rd, 2000
Offering Price and Description:
Units
Underwriter(s), Agent(s) or Distributor(s):
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
National Bank Financial Inc.
Promoter(s):
N/A
Project #309118

Issuer Name:
New Generation Biotech (Balanced) Fund Inc.
Type and Date:
Preliminary Prospectus dated October 31st, 2000
Receipted November 2nd, 2000
Offering Price and Description:
Class A Shares
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
TCU Sponsor Inc.
NGB Management Inc.
Project #308920

Issuer Name:
New Generation Biotech (Equity) Fund Inc.
Type and Date:
Preliminary Prospectus dated October 31st, 2000
Receipted November 2nd, 2000
Offering Price and Description:
Class A Shares
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
Promoter(s):
TCU Sponsor Inc.
NGB Management Inc.
Project #308915

Issuer Name:
Pengrowth Energy Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated November 3rd, 2000
Mutual Reliance Review System Receipt dated November 3rd, 2000
Offering Price and Description:
$100,700,000 - 5,300,000 Trust Units
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc
CIBC World Markets Inc.
ScotiaMcLeod Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC James Capel Canada Inc.
Dundee Securities Corporation
Promoter(s):
N/A
Project #309480

Issuer Name:
Q•Media Services Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated October 31st, 2000
Mutual Reliance Review System Receipt dated November 1st, 2000
Offering Price and Description:
2,078,292 Common Shares issuable upon the Exercise of Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #308547

Issuer Name:
Retrocom Growth Fund Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 1st, 2000
Mutual Reliance Review System Receipt dated November 3rd, 2000
Offering Price and Description:
Class A Series I Shares and Class C Series 7 Shares
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Retrocom Investment Management Inc.
Project #308820

Issuer Name:
Synergy Extreme Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated October 31st, 2000
Mutual Reliance Review System Receipt dated November 3rd, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Synergy Asset Management Inc.
Project #308797

Issuer Name:
True Energy Inc.
Principal Regulator - Alberta
Type and Date:
Preliminary Prospectus dated November 6th, 2000
Mutual Reliance Review System Receipt dated November 7th, 2000
Offering Price and Description:
$2,505,000 - 1,670,000 Flow-Through Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Peters & Co. Limited
Promoter(s):
Paul R. Baay
W. C. (Mickey) Dunn
Project #309763

Issuer Name:
Wysdom Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated November 1st, 2000
Mutual Reliance Review System Receipt dated November 6th, 2000
Offering Price and Description:
US$50,250,014 - 10,847,700 Common Shares issuable upon the exercise of previously issued primary Special Warrants and 2,375,988 Common Shares issuable upon the exercise of previously issued secondary Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
CIBC World Markets Inc.
Sprott Securities Inc.
Griffiths McBurney & Partners
Promoter(s):
N/A
Project #309221

Issuer Name:
Northwest Income Fund
Northwest Money Market Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 30th, 2000 to Simplified Prospectus and Annual Information Form dated June 20th, 2000
Mutual Reliance Review System Receipt dated 3rd day of November, 2000
Offering Price and Description:
Mutual Fund Units - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Northwest Mutual Funds Inc.
Promoter(s):
N/A
Project #263469

Issuer Name:
CMP 2000 II Resource Limited Partnership
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 31st, 2000
Mutual Reliance Review System Receipt dated 1st day of November, 2000
Offering Price and Description:
$50,000,000(maximum) - 500,000 Limited Partnership Units
Underwriter(s), Agent(s) or Distributor(s):
Dundee Securities Corporation
National Bank Financial Inc.
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
Canaccord Capital Corporation
Groome Capital Inc.
Wellington West Capital Inc.
Promoter(s):
Dynamic CMP Funds II Management Inc.
Project #300927

Issuer Name:
Coretec Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated September 13th, 2000
Mutual Reliance Review System Receipt dated 14th day of September, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
National Bank Financial Inc.
CIBC World Markets Inc.
Griffiths McBurney & Partners
Sprott Securities Inc.
Promoter(s):
N\A
Project #286704

Issuer Name:
Electrofuel Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 1st, 2000
Mutual Reliance Review System Receipt dated 3rd day of November, 2000
Offering Price and Description:
Cdn$ 50,000,000.00 - 6,200,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Sankar Das Gupta
James Jacobs
Project #302604

Issuer Name:
Electrofuel Inc.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated November 1st, 2000
Mutual Reliance Review System Receipt dated 3rd day of November, 2000
Offering Price and Description:
U.S. $30,000,000 - 8,589,938 Common Shares - issuable without additional consideration
upon the exercise of 1,875,000 Special Warrants previously issued at a price of U.S. $16.00 per Special Warrant
Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
Sankar Das Gupta
James Jacobs
Project #304417

Issuer Name:
iUnits Government of Canada 5 Year Bond Fund
iUnits Government of Canada 10 Year Bond Fund
Principal Regulator-Ontario
Type and Date:
Final Prospectus dated November 1st, 2000
Mutual Reliance Review System Receipt dated 2nd day of November, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N\A
Project #271337

Issuer Name:
Nework Corp.
Type and Date:
Final Prospectus dated September 5th, 2000
Receipted 14th day of September, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Alan Rootenberg
John M. Wiseman
Project #280524

Issuer Name:
Nova Scotia Power Incorporated
Emera Incorporated
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated 25th day of October, 2000
Offering Price and Description:
$135,000,000.00 - 5,400,000 5.90% Cumulative Redeemable First Preferred Shares, Series D
Underwriter(s), Agent(s) or Distributor(s):
Scotia Capital Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Promoter(s):
N\A
Project #304379 & 304383

Issuer Name:
Patent Enforcement and Royalties Ltd.
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated October 30th, 2000
Mutual Reliance Review System Receipt dated November 1st, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
Northern Securities Inc.
Promoter(s):
N/A
Project #269886

Issuer Name:
Pulse Data Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated November 2nd, 2000
Mutual Reliance Review System Receipt dated 2nd day of November, 2000
Offering Price and Description:
$6,000,000.00 - Up to 6,000,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Goepel McDermid Inc.
Promoter(s):
Kenneth MacDonald
Brent Gale
David Smiddy
ARC Financial Corporation
Project #300846

Issuer Name:
SynX Pharma Inc.
Type and Date:
Final Prospectus dated October 31st, 2000
Receipt dated 2nd day of November, 2000
Offering Price and Description:
$5,800,000.00 - 1,450,000 Units to be issued on the exercise of 1,450,000 Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Octagon Capital Corporation
Thomson Kernaghan & Co. Limited
Promoter(s):
N/A
Project #302252

Issuer Name:
Aur Resources Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated October 20th, 2000
Mutual Reliance Review System Receipt dated 20th day of October 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
CIBC World Markets Inc.
Research Capital Corporation
Canaccord Capital Corporation
NewCrest Capital Inc.
Paradigm Capital Inc.
Sprott Securities Inc.
Promoter(s):
N/A
Project #302622

Issuer Name:
AIM Canada Money Market Fund
AIM Canadian Bond Fund
AIM Global Bond Fund
AIM Global Fund Inc - AIM Short-Term Income Class
AIM Canadian Balanced Fund
AIM Global Growth & Income Fund
AIM Canada Fund Inc. - AIM Canada Growth Class
AIM Canada Fund Inc. - AIM Canada Income Class
AIM Canada Fund Inc. - AIM Canada Value Class
AIM Canadian Premier Fund
AIM American Aggressive Growth Fund
AIM American Blue Chip Growth Fund (Formerly AIM American Premier
Fund)
AIM Global Fund Inc. - AIM American Mid Cap Growth Class (Formerly
AIM Global Fund Inc. - AIM American Growth Class)
AIM Global Fund Inc. - AIM European Growth Class
AIM European Growth Fund
AIM Global Fund Inc. - AIM Global Aggressive Growth
AIM Global Fund Inc. - AIM International Growth Class
AIM International Value Fund
AIM Global Fund Inc. - AIM Latin America Growth Class
AIM Global Fund Inc. - AIM Pacific Growth Class
AIM Global Fund Inc. - AIM Dent Demographic Trends Class
AIM Global Fund Inc. - AIM Global Financial Services Class
AIM Global Fund Inc. - AIM Global Health Sciences Class
AIM Global Health Sciences Fund
AIM Global Fund Inc. - AIM Global Natural Resources Class
AIM Global Fund Inc. - AIM Global Technology Class
AIM Global Technology Fund
AIM Global Fund Inc. - AIM Global Telecommunications Class
AIM RSP American Blue Chip Growth Fund (Formerly AIM RSP American
Premier Fund)
AIM RSP Dent Demographic Trends Fund
AIM RSP European Growth Fund
AIM RSP Global Aggressive Growth Fund
AIM RSP Global Growth & Income Fund
AIM RSP Global Health Sciences Fund
AIM RSP Global Technology Fund
AIM RSP Global Telecommunications Fund
AIM RSP Global Theme Fund
AIM RSP International Growth Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 25th, 2000
Mutual Reliance Review System Receipt dated 30th day of October, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):

Promoter(s):
N/A
Project #297010

Issuer Name:
BMO Short-Term Income Class
BMO Global Balanced Class
BMO Global Opportunities Class
BMO Global Financial Services Class
BMO Global Health Sciences Class
BMO Global Technology Class
BMO Global Bond Fund
BMO RSP Global Balanced Fund
BMO RSP Global Opportunities Fund
BMO RSP Global Financial Services Fund
BMO RSP NASDAQ Index Fund
BMO RSP Global Health Sciences Fund
BMO RSP Global Technology Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 2nd, 2000
Mutual Reliance Review System Receipt dated 7th day of November, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
BMO Investments Inc.
Promoter(s):
BMO Investments Inc.
Project #296892

Issuer Name:
Investors Income Portfolio
Investors Income Plus Portfolio
Investors Retirement High Growth Portfolio
Investors Retirement Plus Portfolio
Investors Canadian Money Market Fund
Investors Mortgage Fund
Investors Corporate Bond Fund
Investors Canadian High Yield Income Fund *(Formerly, Investors North American High Yield Bond Fund)*
Investors Canadian Balanced Fund
Investors Retirement Mutual Fund
Investors Canadian Enterprise Fund
Investors Summa Fund
Investors Canadian Small Cap Fund II
Investors Canadian Natural Resource Fund
Investors U.S. Large Cap Value Fund *(Formerly, Investors Special Fund) (Formerly, Investors U.S. Growth Fund)*
Investors Global Science & Technology Fund
Investors Global Fund Investors European Growth Fund
Investors European Mid-Cap Growth Fund
Investors Pacific International Fund
Investors European Growth RSP Fund
Investors Japanese Growth RSP Fund
Investors U.S. Large Cap Value RSP Fund *(Formerly, Investors U.S. Growth RSP Fund)*
IG AGF Canadian Diversified Growth Fund
Investors Growth Portfolio
Investors Growth Plus Portfolio
Investors Retirement Growth Portfolio
Investors World Growth Portfolio
Investors U.S. Money Market Fund
Investors Government Bond Fund
Investors Global Bond Fund
Investors Dividend Fund
Investors Mutual of Canada

Investors Asset Allocation Fund
Investors Canadian Equity Fund
Investors Quebec Enterprise Fund
Investors Canadian Small Cap Fund
Investors North American Growth Fund
Investors U.S. Large Cap Growth Fund
Investors U.S. Opportunities Fund
Investors Global e.Commerce Fund
Investors Japanese Growth Fund
Investors Latin American Growth Fund
Investors Global RSP Fund
IG AGF Canadian Growth Fund
IG AGF U.S. Growth Fund
IG AGF Asian Growth Fund
IG MAXXUM Dividend Fund
IG Beutel Goodman Canadian Balanced Fund
IG Beutel Goodman Canadian Equity Fund
IG Beutel Goodman Canadian Small Cap Fund
IG Scudder U.S. Allocation Fund
IG Scudder Emerging Markets Growth Fund
IG Scudder European Growth Fund
IG Templeton International Equity Fund
Investors Mergers & Acquisitions Fund
IG MAXXUM Income Fund
IG Sceptre Canadian Balanced Fund
IG Sceptre Canadian Equity Fund
IG Sceptre Canadian Bond Fund
IG Scudder Canadian All Cap Fund
IG Templeton World Bond Fund
IG Templeton World Allocation Fund
Principal Regulator - Manitoba

Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 12th, 2000
Mutual Reliance Review System Receipt dated 19th day of October, 2000

