

The Ontario Securities Commission

# OSC Bulletin

May 18, 2001

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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)

**The Ontario Securities Commission**

Cadillac Fairview Tower  
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20 Queen Street West  
Toronto, Ontario  
M5H 3S8

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# Table of Contents

<p><b>Chapter 1 Notices / News Releases .....3131</b></p> <p><b>1.1 Notices .....3131</b></p> <p>1.1.1 Current Proceedings Before The Ontario Securities Commission.....3131</p> <p>1.1.2 Multilateral Instrument 45-102 Resale of Securities .....3133</p> <p><b>Chapter 2 Decisions, Orders and Rulings ..3135</b></p> <p><b>2.1 Decisions .....3135</b></p> <p>2.1.1 Leith Wheeler Investment Counsel Ltd. - MRRS Decision .....3135</p> <p>2.1.2 John Hancock Financial Services, Inc. &amp; John Hancock Canadian Corporation - MRRS Decision.....3137</p> <p>2.1.3 State Street Bank and Trust Company - MRRS Decision .....3140</p> <p>2.1.4 The Bank of Nova Scotia &amp; BNS Capital Trust - MRRS Decision .....3144</p> <p>2.1.5 Weatherford Oil Services, Inc. - MRRS Decision .....3148</p> <p>2.1.6 International Forest Products Ltd. &amp; Primex Forest Products Ltd. - MRRS Decision .....3149</p> <p>2.1.7 Retirement Residences Real Estate Investment Trust - MRRS Decision.....3154</p> <p>2.1.8 ReQuest Seismic Surveys Ltd. - MRRS Decision .....3156</p> <p>2.1.9 Hardof Wolf Group Inc. &amp; Dylex Limited - MRRS Decision .....3158</p> <p>2.1.10 Norrep Fund - MRRS Decision .....3159</p> <p>2.1.11 Equisure Financial Network Inc. - MRRS Decision .....3161</p> <p>2.1.12 Nexen Inc. - MRRS Decision .....3162</p> <p>2.1.13 Rancho Energy Inc. - MRRS Decision .....3164</p> <p>2.1.14 Crown Life Insurance Company - MRRS Decision .....3165</p> <p>2.1.15 Nce Energy Trust et al. - MRRS Decision .....3167</p> <p><b>2.2 Orders .....3171</b></p> <p>2.2.1 Cantech Ventures Inc. - ss. 83.1(1) .....3171</p> <p>2.2.2 State Street Bank and Trust Company - s. 80 of CFA.....3172</p> <p>2.2.3 Magellan Real Estate Investment Fund Limited Partnership - s. 144 .....3174</p> <p><b>2.3 Rulings.....3176</b></p> <p>2.3.1 YMG Capital Management Inc. - ss. 74(1).....3176</p> <p>2.3.2 Desjardins Trust Inc. - ss. 74(1).....3177</p> <p>2.3.3 Kelly Management Group Inc. et al. - ss. 74(1).....3179</p>	<p><b>Chapter 3 Reasons: Decisions, Orders and Rulings (nil).....3183</b></p> <p><b>Chapter 4 Cease Trading Orders .....3185</b></p> <p>4.1.1 Temporary and Cease Trading Orders 3185</p> <p><b>Chapter 5 Rules and Policies (nil) .....3187</b></p> <p><b>Chapter 6 Request for Comments (nil) .....3189</b></p> <p><b>Chapter 7 Insider Reporting.....3191</b></p> <p><b>Chapter 8 Notice of Exempt Financings .....3243</b></p> <p>Reports of Trades Submitted on Form 45-501f1 .....3243</p> <p>Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23) .....3245</p> <p><b>Chapter 9 Legislation (nil).....3247</b></p> <p><b>Chapter 11 IPOs, New Issues and Secondary Financings .....3249</b></p> <p><b>Chapter 12 Registrations .....3255</b></p> <p>12.1.1 Securities .....3255</p> <p><b>Chapter 13 SRO Notices and Disciplinary Proceedings (nil) .....3257</b></p> <p><b>Chapter 25 Other Information (nil) .....3259</b></p> <p><b>Index .....3261</b></p>
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## Chapter 1

# Notices / News Releases

### 1.1 Notices

### SCHEDULED OSC HEARINGS

#### 1.1.1 Current Proceedings Before The Ontario Securities Commission

May 18, 2001

#### 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  
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20 Queen Street West  
Toronto, Ontario  
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Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C.	—	RSP

Date to be announced

Mark Bonham and Bonham & Co. Inc.

s. 127

Mr. A. Graburn in attendance for staff.

Panel: TBA

May 7/2001-  
May 18/2001  
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

May 28 and  
May 30 /  
2001  
10:00 a.m.

Robert Bruce Kyle & Derivative Services Inc.

s. 8 (4)

Ms. Johanna Superina in attendance for staff.

Panel: JAG/PMM

August 13/  
2001  
10:00 a.m.

Jack Banks et al.

s. 127

Mr. Tim Moseley in attendance for staff.

Panel: TBA

**ADJOURNED SINE DIE**

**PROVINCIAL DIVISION PROCEEDINGS**

Michael Bourgon	Date to be announced	<b>Michael Cowpland and M.C.J.C. Holdings Inc.</b>
DJL Capital Corp. and Dennis John Little		s. 122 Ms. M. Sopinka in attendance for staff. Ottawa
Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall, DJL Capital Corp., Dennis John Little and Benjamin Emile Poirier	Jan 29/2001 - Jun 22/2001	<b>John Bernard Felderhof</b> Mssrs. J. Naster and I. Smith for staff.
First Federal Capital (Canada) Corporation and Monter Morris Friesner		Courtroom TBA, Provincial Offences Court
Global Privacy Management Trust and Robert Cranston		Old City Hall, Toronto
Irvine James Dyck	May 25, 2001 10:00 a.m. Courtroom N	<b>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</b>
M.C.J.C. Holdings Inc. and Michael Cowpland		s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
Offshore Marketing Alliance and Warren English		
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	September 17/2001 9:30 a.m.	<b>Einar Bellfield</b> s. 122 Ms. Sarah Oseni in attendance for staff. Courtroom 111, Provincial Offences Court Old City Hall, Toronto
S. B. McLaughlin	Reference:	John Stevenson Secretary to the Ontario Securities Commission (416) 593-8145
Southwest Securities		
Terry G. Dodsley		
Wayne Umetsu		

### 1.1.2 Multilateral Instrument 45-102 Resale of Securities

#### MULTILATERAL INSTRUMENT 45-102

Multilateral Instrument 45-102 Resale of Securities (the "Instrument") was published in the OSC Bulletin dated April 20, 2001 at (2001) 24 OSCB 2437. Due to implementation issues that have arisen, the Instrument has been withdrawn by the Commission from the Ministry of Finance. In order to resolve these issues, revisions will be made to the Instrument. A revised Instrument, which will contain a new effective date, will be published in the Bulletin.

For further information, please contact:

Margo Paul  
Manager, Corporate Finance  
Tel: (416)593-8136  
mpaul@osc.gov.on.ca

Jean-Paul Bureaud  
Legal Counsel, Corporate Finance  
Tel: (416)593-8131  
jbureaud@osc.gov.on.ca

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## Chapter 2

# Decisions, Orders and Rulings

## 2.1 Decisions

### 2.1.1 Leith Wheeler Investment Counsel Ltd. - MRRS Decision

#### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - trades by pooled funds of additional units to existing unitholders holding units having an aggregate acquisition cost or net asset value of not less than the minimum amount prescribed by legislation under "private placement" exemption exempted from registration and prospectus requirement - trades by pooled funds of units to existing unitholders pursuant to automatic reinvestment of distributions by pooled funds exempted from registration and prospectus requirement.

#### Statutes Cited

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

#### Rules Cited

Ontario Securities Commission Rule 81-501 - Mutual Fund Reinvestment Plans (1998) 21 OSCB 2713.

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA, ONTARIO, NEW BRUNSWICK  
AND YUKON**

**AND**

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

**AND**

**IN THE MATTER OF  
LEITH WHEELER INVESTMENT COUNSEL LTD.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Manitoba, New Brunswick and Yukon (the "Jurisdictions") has received an application (the "Application") from Leith Wheeler Investment Counsel Ltd. (the "Applicant") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that certain trades in Subscribed Units and Reinvested Units (as defined below) of the Funds (as defined below) to existing holders of Units of the Funds ("Units") are not subject to the

prospectus or registration requirements contained in the Legislation subject to certain 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** it has been represented by the Applicant to the Decision Makers that:

1. Leith Wheeler is the manager, principal portfolio advisor and promoter of the Leith Wheeler Diversified Pooled Fund (the "Diversified Pooled Fund") and will be the manager, principal portfolio advisor and promoter of additional funds which may be established from time to time ("collectively, the "Funds");
2. Leith Wheeler is a corporation incorporated under the laws of British Columbia and is registered as a mutual fund dealer and portfolio manager in British Columbia, as investment counsel in Alberta, Ontario, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Yukon Territory and as a limited market dealer in Ontario;
3. Units may be offered on a continuous basis in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Yukon Territory to taxable and non-taxable investors, including but not limited to, high net worth individuals, pension plans, religious orders, charitable organizations, endowments and insurance companies;
4. The Diversified Pooled Fund is, and the other Funds will each be, an open-end mutual fund trust established under the laws of British Columbia;
5. None of the Funds is or currently intends to become a "reporting issuer" (or equivalent) as defined in the Legislation;
6. Units will be offered in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia and Yukon Territory on a private placement basis;
7. Units will not be offered by prospectus, however, an offering memorandum describing applicable prescribed rights of action and rescission will be delivered to prospective investors in respect of each of the Funds;
8. The initial minimum investment in any of the Funds by an investor in a Jurisdiction will be not less than the minimum aggregate purchase amount prescribed by the applicable Legislation of such Jurisdiction (the "Prescribed Amount") and will be made in reliance upon



the prospectus and registration exemptions in each of the Jurisdictions other than Ontario and British Columbia (the "Private Placement Exemption");

9. Following an initial investment in a Fund, it is proposed that unitholders of the Fund who were sold Units in reliance upon the Private Placement Exemption be permitted to subscribe for additional units (the "Subscribed Units"), provided that at the time of such subsequent acquisition the investor holds Units of the Fund with an aggregate acquisition cost or aggregate net asset value of at least the Prescribed Amount; and
10. Each Fund proposes to distribute additional units (the "Reinvested Units") by way of automatic reinvestment of distributions attributable to outstanding Units, unless otherwise requested by the unitholder;

**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 Legislation is that:

the Registration Requirements and the Prospectus Requirements of the Legislation shall not apply to

- (i) the issuance of Subscribed Units of a Fund to a Unitholder of that Fund provided that

1. the initial investment in Units of that Fund was pursuant to the applicable Private Placement Exemption;
2. at the time of the issuance of such Subscribed Units, the Unitholder then owns Units of that Fund having an aggregate acquisition cost or an aggregate net asset value of not less than the Prescribed Amount of the applicable Jurisdiction;
3. at the time of the issuance of such Subscribed Units, Leith Wheeler is registered under the Legislation of British Columbia as a portfolio manager and such registration is in good standing; and
4. this clause (i) will cease to be in effect 90 days after the coming into force of any legislation, regulation or rule in such Jurisdiction relating to the distribution of Subscribed Units of pooled funds; and

- (ii) an issuance of Reinvested Units of a Fund to a Unitholder of that Fund provided that

1. no sales commission or other charge in respect of such issuance of Reinvested Units is payable; and

2. each Unitholder who receives Reinvested Units has received, not more than 12 months before such issuance, a statement describing (A) the details of any deferred or contingent sales charge or redemption fee that is payable at the time of the redemption of a Unit, (B) any right that the Unitholder has to make an election to receive cash instead of Units on the payment of the net income or net realized capital gains distributed by the Fund, (C) instructions on how the right referred to in subsubclause (B) can be exercised, and (D) the fact that no prospectus is available for the Fund as Units are offered pursuant to prospectus exemptions only;

provided that the first trade in Subscribed Units or Reinvested Units shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such first trade is made in the following circumstances:

- (i) the applicable Fund is a reporting issuer or the equivalent under the Applicable Legislation;
- (ii) if the seller of the Subscribed Units or Reinvested Units is in a special relationship (as defined in the Applicable Legislation) with the Fund, the seller has reasonable grounds to believe that the Fund is not in default of any requirement of the Applicable Legislation;
- (iii) no unusual effort is made to prepare the market or to create a demand for the Subscribed Units or Reinvested Units and no extraordinary commission or consideration is paid in respect of such trade; and
- (iv) the Subscribed Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Subscribed Units or the Reinvested Units have been held for a period of at least eighteen months from the date they were acquired by the seller of the Reinvested Units.

May 10, 2001.

"Howard I. Wetson"

"Robert W. Davis"

**2.1.2 John Hancock Financial Services, Inc. &  
John Hancock Canadian Corporation -  
MRRS Decision**

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

**AND**

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

**AND**

**IN THE MATTER OF  
JOHN HANCOCK FINANCIAL SERVICES, INC. AND  
JOHN HANCOCK CANADIAN CORPORATION**

**MRRS DECISION DOCUMENT**

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Quebec and Saskatchewan (the "Jurisdictions") has received an application (the "Application") from John Hancock Financial Services, Inc. ("JHFS") on its own behalf and on behalf of its soon to be incorporated wholly-owned subsidiary to be named John Hancock Canadian Corporation ("FinanceCo", and together with JHFS, the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

A. the Applicants be exempted from the following requirements contained in the Legislation:

- (i) the requirements in section 2.5(1) of National Instrument 44-101 ("NI 44-101") and paragraph 4.3(1)(b) of National Policy Statement No. 47 ("NP 47"), where applicable, that a person or company guaranteeing non-convertible debt issued by a subsidiary be a reporting issuer with a 12 month reporting history in a Canadian province or territory, have a current annual information form (an "AIF") and have either an aggregate market value of equity securities listed and posted for trading on an exchange in Canada of \$75,000,000 or more or have outstanding non-convertible securities meeting certain specified criteria including having an approved rating as defined in NI 44-101 and NP 47 (and further references to NI 44-101 include the equivalent provisions of NP 47) (the "Eligibility Requirements"), in order to permit FinanceCo to issue (the "Offering") non-convertible debt securities, in particular senior unsecured notes (the "Notes"), with an approved

rating which will be fully and unconditionally guaranteed by JHFS;

- (ii) the requirement in NI 44-101 that the short form prospectus filed by FinanceCo in connection with the Offering include a reconciliation (the "Reconciliation Requirement") to Canadian generally accepted accounting principles ("GAAP") of the consolidated financial statements of JHFS and its subsidiaries included in or incorporated by reference into the prospectus which have been prepared in accordance with foreign GAAP;
- (iii) the requirement in NI 44-101 and under the Legislation of Ontario, Québec and Saskatchewan that FinanceCo have a current AIF and file renewal AIFs (the "AIF Requirement") with the securities regulatory authority or regulator in each Jurisdiction (collectively the "Commissions");
- (iv) the requirement that FinanceCo file with the Commissions and send, where applicable, to its security holders audited annual financial statements or annual reports, where applicable, including without limitation management's discussion and analysis thereon (the "Annual Financial Statement Requirement");
- (v) the requirement that FinanceCo file with the Commissions and send, where applicable, to its security holders unaudited interim financial statements, including without limitation management's discussion and analysis thereon (the "Interim Financial Statement Requirement");
- (vi) the requirement that FinanceCo issue and file with the Commissions press releases and file material change reports (the "Material Change Requirements");
- (vii) that the insiders of FinanceCo file with the Commissions insider reports (the "Insider Reporting Requirement"); and
- (viii) the requirement that FinanceCo comply with the proxy and proxy solicitation requirements, including filing an information circular or report in lieu thereof (the "Proxy Requirements"); and

B. the Application and the Decision, as defined below, be held in confidence by the Decision Makers subject to certain conditions.

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

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

1. JHFS was incorporated under the laws of Delaware on August 26, 1999, and is not a reporting issuer or the

- equivalent in any of the provinces or territories of Canada.
2. Prior to February 1, 2000, the business of JHFS was conducted by John Hancock Mutual Life Insurance Company (the "Mutual Company"). The Mutual Company had been in business as such since 1862 until it converted from a mutual life insurance company to a stock life insurance company (*i.e.*, demutualized) and became a wholly-owned subsidiary of JHFS, which is a holding company.
  3. JHFS has been a reporting company under the *Securities Exchange Act of 1934*, as amended (the "1934 Act"), since January 27, 2000. JHFS has filed annual reports under Form 10-K for the fiscal year ended December 31, 1999 and quarterly reports under Form 10-Q for the quarterly periods ended March 31, 2000, June 30, 2000 and September 30, 2000, in accordance with the filing obligations set out in sections 13 and 15(d) of the 1934 Act. In addition, the prospectus filed with the U.S. Securities and Exchange Commission (the "SEC") by JHFS pursuant to Rule 424 contained financial statements for the fiscal years ended December 31, 1998, 1997 and 1996.
  4. The aggregate market value of JHFS's equity securities (which are listed and posted for trading over the facilities of the New York Stock Exchange (the "NYSE")), calculated in accordance with NI 44-101, on February 20, 2001 was approximately US\$10.9 billion.
  5. Although JHFS has received an approved rating from Moody's Investors Service, Inc. of P-1 and Standard & Poor's Ratings Group of A-1 on its commercial paper program, it does not meet the criteria set out in clause 2.5(1)3(a) of NI 44-101 as no commercial paper (and hence no non-convertible securities) of JHFS is currently outstanding. JHFS's direct wholly-owned subsidiary John Hancock Life Insurance Company ("JHLIC"), and its indirect wholly-owned subsidiary John Hancock Capital Corporation (itself a wholly-owned subsidiary of JHLIC), each have outstanding non-convertible securities that meet the criteria set out in clause 2.5(1)3(a) of NI 44-101.
  6. FinanceCo will be incorporated under the laws of Nova Scotia, and will be a wholly-owned subsidiary of JHFS. FinanceCo is not currently a reporting issuer in any of the provinces or territories of Canada. FinanceCo's primary business will be to access Canadian capital markets to raise funds on behalf of the Canadian subsidiary companies of JHFS, and will have no other operations.
  7. JHFS satisfies the criteria set forth in paragraph 3.1(a) of National Instrument 71-101 ("NI 71-101") and is eligible to use the multi-jurisdictional disclosure system ("MJDS"), as set out in NI 71-101, for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.
  8. Except for the fact that FinanceCo is not incorporated under United States law, the Offering would comply with the alternative eligibility criteria for offerings of non-convertible debt having an approved rating under the MJDS as set forth in Section 3.2 of NI 71-101.
  9. FinanceCo is ineligible to issue the Notes by way of a prospectus in the form of a short form prospectus under NI 44-101 as neither FinanceCo nor JHFS, as credit supporter for the payments to be made by FinanceCo under the Notes, is a reporting issuer in any province or territory of Canada, and JHFS does not itself have a current AIF or meet the criteria set out in clause 2.5(1)3 of NI 44-101.
  10. As a result of the Offering, FinanceCo will become a reporting issuer or the equivalent under the Legislation and would therefore be subject to the continuous disclosure and reporting obligations of the Legislation unless the relief requested herein is granted.
  11. In connection with the Offering:
    - (i) prior to filing a preliminary short form prospectus for the Offering:
      - (a) JHFS will file with the Commissions an AIF (the "JHFS AIF") in the form of its annual report on Form 10-K for the year ended December 31, 2000 (the "JHFS Form 10-K"), in electronic format through SEDAR (as defined in National Instrument 13-101) under FinanceCo's SEDAR profile, and
      - (b) JHFS will file with the Commissions, in electronic format under FinanceCo's SEDAR profile, the documents that JHFS has filed under the 1934 Act during the last year being, as of the date hereof, annual report on Form 10-K for the year ended December 31, 1999 and quarterly reports on Form 10-Q for the periods ending September 30, 2000, June 30, 2000 and March 31, 2000;
    - (ii) the prospectus will be prepared pursuant to the short form prospectus requirements contained in NI 44-101 and will comply with the requirements set out in Form 44-101F3 of NI 44-101 with the disclosure required by item 12 of Form 44-101F3 of NI 44-101 being addressed by incorporating by reference JHFS's public disclosure documents as well as the JHFS AIF and with the disclosure required by item 7 of Form 44-101F3 of NI 44-101 being addressed by disclosure with respect to JHFS in accordance with United States requirements;
    - (iii) the prospectus will include or incorporate by reference all material disclosure concerning FinanceCo;
    - (iv) the prospectus will incorporate by reference the JHFS Form 10-K (as filed under the 1934 Act)

together with all Form 10-Qs and Form 8-Ks filed under the 1934 Act in respect of the financial year following the year that is the subject of the JHFS Form 10-K, and will incorporate by reference any documents of the foregoing type filed after the date of the prospectus and prior to termination of the Offering and will state that purchasers of the Notes will not receive separate continuous disclosure information regarding FinanceCo;

- (v) JHFS will fully and unconditionally guarantee the payments to be made by FinanceCo as stipulated in the terms of the Notes or in an agreement governing the rights of holders of Notes such that the holder of Notes shall be entitled to receive payment from JHFS within 15 days of any failure by FinanceCo to make a payment as stipulated;
  - (vi) the Notes will have an approved rating;
  - (vii) JHFS will sign the prospectus as credit supporter and promoter; and
  - (viii) JHFS will undertake to file with the Commissions, in electronic format under FinanceCo's SEDAR profile, all documents that it files under Sections 13 (other than sections 13(d), (f) and (g) which relate, inter alia, to holdings by JHFS of securities of other public companies) and 15(d) of the 1934 Act until such time as the Notes are no longer outstanding;
12. The consolidated financial statements of JHFS and its subsidiaries that will be included in or incorporated by reference into the short form prospectus in connection with the Offering have been prepared in accordance with U.S. GAAP.
13. In the circumstances, were JHFS to have effected the Offering of the Notes under the MJDS it would be unnecessary for it to reconcile to Canadian GAAP its financial statements included in or incorporated by reference into the short form prospectus in connection with the issuance of the Notes.
14. Part 7 of NI 44-101 and Item 20.1 of Form 44-101F3 of NI 44-101 would seem to require the reconciliation to Canadian GAAP of financial statements prepared in accordance with foreign GAAP that are included in a short form prospectus.

**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 each 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 Applicants be exempted from the

Eligibility Requirements and the Reconciliation Requirement in connection with the Offering provided that:

- (i) each of FinanceCo and JHFS complies with paragraph 11 above;
- (ii) FinanceCo complies with all of the filing requirements and procedures set out in NI 44-101 except as varied by the Decision;
- (iii) JHFS remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of FinanceCo; and
- (iv) JHFS continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purposes of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure.

**THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that, in connection with the Offering, the AIF Requirement shall not apply to FinanceCo, provided that (i) JHFS complies with the AIF requirements of NI 44-101 as if it is the issuer; and (ii) the Applicants comply with all of the conditions in the Decisions above and below.