Offering Price and Description:
Mutual Fund Securities - Net Asset Value

Underwriter(s), Agent(s) or Distributor(s):
N/A

Promoter(s):
N/A

Project #282549

Issuer Name:
Mackenzie Horizon Capital Class
Mackenzie Ivy Canadian Capital Class
Mackenzie Ivy Enterprise Capital Class
Mackenzie Universal Canadian Growth Capital Class
Mackenzie Universal Future Capital Class
Mackenzie Universal Select Managers Canada Capital Class
Mackenzie Universal Select Managers USA Capital Class
Mackenzie Universal U.S. Blue Chip Capital Class
Mackenzie Universal U.S. Emerging Growth Capital Class
Mackenzie Cundill Value Capital Class
Mackenzie Ivy Foreign Equity Capital Class
Keystone Premier Euro Elite 100 Capital Class
Keystone Premier Global Elite 100 Capital Class
Mackenzie Universal European Opportunities Capital Class
Mackenzie Universal Global Ethics Capital Class
Mackenzie Universal International Stock Capital Class
Mackenzie Universal Select Managers Capital Class
Mackenzie Universal Select Managers Far East Capital Class
Mackenzie Universal Select Managers International Capital Class
Mackenzie Universal Select Managers Japan Capital Class
Mackenzie Universal World Emerging Growth Capital Class
Mackenzie Universal World Value Capital Class
Mackenzie Universal Communications Capital Class
Mackenzie Universal Financial Services Capital Class
Mackenzie Universal Health Sciences Capital Class
Mackenzie Universal Internet Technologies Capital Class
Mackenzie Universal World Precious Metals Capital Class (formerly, Mackenzie Universal Precious Metals Capital Class)
Mackenzie Universal World Real Estate Capital Class
Mackenzie Universal World Resource Capital Class
Mackenzie Universal World Science & Technology Capital Class
Mackenzie Canadian Managed Yield Capital Class
Mackenzie U.S. Managed Yield Capital Class
Principal Regulator - Ontario

Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 26th, 2000
Mutual Reliance Review System Receipt dated 26th day of October, 2000

Offering Price and Description:
Mutual Fund Securities - Net Asset Value

Underwriter(s), Agent(s) or Distributor(s):

Promoter(s):

Project #304438

Issuer Name:
Perigee Axis Cash Fund
Perigee T-Plus Fund
Perigee Reserve Plus Fund
Perigee Income Fund
Perigee Index Plus Bond Fund
Perigee Active Bond Fund
Perigee Global Bond Fund
Perigee Accufund
Perigee Symmetry Balanced Fund
Perigee Diversifund
Perigee Canadian Value Equity Fund
Perigee Canadian Sector Equity Fund
Perigee North American Equity Fund
Perigee U.S. Equity Fund
Legg Mason U.S. Value Fund
Perigee Global Equity Fund
Perigee International Equity Fund
Perigee Canadian Aggressive Growth Equity Fund
Perigee Private Client Bond Portfolio
Perigee Private Client Balanced Portfolio
Perigee Private Client Canadian Equity Portfolio
Perigee Private Client U.S. Equity Portfolio
Perigee Private Client International Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 10th, 2000
Mutual Reliance Review System Receipt dated 20th day of October, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Perigee Investment Counsel Inc.
Promoter(s):
Perigee Investment Counsel Inc.
Project #295420

Issuer Name:
Mackenzie Universal Canadian Resource Capital Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus and Annual Information Form dated October 13th, 2000
Withdraw October 26th, 2000
Offering Price and Description:
Mutual Fund Securities Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):

Promoter(s):
N/A
Project #304438

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
Change in Category	Morneau D.C. Services Inc. Attention: Frederick Murray Vettese 1500 Don Mills Road Suite 500 Don Mills, ON M3B 3K4	From: Mutual Fund Dealer Limited Market Dealer To: Mutual Fund Dealer Limited Market Dealer Investment Counsel & Portfolio Manager	Nov. 1/00
New Registration	Putnam Lovell Securities Inc. Attention: Anna Maria Covell 4 Embarcadero Center 26th floor San Francisco CA 94111 USA	International Dealer	Nov. 2/00
Change in Category	Natcan Investment Management Inc. Attention: Vital Proulx CCSP - Commodity Trading Manager 1100 University Street Suite 400 Montreal, QC H3B 4L2	From: Extra Provincial Adviser Investment Counsel & Portfolio Manager To: Extra Provincial Adviser Investment Counsel & Portfolio Manager Commodity Trading Manager - Non-Resident	Nov. 2/00
Change of Name	E*Trade Institutional (Canada) Corporation Attention: William Ralph Riedl 67 Yonge Street Suite 1400 Toronto, ON M5E 1J8	From: Fairvest Securities Corporation To: E*Trade Institutional (Canada) Corporation	Oct. 20/00
New Registration	Richter Wealth Management Inc. Attention: Irene Reena Atanasiadis 2 Place Alexis Nihon, Suite 1950 Montreal, QC H3Z 3C2	Extra Provincial Adviser Investment Counsel & Portfolio Manager	Nov. 7/00

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Proceedings

13.1.1 IDA Proposed Policy No.8 - Reporting Requirements

INVESTMENT DEALERS ASSOCIATION OF CANADA
– PROPOSED POLICY NO. 8
REPORTING REQUIREMENTS

I OVERVIEW

A -- Current Rules

At present, Canadian SROs do not have a comprehensive set of rules concerning the reporting practices of Member firms and registrants. Rather, the existing requirements are set out in various by-laws, policies and forms. For instance, the Uniform Application for Registration/Approval ("UA") requires a registrant to report any material change to the information provided in the UA to the responsible SRO. Other rules require Member firms to report material changes to the responsible SRO.

In addition, due to gaps in the existing rules, there may not be a requirement that the registrant report a particular matter to the Member. Consequently, in many situations the individual registrant is left to judge whether a change is 'material' and, because of the subjective nature of this judgement, potential problems may be overlooked and not reported to the Member which, in turn, would not report potential problems to the SRO. As a result, inconsistent reporting practices currently exist in the industry.

B -- The Issue

As a result of the current rules, there is a "gap" in reporting requirements. This gap has been highlighted when Members enter into settlement arrangements for civil claims that may be relatively high, and the IDA and other SROs have not been made aware of the claim or the settlement because there is no filing requirement. In addition, Members have been unsure as to when certain matters should be reported to the SROs, resulting in inconsistency with respect to regulatory penalties being imposed when one Member reports an event and another Member does not. Furthermore, it has become apparent that the reporting requirements currently contained in the UA are not sufficient to provide critical information to both Members and SROs alike.

C -- Objective

It is clear that reporting requirements should be amended to become more effective. Members and SROs have an interest in access to information that would arise from a broad reporting requirement.

Proposed Policy No. 8 Reporting Requirements will codify, fill gaps in and strengthen existing requirements on what matters such as complaints, civil actions and other problems are to be reported by approved persons to their Member firms and by the Member firms to the designated SRO.

In general, the proposed Policy:

- requires individual registrants to report a range of matters to their Member employer including securities law or rule violations, bankruptcy proposals, customer complaints, regulatory actions and civil actions against them;
- prohibits settlements between individual registrants and clients without the prior consent of the Member;
- requires Members to report to their designated SRO a narrower range of matters than those required of individual registrants, but includes some of those required to be reported to them by individual registrants; and
- requires Members to conduct and document internal investigations of apparent violations of securities laws and regulations.

The proposed Policy is intended to foster equitable enforcement of SRO regulations and to provide more complete information to SROs and upon which Members can base registration and supervision decisions.

D -- Effect of Proposed Policy

This proposed Policy will lead to an increase in compliance costs for Members in that Policy No. 8 requires that partners, directors, officers and other approved persons of a Member submit reports and records to the Member relating to the various provisions contained in the Policy. Members are also required to maintain these reports for a prescribed period of time and ensure that they are available to the Member's designated SRO. In addition, each Member is also required, under the Policy, to report on various matters to the Member's designated SRO. The Policy also requires that Members conduct internal investigations in prescribed circumstances and the records of such investigations must be of sufficient detail and be maintained and available to the designated SROs for a prescribed period of time.

Although the proposed Policy imposes costs on Members relating to reporting, the IDA is of the view that these costs are generally not significant and are justified by the anticipated benefits.

II -- DETAILED ANALYSIS

A -- Present Rules, Relevant History and Proposed Policy

Present Rules

A review of some of the current reporting provisions of the IDA highlights some of the shortcomings of these requirements:

Pending Claims

Question 16 of the UA reads:

> Has any claim been made successfully or, to your knowledge, is any claim pending in any civil or alternative dispute resolution proceedings before a court or other tribunal in any province, territory, state or country.
>
> A) Against you?
>
> B) Against any partnership or company of which you are or were at the time of such event, or at the time such proceedings were commenced, a partner, director, officer or holder of voting securities carrying more than 5% of the votes carried by all outstanding voting securities?

In the winter of 1999, the UA was modified to remove the grounds for reporting a claim, which were previously limited to proceedings alleging "fraud, theft, deceit, misrepresentation or similar conduct". This revision was due, in part to the language contained in the proposed Policy which determined that a broad reporting requirement of civil proceedings would help identify, for both Members and regulators, individuals who are under financial stress. Vulnerability to financial pressure exists whether or not pending civil claims are securities-related. In fact, since securities-related proceedings generally involve the Member firm, it is information regarding *outside* matters – information not part of current reporting requirements - which the Member most needs.

Changes in Information Contained in the Uniform Application for Registration/Approval

The Certificate and Agreement of Applicant and Sponsoring Firm, in the UA begins:

> The undersigned hereby certify that the foregoing statements are true and correct to the best of our knowledge, information and belief and hereby undertake to notify the self-regulatory organization in writing of any *material* change therein *as* prescribed by any by-law or rule of the respective self-regulatory organizations (emphasis added).

The use of 'as' suggests that matters to be reported are limited to those set out by SROs in specific by-laws or rules. Only material changes need be reported and, again, the determination of what is material is a subjective process. The registrant should be required to report *specific* changes to the Member firm. At that point, either the Member is *required* to report the matter to the responsible SRO or, for some matters, it is left to the Member to make the determination whether the change is material and should be reported.

Reporting Civil Proceedings

The Canadian SROs have regulations requiring Members to immediately report any information regarding any action, investigation or proceedings against, or affecting, the licensing or registration of any of its registrants by any securities commission or comparable body, or regarding any civil legal proceedings in respect of business conduct or criminal or bankruptcy proceedings against any of its registrants. The IDA Rulebook sets out similar requirements in By-law 18. These requirements are somewhat narrower than those of the other SROs, requiring RRs, IRs and the Member to report bankruptcy or criminal proceedings. The IDA relies on the more extensive list set out in the UA rather than the Rulebook.

There is disagreement within the industry as to whether the reporting requirement includes civil proceedings arising from matters outside of a registrant's securities-related business conduct. A strict reading of the Rulebook would suggest these proceedings are not part of required reporting. It is important to note that the rules do not require a report of the settlement of a client complaint that did not progress to the point of a formal civil action.

The reporting onus is on the Member, with no corresponding onus on registrants to inform the Member (other than the requirement in the UA Certificate and Agreement). There is an obligation on the Member only to report to an SRO if the Member is in possession of information, with no requirement that the Member be proactive in uncovering the information.

Proposed Policy on Reporting Requirements

Background

The original impetus for consideration of a broad reporting policy were concerns expressed by some Members regarding the following problems:

1. The enforcement of regulations is inequitable when a registrant individual or Member can conceal improper conduct by settling privately with the client without a complaint having been registered with an SRO. The result is that the same conduct could result in a financial settlement in one case in which the client does not complain to an SRO, and a financial settlement plus significant regulatory penalties against the registrant, his or her supervisory and/or the employing Member in an identical case in which the client does complain to an SRO; and

2. The "problem" registrant may be able to go from firm to firm leaving their problems behind, without the new employer or the SRO(s) becoming aware of their conduct if the previous employer chooses to settle with clients or absorb losses and not report the problems. Many Members feel constrained by libel and slander liability when completing termination notices and responding to reference checks. The new employer is therefore unaware of the risk of hiring the "problem"

registrant and registrant decisions are made on incomplete information.

In addition, as mentioned above, Canadian SROs do not have a comprehensive set of rules concerning the reporting practices of Member firms and registrants.

Some basic gaps in existing rules include the lack of specific rules requiring that registrants report customer complaints to the Member and prohibiting direct settlements between registrants and clients made without the Member's knowledge.