"J. William Slattery"

**THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that, in connection with the Offering:

- A. the Annual Financial Statement Requirement shall not apply to FinanceCo, provided that (i) FinanceCo files with the Commissions the annual reports on Form 10-K filed by JHFS with the SEC within 24 hours after they are filed with the SEC; and (ii) such documents are provided to Note holders whose last address as shown on the books of FinanceCo is in Canada in the manner and at the time required by applicable U.S. law;
- B. the Interim Financial Statement Requirement shall not apply to FinanceCo, provided that (i) FinanceCo files with the Commissions the quarterly reports on Form 10-Q filed by JHFS with the SEC within 24 hours after they are filed with the SEC; and (ii) such documents are provided to Note holders whose last address as shown on the books of FinanceCo is in Canada in the manner and at the time required by applicable U.S. law;
- C. the Material Change Requirements shall not apply to FinanceCo, provided that (i) FinanceCo files with the Commissions the reports on Form 8-K (including press releases) filed by JHFS with the SEC forthwith after the earlier of the date the report is filed with the SEC and the date it is required to be filed with the SEC; (ii) JHFS

complies with the requirements of the NYSE in respect of making public disclosure of material information on a timely basis and forthwith issues in each Jurisdiction any press release issued in this regard; and (iii) JHFS forthwith issues in each Jurisdiction and FinanceCo files with the Commissions any press release that discloses material information and which is required to be issued in connection with the Form 8-K requirements applicable to JHFS;

- D. the Insider Reporting Requirement shall not apply to insiders of FinanceCo, provided that such insiders file with the SEC on a timely basis the reports, if any, required to be filed with the SEC pursuant to section 16(a) of the 1934 Act and the rules and regulations thereunder; and
- E. the Proxy Requirements shall not apply to FinanceCo, provided that (i) JHFS complies with the requirements of the 1934 Act and the rules and regulations thereunder relating to proxy statements, proxies and proxy solicitations in connection with any meetings of its note holders (if any); (ii) FinanceCo files with the Commissions the materials relating to the meeting filed by JHFS with the SEC promptly after they are filed by it with the SEC; and (iii) such documents are provided to Note holders whose last address as shown on the books of FinanceCo is in Canada in the manner, at the time and if required by applicable United States law;

for so long as (i) JHFS maintains an approved rating in respect of the Notes; (ii) JHFS maintains direct or indirect 100% beneficial ownership of the voting securities of FinanceCo; (iii) JHFS maintains a class of securities registered pursuant to section 12 of the 1934 Act; (iv) JHFS continues to satisfy the criteria set forth in paragraph 3.1 of NI 71-101 (or any successor provision) and remains eligible to use MJDS (or any successor instrument) for the purpose of distributing approved rating non-convertible debt in Canada based on compliance with United States prospectus requirements with certain additional Canadian disclosure; and (v) FinanceCo carries on no other business than that set out in paragraph 6 of the Decision.

**THE FURTHER DECISION** of the Decision Makers pursuant to the Legislation is that the Application and the Decision shall be held in confidence by the Decision Makers until the earlier of the date that the preliminary prospectus is filed in connection with the Offering and April 30, 2001.

March 21, 2001.

"H. Leslie O'Brien"

## 2.1.3 State Street Bank and Trust Company - MRRS Decision

### Headnote

MRRS - Underwriter and advisor registration relief for Schedule III Bank - prospectus and registration relief for trades where Schedule III bank purchasing as principal and first trade relief for Schedule III bank - prospectus and registration relief for trades of bonds, debentures and other evidences of indebtedness of a guaranteed by Schedule III Bank provided trades involve only specified purchases - prospectus and registration relief for evidences of deposits issued by Schedule III bank to specified purchases - fee relief for trades made in reliance on Decision.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., 25(1)(a)&(c), 34(a), 35(1)(3)(i), 35(2)1(c), 53(i), 72(l)(a)(i), 73(1)(a), 74(1), 147.

### Regulations Cited

Regulation made under the Securities Act, R.R.O. Reg. 1015, as am., s.151, 206, 218. Schedule 1 Section 28.

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

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

AND

IN THE MATTER OF  
STATE STREET BANK AND TRUST COMPANY

MRRS DECISION DOCUMENT

**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, Prince Edward Island, Newfoundland, and the Northwest Territories and Yukon Territory (with the exception of Nunavut) (the "Jurisdictions"), has received an application (the "Application") from State Street Bank and Trust Company ("State Street") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that State Street be exempt from various registration, prospectus and filing requirements of the Legislation in connection with the banking activities to be carried on by State Street in the Jurisdictions;

**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 State Street to the Decision Makers that:

1. State Street was originally incorporated in the State of Massachusetts as the Union Bank in 1792. The charter under which it now operates was authorized by a special act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960. It is a member of both the Federal Reserve System and the U.S. Federal Deposit Insurance Corporation. State Street has maintained an active presence in Canada since 1988. State Street Trust Company Canada ("SSTCC") is a federally incorporated trust company and is a wholly owned subsidiary of State Street International Holdings, which in turn is a wholly owned subsidiary of State Street. SSTCC is currently registered as a trust company in all provinces and territories (with the exception of Nunavut) under provincial trust or financial services legislation.
2. SSTCC was originally incorporated (as State Street Canada Inc.) on May 19, 1988 and was continued as a federal trust company on May 3, 1995. SSTCC has offices in Toronto and Montreal as well as a sales office in Vancouver. As at July 31, 2000, SSTCC had 356 employees in the following five divisions:
  - (i) Pension and Institutional Custody which provides global custody services to collective investment funds including manager-sponsored pooled funds and fund accounting to pension funds and manager-sponsored pooled funds;
  - (ii) Mutual Fund and Insurance which provides global custody services to Canadian registered mutual funds and insurance company segregated funds;
  - (iii) Securities Operations which provides safekeeping and settlement services in relation to the Canadian securities of State Street's clients;
  - (iv) Support Services which includes Finance, Human Resources, Sales and Marketing, Information Technology, and Legal divisions; and
  - (v) State Street Global Markets ("SSGM") which provides foreign exchange trading services, money market services, currency risk management services, e-finance and deposit taking services for the custody clients of SSTCC and other third party funds.
3. SSTCC has other wholly owned subsidiaries. State Street Global Advisors, Ltd. ("SSgA"), provides investment counselling and portfolio management services to institutional clients and was incorporated under the *Canada Business Corporations Act* in May of 1990. It is registered in Ontario as a limited market dealer (conditional), investment counsel, portfolio manager and commodity trading manager. SSgA is also registered in the provinces of Quebec, Alberta, British Columbia, Manitoba, New Brunswick and Nova Scotia and is seeking registration in the remaining provinces. State Street Brokerage Services Canada Inc. ("SSBSC") was incorporated under the *Canada Business Corporations Act* in April of 1999 and provides brokerage services primarily, but not limited to, Canadian institutional investors. It is a member of the Toronto Stock Exchange and the Investment Dealers Association of Canada. SSBSC is registered as an investment dealer in Ontario, a non-resident investment dealer in Alberta and British Columbia and is in the process of obtaining registrations in Quebec.
4. The treasury function within SSTCC also engages in proprietary risk taking activities through the SSGM division including interest rate and currency trading. The treasury function also manages the investment portfolio of SSTCC holding Canadian government debt and the use of derivative products as asset/liability management tools.
5. State Street will only accept deposits from the following:
  - (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of government in Canada, or an entity controlled by Her Majesty in either of those rights;
  - (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;
  - (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;
  - (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the *Bank Act* (Canada); (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies; (c) an association to which the *Cooperative Credit Association Act* (Canada) applies; (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies; (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province; (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily

engaged in dealing in securities, including portfolio management and investment counselling, and is registered to act in such capacity under the applicable legislation; and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada;

- (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than \$100 million;
- (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than \$10 million;
- (g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than \$5 million; or
- (h) any other person if the deposit is, in the aggregate, greater than \$150,000;

collectively referred to for purposes of this Decision Document as "Authorized Purchasers".

- 6. In June of 1999 amendments to the *Bank Act* (Canada) were proclaimed that permit foreign commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada;
- 7. State Street has published on January 6, 2001, its notice of intention to apply for an order under the *Bank Act* (Canada) permitting it to establish a full-service branch under Schedule III to the *Bank Act* (Canada). State Street will take over the current wholesale deposit-taking, corporate lending, custody and treasury functions currently conducted by the SSGM division of SSTCC. State Street intends to restructure its present operations in Canada by establishing a full-service branch, while maintaining SSTCC to support its custodial and fiduciary activities.
- 8. The Legislation applicable in each Jurisdiction refers to either "Schedule I and Schedule II banks", "banks", "savings institutions" or "financial institutions" in connection with certain exemptions however no reference is made in any of the Legislation to entities listed on Schedule III to the *Bank Act* (Canada).
- 9. In order to ensure that State Street, as an entity listed on Schedule III to the *Bank Act* (Canada), is able to

provide banking services to businesses in the Jurisdictions it requires similar exemptions applicable to banking institutions incorporated under the *Bank Act* (Canada) to the extent that the current exemptions applicable to such banking institutions are relevant to the banking business being undertaken by State Street in the Jurisdictions.

**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 in connection with the banking business to be carried on by State Street in the Jurisdictions:

- 1. State Street is exempt from the requirement under the Legislation, where applicable, to be registered as an underwriter with respect to trading in the same types of securities that an entity listed on Schedule I or II to the *Bank Act* (Canada) may act as an underwriter in respect of without being required to be registered under the Legislation as an underwriter.
- 2. State Street is exempt from the requirement under the Legislation to be registered as an adviser where the performance of the service as an adviser is solely incidental to its primary banking business.
- 3. A trade of a security to State Street where State Street purchases the security as principal shall be exempt from the registration and prospectus requirements of the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") provided that:
  - (i) the forms that would have been filed and the fees that would have been paid under the Applicable Legislation if the trade had been made, on an exempt basis, to an entity listed on Schedule I or II to the *Bank Act* (Canada) purchasing as principal (referred to in this Decision as a "Schedule I or II Bank Exempt Trade") are filed and paid in respect of the trade to State Street; and
  - (ii) the first trade in a security acquired by State Street pursuant to this Decision is deemed a distribution (or primary distribution to the public) under the Applicable Legislation unless:
    - (a) the issuer of the security is a reporting issuer, or the equivalent, under the Applicable Legislation and, if State Street is in a special relationship (where such term is defined in the Applicable Legislation) with such issuer, State Street has reasonable grounds to believe that such issuer is not in default of any requirements of the Applicable Legislation;

- (b) (i) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of the resale of a security acquired in a Schedule I or II Bank Exempt Trade and comply with the requirements set out in paragraph (a) or (b) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to State Street or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later; or
- (ii) the securities are bonds, debentures or other evidences of indebtedness issued or guaranteed by an issuer or are preferred shares of an issuer and comply with the requirements set out in paragraph (a) or (c) of Appendix A to this Decision and have been held at least six months from the date of the initial exempt trade to State Street or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is the later; or
- (iii) the securities are listed and posted for trading on a stock exchange, that is recognized by the Decision Maker of the applicable Jurisdiction for purposes of resale of a security acquired in a Schedule I or II Bank Exempt Trade or are bonds, debentures or other evidences of indebtedness issued or guaranteed by the reporting issuer, or the equivalent, under the Applicable Jurisdiction whose securities are so listed, and have been held at least one year from the date of the initial exempt trade to State Street or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; or
- (iv) the securities have been held at least eighteen months from the date of the initial exempt trade to State Street or the date the issuer became a reporting issuer, or the equivalent, under the Applicable Legislation, whichever is later; and

- (c) State Street files a report within 10 days of the trade prepared and executed in accordance with the requirements of the Applicable Legislation that would apply to a Schedule I or II Bank Exempt Trade;

provided that no unusual effort is made to prepare the market or to create a demand for such securities and no extraordinary commission or consideration is paid in respect of such trade and provided State Street does not hold a sufficient number of securities to materially affect the control of the issuer of such securities but any holding by State Street of more than 20 per cent of the outstanding voting securities of the issuer of such securities shall, in the absence of evidence to the contrary, be deemed to affect materially the control of such issuer.