Finally, because many of the existing reporting requirements relate exclusively to securities-related matters, Members may be unaware when registrants are under personal, financial or other pressures not specifically related to their employment in the securities industry. A requirement that all civil actions against them be reported to the employer Member will assist the Member in identifying individual registrants who may require assistance or extra supervision.

Members and SROs have an interest in access to information that would arise from a broad reporting requirement. It is also clear that SROs should be kept informed of situations in which a member firm faces potential liability and which puts firm capital at risk.

Review of Proposed Policy

The first component of this Policy is to reinforce the requirement that material changes in a registrant's UA be reported to their Member. For example, changes such as residential address, refusal or suspension of registration, an assignment or petition in bankruptcy, the issuance of a judgement or garnishment order and other items must be reported.

Under the proposed Policy, registrants also have a positive duty to report to their Member if that individual has reason to believe that they may be in contravention of securities legislation relation to trading in any jurisdiction or is in contravention of any rules of any regulatory or self-regulatory organization.

Registrants must also report if they are the subject of a customer complaint or if they are aware of a customer complaint with respect to another registrant of the Member.

Furthermore, the proposed Policy requires that Members must first consent prior to certain registrants at that firm entering into any settlement with a customer.

In addition, the proposed Policy places obligations on Member firms themselves. For example, a requirement exists that the Member report items not formerly required to be reported under securities legislation or the By-laws, Regulations and Policies of the IDA. These items include such matters as the commencement of any civil proceeding against an individual where damages are in excess of $25,000, the notification of laying of criminal charges or a resulting criminal conviction, whether any current or former registrant at the firm is the subject of a customer complaint, whether a registrant of the Member is denied registration, whether regulatory proceedings have been commenced or that settlement agreements have been entered into.

Members must also report matters such as whether the Member itself is charged with a criminal offence, is denied registration, is involved in a regulatory proceeding, or has disposed of a civil litigation or arbitration proceeding.

Furthermore, the Member firm must notify the designated SRO of the commencement of any civil proceedings against the firm under which damages in excess of $25,000 are claimed against the firm, but only where the claim relates "solely to the handling of client business". The IDA is of the view that to require the Member to report any and all claims that meet a minimal amount of $25,000 is unduly burdensome and unnecessary. However, when the claim relates *specifically* to the handling of client business, then such claim must be reported. Furthermore, where amounts paid out by the Member exceed $100,000 as a result of a private settlement, or from the disposition of a claim in securities-related litigation or arbitration, that information must also be reported.

Notwithstanding the above provision, the Member *is* required to report *any* claims if such a claim is in excess of 50% of the Risk Adjusted Capital of the Member. The IDA is of the view that this threshold is more appropriate for a general claim against a Member.

The final aspect of the proposed Policy concerns internal investigations. Members are required, in certain circumstances, to conduct an internal investigation of a partner, director, officer or approved person either currently or formerly employed. Members are required to report its conclusions if the investigation reveals a violation or breach of conduct. Enforcement action by the SROs will be undertaken only where there is a significant violation of the rules and minor matters will generally be left to Members to monitor and take appropriate action.

B -- Issues and Alternatives Considered

As a result of the gap in reporting requirements, it was determined that it was essential for the IDA to have a comprehensive set of rules concerning the reporting practices of Member firms and registrants and for those requirements to be consolidated in one Policy, which articulates a clear-cut reporting duty.

C -- Comparison with Similar Provisions

The New York Stock Exchange Rule 351 "Reporting Requirements" (the "Rule") was reviewed in order to assist in the drafting of the IDA's proposed Policy. The Rule requires member organizations to promptly report certain events to the Exchange.

Rule 351 is divided into five subsections.

Paragraph 351(a) addresses most of the items contained in proposed Policy No. 8. It requires each member organization to report to the Exchange certain information and events of employees and the member organization itself.
The Rule requires that member organizations report any violation of securities laws or regulations whether or not complained of, investigated or prosecuted. The member organization is required to reach an opinion as to whether a violation occurred. Policy No. 8 uses the language "may have" with respect to the requirement of a registrant to report a

violation to its Member to ensure that the determination of whether there has been a violation is not left to the individual registrant. This provision operations in conjunction with the provisions relating to internal investigations, which obligates the Member to conduct internal investigations. If, after such investigation, it "appears" the Member that there may have been a "violation", it must be reported to the SRO.

Both regimes require reporting regarding customer complaints involving allegations of theft, misappropriation of funds or securities or of forgery. However, while Policy No. 8 only requires that a registrant report the complaint to the Member, the Policy requires the registrant to report *all* complaints irrespective of the method by which they are communicated.

The Rule and Policy No. 8 require reporting when registrants are named as a defendant or respondent in any proceedings brought by a regulatory or self-regulatory body. The Policy requires reporting by individual registrants to their Member and by the Member itself to its designated SRO.

Both regimes have analogous provisions with respect to reporting the denial of registration or disciplinary measures taken by regulatory or self-regulatory organizations.

The reporting of charges, convictions, guilty pleas regarding criminal offences is also required in both the Rule and the Policy. However, Policy No. 8 only requires the reporting of those offences arising out of any securities-related business, while paragraph 351(a) of the Rule requires the reporting of any criminal offense other than minor traffic violations. It should be noted, however, that this material is covered in the UA which requires the reporting of all charges, guilty pleas, indictments with respect to any criminal offences or contraventions and the proposed Policy requires that any changes to the UA must be reported to the designated SRO.

The Rule has a requirement that the member organization or its employees report their relationship with a member firm or a company that has had its registration denied, expelled or suspended. Such requirement is not included in the proposed Policy because this issue is covered in the UA and individuals satisfy this reporting requirement by the provision to update the information in the UA as set out in Part A, paragraph 1 of the Policy.

Paragraph 351(a) also requires reporting of securities-related claims that have been disposed by judgement, award or settlement for an amount exceeding $15,000. The proposed Policy also contains the same requirement, however the threshold amount is $25,000 for a single event or over $50,0000 cumulatively for a period of one year. The Rule requires a higher amount of $25,000 for a member organization before reporting is required. As discussed previously, the threshold of $25,000 in the Policy must be reached before a Member is required to report such an event, but only as it relates to the handling of client business. A higher threshold amount (exceeding 50% of the Risk Adjusted Capital of the Member) must be met when it relates to all other claims.

It should be noted that in respect of both individuals and Member firms, the Policy requires the reporting of *pending* claims and thus, these matters are reported at an earlier stage than under the NYSE regime.

The Policy also has an additional requirement to report the disposition of *any* claim in *any* civil litigation or arbitration when based on fraud, theft, deceit, fraudulent misrepresentation or similar conduct. The Rule has no such broad-based reporting requirement.

Under the Rule there is the requirement to disclose any claim for damages settled for an amount over $15,000, unless the defendant or respondent is a member organization, under which case, the reporting is required for an amount exceeding $25,000. The proposed Policy sets the threshold for disclosure concerning any claims or settlements where the amount exceeds $100,0000. While the threshold amount for Members is higher under the Policy, it is also broader in that it does not require a specific complaint or claim.

Both the Rule and the Policy do require reporting relating to disciplinary actions where there is a withholding of commission or imposition of fines. The Rule requires reporting where the amount is in excess of $2500 whereas the amount is $5000 for a single matter, or over $15,000 cumulatively over a one-year period under the proposed Policy. The requirement also exists under the two reporting regimes to report any significant limitation of activities being imposed as a result of disciplinary action.

Paragraph (b) of Rule 351 requires the member and employee to "promptly" report the existence of any of the conditions set forth in paragraph (a). The proposed Policy requires a report "within 10 business days".

Paragraph 351(c) of the Rule requires each approved person to promptly report to their member organization when such person becomes subject to a "statutory disqualification as defined in the Securities Exchange Act of 1934." As discussed above, the proposed Policy introduces a heavier onus on approved persons by setting out a detailed list of events and information that approved persons of Members must report to the Member within two business days. Similarly, Members must report such matters to their designated SRO.
Paragraph 351(d) of the Rule deals with the submission of statistical information regarding customer complaints that must be submitted to the Exchange and paragraph 351(e) concerns actions that must be taken in relation to trades subject to certain review procedures under the rules of the NYSE. These items are not relevant to the IDA's proposed Policy on Reporting Requirements.

The Ontario Securities Commission also published for comment Rule 33-503 Change of Registration Information on September 17, 1999. Due to the degree of overlap between the IDA's proposed Policy and Rule 33-503, on December 21, 1999 the IDA submitted a request for an exemption from Rule 33-503. The IDA is still awaiting a response from the OSC at this time.

It should also be recognized that the British Columbia Securities Commission has approached the Association on more than one occasion requesting that the IDA develop requirements pertaining to reporting practices of Members and their registrants.

D -- Public Interest Objective

The Association believes that the proposed Policy is in the public interest in that it protects the investing public by providing for a standardized industry practice with respect to reporting requirements. These requirements will provide Members with more information on their registrants. In addition, these explicit reporting requirements enable a Member firm who is hiring an individual to be aware of the registrant's history in such matters as client complaints or settlements with clients.

The proposed Policy will also assist in the prevention of fraudulent and manipulative acts as employees and Members have an increased duty to report improper conduct on the part of themselves, fellow registrants, and former registrants.

The proposed Policy will also assist in promoting higher standards of business conduct and ethics.

In addition, the proposed Policy will ensure compliance with OSC proposed Rule 33-503 Change of Registration Information.

III -- COMMENTARY

A -- Filing in Other Jurisdictions

These proposed amendments will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia.

B – Effectiveness

The broad information base created by the reporting requirements under the proposed Policy will provide a more complete background for evaluating registrants and improve SRO decision-making with respect to registration. The information will also assist regulators and Members in identifying areas of possible compliance weaknesses for review and correction.

The objective of the proposed reporting requirements is to make more information available, at an earlier date, to Members and SROs.

C -- Process

This proposed Policy was developed by IDA Staff and the Joint Industry Compliance Group Sub-Committee on Reporting Requirements. The proposed Policy was approved by the Joint Industry Compliance Group and its Executive, the Ontario, Prairie and British Columbia District Councils and the Association's Executive.

IV – SOURCES

NYSE Rule 351 Reporting Requirements.
OSC Rule 33-503 Change of Registration Information.
Uniform Application for Registration/Approval.

V -- OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying Policy so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed Policy would be in the public interest. Comments are sought on the proposed Policy. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Association Secretary, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Document Management, Market Operations, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:
Michelle Alexander
Legal and Policy Counsel
Regulatory Policy
Investment Dealers Association of Canada
(416) 943-5885
malexander@ida.ca

POLICY NO. 8

REPORTING REQUIREMENTS

Introduction

This Policy establishes minimum requirements concerning information and events that registrants and Members are required to report to the Member and/or the Member's designated self-regulatory organization.

Members and individual registrants should also refer to the Uniform Application for Registration/Approval (the "1-U-2000"), which also sets out information that Members and registrants must report to their designated SRO.

Definitions

For the purposes of this Policy:
"compensation" means the payment of a sum of money, securities, reversal of a securities transaction, inclusion of a securities transaction (whether either transaction has a realized or unrealized loss) or any other equivalent type of entry which is intended to offset or counterbalance an act of misconduct and, for greater certainty, does not include a correction of a client account or position as a result of good faith trading errors and omissions;
"designated SRO" means the self-regulatory organization that has been assigned the prime audit jurisdiction for the Member under the Canadian Investor Protection Fund Agreement; and
"securities-related" means any matter related to trading in securities, commodities or commodity futures contracts or the handling of client accounts.

A. Reporting Requirements to Member

1. Each partner, director, officer or registered or approved person of a Member shall report to the Member within two business days whenever he or she:

   (a) becomes aware of any change to the following items of information currently contained in his or her Uniform Application for Registration/Approval:

      (i) Name
      (ii) Residential Address
      (iii) Telephone Number
      (iv) Citizenship
      (v) Registration or licensing
      (vi) Refusal, suspension, cancellation of registration or license, denial of registration exemption or disciplinary measure in any province, territory state or country
      (vii) Refusal of registration, licensing, membership or approval or disciplinary action by a self-regulatory organization
      (viii) Past offences or current charges involving securities or commodities or other criminal offences or contraventions
      (ix) Successful claims or pending civil proceedings
      (x) The making of a declaration, assignment or petition in bankruptcy, or a proposal relating to bankruptcy or insolvency
      (xi) Judgement or garnishment
      (xii) Refusal of surety or fidelity bond and current bonding
      (xiii) Full-time and part-time employment and outside business activities;

   (b) has reason to believe that he or she is or may have been:

      (i) in contravention of any provision of any legislation regulating trading in securities in any jurisdiction inside or outside Canada; or

      (ii) in contravention of any rules, regulations or by-laws of any financial services regulatory or self-regulatory organization;

   (c) is the subject of a customer complaint in writing arising out of any securities-related business;

   (d) is aware of a customer complaint, whether in writing or any other form, with respect to any partner, director, officer or registered representative of the Member arising out of any securities-related business involving allegations of theft, fraud, misappropriation of funds or securities, forgery or wilful misrepresentation;

   (e) is named as a defendant or respondent in any proceeding brought, or action taken by, a regulatory or self-regulatory organization or Professional licensing or registration body; or

   (f) is named as a defendant or respondent in any litigation or arbitration proceedings, including, but not limited to, proceedings for securities-related claims, fraud, theft or misrepresentation, or has disposed of such claim by judgement, award or settlement, subject to section 2 below.

2. Each Member shall designate a person or department with whom the reports and records required by section 1 shall be filed.

B. **Entering into Settlement Agreements**

1. No partner, director, officer or registered or approved person of a Member shall, without prior written consent of the Member, enter into any settlement with a customer, whether the settlement is in the form of monetary payment, delivery of securities, reduction of commissions or any other form, and whether the settlement is the result of a customer complaint or a finding by the individual or Member. Such prior written consent and the terms and conditions of such shall be kept on record by the Member.

2. Section 1 shall not apply to partners, directors, officers or registered or approved persons of a Member authorized by the Member to negotiate or enter into settlement agreements in the normal course of their duties.

C. Reporting Requirements to Designated SRO

1. Each Member shall report within 10 business days to its designated SRO, in the prescribed form, whenever:

   (a) there is any change to the information currently contained in the Uniform Application for Registration/Approval of any partner, director, officer or registered representative of the Member outlined in Part A, section 1 other than civil actions and judgements;

   (b) the Member becomes aware that any former partner, director, officer or registered or approved person of the Member is charged with, convicted of, pleads guilty or pleads no contest to any criminal offence arising out of any securities related business carried on while in the employ of the Member, whether in Canada or any other country;

   (c) any partner, director, officer or registered representative of the Member is denied registration or approval by, or is named as a defendant or respondent in or party to any proceeding brought or action taken by any regulatory or self-regulatory organization or professional licensing or registration body;

   (d) a partner, director, officer or registered representative of the Member has any securities-related civil claim pending in any proceedings before a court or other tribunal in any province, territory, state or country where the losses claimed exceed $25,000 for a single claim, or more than one such claim filed within one year where the losses claimed cumulatively exceed $50,000;

   (e) a partner, director, officer or registered representative of the Member has disposed of any securities-related claim or complaint by judgement, award, private settlement or other resolution where the compensation paid exceeds $25,000 for a single matter or has disposed of more than one such claim or complaint within one year where the compensation paid cumulatively exceeds $50,000;

   (f) the Member has any securities-related civil claim pending in any proceedings before a court or other tribunal in any province, territory, state or country relating solely to the handling of client business by a current or former partner, director, officer or registered representative of the Member, where the losses claimed exceed $25,000 for a single claim, or more than one such claim filed within one year where the losses claimed cumulatively exceed $50,000;

   (g) the Member has disposed of any securities-related claim or complaint by judgement, award, private settlement or other resolution relating solely to the handling of client business by a current or former partner, director, officer or registered representative of the Member, where the losses compensation paid exceeds $25,000 for a single matter or has disposed of more than one such claim or complaint within one year where the compensation paid cumulatively exceeds $50,000; or

   (h) a partner, director, officer or registered representative of the Member is the subject of any internal disciplinary action taken by the Member relating to the conduct of client or firm business and involving suspension, termination, demotion, the imposition of trading restrictions or the withholding of commissions or imposition of fines in excess of $5,000 for a single matter or $15,000 cumulatively over a one-year period, or any other significant limitation of activities.

2. Each Member shall report within 10 business days to its designated SRO, in the prescribed form, whenever:

   (a) the Member is charged with, convicted of, pleads guilty to or pleads no contest to any criminal offence whether in Canada or in any other country;

   (b) the Member is denied registration or approval by or is named as a defendant or respondent in any proceeding brought or action taken by a regulatory or self-regulatory organization or professional licensing or registration body;

   (c) the Member has disposed of any claim in any civil litigation or arbitration which is based in whole or in part on fraud, theft, deceit, fraudulent misrepresentation or similar conduct;

   (d) the Member has entered into any private settlement, whether or not the settlement results from a specific complaint or claim for damages, or has disposed of any claim in any securities-related civil litigation or arbitration by judgement, award or settlement, other than those required to be reported under subsection 1(f) or (g), where the amount of the judgement, award or compensation paid exceeds $100,000; or

   (e) the Member has any claim pending or has disposed of any claim in any civil litigation or arbitration, where the damages or losses claimed, or the compensation paid, exceed 50% of the Risk Adjusted Capital of the Member.

3. Each Member shall report within 10 business days to its designated SRO, in the prescribed form, whenever a previously reported matter outlined under subsections 1(b), (c), (d), (f), (h) and 2(a), (b), (d), (e) has been

disposed of and is not otherwise required to be reported under this Policy.

D. Internal Investigations

1. In the event that it appears that a Member or any current or former partner, director, officer or registered or approved person of that Member has:

   (a) violated any provision of any legislation of any jurisdiction inside or outside Canada; or

   (b) violated the rules, regulations or by-laws of any regulatory or self-regulatory organization relating to theft, fraud, misappropriation of funds or securities, forgery, market manipulation, insider trading, wilful misrepresentation or unauthorised trading, such Member shall conduct an internal investigation.

2. If, in the opinion of the Member, the investigation reveals that the violation or conduct has occurred, the Member shall report its conclusions within 10 business days of the completion of the internal investigation to its designated SRO in the prescribed form.

3. Records of investigations under section 1 shall be:

   (a) in sufficient detail to show the cause, steps taken and result of each investigation; and

   (b) maintained and available to the designated SRO upon request for a minimum of three years from the completion of the investigation.

Implementation Date

1. Members and registrants shall be required to comply with the provisions of this Policy No. 8 commencing on •, 2000.

13.1.2 IDA Proposed Amendments on Compliance Officers and Ultimate Designated Persons

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED AMENDMENTS ON COMPLIANCE OFFICERS AND ULTIMATE DESIGNATED PERSONS

I. OVERVIEW

In 1998 the Joint Industry Compliance Group (JICG) struck a Sub-Committee to review the regulations regarding the roles and responsibilities of compliance officers. While sparked by a disciplinary action taken for "conduct unbecoming a compliance officer", JICG was also concerned by the lack of a defined compliance officer role in the Regulations and the wide variety of approaches to the assignment of the few positions that are defined. In most firms the day-to-day compliance functions are, in fact, carried out by personnel who are not those "designated" under these regulations.

A CURRENT RULES

Currently, under Regulation 1300.2, each Member must designate a director, partner, or officer, or in the case of a branch office, a branch manager who is responsible for the approval of the opening of new accounts and the supervision of account activity. Regulation 1300.6 and Policy No. 2, Minimum Standards for Retail Account Supervision, states that the account supervision duties of such designated persons may not be delegated to another person.

Regulation 1800.2 also designates partners, directors or officers as the designated futures contract principal and designated futures contract options principal and Regulation 1800.5 sets out the responsibilities of these individuals such as the opening of all new contracts accounts and specifically refers to the duties that may be delegated. Similarly, Regulation 1900.2 includes the requirement for the Member to designate a registered options principal. Regulation 1900.4 outlines the responsibilities for such a principal including establishing and maintaining procedures for account supervision and the handling of customers' business relating to options in accordance with the IDA Rulebook.

These are the only references to specifically designated responsibilities in the Association's by-laws, regulations and policies.

B THE ISSUE

A Joint Industry Compliance Group Sub-Committee on Compliance Officer Responsibilities was formed to examine the issue and draft a proposed rule that addresses the need for a distinction between those designated as accountable to the regulators and those responsible for compliance within the Member firms. These rules are intended to create a framework that clearly establishes the function and role of the compliance officer.

The Sub-Committee concluded that because of the significant consequences that can result from regulatory and civil actions, a Member's ability to comply with all applicable laws and regulations is a corporate governance issue, and that any rules

addressing the assignment of compliance responsibility within a firm should deal with it as such.

The Sub-Committee recognized that any rule addressing the responsibilities of the compliance officer should identify that the role of a compliance officer is to advise and support the senior executives who are ultimately responsible for the supervision of business functions of the firm because, generally, the compliance officer does not have decision-making authority.

C EFFECT OF REVISION

The proposed amendments will be simple and effective. They will clearly delineate the duties of a Member firm's chief compliance officer as opposed to its ultimate designated person. The amendments will enable those individuals in a firm who are responsible for the day-to-day compliance functions to be designated as the appropriate personnel in the Association's Rulebook. However, at the same time it will clearly articulate that it is the UDP who is ultimately responsible to the regulators to meet the appropriate compliance standards expected by our Members.

II. DETAILED ANALYSIS

The Compliance Officer Sub-Committee of the Joint Industry Compliance Group had the mandate of examining the issue and drafting a proposed rule that addressed the need for a distinction between those designated as accountable to the self-regulatory organizations and those responsible for compliance within the Member firms.

The Sub-Committee distinguished two roles, which are embodied in the attached draft rule:

- the Ultimate Designated Person (UDP) is the senior management member responsible to the regulators for ensuring the effective functioning of the Member's compliance systems. The draft rule requires that the Chief Executive Officer, Chief Operating Officer or President be the UDP. In most firms, the day-to-day compliance functions would be delegated to other personnel. Certain specified functions, such as approval of the opening accounts and specifically required reviews such as those of discretionary accounts, would be required to be conducted by Alternate Designated Persons (ADPs). Others would be delegated to qualified personnel not necessarily registered in any capacity.

- the Chief Compliance Officer would be responsible for ensuring that the Member's policies, procedures and management of the compliance function is effective and meet regulatory standards. The Chief Compliance Officer would report annually to the Board of Directors of the Member on the status of compliance at the Member and the Board would be required to ensure that any identified deficiencies are being adequately addressed by the Member's management.

Consequently, the proposed amendments define those who may be "designated persons" within a Member firm to include the UDP who is an individual that has clear decision making authority, the ADP (and as many as may be necessary) to assist the UDP in carrying out its compliance requirements, and the CCO to monitor adherence to the Member's compliance policies and procedures.

The proposed amendments revise references in the Association's Rulebook which currently assign specific functions such as the opening of new accounts and the accepting of discretionary accounts, to permit the delegation of these functions from the UDP to the ADP or the CCO.

Finally, under proposed By-law 38, the functions and responsibilities of the CCO, the ADP, the UDP and the Board of Directors of the Member firm, with respect to compliance functions, are clearly established.

B ISSUES AND ALTERNATIVES CONSIDERED

There were no other alternatives considered.

C COMPARISON WITH SIMILAR PROVISIONS

Other jurisdictions have drafted similar rules and proposals.

In the United Kingdom, the Securities and Futures Authority introduced a rule approximately two years ago regarding the Senior Executive Officer ("SEO") responsible for regulatory compliance. Under this rule, the SEO does not bear the entire burden or responsibility for management controls, but has the ultimate responsibility to ensure that management controls are in place.

The National Association of Securities Dealers also has in place Rule 3010(a)(8) which requires that the Member designate one or more principals who is required to review the Member's supervisory system, procedures and inspections implemented and to take or recommend to the Member firm's senior management appropriate action reasonably designed to achieve the Member's compliance with applicable securities laws and regulations. The individual designated as one of these principals frequently is titled the "chief compliance officer".

It is clear, therefore, that these jurisdictions have in place requirements similar to the IDA proposal that ultimate regulatory responsibility should rest with senior management who ensures that the development and implementation of compliance procedures are not the sole responsibility of the compliance officer.

D PUBLIC INTEREST OBJECTIVE

The Association believes that the proposed amendments are in the public interest in that they protect the investing public by providing for a distinction between the responsibility for accountability to the regulators by the UDP and Board of Directors and the role of the CCO to monitor adherence to ensure that the policies and procedures that Member firms have developed to ensure compliance are carried out and adhered to and any compliance deficiencies are effectively rectified. It also standardizes industry practices so that partners, directors, officers and registered persons at Member firms understand their roles and responsibilities. In doing so, the functions of such persons will be improved.