- 4. Provided State Street only trades the types of securities referred to in this paragraph 4 with Authorized Purchasers, trades of bonds, debentures or other evidences of indebtedness of or guaranteed by State Street shall be exempt from the registration and prospectus requirements of the Legislation.
- 5. Evidences of deposit issued by State Street to Authorized Purchasers shall be exempt from the registration and prospectus requirements of the Legislation.

**THE FURTHER DECISION** of the Decision Maker in Ontario is that the registration requirements of the Legislation of Ontario does not apply to a trade by State Street:

- (i) of a type described in subsection 35(1) of the *Securities Act* (Ontario) R.S.O. 1990 c.S.5 (as amended) (the "Ontario Act") or section 151 of the Regulations made under the Ontario Act; or
- (ii) in securities described in subsection 35(2) of the Ontario Act.

**THE FURTHER DECISION** of the Decision Maker in Ontario is that:

- A. Subsection 25(1)(a) of the *Securities Act* (Ontario) R.S.O. 1990 c.S.5 (as amended) the ("Ontario Act") does not apply to a trades by State Street of the type described in s. 1.1 of Rule 32-503 to the Ontario Act.
- B. Except as provided for in paragraph 3 of this Decision, section 28 of Schedule I to the Regulations made under the Ontario Act shall not apply to trades made by State Street in reliance on this decision.

May 10, 2001.

"Howard I. Wetston"

"Robert W. Davis"



APPENDIX A

- (a) are preferred shares of a corporation if,
  - (i) the corporation has paid a dividend in each of the five years immediately preceding the date of the initial exempt trade at least equal to the specified annual rate upon all of its preferred shares; or
  - (ii) the common shares of the corporation are, at the date of the initial exempt trade, in compliance with paragraph (b) of this Appendix A;
- (b) are fully paid common shares of a corporation that during a period of five years that ended less than one year before the date of the initial exempt trade has either,
  - (i) paid a dividend in each such year upon its common shares; or
  - (ii) had earnings in each such year available for the payment of a dividend upon its common shares;
 

of at least 4% of the average value at which the shares were carried in the capital stock account of the corporation during the year in which the dividend was paid or in which the corporation had earnings available for the payment of dividends as the case may be;
- (c) are bonds debentures or other evidences of indebtedness issued or guaranteed by,
  - (i) a corporation if, at the date of the initial exempt trade, the preferred shares or the common shares of the corporation which comply with paragraph (a) or (b) of this Appendix A; or
  - (ii) a corporation if its earnings in a period of five years ended less than one year before the date of the initial exempt trade have been equal in sum total to at least ten times and in each of any four of the five years have been equal to at least 1-1/2 times the annual interest requirements at the date of the initial exempt trade on all indebtedness of or guaranteed by it, other than indebtedness classified as a current liability in its balance sheet, and, if the corporation at the date of the initial exempt trades owns directly or indirectly more than 50% of the common shares of another corporation, the earnings of the corporations during the said period of five years may be consolidated with due allowance for minority interests, if any, and in that event the interest requirements of the corporation shall be consolidated and such consolidated earnings and consolidated interest requirements shall be taken as the earnings and interest requirements of the corporation, and, for the purpose of this subclause, "earnings" mean earnings available to meet interest charges on indebtedness other than indebtedness classified as a current liability.

2.1.4 The Bank of Nova Scotia & BNS Capital Trust - MRRS Decision

Headnote

Exemptions from certain continuous disclosure requirements granted to a trust on specified conditions where because of the terms of the trust a security holder's return depends upon the financial condition of the sponsoring bank and not that of the trust. Trust offered trust units to the public in order to provide the bank with a cost effective means of raising capital for Canadian bank regulatory purposes; trust holds a portfolio of assets consisting primarily of mortgages and interests in mortgages; unitholders are entitled to fixed semi-annual non-cumulative distributions but no distributions are payable if the bank fails to pay dividends on its preferred shares and if distributions are not paid the bank is prevented from paying dividends on its preferred shares; trust units are not redeemable but are exchangeable at the option of the holder after a fixed term for a series of preferred shares of the bank and trust units are non-voting; Specifically, exemptions granted from the requirements to:

- (a) file interim financial statements and audited annual financial statements and send such statements to unitholders;
- (b) make an annual filing in lieu of filing an information circular;
- (c) file an annual report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to unitholders; and
- (d) prepare and file an annual information form ("AIF"), including management's discussion and analysis ("MD&A") of the financial condition and results of operation of the trust and send such MD&A to unitholders

for so long as

- (i) the bank remains a reporting issuer;
- (ii) the bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to unitholders and its annual report to unitholders resident in the Province of Quebec at the same time and in the same manner as if the unitholders were holders of common shares of the bank;
- (iii) all outstanding securities of the trust are of the type presently issued;
- (iv) the rights and obligations of holders of additional securities are the same in all material respects as the rights and obligations of the holders of securities outstanding at the date of the relief is granted; and

- (v) the bank and its affiliates are the beneficial owner of all voting securities of the trust

provided that the relief expires 30 days after the occurrence of a material change in the affairs of the trust.

#### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss 77, 78,79, 80(b)(iii),81.

#### Applicable Ontario Rules Cited

OSC Rule 51-501- AIF and MD&A  
OSC Rule 52-501- Financial Statements

**IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,  
MANITOBA, 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  
THE BANK OF NOVA SCOTIA AND  
BNS CAPITAL TRUST**

#### MRRS DECISION DOCUMENT

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker", and collectively the "Decision Makers") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from The Bank of Nova Scotia (the "Bank") and BNS Capital Trust (the "Trust") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

- (a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such statements to the security holders of the Trust;
- (b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;
- (c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Quebec and deliver such report or information circular to the security holders of the Trust resident in Quebec; and
- (d) prepare and file an annual information form ("AIF"), including management's discussion and

analysis ("MD&A") of the financial condition and results of operation of the Trust and send such MD&A to security holders of the Trust;

shall not apply to the Trust, subject to certain 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 Bank and the Trust have represented to the Decision Makers that:

#### The Bank of Nova Scotia

1. The Bank is a Schedule 1 Canadian chartered bank incorporated under the *Bank Act* (Canada) (the "Bank Act"), is a reporting issuer or equivalent under the Legislation and is not in default of any requirement of the Legislation.
2. The authorized capital of the Bank consists of an unlimited number of common shares ("Bank Common Shares") and an unlimited number of preferred shares. As at January 31, 2001, 499,497,000 Bank Common Shares and 61,000,000 preferred shares were outstanding.
3. The Bank Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE"), and the London Stock Exchange.

#### BNS Capital Trust

4. The Trust is a closed-ended trust established under the laws of the Province of Ontario by Montreal Trust Company of Canada (the "Trustee"), as trustee, pursuant to an amended and restated declaration of trust dated March 1, 2000 (the "Declaration of Trust").
5. The beneficial interests of the Trust are divided into two classes of units, issuable in series, designated as Scotiabank Trust Securities -- Series 2000-1 ("Scotia BaTS") and Special Trust Securities ("Special Trust Securities" and, collectively with the Scotia BaTS, the "Trust Securities").
6. The Trust was established solely for the purpose of effecting the Offering (as defined below) and possible future offerings of securities in order to provide the Bank with a cost effective means of raising capital for Canadian bank regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with the Offering and any future offerings.
7. The Trust is a reporting issuer, or the equivalent, in each of the Jurisdictions and is not in default of any requirement of the Legislation.

Scotia BaTS

8. The Trust distributed 500,000 Scotia BaTS in the Jurisdictions under a long form prospectus (the "Prospectus") dated March 28, 2000 (the "Offering"). The Prospectus also qualified certain other related securities for distribution in the Jurisdictions, including the Holder Exchange Right and the Automatic Exchange Right (both as defined below).
9. The Scotia BaTS are listed and posted for trading on the TSE.
10. The Trust also issued and sold an aggregate of 500,000 Special Trust Securities to the Bank in connection with the Offering.
11. The business objective of the Trust is to acquire and hold assets ("Trust Assets") primarily from the Bank or its affiliates which may consist of: (a) undivided co-ownership interests in one or more pools of Canada Mortgage and Housing Corporation ("CMHC") insured first mortgages on residential property situated in Canada; (b) certain mortgage-backed securities; (c) CMHC - insured first mortgages on residential property; and (d) to the extent that the proceeds of the assets of the Trust are not invested in the assets referred to above in (a), (b) or (c), money and certain debt obligations that are qualified investments under the *Income Tax Act* (Canada) for trusts governed by certain deferred income plans.
12. Subject to paragraph 13, each Scotia BaTS entitles the holder (a "Scotia BaTS Holder") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date" and each period from and including the Distribution Date to but excluding the next Distribution Date (a "Distribution Period").
13. Scotia BaTS Holders are not entitled to receive Distributions in respect of a particular Distribution Date if the Bank has not declared regular cash dividends on its preferred shares or, if no such shares are then outstanding, on the Bank Common Shares (in accordance with the Bank's ordinary dividend practice in effect from time to time) in the most recent month in which the Bank ordinarily declares dividends from time to time in respect of such shares occurring prior to the commencement of the Distribution Period ended on such Distribution Date.
14. The Bank has covenanted, pursuant to the Bank Share Exchange Agreement (as defined below) that, if on the Distribution Date the Trust fails to pay in full Distributions on the Scotia BaTS to which the Scotia BaTS Holders are entitled, the Bank will not declare dividends of any kind on its preferred shares until a specific period of time has elapsed from the Distribution Date.
15. Upon the occurrence of certain adverse tax events or events relating to the treatment of Scotia BaTS for capital purposes prior to June 30, 2005, Scotia BaTS will be redeemable, at the option of the Trust and with the approval of the Superintendent of Financial Institutions (Canada) (the "Superintendent"), in whole (but not in part) for a cash amount.
16. On June 30, 2005 and on any subsequent Distribution Date, the Scotia BaTS will be redeemable in whole (but not in part) for a cash amount, at the option of the Trust and subject to the approval of the Superintendent.
17. On June 30, 2011, and on any subsequent Distribution Date, each Scotia BaTS will be exchangeable (the "Holder Exchange Right"), at the option of the Scotia BaTS Holder, for one non-cumulative Preferred Share, Series Y of the Bank ("Bank Preferred Share Series Y"), in accordance with the terms set forth in a Bank Share Exchange Trust Agreement made as of April 14, 2000, (the "Bank Share Exchange Agreement") between the Bank, the Trust and the Trustee, as trustee for the Scotia BaTS Holders.
18. Each Scotia BaTS will be automatically exchanged (the "Automatic Exchange Right") without the consent of the holder, for one Bank Preferred Share Series Y if: (i) an application for a winding-up order in respect of the Bank pursuant to the *Winding-up and Restructuring Act* (Canada) is filed by the Attorney General of Canada or a winding-up order in respect of the Bank pursuant to that Act is granted by a court; (ii) the Superintendent has taken control of the Bank or its assets pursuant to the Bank Act; (iii) the Superintendent advises the Bank in writing that the Superintendent is of the opinion that the Bank has a risk-based Tier 1 Capital ratio of less than 5.0% or a risk-based total Capital ratio of less than 8.0%; or (iv) the Superintendent directs the Bank pursuant to the Bank Act to increase its capital or to provide additional liquidity and the Bank elects to cause the exchange as a consequence of the issuance of such direction or the Bank does not comply with such direction to the satisfaction of the Superintendent within the time specified in such direction.
19. The Bank Preferred Shares Series Y will be convertible after specified dates, at the option of the Bank and subject to regulatory approvals, into Bank Common Shares.
20. Beginning on June 30, 2011, and on each subsequent Distribution Date, the Bank Preferred Shares Series Y will be convertible, at the option of the holder, into Bank Common Shares, except under certain circumstances.
21. As set forth in the Declaration of Trust, Scotia BaTS are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.
22. Except to the extent that Distributions are payable to Scotia BaTS Holders and, other than in the event of termination of the Trust (as set forth in the Declaration of Trust), Scotia BaTS Holders have no claim or entitlement to the income of the Trust or the Trust Assets.
23. In certain circumstances (as described in paragraph 18 above), including at a time when the Bank's financial condition is deteriorating or proceedings for the

winding-up of the Bank have been commenced, the Scotia BaTS will be automatically exchanged for preferred shares of the Bank without the consent of Scotia BaTS Holders. As a result, Scotia BaTS Holders will have no claim or entitlement to the Trust Assets, other than indirectly in their capacity as preferred shareholders of the Bank.