III. COMMENTARY

A FILING IN ANOTHER JURISDICTION

These proposed amendments will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

This proposed amendment is simple and effective.

C PROCESS

The proposed amendments were approved of in principle by the Joint Industry Compliance Group.

IV. SOURCES

IDA Regulations 1300.2 and 1300.6.
IDA Regulation s1800.2 and 1800.5.
IDA Regulations 1900.2 and 1900.4.
IDA Policy No. 2 Minimum Standards for Retail Account Supervision.
Securities and Futures Authority Rules, United Kingdom.
National Association of Securities Dealers Rules, United States.

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the proposed amendments so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed amendment. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Michelle Alexander, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Document Management, Market Operations, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:
Michelle Alexander
Legal and Policy Counsel
Investment Dealers Association of Canada
(416) 943 – 5885

INVESTMENT DEALERS ASSOCIATION OF CANADA

RESPONSIBILITIES OF THE CHIEF COMPLIANCE OFFICER AND ULTIMATE DESIGNATED PERSON

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By adding new By-law 38 as follows:

"38.1. Every Member shall designate its Chief Executive Officer, its President, its Chief Operating Officer or its Chief Financial Officer (or such other officer designated with the equivalent supervisory and decision-making responsibility) to act as the Ultimate Designated Person (the "UDP") who shall be responsible to the applicable self-regulatory organization for the conduct of the firm and the supervision of its employees.

38.2. Where a Member is organized into two or more separate business units or divisions, a Member may designate a UDP for each separate business unit or division.

38.3. Every Member shall appoint an Alternate Designated Person (an "ADP"), who shall be so approved, to act as Chief Compliance Officer (the "CCO").

38.4. Notwithstanding section 38.3, a Member may appoint the UDP to act as the CCO.

38.5. Where a Member is organized into two or more separate business units or divisions, a Member may designate a CCO for each separate business unit or division.

38.6. Every Member shall also appoint as many additional ADPs as are necessary, given the scope and complexity of its businesses, who shall be partners, directors or officers of the Member.

38.7. The ADPs referred to in By-law 38.6 shall report to the UDP as necessary to ensure that the businesses of the Member are carried out in compliance with applicable self-regulatory by-laws, regulations, policies and forms.

38.8. The CCO shall report to the board of directors (or equivalent) of the Member as necessary but at least annually on the status of compliance at the Member.

38.9. The board of directors (or equivalent) shall review the report of the CCO and determine what actions are necessary and ensure such actions are carried out in order to address any compliance deficiencies noted in the report.

38.10. The UDP shall ensure that policies and procedures are developed and implemented which adequately reflect the regulatory requirements of the Member.

38.11. The CCO shall monitor adherence to the Member's policies and procedures as necessary to ensure that the management of the compliance function is effective and to provide reasonable assurance that standards of the applicable self-regulatory organization are met.

38.12. Every Member shall file with the applicable self-regulatory organization

(a) a copy of a governance document setting out the organizational structure and reporting relationships, which support the compliance arrangement set out above; and

(b) notice of any material changes to the organizational structure and reporting relationships as set out in paragraph (a)."

PASSED AND ENACTED BY THE Board of Directors this 18th day of October 2000, to be effective on a date to be determined by Association staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA

DELEGATION OF FUNCTIONS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. Section 1(C)(2) of Policy No. 2 Minimum Standards for Retail Account Supervision is repealed and replaced as follows:

   "The Member must advise supervisors of those specific functions which cannot be delegated such as the accepting of discretionary accounts. The approval of new accounts, however, may be delegated to a designated person or a branch manager reporting directly to a designated person."

PASSED AND ENACTED BY THE Board of Directors this 18th day of October 2000, to be effective on a date to be determined by Association staff.

INVESTMENT DEALERS ASSOCIATION OF CANADA DEFINITION OF DESIGNATED PERSON

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 1.1 is amended by adding the following:

""**designated person**" or a "**designated**" **partner, director, officer, futures contract principal, futures contract options principal or registered options principal** means either:

(i) an Ultimate Designated Person who is either

(a) the Chief Executive Officer,

(b) President,

(c) Chief Operating Officer,

(d) Chief Financial Officer, or

(e) Such other officer designated with the equivalent supervisory and decision-making responsibility who has been granted approval by the Association to act as the Ultimate Designated Person;

(ii) an Alternate Designated Person who

(a) has been appointed by the Member to ensure continuous supervision,

(b) is registered as a partner, director, officer or is in the process of applying as one, and

(c) has been granted approval by the Association to act as an Alternate Designated Person; or

(iii) except where expressly prohibited, a Chief Compliance Officer who

(a) has been appointed by the Member,

(b) is registered as a partner, director, officer or is in the process of applying as one, and

(c) has been granted approval by the Association to act as a Chief Compliance Officer."

PASSED AND ENACTED BY THE Board of Directors this 18th day of October 2000, to be effective on a date to be determined by Association staff.

13.1.3 IDA Proposed Amendment - Exemption Requests and Exemption Hearings

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED RULE AMENDMENT, POWERS OF DISTRICT COUNCILS: EXEMPTION REQUESTS AND EXEMPTION HEARINGS

I. OVERVIEW

The Association proposes to bring into force By-laws 20.9A, 20.9B and 20.9C. These By-laws set out the power of District Councils of the Association to grant exemptions pursuant to the exemption powers provided for in Policy No. 6, Part I Proficiency Requirements and Part II Course and Examination Exemptions ("Parts I and II"). The exemption powers permit the applicable District Council to grant discretionary exemptions from the proficiency requirements in Part I or the requirement to rewrite or write required courses or examination outlined in Part II. By-laws 20.9A, 20.9B and 20.9C also set out the procedure for the Association and the District Councils to follow whenever an applicant submits an application requesting a discretionary exemption by a District Council from the requirements set out in Parts I and II. The provisions also set out the steps involved for a hearing if the applicant chooses to appeal the original decision by the District Council.

A CURRENT RULES

Parts I and II have been approved by the Association and the relevant securities commissions. Part I come into force May 11, 2000 and Part II came into force December 13, 1999. Part I Proficiency Requirements consolidates and updates the proficiency requirements of the Association, which consist of both entrance thresholds and on-going requirements for individuals seeking approval in a category of registration and those individuals wishing to remain approved in that category. Part I contains a provision permitting District Councils to exempt any person from any of these proficiency requirements as they see fit.

Part II Course and Examination Exemptions sets out the exemptions from the Association's course and examination requirements for persons seeking to be registered in certain categories. Part II also contains a provision permitting District Councils to grant a discretionary exemption from the requirement to rewrite or write any required course or examination if the applicant demonstrates adequate experience or successful completion of industry courses or examinations that, in the view of the applicable District Council, is an acceptable alternative to the required proficiency.

B THE ISSUE

Although the introduction of Parts I and II will provide more transparency and clarity regarding the rights and obligations of applicants with respect to various proficiency requirements, these Parts did not, as pertaining to the discretionary powers provided to District Councils in Parts I and II, set out the procedure for those circumstances where applicants determine that they wish to seek an exemption from a District Council.

C OBJECTIVE

The Association believes that the proposed amendments will clearly outline for applicants the steps they should follow when making exemption requests and to clarify both for the applicant and District Councils the procedure used in reviewing and hearing these requests. Where District Councils make a decision affecting the interests of applicants for exemptions, it is necessary that the manner in which such decisions are made is in fact fair and is seen to be fair. A review of law indicates that where the District Council is making a decision whether or not to grant an exemption from a proficiency requirement or from an examination or course requirement that is otherwise necessary for registration approval, the District Council must conduct a hearing if requested by the applicant.

D EFFECT OF PROPOSED RULE

The proposed by-law amendments should effectively provide to applicants a clear procedure under which they may apply for exemptions from the requirements of Parts I and II. It also will assist the District Councils and Staff of the Association by providing them with the procedure for processing and conducting exemption hearings.

II. DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED RULES

On April 14, 1999 the Board of the Association approved Policy No. 6, Part I Proficiency Requirements and Part II Course and Examination Exemptions.

These two Parts set out the proficiency requirements that must be satisfied by applicants to conduct activity in the securities industry and also sets out the exemptions from the Association's course and examination requirements for persons seeking to be registered in certain categories. The final provisions of both Parts I and II allows for the District Councils to grant discretionary exemptions from the requirements of Parts I and II as the applicable District Council may see fit.

Although By-law 20 currently specifies an approval hearing procedure under By-law 20.6 and a discipline hearing procedure under By-law 20.11, the decision to exempt or not exempt an applicant from the requirements under Parts I or II does not fall under an "approval hearing" or a "discipline hearing". Consequently, it was determined that the by-laws required amendment in order to specify the procedure for the handling of such exemption requests.

Proposed By-law 20.9A provides the District Council with the power to grant exemption requests from Parts I and II. This provision reiterates the discretionary power outlined in Parts I and II themselves.

By-law 20.9B sets out the exemption hearing process. It first outlines the role of Staff of the Association in the hearing process. The provision then goes on to discuss the procedure that the Registration Sub-Committee (or its equivalent) of the District Council must follow when reviewing the exemption request. Finally, By-law 20.9B describes the process that the applicant must follow if they choose to appeal the decision of the Registration Sub-Committee by way of a hearing. This provisions also sets out the procedures that the District Council is required to observe upon receipt of an applicant's request for a hearing.

By-law 20.9C requires that the applicant submit an application fee. Currently, By-laws 20.12 and 20.25 also require the payment of costs to the Association for the costs of investigations and proceedings before District Councils.

B ISSUES AND ALTERNATIVES CONSIDERED

An alternative to the proposed rules was to not outline the procedures for exemption hearings from the new Parts I and II. In the Association's view, it is preferable to provide a clear procedure outlining how exemption requests are to be made and how District Councils will conduct exemption hearings when required.

C COMPARISON WITH SIMILAR PROVISIONS

There are no similar provisions in other jurisdictions.

D PUBLIC INTEREST OBJECTIVE

The Association believes that the proposed by-laws 20.9A, 20.9B and 20.9C provide for the administration of the affairs of the Association by ensuring that where District Council is making a decision to grant an exemption, a hearing procedure is in place which will promote efficiency, fairness and transparency for applicants.

III. COMMENTARY

A FILING IN ANOTHER JURISDICTION

These proposed amendments will be filed for approval in Alberta, British Columbia and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

This proposed by-law amendments are simple and effective. They clearly sets out the procedure that applicants and the Association are expected to follow with respect to applications for exemptions from Parts I and II.

C PROCESS

Proposed By-laws 20.9A, 20.9B and 20.9C have been approved by the District Councils of the Association.

IV. SOURCES

By-laws 20.4 and 20.6.
By-laws 20.10 and 20.11.
By-laws 20.12 and 20.25.

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying rule amendments so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed rule amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Michelle Alexander, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Document Management, Market Operations, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Michelle Alexander
Legal and Policy Counsel,
Regulatory Policy
Investment Dealers Association of Canada
(416) 943 – 5885

INVESTMENT DEALERS ASSOCIATION OF CANADA

POWERS OF DISTRICT COUNCILS: EXEMPTION REQUESTS AND POLICY NO. 6, PART I AND PART II EXEMPTION HEARINGS

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 20 is amended by adding the following:

"Powers of District Councils: Exemption Requests

20.9A. The applicable District Council shall have the power:

(a) to exempt, pursuant to paragraph B of Part I Proficiency Requirements, Policy No. 6, any person or class of persons from the proficiency requirements on such terms and conditions, if any, as the applicable District Council may see fit; or

(b) to grant an exemption, pursuant to paragraph C of Part II Course and Examination Exemptions, Policy No. 6, from the requirement to rewrite or write any required course or examination, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption, if the applicant demonstrates adequate experience and/or successful completion of industry courses or examinations that the applicable District Council, in its opinion, determines is an acceptable alternative to the required proficiency."

2. By-law 20 is amended by adding the following:

"Policy No. 6, Part I and Part II Exemption Hearings

20.9B.