24. Scotia BaTS Holders may not take any action to terminate the Trust.
25. The Trust has not requested relief for the purposes of filing a short form prospectus pursuant to National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") (including, without limitation, any relief which would allow the Trust to use the Bank's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

**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 the requirement contained in the Legislation:

- (a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;
- (b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular;
- (c) to file an Annual Report and an information circular with the Decision Maker in Quebec and deliver such report or information circular to holders of Trust Securities resident in Quebec;
- (d) to prepare and file an AIF, including MD&A, with the Decision Makers and send such MD&A to holders of Trust Securities;

shall not apply to the Trust for so long as :

- (i) the Bank remains a reporting issuer under the Legislation;
- (ii) the Bank sends its annual financial statements, interim financial statements, annual management discussion and analysis and interim management discussion and analysis to holders of Trust Securities and its Annual Report to holders of Trust Securities resident in the Province of Quebec at the same time and in the same manner as if the holders of Trust Securities were holders of Bank Common Shares;

- (iii) all outstanding securities of the Trust are either Scotia BaTS or Special Trust Securities;
- (iv) the rights and obligations of holders of additional series of Scotia BaTS are the same in all material respects as the rights and obligations of the holders of Scotia BaTS Holders at the date hereof; and
- (v) the Bank is the beneficial owner of all Special Trust Securities;

and provided that if a material change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

May 11, 2001.

"John Hughes"

**2.1.5 Weatherford Oil Services, Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Decision under section 125 of the Act declaring a corporation to be no longer a reporting issuer following the acquisition of all of its outstanding securities by another issuer.

**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, ONTARIO, QUEBÉC AND NOVA SCOTIA**

**AND**

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

**AND**

**IN THE MATTER OF  
WEATHERFORD OIL SERVICES, INC.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario, Québec and Nova Scotia (the "Jurisdictions") has received an application from Weatherford Oil Services, Inc. ("Weatherford") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Weatherford be deemed to have ceased to be a reporting issuer or the equivalent under the Legislation;
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** Weatherford has represented to the Decision Makers that:
  - 3.1 Weatherford is a corporation incorporated under the *Business Corporations Act* (Alberta);
  - 3.2 Weatherford's principal office is in Edmonton, Alberta;
  - 3.3 Weatherford is a reporting issuer or the equivalent in each of the Jurisdictions;
  - 3.4 Weatherford is not in default of any requirement under the Legislation;
  - 3.5 the authorized capital of Weatherford consists of an unlimited number of common shares

("Common Shares") and an unlimited number of exchangeable shares, issuable in series ("Exchangeable Shares");

- 3.6 there are currently 1,000 Common Shares and 80,418 Exchangeable Shares outstanding;
- 3.7 all of the outstanding Common Shares are held by wholly owned subsidiaries of Weatherford International, Inc. ("Weatherford International");
- 3.8 all of the currently outstanding Exchangeable Shares are held by Weatherford International;
- 3.9 all of the previously outstanding Exchangeable Shares were issued in connection with an arrangement, effective August 10, 2000, involving Weatherford, Weatherford International and Alpine Oil Services Corporation;
- 3.10 effective April 20, 2001, all of the previously outstanding Exchangeable Shares have been redeemed or exchanged according to their terms for common stock of Weatherford International;
- 3.11 the Exchangeable Shares had been listed for trading on The Toronto Stock Exchange, but were delisted at the close of business on April 20, 2001;
- 3.12 no securities of Weatherford are listed on any exchange or quoted on any market;
- 3.13 no securities of Weatherford, including debt obligations, are currently outstanding other than the Common Shares and Exchangeable Shares;
- 3.14 Weatherford 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 Weatherford is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

May 8, 2001.

"Patricia Johnston"

**2.1.6 International Forest Products Ltd. & Primex Forest Products Ltd. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Employment agreements to be entered into between offeror and key executives of the offeree who are also selling securityholders of the offeree - Covenant granted by offeror in favour of the key executives relating to their appointment or election as directors of offeror - Agreement by senior officer of offeror to vote in favour of the election of the key executives as directors of the offeror - Decision made that agreements being entered into for reasons other than to increase the value of the consideration paid to the selling securityholders for their shares and that such agreements may be entered into notwithstanding the prohibition on collateral benefits.

**Applicable Statutory Provisions**

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

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

AND

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

AND

IN THE MATTER OF  
INTERNATIONAL FOREST PRODUCTS LIMITED AND  
PRIMEX FOREST PRODUCTS LIMITED

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from International Forest Products Limited ("Interfor") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the offer (the "Offer") made by Interfor to acquire all of the issued and outstanding common shares (the "Primex Shares") of Primex Forest Products Limited ("Primex") not owned by Interfor or its affiliates, the following agreements are being made for reasons other than to increase the value of the consideration that may be paid to George L. Malpass ("Malpass"), John P. Sullivan ("Sullivan" and, collectively with Malpass, the "Key Executives") for the Primex Shares they hold and may be entered into despite the prohibition in the Legislation that prohibits an offeror who makes or intends to make a take-over bid or issuer bid and any person acting jointly or in concert with the offeror from entering into any 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 Benefits"):

- (i) certain employment agreements to be entered into with the Key Executives (collectively, the "Interfor Employment Agreements");
- (ii) the covenant by Interfor in favour of the Key Executives relating to their appointment or election as directors of Interfor (the "Interfor Covenant"); and
- (iii) an agreement by William L. Sauder ("Sauder") and Mountclair Investment Corporation ("Mountclair") to vote in favour of the election of the Key Executives as directors of Interfor (the "Mountclair Agreement" and, collectively with the Interfor Employment Agreements and the Interfor Covenant, the "Agreements");

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

**AND WHEREAS** Interfor has represented to the Decision Makers as follows:

1. Interfor is governed by the *Company Act* (British Columbia) (the "BCCA"), is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation in the Jurisdictions. Its head office is located in Vancouver, British Columbia.
2. Interfor is engaged in the business of logging and sawmilling and is a producer of wood products.
3. Interfor's authorized capital consists of 100,000,000 Class "A" Subordinate Voting Shares without par value (the "Interfor SVS"), 1,700,000 Class "B" Common Shares (the "Interfor MVS" and, collectively with the Interfor SVS, the "Interfor Shares") and 5,000,000 Preference Shares. The holders of the Interfor SVS have the exclusive right to elect one director of Interfor and the holders of the Interfor MVS have the exclusive right to elect all the remaining directors of Interfor.
4. As at December 31, 2000, there were 31,066,262 Interfor SVS and 1,015,779 Interfor MVS issued and outstanding. The Interfor SVS are listed and posted for trading on The Toronto Stock Exchange (the "TSE").
5. Primex is governed by the BCCA and is a reporting issuer in each of British Columbia and Ontario. Its head office is located in Delta, British Columbia.
6. Primex is engaged in the business of sawmilling and is a producer of wood products.
7. As of March 12, 2001, there were 16,439,028 Primex Shares issued and outstanding. The Primex Shares are listed and posted for trading on the TSE.

8. As of March 30, 2001, Interfor and its associates beneficially owned, directly or indirectly, or exercised control or direction over, 319,000 Primex Shares representing approximately 1.94% of the class.
9. Malpass is the Chief Executive Officer of Primex and Chairman of its board of directors (the "Primex Board"). As of March 30, 2001, he beneficially owned, directly or indirectly, or exercised control or direction over, 2,549,920 Primex Shares and options to acquire 200,000 Primex Shares (each, a "Primex Option") representing, in the aggregate, approximately 16.5% of the class (after giving effect to the exercise of Primex Options held by him).
10. Sullivan is the Vice President, Corporate Development, and a director of Primex. As of March 30, 2001, he beneficially owned, directly or indirectly, or exercised control or direction over, 1,027,280 Primex Shares and 120,000 Primex Options representing, in the aggregate, approximately 6.92% of the class (after giving effect to the exercise of Primex Options held by him).
11. In February 2001, Interfor contacted Primex to hold informal discussions about the merits of a merger or strategic combination. On February 28, 2001, Primex entered into severance agreements (the "Primex Severance Agreements") with each of its senior officers, including the Key Executives. The Primex Severance Agreements provide, among other things, that if the officer's employment with Primex is terminated by Primex within 12 months after a change of control of Primex or by the officer within 12 months after a change of control of Primex following the occurrence of a "Triggering Event" within such 12 month period, Primex will pay to the officer an amount equal to the "Severance Factor" times the greater of:
- (a) the monthly salary of the officer at the termination date; and
  - (b) one-twelfth of the aggregate of: (i) the salary of the officer for the last full fiscal year of Primex prior to the termination date; and (ii) an amount equal to one-third of the aggregate bonus payments paid or payable to the officer for the last three full fiscal years of Primex prior to the termination date.
- The term "Severance Factor" means, in effect, with respect to any officer, the lesser of: (x) 24, if the officer has been employed by Primex for fewer than 25 years, or the number of full years during which the officer has been employed by Primex if the officer has been employed by Primex for 25 years or more; and (y) the number of months from the termination date until the officer attains the age of 65 years. A "Triggering Event" with respect to an officer means, in general terms, any acts, omissions or circumstances that would amount to constructive dismissal of the officer.
12. On March 30, 2001, Interfor made the Offer. Pursuant to the Offer, any holder of Primex Shares (a "Primex Shareholder") who accepts the Offer will receive, at the Primex Shareholder's election, for each Primex Share
- validly tendered under the Offer, either \$6.65 in cash (the "Cash Alternative"), 1.5647 Interfor SVS (the "Share Alternative") or any combination of cash and Interfor SVS such that the total consideration to be received for each Primex Share is \$6.65, valuing each Interfor SVS at \$4.25 (the "Split Alternative"), except that:
- (a) the maximum number of Interfor SVS to be issued under the Offer is limited to 15% of the total consideration to be paid by Interfor under the Offer; and
  - (b) Primex Shareholders who are U.S. residents and who accept the Offer will be deemed to have elected the Cash Alternative.
13. On March 28, 2001, Interfor entered into a support agreement (the "Support Agreement") with Primex. Pursuant to the Support Agreement, Primex represented, among other things, that:
- (a) the Primex Board had determined that the Offer is fair to the Primex Shareholders and is in the best interests of Primex; and
  - (b) the Primex Shareholders and the Primex Board would recommend that the Primex Shareholders accept the Offer.
14. Under the Support Agreement:
- (a) Primex agreed to use its best efforts to facilitate all persons holding Primex Options (collectively, the "Optionholders") to exercise the "Surrender Right", as that term is defined in Primex's stock option plan (the "Primex Stock Option Plan"), and surrender to Primex all of their Primex Options, at or prior to expiry time of the Offer, conditional upon Interfor being bound to take up and pay for Primex Shares under the Offer;
  - (b) Primex agreed to pay the "Cash Surrender Amount" payable under the Primex Stock Option Plan in respect of all Primex Options so surrendered, which Cash Surrender Amount equals the difference between the exercise price of a Primex Option and the market price of the Primex Shares on the TSE;
  - (c) Interfor agreed to permit Primex to seek the TSE's consent to amend the Primex Stock Option Plan so that the Optionholders exercising the Surrender Right could receive cash from Primex equal to the difference between the exercise price of a Primex Option and the value of the Cash Alternative; and
  - (d) Interfor agreed that, if the TSE's consent was not received, Primex could pay to each Optionholder an amount per Primex Option equal to the difference between the cash payable to such Optionholder pursuant to the Surrender Right and the cash amount that would have been

- received if the Primex Stock Option Plan had been amended as described above.
15. On the same date, Interfor entered into lock-up agreements (collectively, the "Lock-up Agreements") with each of the Key Executives, among others (collectively, the "Locked-up Shareholders"). Pursuant to the Lock-up Agreements, the Locked-up Shareholders agreed, among other things, to tender or cause to be tendered to the Offer and, except in certain circumstances, not withdraw, an aggregate of 4,555,280 Primex Shares representing approximately 28% of the class.
16. In addition, pursuant to the Lock-up Agreements, each of the Key Executives agreed to:
- (a) enter into an Interfor Employment Agreement, conditional upon and effective from the date Interfor takes up and pays for the Primex Shares tendered to the Offer by him;
  - (b) exercise the Surrender Right and surrender all of his Primex Options to Primex for cash consideration per Primex Option as contemplated by the Primex Stock Option Plan and the Support Agreement, subject to the condition that such surrender would take effect only upon Interfor becoming bound to take up and pay for Primex Shares tendered under the Offer; and
  - (c) elect or cause to be elected the Share Alternative or the Split Alternative in respect of some or all of the Primex Shares beneficially owned or controlled by him, directly or indirectly, such that a minimum of 15% of the total consideration elected to be received by him under the Offer shall be in the form of Interfor SVS.
17. Interfor has been advised that all Primex Options have been unconditionally surrendered to Primex for cash consideration as provided for in the Primex Stock Option Plan, which has not been amended, and that no additional cash payment, as contemplated by the Support Agreement, will be made to Optionholders in respect of their Primex Options.
18. The principal terms of the existing, unwritten employment arrangements between Primex and each of the Key Executives are as follows:
- (a) Malpass is employed as the President and Chief Executive Officer of Primex and Sullivan is employed as the Vice President, Corporate Development, of Primex. Each Key Executive is a director of Primex and Malpass ordinarily acts as Chair of the Primex Board.
  - (b) Malpass' current, annualized salary is \$199,440 and Sullivan's current, annualized salary is \$125,940.
- (c) The Key Executives, together with ten other senior officers and managers of Primex, participate in a bonus plan (the "Primex Bonus Plan"), which provides for the payment to such participants of a performance bonus having an aggregate value of up to 5% of Primex's annual cash profit. The exact amount of the performance bonus is determined by the Primex Board's compensation committee, the amount of the bonus pool is accrued monthly and the payout, if any, to each participant in the bonus pool is determined at the end of the year based on a variety of criteria, including corporate, divisional and individual performance.
  - (d) Each of the Key Executives is entitled to participate in the Primex Stock Option Plan. No Primex Options were granted to any executive officers of Primex within the two fiscal years of Primex preceding the Offer.
  - (e) Each of the Key Executives receives certain other benefits, including the right to participate in Primex's defined contribution pension plan, vacation time, extended medical and dental coverage, short and long term disability insurance, group life insurance, a business expense account and related privileges.
  - (f) There are no provisions or covenants relating to non-competition or non-solicitation.
  - (g) Since the Key Executives are employees and officers of Primex, neither is entitled to receive directors' fees in respect of his service as a director of Primex.
19. In 2000, Malpass received an annual salary of \$188,270, a performance bonus of \$180,000 and other annual compensation of \$40,170 and Sullivan received an annual salary of \$124,505, a performance bonus of \$120,000 and other annual compensation of \$21,417.
20. The principal terms of the Interfor Employment Agreements will be as follows:
- (a) Each Interfor Employment Agreement will be for an initial term of two years and may be extended upon mutual consent.
  - (b) Malpass will be employed as Vice-Chairman of Interfor's board of directors (the "Interfor Board") with the understanding that he will be acting as a senior executive and officer of Interfor. Sullivan will be employed as a Vice-President of Interfor. Unless prevented by ill health or injury, each Key Executive will devote the whole of his working time to Interfor's business.
  - (c) Each Key Executive will be entitled to receive an annual base salary equal to that paid by Primex to the Key Executive as at March 28, 2001.
  - (d) Each Key Executive will receive an annual bonus equal to the greater of the bonus he



would have been entitled to receive under the Primex Bonus Plan (using the policies in place as at March 28, 2001) for that year had the Key Executive been employed by Primex and the bonus an executive of commensurate status and position at Interfor would receive in that year.

- (e) Each Key Executive will be entitled to receive the same benefits he received at Primex.
- (f) Each Key Executive will receive the same annual directors' fee payable to directors of Interfor who are also employees. In 2000, each Interfor director who was an employee of Interfor received a director's fee of \$6,000.
- (g) Malpass will receive options to purchase 150,000 Interfor SVS (each, an "Interfor Option") and Sullivan will receive 100,000 Interfor Options. The Interfor Options to be granted pursuant to the Interfor Employment Agreements will be subject to the standard terms of Interfor's stock option plan (the "Interfor Stock Option Plan"), with 40% of the Interfor Options vesting on the date that is two years from the date of grant and an additional 20% of the Interfor Options vesting at the end of each year thereafter until all of the Interfor Options have vested. The exercise price for the Interfor Options granted to the Key Executives will be equal to the closing price of the Interfor SVS on the TSE on the day prior to the date of grant. The number of Interfor Options granted to each Key Executive is consistent with the aggregate number of Interfor Options held by Interfor executives with similar status and responsibilities.
- (h) Interfor will acknowledge that the Primex Severance Agreement between Primex and each Key Executive shall remain in full force and effect and that Interfor's acquisition of a majority of the Primex Shares constitutes a "Change of Control" within the meaning of such Primex Severance Agreements. Each Key Executive will acknowledge that none of the execution of the Interfor Employment Agreement, the change of his employer from Primex to Interfor or the implementation of Schedule A to the Interfor Employment Agreement (specifying, among other things, the Key Executive's salary, bonus entitlement, benefits and vacation entitlement) constitutes, in and of itself, a "Triggering Event" under his Primex Severance Agreement. As provided for in the Primex Severance Agreement with each Key Executive, if Interfor terminates a Key Executive's employment within twelve months of the effective date of his Interfor Employment Agreement or the Key Executive terminates his employment within twelve months of the effective date of his Interfor Employment Agreement following the occurrence of a Triggering Event, the Key Executive will be entitled to all payments and arrangements

provided for in his Primex Severance Agreement.

- (i) The Interfor Employment Agreements also will provide that each Key Executive is entitled to participate in Interfor's change of control arrangements (the "Interfor Change of Control Arrangements"). The Interfor Change of Control Arrangements as they apply to the Key Executives provide that, if within 24 months after a change of control with respect to Interfor, the Key Executive's employment is terminated without cause, such Key Executive will be entitled to compensation equal to his salary plus a profit-sharing bonus for a stipulated period not to exceed 36 months. Other employee benefits would be continued during this period.
  - (j) In addition, if Interfor terminates the Key Executive's employment any time after twelve months have expired from the date the Interfor Employment Agreement takes effect but prior to the expiry of its term, Interfor will pay the Key Executive a lump sum equal to the total compensation payable to him for the remainder of the term of such Interfor Employment Agreement and continue all benefits, perquisites and privileges referred to in such agreement for the remainder of its term.
  - (k) Without Interfor's prior consent, which shall not be unreasonably withheld, neither Key Executive will engage in any other business or become an officer, employee, agent, representative or contractor for service for any other enterprise where that engagement or position conflicts or interferes, or could reasonably conflict or interfere at some future date, with such Key Executive's performance of his obligations to Interfor, except that Malpass may continue as a director of the public corporation of which he is presently a director.
  - (l) Each Key Executive will enter into a non-solicitation covenant with respect to Interfor's customers, accounts and employees, which covenant shall apply during the term of the Key Executive's Interfor Employment Agreement and for a period of twelve months after its termination.
21. Pursuant to the Interfor Covenant, which is included in the Lock-up Agreements, Interfor covenanted, subject to certain conditions, to exercise its best efforts to cause each of the Key Executives to be elected or appointed as directors of Interfor and, thereafter, to nominate each of the Key Executives for election or appointment to the Interfor Board at each election for or appointment of directors of Interfor until, considering each Key Executive separately, the earliest of the date:
- (a) that is five years from the date of the Lock-up Agreements;

- (b) on which the Key Executive owns less than 50% of the Interfor SVS he acquired pursuant to the Offer; and
  - (c) that the Interfor Board, acting reasonably, determines that the Key Executive is acting in any capacity that is competitive with the business then conducted by Interfor.
22. Sauder is the Chairman of the Interfor Board and owns, directly or indirectly, or exercises control or direction over, 1,124,271 Interfor SVS (representing approximately 3.62% of the class) and and 1,011,735 Interfor MVS (representing approximately 99.6% of the class). Some of the Interfor Shares that Sauder owns directly or indirectly or exercises control or direction over are registered in the name of Mountclair. On March 28, 2001, Sauder and Mountclair executed the Mountclair Agreement pursuant to which they committed, subject to certain restrictions, to vote their Interfor Shares in favour of any election or appointment of either of the Key Executives to the Interfor Board until, considering each Key Executive separately, the earliest of the date:
- (a) that is five years from the date of the Lock-up Agreements;
  - (b) on which the Key Executive owns less than 50% of the Interfor SVS he acquired pursuant to the Offer; and
  - (c) that the Interfor Board, acting reasonably, determines that the Key Executive is acting in any capacity that is competitive with the business then conducted by Interfor.
23. Interfor's ability to retain the Key Executives was critical to its decision to make the Offer. Interfor believes that the Key Executives have played an integral role in the successful development of Primex's business and that they have substantial and valuable experience and expertise in the business of sawmilling and wood products. The Agreements were negotiated in order to ensure the Key Executives' participation in the development of Interfor and the integration of Primex with Interfor.
24. The Interfor Employment Agreements and the Interfor Covenant were negotiated between Interfor and the Key Executives on an arm's-length basis and reflect commercially reasonable terms. The consideration and other benefits to be received by the Key Executives under the Agreements are reasonable in light of the services to be rendered by the Key Executives to Interfor following completion of the Offer.
25. A special committee of independent directors of Primex (the "Special Committee") established to, among other things, make recommendations to the Primex Board regarding the Offer, reviewed and considered, among other things: (i) Interfor's requirement that the Key Executives enter into employment agreements with Interfor; (ii) the Agreements; and (iii) the advantages and disadvantages to Shareholders, other than the

Locked-up Shareholders, of accepting the Offer. The Special Committee concluded that the Offer is fair to the Shareholders and in the best interests of Primex and the Shareholders and recommended to the Primex Board that the Primex Board recommend acceptance of the Offer.

26. The Agreements have been or are being entered into for valid business reasons unrelated to the Key Executives' ownership of Primex Shares and not for the purpose of providing the Key Executives with greater consideration for their Primex Shares than the consideration that may be received by Primex Shareholders other than the Key Executives in connection with the Offer.