Staff Review Procedure

Whenever staff of the Association receives

i) an application from a person (the "applicant") requesting an exemption, pursuant to By-law 20.9A,
ii) the application fee set out in By-law 20.9C, and
iii) a letter of sponsorship for the exemption request signed by a partner, director or officer of the Member,

staff shall review the exemption request and make a recommendation (the "staff position") to the registration sub-committee (or equivalent) of the applicable District Council (the "Sub-Committee"), as to whether staff

i) supports the exemption request,
ii) oppose the exemption request,

iii) supports it subject to conditions, or
iv) takes no position.

Sub-Committee Decision Procedure

(a) Staff shall submit the exemption request and the staff position to the Sub-Committee for a decision.

(b) If the Sub-Committee grants the exemption, staff shall provide the applicant and the Member with written notice of the District Council's decision granting the exemption.

(c) If the Sub-Committee refuses the exemption, or is only content to grant the exemption subject to conditions, staff will notify the applicant and the Member of the Sub-Committee's decision and will provide the applicant and the Member with the Sub-Committee's written decision and reason(s) for the decision, as prepared by staff and approved by the Sub-Committee (the "Sub-Committee decision").

(d) The Sub-Committee decision must also state that the District Council may review the decision at a hearing if requested by the applicant or by staff.

Hearing Procedure

(a) As part of the Sub-Committee decision, the applicant shall be advised that if the applicant or staff wishes to request a hearing, the request shall be made within 10 business days of having been advised of the Sub-Committee decision, by submitting to the District Council

i) a written request for a hearing and the basis upon which the hearing should be granted, and
ii) a letter of sponsorship for the hearing request signed by a partner, director or officer of the Member.

(b) The applicant shall be advised that if he/she fails to file a request for a hearing within the 10 day time period, the Sub-Committee decision shall be considered as having been accepted by the applicant and the application for exemption shall be considered as either withdrawn or granted subject to conditions, as the case may be.

(c) Upon receipt of a request for a hearing within the 10-day time limit, staff shall prepare a response (the "staff response") and shall file with the District Council the applicant's request for a hearing, the staff response, the Sub-Committee decision, the original exemption request and the staff position.

(d) The applicant shall be entitled to appear and be heard at the hearing and shall be entitled to be represented by counsel or an agent.

(e) The applicant shall be given at least ten days' notice of the hearing and particulars pertaining thereto.

(f) The District Council shall review the material filed by staff and the applicant, any oral submissions of staff, and where the applicant chooses to attend, the applicant's oral submissions.

(g) Staff shall notify the applicant and the Member of the District Council's decision and provide the applicant with a copy of the District Council's written decision and reason(s) for the decision, as prepared by staff and approved by the District Council."

3. By-law 20 is amended by adding the following:

"Fees

20.9C. Application Fee

The exemption request submitted by the applicant shall be accompanied by a non-refundable application fee of $250."

PASSED AND ENACTED BY THE Board of Directors this 18th day of October 2000, to be effective on a date to be determined by the Association staff.

13.1.4 IDA Proposed Amendment - Late Filing Fees for Reports

INVESTMENT DEALERS ASSOCIATION OF CANADA – PROPOSED RULE AMENDMENT, LATE FILING FEES FOR REPORTS

I. OVERVIEW

The Association proposes to bring into force amendments to By-laws 4.14, 7.6 and 18.9.

These By-law amendments will permit the Association to impose fees on Members for the failure to file, within the prescribed period, reports such as strict supervision reports, that have been required as a condition imposed on a person seeking approval or continued approval.

A CURRENT RULES

Currently, By-laws 4.14, 7.6 and 18.9 permit the Association to impose fees, in amounts prescribed by the Board of Directors, on Members for failure to file a termination of employment report within the required time period for certain registrants.

B THE ISSUE

Under By-law 20, District Councils of the Association have the power to impose terms and conditions on a registrant seeking approval or continued approval from the Association. One condition that may be imposed is to require a registrant to be placed under strict supervision at the Member firm. Such a condition also requires the Member firm to submit supervision reports on a monthly basis outlining the principal areas that have come under particular scrutiny. These reports are often not submitted to the Association in a timely manner. In order to encourage Members to file these reports more efficiently, the Association would like the ability to impose fees similar to the ones that are available for the late filing of employment termination notices.

C OBJECTIVE

The Association believes that the imposition of fees for late filings will ensure that Member firms submit appropriate reports to the Association in a prompt fashion. These reports are a condition of a registrant's approval and thus it is imperative for the Association to have access to the reports and ensure that the registrant and his or her Member firm are abiding by the terms and conditions imposed by District Councils.

D EFFECT OF PROPOSED AMENDMENTS

The proposed by-law amendments should effectively provide applicants and Member firms with an incentive to submit timely reports to the Association. The requirement that such reports be submitted within ten business days of the end of the month provides Members with appropriate notification.

II. DETAILED ANALYSIS

A PRESENT RULES, RELEVANT HISTORY AND PROPOSED AMENDMENTS

By-law 4.14 currently states that a Member is liable to pay fees to the Association for the failure to file a report in writing for the termination of employment of a branch manager, assistant or co-branch manager or sales manager of a Member within five days of termination of employment.

By-law 7.6 provides for the imposition of a fee for a late filing of a report for the termination of employment of a partner, director or officer of a Member. Similarly, By-law 18.9 sets out the ability to exact a late filing fee for reports for the termination of employment of registered representatives, restricted registered representatives, investment representatives and restricted investment representatives.

B ISSUES AND ALTERNATIVES CONSIDERED

An alternative to the proposed amendments was to not impose fees for the late filing of reports. The Association determined that the importance of receiving these reports in an appropriate time period required the use of the proposed amendments to By-laws 4.14, 7.6 and 18.9.

C COMPARISON WITH SIMILAR PROVISIONS

There are no similar provisions in other jurisdictions.

D PUBLIC INTEREST OBJECTIVE

The Association believes that the proposed by-laws amendments provide for the administration of the affairs of the Association by ensuring that where District Council is making a decision to impose terms and conditions on registrants, the Association receives the appropriate reports regarding those terms and conditions in a prompt and timely fashion.

III. COMMENTARY

A FILING IN ANOTHER JURISDICTION

These proposed amendments will be filed for approval in Alberta, British Columbia, Saskatchewan and Ontario and will be filed for information in Nova Scotia.

B EFFECTIVENESS

These proposed by-law amendments are simple and effective.

C PROCESS

The proposed amendments were developed by the staff of the Association.

IV. SOURCES

By-law 4.14.
By-law 7.6.
By-law 18.9.

V. OSC REQUIREMENT TO PUBLISH FOR COMMENT

The IDA is required to publish for comment the accompanying by-law amendments so that the issue referred to above may be considered by OSC staff.

The Association has determined that the entry into force of the proposed amendments would be in the public interest. Comments are sought on the proposed rule amendments. Comments should be made in writing. One copy of each comment letter should be delivered within 30 days of the publication of this notice, addressed to the attention of the Michelle Alexander, Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Toronto, Ontario, M5H 3T9 and one copy addressed to the attention of the Manager, Document Management, Market Operations, Ontario Securities Commission, 20 Queen Street West, Toronto, Ontario, M5H 3S8.

Questions may be referred to:

Michelle Alexander
Legal and Policy Counsel,
Regulatory Policy
Investment Dealers Association of Canada
(416) 943 – 5885

INVESTMENT DEALERS ASSOCIATION OF CANADA

LATE FILIING FEES FOR REPORTS – BY-LAW 4.14, BY-LAW 7.6 AND BY-LAW 18.9

THE BOARD OF DIRECTORS of the Investment Dealers Association of Canada hereby makes the following amendments to the By-laws, Regulations, Forms and Policies of the Association:

1. By-law 4.14 is repealed and replaced as follows:

"Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for

(a) the failure of the Member to file a report in writing of the termination of employment of a branch manager, assistant or co-branch manager or sales manager of the Member within the time prescribed by this By-law 4; and

(b) the failure of the Member to file within ten business days of the end of each month a report in writing with respect to the conditions imposed on approval or continued approval of a branch manager, assistant or co-branch manager or sales manager of the Member pursuant to By-law 20."

2. By-law 7.6 is repealed and replaced as follows:

"Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for

(a) the failure of the Member to file a report in writing of the termination of employment of a partner, director or officer of the Member within the time prescribed by this By-law 7; and

(b) the failure of the Member to file within ten business days of the end of each month a report in writing with respect to the conditions imposed on approval or continued approval of a partner, director or officer of the Member pursuant to By-law 20."

3. By-law 18.9 is repealed and replaced as follows:

"Each Member shall be liable for and pay to the Association fees in the amounts prescribed from time to time by the Board of Directors for

(a) the failure of the Member to file a report in writing of the termination of employment of a registered representative, restricted registered representative, investment representative or restricted investment representative of the Member with the time prescribed by this By-law 18; and

(b) the failure of the Member to file within ten business days of the end of each month a report in writing with respect to the conditions imposed on approval or continued approval of a registered representative, restricted registered representative, investment

representative or restricted investment representative of the Member pursuant to By-law 20."

PASSED AND ENACTED BY THE Board of Directors this 18th day of October 2000, to be effective on a date to be determined by Association staff.

13.1.5 Elizabeth Teichman

INVESTMENT DEALERS ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIÈRES

NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

November 1, 2000

RE: IN THE MATTER OF ELIZABETH TEICHMAN

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement between the Association Member Regulation staff and Ms. Elizabeth Teichman is in respect of matters that occurred while Ms. Teichman was employed as a Registered Representative at Nesbitt Burns Inc. (now BMO Nesbitt Burns Inc.), a Member of the Association, for which she may be disciplined by the Association. Ms. Teichman is no longer working in the securities industry.

The hearing is scheduled to commence at **10:00 a.m.** on **Wednesday, November 15, 2000,** at the Association's offices located at 1600 – 121 King Street West, Toronto, Ontario. The hearing may be conducted *in camera* as necessary for the presentation, review and consideration of the settlement proposal, and where required for the protection of confidential matters.

If the Settlement Agreement is accepted by the Ontario District Council, the Association will issue an Association Bulletin setting out terms of settlement, including the violation(s) committed by Ms. Teichman, a summary of the agreed facts and the discipline penalty imposed. If the Ontario District Council accepts the Settlement Agreement, copies of the Association Bulletin and the Settlement Agreement will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

13.1.6 Nancy Hong Lin

INVESTMENT DEALERS ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DES COURTIERS EN VALEURS MOBILIERES

NOTICE TO PUBLIC RE: DISCIPLINARY HEARING

November 1, 2000

RE: IN THE MATTER OF NANCY HONG LIN

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement between the Association Member Regulation staff and Ms. Nancy Hong Lin is in respect of matters that occurred while Ms. Lin was employed as a Registered Representative at Nesbitt Burns Inc. (now BMO Nesbitt Burns Inc.), a Member of the Association, for which she may be disciplined by the Association. Ms. Lin is no longer working in the securities industry.

The hearing is scheduled to commence at **10:00 a.m.** on **Wednesday, November 15, 2000,** at the Association's offices located at 1600 – 121 King Street West, Toronto, Ontario. The hearing may be conducted *in camera* as necessary for the presentation, review and consideration of the settlement proposal, and where required for the protection of confidential matters.

If the Settlement Agreement is accepted by the Ontario District Council, the Association will issue an Association Bulletin setting out terms of settlement, including the violation(s) committed by Ms. Lin, a summary of the agreed facts and the discipline penalty imposed. If the Ontario District Council accepts the Settlement Agreement, copies of the Association Bulletin and the Settlement Agreement will be made available.

Contact:
Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

13.1.7 Reporting Market-On-Close Orders – Request for Comments

REGULATORY NOTICE
No. 2000-034
November 10, 2000

Suggested Routing: Trading, Legal & Compliance

REQUEST FOR COMMENTS

Reporting Market-on-Close Orders

On September 19, 2000, the Board of Directors of The Toronto Stock Exchange Inc. (the "Exchange") approved amendments to the Rules of the Exchange to provide for the reporting of orders to trade at the closing price ("Market-on-Close Orders").

The changes to the Rules will be effective upon approval of the changes by the Ontario Securities Commission following public notice and comment. Comments on the changes to the Rules should be in writing and delivered within 30 days of the date of this notice to:

James E. Twiss
Senior Counsel
Regulatory & Market Policy
The Toronto Stock Exchange
2 First Canadian Place
Toronto, Ontario. M5X 1J2
Fax: (416) 947-4398
e-mail: jtwiss@tsers.com

A copy should also be provided to:

Randee Pavalow
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 800, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8
Fax: (416) 593-8240

Summary of Amendments

The new Rule would require a Participating Organization to report to the Market Surveillance Department of the Exchange each Market-on-Close Order where the order will be executed in the regular market or hedging activity in connection with execution of the order will occur in the last five minutes of trading in the Regular Session.