**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 in the Jurisdictions under the Legislation; is that, in connection with the Offer, the Agreements are being entered into for reasons other than to increase the value of the consideration paid to the Key Executives in respect of their Primex Shares and may be entered into notwithstanding the Prohibition on Collateral Benefits.

April 30, 2001.

"Paul M. Moore"

"R. Stephen Paddon"

**2.1.7 Retirement Residences Real Estate Investment Trust - MRRS Decision**

**Headnote**

MRRS - Closed-end investment trust exempt from prospectus and registration requirements in connection with the issuance of units to existing unitholders pursuant to a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust subject to certain conditions - first trade relief provided, for additional units of trust, subject to certain conditions.

**Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, 35(1)12, 53, 72(1)(f)(i) and 74(1).

**Applicable Ontario Regulations**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.

**Applicable Ontario Rules**

Rule 45-502 - Dividend or Interest Reinvestment and Stock Dividend Plans.

Rule 81-501 - Mutual Fund Reinvestment Plans.

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

**AND**

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

**AND**

**IN THE MATTER OF  
RETIREMENT RESIDENCES REAL ESTATE  
INVESTMENT TRUST**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Retirement Residences Real Estate Investment Trust ("Retirement REIT") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "Registration and Prospectus Requirements") shall not apply to the distribution of units of

Retirement REIT pursuant to a distribution reinvestment plan (the "DRIP");

**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** Retirement REIT has represented to the Decision Makers that:

1. Retirement REIT is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated December 28, 2000.
2. Retirement REIT is not a "mutual fund" as defined in the Legislation because the holders of Units ("Unitholders") are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of Retirement REIT as contemplated in the definition of "mutual fund" in the Legislation.
3. Retirement REIT became a reporting issuer under the Legislation on March 30, 2001.
4. The beneficial interests in Retirement REIT are divided into a single class of units (the "Units"). Retirement REIT is authorized to issue an unlimited number of Units. Units represent a Unitholder's proportionate undivided beneficial interest in Retirement REIT. Ten Units are presently issued and outstanding.
5. Retirement REIT has applied to have the Units listed and posted for trading on The Toronto Stock Exchange (the "TSE").
6. Retirement REIT's real property investments will initially be comprised of 77 retirement home properties (the "Properties") servicing more than 7,200 residents. The objectives of Retirement REIT are to: (i) provide Unitholders with stable and growing cash distributions, payable monthly and substantially tax-deferred, from Retirement REIT's investments in retirement home properties; and (ii) maximize distributions and Unit value through efficient management of the Properties and accretive acquisitions of additional retirement home properties in Canada.
7. Retirement REIT intends to distribute to Unitholders monthly, in cash, 85% of its distributable income.
8. Retirement REIT intends to establish the DRIP pursuant to which Unitholders may, at their option, invest cash distributions paid on their Units in additional Units ("Additional Units").
9. Distributions due to participants in the DRIP ("DRIP Participants") will be paid to CIBC Mellon Trust Company in its capacity as agent under the DRIP (in such capacity, the "DRIP Agent") and applied to purchase Additional Units. All Additional Units

- purchased under the DRIP will be purchased by the DRIP Agent directly from Retirement REIT.
10. The price of Additional Units purchased with such cash distributions will be the current average of the closing price for a board lot of Units on the TSE for the five trading days immediately preceding the relevant distribution date. Unitholders who elect to participate in the DRIP will receive a further distribution of Units equal to value to 3% of each distribution that is reinvested under the DRIP. No commissions, service charges or brokerage fees will be payable by DRIP Participants in connection with the DRIP.
11. Additional Units purchased under the DRIP will be registered in the name of the DRIP Agent, as agent for the DRIP Participants.
12. Unitholders may terminate their participation in the DRIP at any time by written notice to the DRIP Agent. Such notice, if actually received prior to a distribution date, will have effect for such distribution. Thereafter, distributions payable to such Unitholders will be by cheque. Retirement REIT has the right to amend, suspend or terminate the DRIP at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of the DRIP Participants. All DRIP Participants will be sent notice of any such amendment, suspension or termination.
13. The distribution of the Additional Units by Retirement REIT pursuant to the DRIP cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation as the DRIP involves the reinvestment of income distributed by Retirement REIT and not the reinvestment of dividends or interest of Retirement REIT.
14. The distribution of the Additional Units by Retirement REIT pursuant to the DRIP cannot be made in reliance on registration and prospectus exemptions contained in the Legislation for distribution reinvestment plans of mutual funds, as Retirement REIT is not a "mutual fund" as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in a portion of the net assets of Retirement REIT.
- AND WHEREAS** under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, 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 pursuant to the Legislation is that the trades of Additional Units by Retirement REIT to the DRIP Participants pursuant to the DRIP shall not be subject to the Registration and Prospectus Requirements of the Legislation provided that:
- (a) at the time of the trade Retirement REIT is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;
  - (b) no sales charge is payable in respect of the trade;
  - (c) Retirement REIT has caused to be sent to the person or company to whom the Additional Units are traded, not more than 12 months before the trade, a statement describing:
    - (i) their right to withdraw from the DRIP and to make an election to receive cash instead of Units on the making of a distribution of income by Retirement REIT; and
    - (ii) instructions on how to exercise the right referred to in (i);
  - (d) prior to March 30, 2002 (the date on which Retirement REIT will have been a reporting issuer for 12 months), the aggregate number of Additional Units issued or issuable to beneficial holders of Units pursuant to the DRIP shall not exceed 2% of the aggregate number of Units outstanding at the time of such trade; and
  - (e) the first trade in Additional Units acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless
    - (i) at the time of the first trade, Retirement REIT is a reporting issuer or the equivalent under the Applicable Legislation;
    - (ii) no unusual effort is made to prepare the market or to create a demand for the Units;
    - (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade;
    - (iv) if the seller of the Additional Units is an insider of Retirement REIT, the seller has reasonable grounds to believe that Retirement REIT is not in default of any requirement of the Applicable Legislation;
    - (v) except in Quebec, the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of Units of Retirement REIT so as to affect materially the control of Retirement REIT or more than 20% of the outstanding voting securities of Retirement REIT except where there is evidence showing

that the holding of those securities does not affect materially the control of Retirement REIT; and

(vi) disclosure of the initial distribution of the Additional Units is made to the relevant Jurisdictions by providing the particulars of the date of the distribution of such Additional Units, the number of such Additional Units and the purchase price paid or to be paid for such Additional Units in:

- (a) an information circular or take-over bid circular filed in accordance with the Legislation; or
- (b) a letter filed with the Decision Maker in the relevant Jurisdiction by a person or company certifying that the person or company has knowledge of the facts contained in the letter,

when Retirement REIT distributes such Additional Units for the first time and thereafter, not less frequently than annually, unless the aggregate number of Additional Units so traded in any month exceeds 1% of the Units outstanding at the beginning of a month in which the Additional Units were traded, in which case a separate report shall be filed in each relevant Jurisdiction (other than Quebec) in respect of that month within ten days of the end of such month.

May 8, 2001.

"Paul M. Moore"

"Robert W. Korthals"

## 2.1.8 ReQuest Seismic Surveys Ltd. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Decision deeming corporation to have ceased to be a reporting issuer following the acquisition of all of its outstanding securities by a trust.

### 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, SASKATCHEWAN,  
ONTARIO, QUÉBEC, NOVA SCOTIA,  
AND NEWFOUNDLAND**

AND

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

AND

**IN THE MATTER OF  
REQUEST SEISMIC SURVEYS LTD.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from ReQuest Seismic Surveys Ltd. ("New ReQuest") for a decision pursuant to the securities legislation (the "Legislation") of the Jurisdictions that New ReQuest be deemed to have ceased to be a reporting issuer, or the equivalent, under the Legislation;
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** New ReQuest has represented to the Decision Makers that:
  - 3.1 New ReQuest was formed on March 14, 2001, by the amalgamation of ReQuest Seismic Surveys Ltd. ("Old ReQuest") and 913675 Alberta Ltd., a corporation created to effect the Arrangement (to be defined herein);
  - 3.2 Old ReQuest was formed upon the amalgamation of ReQuest Seismic Surveys Ltd., Red Hand Resources Ltd. and Pre-Seis Seismic Surveys Ltd. on August 1, 1997 (the "Amalgamation");

- 3.3 the main operating company prior to the Amalgamation was ReQuest Seismic Surveys Ltd. which was incorporated pursuant to the laws of the Province of Alberta on December 1, 1989 as 411766 Alberta Ltd.;
- 3.4 411766 changed its name to ReQuest Seismic Surveys Ltd. on January 16, 1990;
- 3.5 New Request's principal and registered office is located at 428, 540 - 5th Avenue S.W., Calgary, Alberta, T2P 0M2;
- 3.6 New Request is authorized to issue an unlimited number of common shares ("New Request Common Shares") and an unlimited number of first and second preferred shares, issuable in series ("New Request Preferred Shares") of which there are 21,182,301 New Request Common Shares issued and outstanding and no New Request Preferred Shares issued and outstanding;
- 3.7 New ReQuest is a reporting issuer, or the equivalent, in each of the Jurisdictions by virtue of obtaining a final receipt for a prospectus on September 15, 1997, and is not in default of any of the requirements of the Legislation;
- 3.8 ReQuest Income Trust (the "Trust") is an open-ended mutual fund trust governed by the laws of the province of Alberta and was created pursuant to a declaration of trust dated February 5, 2001;
- 3.9 pursuant to a plan of arrangement (the "Arrangement") approved by the Court of Queen's Bench of Alberta on March 13, 2001, holders of common shares of Old ReQuest exchanged their common shares, via a series of transactions, for units in the Trust (the "Trust Units");
- 3.10 following the completion of the Arrangement, including the amalgamation of Old ReQuest and 913675 Alberta Ltd. (as referenced in subparagraph 3.1 herein), New ReQuest became a wholly-owned subsidiary of the Trust;
- 3.11 following the completion of the Arrangement, the Trust Units were listed on The Toronto Stock Exchange (the "TSE");
- 3.12 effective March 20, 2001, the New ReQuest Common Shares were delisted from the TSE and no securities of New ReQuest are listed or quoted on any exchange or market;
- 3.13 New ReQuest has no securities, including debt securities, issued and outstanding save for the New ReQuest Common Shares held by the Trust;
- 3.14 New ReQuest 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. **IT IS THE DECISION** of the Decision Makers under the Legislation that New ReQuest is deemed to have ceased to be a reporting issuer, or the equivalent, under the Legislation.

May 4, 2001.

"Patricia M. Johnston"

**2.1.9 Hardof Wolf Group Inc. & Dylex Limited -  
MRRS Decision**

**Headnote**

Relief granted pursuant to section 74(1) from registration requirement in section 25 for trades made by shareholders of one issuer in connection with a capital reorganization and acquisition.

**Statutes Cited**

Canada Business Corporations Act, R.S.C. 1985, c. C-44.  
Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, s. 74.