Background and Discussion

Recent Steps to Reduce Volatility

In order to ensure a fair and orderly market, the Exchange has undertaken or is in the process of undertaking a number of initiatives which are designed to reduce volatility near the close of trading.

Index Recognition Criteria

Stock indexes which are based on securities listed on the Exchange may be recognized as an "Index" for the purposes of the Rules. As noted in Regulatory Notice 2000-023 dated August 4, 2000, the sole criteria which is applied by the Exchange in determining whether to recognize an Index is that there be adequate public disclosure of the current rules and composition of the stock index and adequate prior public disclosure of any changes in the rules governing the index or changes in the composition or weighting of the components of the index.

Public disclosure of information regarding an index ensures that the investment community is aware of any buying and selling opportunities that may arise as a result of an adjustment in the index. Such public awareness should tend to reduce volatility at or near the close of the market in trading of affected securities on the date of the adjustment to the index. The objective of the Exchange is to allow index rebalancing by investors to be carried out in as orderly a market as possible.

Notices to Participating Organizations

The Exchange publishes a Notice to Participating Organizations which describes all changes in the composition of an Index or the rules governing the construction and operation of the Index. Market Surveillance also runs reminder messages over the CATS network during the day of any index rebalancing. Before significant Index rebalancings or related transactions (such as the merger in March of 2000 of the TSE 100 Index Participation Fund, Toronto 35 Index Participation Fund and S&P/TSE 60 Index Participating Fund), the Exchange publishes a Notice to Participating Organization pointing out that index-related trading may create volatility near the close, in turn creating buying and selling opportunities for persons with orders in the Book. The Notice also reminds POs that rules on artificial prices, (and, in particular, Rule 4-202 on Manipulative and Deceptive Methods of Trading and Policy 4-201(3) on Moving Markets to Execute a Trade) also apply to trading near the close. The intent of these special notices is to attract more off-market orders, building deeper and broader markets that are better able to withstand the short-term pressure. This has been successful in reducing volatility in a number of rebalancings or transactions, such as the merger of the index participation funds.

However, the Exchange cannot issue notices or CATS messages if it is not aware of potential Market-on-Close activity. Orders may relate to changes to third-party or customized indexes used by some clients (which is not recognized by the Exchange), or may not be related to an index rebalancing at all. Traders have indicated to the Exchange that they receive Market-on-Close Orders from clients virtually every day.

Another problem is that the volatility is not always limited to the stocks coming in or out of an index and the impact on other stocks is not easy to predict. For example, when Manulife Financial Corporation ("Manulife") was added to the S&P/TSE 60 Index after the close on April 7, 2000 its market capitalization resulted in Manulife having an approximate 1.77% relative weight in the S&P/TSE 60 Index and it replaced a stock which had an approximate relative weight of 0.08%. As a result, indexers using the S&P/TSE 60 Index had to sell out some of their holdings in the 59 stocks that were otherwise not affected by the index change in order to fund purchases of Manulife to ensure that their portfolios were balanced. Trading near the close of the Regular Session on April 7, 2000 saw volatility was in a number of S&P/TSE 60 stocks, not just in Manulife and the stock being removed.

Amendment to Require Reporting of Market-on-Close Orders

The current procedure of reminding market participants of potential volatility near the close in connection with index rebalancings has generally worked well in reducing volatility. The new rule will permit the Exchange to alert the market to potential volatility near the close in other situations where Market-on-Close Orders are to be executed.

The new Rule would require POs to report to the Market Surveillance Department of the Exchange each Market-on-Close Order where the order will be executed in the regular market or hedging activity in connection with execution of the order will occur in the last five minutes of trading. A PO would not report an order where the PO has made an agreement with a client to trade at the closing price in the Special Trading Session and the PO will not be hedging its exposure in the market in the five minutes prior to the close. Similarly, the Rule will not require reporting of orders received or executed in the normal course in the last five minutes where it is not a condition that the closing price be obtained (although the existing rules on moving markets for a trade and setting artificial prices would apply).

A PO would be required to report Market-on-Close orders covered by the Rule by 3:30 p.m. in order that Market Surveillance would have an opportunity to issue a tape notice indicating the stocks in which there will be Market-on-Close activity. The Exchange would anticipate that this notice would be issued at approximately 3:40 p.m. and would only indicate the stocks, not the size or direction of the order(s). Market Surveillance would only issue a notice if the imbalance was greater than certain parameters, which are to be determined.

With the introduction of the new Rule, POs would not be permitted to execute Market-on-Close Orders in the regular market or hedge exposure to an Market-on-Close Order in the last five minutes of trading if those orders were not reported thirty minutes prior to the close of the Regular Session to the Market Surveillance Department of the Exchange.

Automating Market-on-Close Orders

The new Rule is intended to be an interim solution pending development and implementation of an automated Market-on-Close facility which would permit orders to be entered to trade at a "Calculated Closing Price" or "CCP". The CCP would be determined using logic similar to that presently used for the determination of the "Calculated Opening Price" or "COP". Any proposal for a Market-on-Close facility would be circulated for public comment prior to seeking the approval of the Ontario Securities Commission for the Rule changes necessary to accommodate the introduction of such a facility.

Text of the Amendment to the Rules

Appendix "A" is the text of the amendment to the Rules respecting Reporting Market-on- Close Orders as passed by the Board of Directors of the Exchange on September 19, 2000.

Questions

Questions concerning this notice should be directed to Regulatory and Market Policy by contacting either Patrick Ballantyne, Director at (416) 947-4281 or James E. Twiss, Senior Counsel at (416) 947-4333.

BY ORDER OF THE BOARD OF DIRECTORS

LEONARD P. PETRILLO
VICE PRESIDENT, GENERAL
COUNSEL AND SECRETARY

APPENDIX "A"

PROPOSED AMENDMENTS TO THE RULES RESPECTING REPORTING MARKET-ON-CLOSE ORDERS

THE RULES
of
THE TORONTO STOCK EXCHANGE

The Rules of The Toronto Stock Exchange are hereby amended by adding the following as Rule 4-805:

4-805 Reporting Market-on-Close Orders

A Participating Organization that has received an order to trade at the closing price shall report such order to Market Surveillance no later than 3:30 where:

(a) the order will be executed in the regular market; or

(b) hedging activity in connection with the order will occur in the regular market in the five minutes prior to the close.

THIS RULE AMENDMENT MADE this 19th day of September, 2000 to be effective upon approval of this amendment by the Ontario Securities Commission.

_____
Daniel F. Sullivan, Chair

_____
Leonard P. Petrillo, Secretary

13.1.8 Market Stabilization – Request for Comments

REGULATORY NOTICE
No. 2000-035
November 10, 2000

Suggested Routing: Trading, Legal & Compliance

REQUEST FOR COMMENTS

Market Stabilization

On October 31, 2000, the Board of Directors of The Toronto Stock Exchange Inc. (the "Exchange") approved amendments to the Rules and Policies of the Exchange related to the restrictions on trading by a Participating Organization ("PO") involved in a distribution ('Market Stabilization").

The changes to the Rules and Policies will be effective on a date to be determined by the Exchange upon approval of the changes by the Ontario Securities Commission following public notice and comment. Comments on the changes to the Rules and Policies should be in writing and delivered within 30 days of the date of this notice to:

James E. Twiss
Senior Counsel
Regulatory & Market Policy
The Toronto Stock Exchange
2 First Canadian Place
Toronto, Ontario. M5X 1J2
Fax: (416) 947-4398
e-mail: jtwiss@tsers.com

A copy should also be provided to:

Randee Pavalow
Manager, Market Regulation
Capital Markets Branch
Ontario Securities Commission
Suite 800, Box 55,
20 Queen Street West
Toronto, Ontario. M5H 3S8
Fax: (416) 593-8240

Background:

Current Provisions

The current Rule 4-303 prohibits a PO that is involved in a distribution of a security from soliciting client orders to trade on the Exchange during the distribution period. A PO which is short the distributed security may purchase at or below the distribution price. If the PO is not short the distributed security, the price of any bid or purchase must be below the price of the last trade of a board lot or *at* such price if it is below the last preceding different-priced trade of a board lot, provided that such price does not exceed the distribution price.

Developments in US Markets

Effective March 4, 1997, the Securities and Exchange Commission adopted comprehensive amendments to its market practice rules governing bids for and purchases of securities by certain persons engaged in a distribution, market stabilization and certain related practices ("Regulation M"). No restrictions were applicable to underwriters if the stock has an average daily trading value of at least $1 million and a public float for common stock of the issuer of at least $150 million. Restrictions on trading would apply for one day prior to pricing in the case of issuers with an average daily trading value of at least $100,000 and a public float of $25 million. In all other cases, restrictions would apply for 5 business days prior to the pricing of the distribution. The theory which underpins Regulation M is that it would be prohibitively expensive to try to manipulate the market in liquid securities.

Ontario Securities Commission Policy 5.1

Rule 4-303 acts as a specific exemption from the requirements of paragraph 26 of O.S.C. Policy 5.1 (Trading by Issuers, Selling Security Holders, Underwriters, Dealers and Their Affiliates and Joint Actors During a Distribution by Prospectus of TSE-listed Securities). Paragraph 26 is broader in scope and more restrictive in its application than Rule 4-303 in that, subject to certain exemptions, it prohibits bids or purchases for the underwriter's account or a solicited client account during the restricted period (which for an underwriter is two days prior to the determination of the offering price and the time the underwriter reaches an understanding to participate in the distribution).

Discussion of Proposed Amendments:

Removal of Deemed Manipulation Language

Rule 4-303 presently treats certain purchases by a PO involved in a distribution to be a manipulative and deceptive practice. It is proposed that this language be removed, as its usage is inconsistent with the treatment of other trading restrictions under the Rules, such as short sales.

New and Amended Exemptions and Restrictions

The substantive changes between the proposal and the existing Rule 4-303 (and its predecessor, section 11.11 of the General By-law) are as follows:

- *Trades in any Tier A1 or A2 Security* - The Exchange presently defines a Tier A1 or A2 Security as one that trades at least 51 times per day. Regulation M exempts securities based on a two-part test: size of public float and average daily traded value. The proposal has a more straightforward test, and it will be easy to determine whether a particular security is exempt. Trading activity is a better gauge of liquidity than value, as a number of large blocks in an otherwise illiquid security could make it exempt.

  As of April 1, 2000, securities of 244 companies would have been completely exempt from trading restrictions during a distribution based on the proposed rules. Of these, the securities of approximately 175 companies

would also be completely exempt under Regulation M (based solely on trading value).

Market Surveillance will continue to monitor trading by POs involved in a distribution of exempt securities. General market integrity rules prohibiting trading contrary to just and equitable principles of trade and prohibiting manipulative or deceptive methods of trading would continue to apply.

- *Trades in certain convertible or similar securities* – Rule 4-303 presently applies restrictions to trading of securities which are convertible into the distributed security and securities with substantially the same characteristics as the distributed security. Regulation M exempts such securities entirely and the Exchange proposes to parallel this exemption in the revised Rule.

- *Trades to rebalance a portfolio due to an adjustment to a standardized index* – Regulation M provides an exemption for this type of trade during a distribution. The exemption which is proposed is limited to an adjustment in an Index as recognized by the Exchange (and therefore does not include a "customized" index operated by the PO). The theory underlying this exemption is that purchases by a PO to rebalance a portfolio based on a recognized index are being made for the purposes of tracking the index and not to influence market prices during a distribution.

- *Basket trades comprising a restricted security* - Under the proposal, a trade in a basket of securities would be completely exempt provided the basket was comprised of at least 20 securities and provided the restricted security constitutes no more than 10% of the value of the basket. A similar exemption exists under Regulation M. Presently, a basket trade is only exempt if the basket has a value of at least $10 million and provided the restricted security is purchased at the lower of the bid price or the last independent trade.

- *Trades in an Index Participation Unit and related securities* – Presently the Rule exempts from the restrictions trades in "securities convertible into securities of more than one issuer." While cumbersome, this provision was specifically intended to exempt trading in IPUs when the PO was involved in a distribution of one of the component securities. The proposal would specifically exempt trades in IPUs and components securities where the PO was involved in either a distribution of the IPU or one or more of the component securities. Since the IPU must be based on an index as recognized by the Exchange (the smallest of which is presently the Dow Jones Canada 40 Index based on 40 listed securities), it would be difficult for trades in either the IPU or the security of one of the component companies to effect the market price of the other, particularly in light of the fact that an Index generally will be comprised of the more liquid listed securities.

- *Must-Be-Filled Orders and Program Trades* – The Exchange has previously permitted must-be-filled orders during the restricted period. The proposal specifically recognizes such orders together with program trades (which are similar to basket trades except that the restricted security may comprise more than 10% of the trade in circumstances where the offsetting derivative transaction is based on a recognized Index.)

- *Convertible Securities* - Trading in convertible securities is not restricted during a distribution of the underlying security. The underlying will continue to be caught during a distribution of a convertible provided it is immediately convertible and the conversion price is in the money. Regulation M is more restrictive — the underlying is always caught during a distribution of a convertible. The Exchange's experience with the current rule does not indicate that a more restrictive provision is necessary.

- *Similar Securities* – The restrictions on trading securities with substantially the same characteristics as the distributed security have been clarified and amended. Regulation M only restricts securities which according to the terms of the distributed security determine a significant part of the distributed security's value (e.g. an equity-linked security). Under Regulation M, it is not sufficient that the two securities normally trade in tandem. The proposal follows this approach with one additional restriction to cover companies with dual classes of equity securities — if the distributed security is an equity security (as defined in the *Securities Act*), all of that issuer's other listed equity securities are restricted. This will restrict trading in multiple voting securities during a distribution of subordinate voting.

- *Special Warrant Offerings and Wide Distributions* – While the Exchange has applied the restrictions of Rule 4-303 to special warrant offerings and wide distributions, the proposal would amend the provisions of the Rule to more clearly define when the restrictions and exemptions would apply in such offerings.

- *Restricted Period* - The proposal alters the start date for the application of restrictions. In all cases, the restrictions will begin on the earlier of the date of entering into the underwriting agreement and 2 days before going final (unless the PO begins stabilization activities at an earlier date) on a prospectus offering, receiving consent of the Exchange to a wide distribution or pricing a special warrant offering. Presently, the trading restrictions apply from the later of the date on

which the PO enters into an underwriting agreement and the second day prior to pricing.

Regulation M has a tiered approach to cooling-off periods. More liquid securities have a one-day cooling-off, while all others have a 5-day period. This adds unnecessary complexity to the rule. However, as one day is too short for many securities, the current two-day period works well.

- *Maximum Stabilization Price* - The price limit for a PO that is long the restricted security is proposed to be the highest independent bid price rather than a zero-minus tick. The current restriction is difficult to understand and, perhaps, more restrictive than necessary. The change would also bring our restriction in line with Regulation M.

- *Market Maker Exemptions* – Although the Exchange no longer trades options, exemptions are needed for option specialists on the Montreal Exchange to trade the underlying equity securities on the Exchange while their firm is involved in a distribution.

  The exemptions for a Registered Trader ("RT") are largely unchanged, though two restrictions in the current rule would be removed:

  - The RT would no longer be restricted from putting an order for his own account or his firm's account in at the opening. This activity is covered by the general rule for trading at the opening.

  - The RT will no longer be restricted when matching a better bid in another market to the lesser of the size of the bid in the other market and the MGF. The restriction goes further than necessary and may hinder the market maker from calling a competitive market.

Text of the Amendment to the Rules

Appendix "A" is the text of the amendment to the Rules and Policies respecting Restrictions on Trading by Participating Organizations Involved in a Distribution as passed by the Board of Directors of the Exchange on October 31, 2000.

Questions

Questions concerning this notice should be directed to Regulatory and Market Policy by contacting either Patrick Ballantyne, Director at (416) 947-4281 or James E. Twiss, Senior Counsel at (416) 947-4333.

BY ORDER OF THE BOARD OF DIRECTORS

LEONARD P. PETRILLO
VICE PRESIDENT, GENERAL
COUNSEL AND SECRETARY

APPENDIX "A"

PROPOSED AMENDMENTS TO THE RULES AND POLICIES RESPECTING RESTRICTIONS ON TRADING BY PARTICIPATING ORGANIZATIONS INVOLVED IN A DISTRIBUTION

THE RULES
of
THE TORONTO STOCK EXCHANGE

The Rules of The Toronto Stock Exchange are hereby amended by repealing Rule 4-303 and substituting the following:

4-303 Restrictions on Trading by Participating Organizations Involved in a Distribution

(1) Definitions

In this Rule:

"basket trade" means a simultaneous purchase of at least 20 listed securities, provided that any restricted security comprises less than 10% of the total value of the transaction.

"distribution" means a distribution of any security pursuant to:

(a) a prospectus;

(b) a wide distribution in accordance with Rule 4-103; or

(c) an offering of special warrants.

"distributed security" means a security of the class that is the subject of the distribution.

"exempt security" means a listed security that:

(a) has traded on average at least 51 times per Trading Day during the six-month period which ended on the immediately preceding January 1 or July 1; or

(b) is an IPU.

"independent bid" means a bid entered on the Exchange by or on behalf of a person who is not involved in the distribution.

"independent trade" means a trade of at least one board lot made by or on behalf of a person who is not involved in the distribution.

"maximum permitted stabilization price" means:

(a) for the distributed security, the distribution price; and

(b) for a related security, the highest price of an independent bid for that security at the commencement of the restricted period.

"related security" means, in respect of a distributed security:

(a) a listed security into which the distributed security is immediately convertible, exchange or exercisable unless the price at which the security is convertible, exchangeable or exercisable is greater than 110% of the ask price of the listed security at the commencement of the restricted period;

(b) a listed security that, according to the terms of the distributed security, may significantly determine the value of the distributed security;

(c) if the distributed security is a special warrant, a listed security which would be issued on the exercise of the special warrant; and

(d) if the distributed security is an equity security, any other listed equity security of that issuer.

"restricted period" means the period:

(a) commencing on the earlier of the date:

(i) the Participating Organization enters into an underwriting agreement in respect of the distribution of the distributed securities, and

(ii) two Trading Days prior to the day:

(A) the receipt is issued for the final prospectus for the distribution of the distributed securities in the case of a distribution pursuant to a prospectus,

(B) the Exchange consents to the distribution in the case of a wide distribution pursuant to Rule 4-103, or

(C) the offering price of the special warrant is determined in the case of a distribution of special warrants; and

(b) ending on the earlier of the date:

(i) the Participating Organization has sold all of the distributed securities allotted to the Participating Organization, including all restricted securities acquired by the Participating Organization in connection with the distribution, and all stabilization arrangements to which the Participating Organization is a party terminate, and

(ii) the distribution terminates pursuant to applicable securities law or Exchange Requirements.

"restricted security" means:

(a) the distributed security; and

(b) any related security

but does not include an exempt security or a related security of an exempt security.

"underwriter" means a Participating Organization involved in a distribution but does not include a Participating Organization which has agreed to sell part of the distribution but is not obligated to purchase any of the distributed securities.

(2) Prohibited Trading

Except as permitted, an underwriter shall not at any time during the restricted period:

(a) bid for or purchase for its own account a restricted security; or

(b) solicit purchase orders from clients for a restricted security.

(3) Restricted Trading

Notwithstanding Rule 4-303(2), an underwriter involved in a distribution, other than a distribution pursuant to an at-the-market offering as permitted by National Policy 47 or any successor instrument, may, at any time during the restricted period, bid for or purchase a restricted security at a price which does not exceed the maximum permitted stabilization price provided such price also does not exceed:

(a) if the underwriter has either a long position or no position in the distributed security, the highest independent bid then entered on the Exchange;

(b) if the underwriter enters the bid prior to the opening of a Regular Session, the closing price of the restricted security in the previous Regular Session; and

(c) if the restricted security has not previously traded on the Exchange, the price of the last independent trade of the security on another stock exchange or organized over-the-counter market.

(4) Exemptions

Rules 4-303(2) and (3) do not apply to:

(a) an order which, if executed, would be:

(i) a basket trade, or

(ii) a program trade;

(b) a Must-Be-Filled Order; and

(c) an order entered solely for the purpose of rebalancing a portfolio, the composition of which is based on an Index, to reflect an adjustment made in the composition of the Index.

(5) Deemed Commencement of a Restricted Period

If an underwriter receives a notice or notices of the exercise of statutory rights of withdrawal or rights of rescission from purchasers of, in the aggregate, not less than 5% of the distributed securities allotted to or acquired by the underwriter in connection with the distribution then a restricted period shall be deemed to have commenced upon receipt of such notice or notices.

(6) Transactions by the Responsible Registered Trader

A Responsible Registered Trader employed by an underwriter may, for their registered trading account:

(a) with the prior approval of a Market Surveillance Official, enter a bid to move the calculated opening price of a restricted security to a more reasonable level;

(b) purchase a restricted security pursuant to the responsibility of the Responsible Registered Trader to provide a MGF for a sell order but not including a purchase pursuant to the right of the Responsible Registered Trader to participate in trades with MGF-eligible orders; and

(c) bid for or purchase a restricted security:

(i) that is traded on another market for the purpose of matching a higher-priced bid posted on such market,

(ii) that is convertible, exchangeable or exercisable into another listed security for the purpose of maintaining an appropriate

conversion, exchange or exercise ratio, and

(iii) to cover a short position resulting from sales made under the market making obligations of the Responsible Registered Trader.

(7) Transactions by the Options Specialist

An options specialist on the Montreal Exchange employed by an underwriter may, for their specialist account, bid for or purchase a restricted security if:

(a) the restricted security is the underlying security of the option for which the person is the specialist;

(b) there is not otherwise a suitable derivative hedge available; and

(c) such bid or purchase is:

(i) for the purpose of hedging a pre-existing options position,

(ii) reasonably contemporaneous with the trade in the option, and

(iii) consistent with normal market making practice.

THIS RULE AMENDMENT MADE this 31st day of October, 2000 to be effective on such date as determined by the Exchange following approval of this amendment by the Ontario Securities Commission.

Daniel F. Sullivan, Chair

Leonard P. Petrillo, Secretary

THE POLICIES
of
THE TORONTO STOCK EXCHANGE

The Policies of The Toronto Stock Exchange are hereby amended by repealing Policy 4-303(1) and substituting the following:

(1) Initial Stabilizing Bid

Rule 4-303(3)(c) permits a Participating Organization that is acting as an underwriter in a distribution of securities to enter an initial stabilizing bid for a restricted security at the lesser of the price of the last independent trade and the maximum permitted stabilization price (as defined in Rule 4-303). In the case of a distribution of a listed security, the maximum permitted stabilization price is the distribution price.

For the purpose of an initial stabilizing bid for a security which has not previously traded on the Exchange, the price of the last independent trade of a security is the price of the most recent trade that is reported to another stock exchange or organized over-the-counter market according to its rules. If the exchange or market does not report the price of the most recent trade, the price of the last independent trade is deemed to be the weighted average of all such trades on the most recent day on which there was an independent trade reported.

If a security trades on more than one stock exchange or organized over-the-counter market, the price of the last independent trade shall be the price on the exchange or market that had the greatest trading volume on the most recent day on which there was an independent trade on that market.

If the price of the most recent trade is in a foreign currency, the price shall be converted to Canadian dollars using the mid-market spot rate or 7-day forward exchange rate in effect at the time of the trade, plus or minus 15 basis points. If the price does not convert to a standard Exchange quotation or tick price, the price for the purpose of establishing an initial bid shall be rounded down to the nearest quotation price. For example, if a newly-listed security is being distributed at $14 and the last trade was on Nasdaq at $10, the price converted to Canadian dollars would be $13.575 (assuming an exchange rate of 1.3575 for U.S. dollars). The maximum price at which an initial bid could be entered on the Exchange would be $13.57.

If, in the example above, there had been no previous trade on any organized market, an initial bid may be entered at (but not higher than) the distribution price.

For the purpose of this Policy, an "initial bid" includes any bid made on the Exchange before the opening of trading.

Once an initial bid has been made on the Exchange or the security has traded on the Exchange, the provisions of Rule 4-303(3)(c) no longer apply, and the other stabilization rules contained in Rule 4-303 must be followed.

THIS POLICY AMENDMENT MADE this 31st day of October, 2000 to be effective on such date as determined by the Exchange following approval of this amendment by the Ontario Securities Commission.

Daniel F. Sullivan, Chair

Leonard P. Petrillo, Secretary

Chapter 25

Other Information

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Index