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

AND

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

AND

IN THE MATTER OF  
HARDOF WOLF GROUP INC. AND  
DYLEX LIMITED

**MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, Nunavut and the Northwest Territories (collectively, the "Jurisdictions") has received an application from Hardof Wolf Group Inc. (the "Acquiror") for a decision, pursuant to the securities legislation (the "Legislation") of the Jurisdiction that the requirement of the Legislation that prohibits a person or company from trading in a security unless the person or company is registered in the appropriate category of registration under the Legislation (the "Registration Requirement"), shall not apply to the transfer to the Acquiror of Special Shares (as defined below) of Dylex Limited ("Dylex"), to be made by the holders in connection with a proposed acquisition of Dylex by the Acquiror;

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

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

1. The Acquiror is a private company incorporated pursuant to the laws of the Province of Nova Scotia.
2. Dylex is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA") with its registered and principal office in the Province of Ontario.
3. Dylex is a reporting issuer, or the equivalent, in each of the provinces and territories of Canada and the common shares (the "Common Shares") of Dylex are listed and posted for trading on the Toronto Stock Exchange (the "TSE").
4. On April 25, 2001, the closing price of the Common Shares on the TSE was \$1.24.
5. Dylex's authorized capital consists of an unlimited number of Common Shares, of which 51,881,799 were issued and outstanding on March 27, 2001.
6. On March 27, 2001, the Acquiror and Dylex entered into an acquisition agreement (the "Acquisition Agreement") pursuant to which the Acquiror may acquire all of the outstanding Common Shares of Dylex, at \$1.30 per Common Share, payable in cash, in a transaction (the "Proposed Transaction") that will take the form of a capital reorganization, to be voted on by the holders of Common Shares at a meeting (the "Meeting") scheduled to be held on May 15, 2001. Following the completion of the Proposed Transaction, Dylex will be a wholly owned subsidiary of the Acquiror.
7. The Proposed Transaction will consist of the following principal steps:
  - (a) Subject to approval of the Dylex shareholders at the Meeting, the articles of Dylex will be amended by way of special resolution so as to change the provisions attaching to the existing Common Shares (such shares being referred to after the change as "Special Shares") to provide for the transfer of such Special Shares to the Acquiror, upon delivery of a notice (the "Transfer Notice") by Dylex to its transfer agent;
  - (b) Upon delivery of the Transfer Notice, each holder of the Special Shares shall be deemed to have transferred to the Acquiror all of the holder's right, title and interest in the Special Shares;
  - (c) The Acquiror shall deposit with the transfer agent sufficient funds to pay to the holders of the Special Shares \$1.30 per Special Share, upon deposit by the holder of the certificate representing their Special Shares.

AND WHEREAS pursuant to the MRRS this Decision Document evidences the decision of each of the Decision Markers (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 Registration Requirement in the Legislation shall not apply to any trades in Special Shares made by the holders to the Acquiror as described in paragraph 7, above.

May 11, 2001.

"Paul M. Moore"

"Robert W. Korthals"

## 2.1.10 Norrep Fund - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Extension of lapse date.

### Applicable Alberta Statutory Provision

Securities Act, S.A. 1981, c. S-6.1, as amended, ss. 97(8).

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

**AND**

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

**AND**

**IN THE MATTER OF  
NORREP FUND**

**MRRS DECISION DOCUMENT**

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, British Columbia and Ontario (the "Jurisdictions") has received an application (the "Application") from the Norrep Fund (the "Fund"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") extending the lapse date prescribed by the legislation for the filing of the Fund's final simplified prospectus and final annual information form up to May 11, 2001 inclusively in order to enable it to continue the distribution of its securities beyond the Lapse Date (as defined in paragraph 4 below) of its prospectus dated April 13, 2000 (the "Current Prospectus");

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

AND WHEREAS it was represented by the Fund to the Decision Makers that:

1. The Fund is an open-ended mutual fund which was established by way of a Trust Agreement, as amended on June 3, 1997 under the laws of Alberta by The Royal Trust Company, as Trustee.
2. Norrep Inc., a corporation having an office in Calgary, Alberta, manages the Fund.
3. The Fund is currently not in compliance with respect to the filing of certain of its required interim and annual financial disclosure and certain disclosure required pursuant to National Instrument 81-102. The Fund undertakes to ensure that these deficiencies are



remedied or waived prior to or coincident with the filing of the final simplified prospectus of the Fund;

4. The Fund's securities are currently distributed to the public in all Jurisdictions pursuant to the Current Prospectus. The lapse date of the Current Prospectus is April 13, 2001 in Alberta and British Columbia and April 19, 2001 in Ontario (collectively, the "Lapse Date");
5. Since the date of the Current Prospectus, no material change has occurred in respect of the Fund and no amendments have been made to the Current Prospectus;
6. The pro forma prospectus of the Fund was not filed within the period prescribed by legislation due to inadvertence;
7. On April 11, 2001, the Fund filed with the securities regulators in the Jurisdictions a pro forma Simplified Prospectus and Annual Information Form prepared in accordance with the provisions of National Instrument 81-101.
8. The Fund has issued a directive to all dealers authorized to distribute units of the Fund to discontinue the sale and distribution of the units of the Fund until further notice.

**AND WHEREAS** pursuant to the System, this 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 Lapse Date, is hereby extended up to May 11, 2001 inclusively and that the distribution of the securities of the Fund may continue provided that:

- (a) a receipt for the final simplified prospectus is obtained from the Decision Makers within 20 days after May 11, 2001 inclusively;
- (b) every security holder of record of the Fund who purchased securities of the Fund in any Jurisdiction after the Lapse Date and before the date of this Decision Document (the "Affected Security Holder") is provided with the right:
  - to cancel (the "Cancellation Right") such purchase within 20 business days from receipt of a statement (the "Statement of Rights") describing the Cancellation Right, and
  - to receive upon exercise of the Cancellation Right, the purchase price per unit equal to the net asset value per unit on the date of such purchase (the "Purchase Price per Unit") paid on the acquisition of such securities, including all

fees and expenses incurred in effecting such purchase;

- (c) the Fund mails the Statement of Rights and a copy of this Decision Document to Affected Security Holders no later than 10 business days after the date of this Decision Document; and
- (d) if the net asset value per unit of the Fund on the date an Affected Security Holder exercises the Cancellation Right is less than the Purchase Price per Unit, Norrep Inc. shall reimburse the difference to the Fund.

**DATED** at Edmonton, Alberta on April 26, 2001.

"Agnes Lau"

**2.1.11 Equisure Financial Network Inc. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - are a result of a take-over bid and subsequent compulsory acquisition, common shares of the issuer acquired by one holder - issuer has 35 security holders - issuer deemed to have ceased being a reporting issuer.

**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, ONTARIO AND NOVA SCOTIA**

**AND**

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

**AND**

**IN THE MATTER OF  
EQUISURE FINANCIAL NETWORK INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Alberta, Ontario and Nova Scotia (the "Jurisdictions") has received an application from Equisure Financial Network Inc. (the "Filer") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that the Filer be deemed to have ceased to be a reporting issuer under the Legislation;

**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. the Filer is a corporation organized under the laws of Ontario, is a reporting issuer (or equivalent) in Quebec and in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;
2. the Filer's head office is located in North Bay, Ontario;
3. the Filer is an electronic filer as defined under National Instrument 13-101 System for Electronic Document Analysis and Retrieval (SEDAR) and intends to remain an electronic filer while it is a reporting issuer in Quebec;

4. the only outstanding securities of the Filer are common shares (the "Common Shares"), convertible debentures (the "Debentures") and one common share purchase warrant (the "Warrant");
5. as a result of a take-over bid and the subsequent compulsory acquisition procedure, all of the Common Shares of the Filer were acquired by 1440915 Ontario Inc.;
6. there are 33 holders of Debentures of the Filer, 11 of which whose latest address as shown on the books of the Filer is in Alberta, one of which is in Ontario and 21 of which is in Quebec;
7. the latest address as shown on the books of the Filer of the holder of the Warrant is in Ontario;
8. there are no security holders of the Filer whose latest address as shown on the books of the Filer is in Nova Scotia;
9. to the knowledge of the Filer, 29 of the 33 holders of Debentures are either insiders of the Filer or associates of such insiders;
10. the Debentures and the Warrant were issued pursuant to the applicable exemption from the prospectus requirement in the Jurisdictions and in Quebec on the basis that the aggregate acquisition cost of the Debentures for each purchaser was in excess of \$150,000;
11. the Debentures, other than the one issued to ING Canada Inc., are non-transferable;
12. the Warrant is transferable and expires on July 25, 2001;
13. ING Canada Inc. and the holder of the Warrant are aware of the Filer's application to cease to be a reporting issuer under the Legislation and consent to such application being made in the Jurisdictions;
14. pursuant to the terms of the Debentures, all holders are entitled to receive annual audited financial statements of the Filer;
15. the Filer's Common Shares were delisted from The Toronto Stock Exchange on February 12, 2001 and no securities of the Filer are listed or quoted on any exchange or market;
16. other than the Common Shares, Debentures and Warrant, the Filer has no securities, including debt securities, outstanding; and
17. the Filer does not intend to seek public financing by way of an issue of securities.

**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 Legislation is that the Filer is deemed to have ceased to be a reporting issuer under the Legislation.

May 9, 2001.

"Paul Moore"

"Robert W. Korthals"

## 2.1.12 Nexen 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 debt securities by the issuer under a shelf prospectus - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty at the time of each distribution of debt securities.

### 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 BRITISH COLUMBIA, ALBERTA, 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., HSBC SECURITIES  
(CANADA) INC., RBC DOMINION SECURITIES INC.,  
SCOTIA CAPITAL INC. AND TD SECURITIES INC.

AND

IN THE MATTER OF  
NEXEN INC.

### MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc., HSBC Securities (Canada) Inc., Scotia Capital Inc., TD Securities Inc. and RBC Dominion Securities Inc. (collectively, the "Applicants") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from participating in a distribution of securities by an issuer, made by means of a prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a specified portion of the distribution is underwritten by one or more independent underwriters, shall not apply to the Applicants in

connection with each proposed distribution of an aggregate amount of up to \$500,000,000 of debt securities (the "Debt Securities") of Nexen Inc. (the "Issuer") pursuant to a shelf prospectus ("Shelf Prospectus") filed or to be filed in all of the provinces of Canada in accordance with the procedures (the "Shelf Procedures") set out in National Instrument No. 44-102 ("NI 44-102");

**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 Applicants have represented to the Decision Makers that:

1. The Applicants are registrants under the Legislation and their head offices are located in the Province of Ontario.
2. The Issuer is a corporation incorporated under the laws of Canada, is a reporting issuer in each Jurisdiction and to Applicant's knowledge is not in default of any requirement of the Legislation.
3. The Issuer is a global energy and chemicals company involved in:
  - (a) the exploration for and development of crude oil, natural gas and related products around the world;
  - (b) the development and production of synthetic crude oil from oil sands in Canada; and
  - (c) the manufacture, marketing and distribution of industrial chemicals.
4. The Issuer's outstanding common shares are listed on The Toronto Stock Exchange and The New York Stock Exchange and its preferred securities are listed on The New York Stock Exchange.
5. On April 12, 2001, the Issuer had a market capitalization in excess of \$4.2 billion.
6. The Issuer intends to enter into a dealer agreement with the Applicants whereby the Issuer will agree to issue and sell, and the Applicants will agree:
  - (a) to sell Debt Securities as agents on a best efforts basis; or
  - (b) to purchase Debt Securities as principals,
 from time to time.
7. The Issuer has filed or will file a preliminary short form shelf prospectus (the "Preliminary Shelf Prospectus") and the Shelf Prospectus with the securities regulatory authorities in each of the provinces of Canada in order to qualify the Debt Securities for distribution in those provinces. The Shelf Prospectus will provide that the Issuer may sell the Debt Securities to or through the Applicants purchasing as principal, and may also sell

the Debt Securities to one or more other purchasers, directly or through agents including the Applicants.

8. The Issuer currently has credit facilities (collectively, the "Credit Facilities") with Canadian chartered banks (the "Banks") of which the Applicants are subsidiaries. As at April 12, 2001, the following amounts were outstanding under the Credit Facilities:

Canadian Imperial Bank of Commerce	\$ 48 million
Bank of Nova Scotia	\$123 million
HSBC	\$ 14 million
Royal Bank of Canada	\$114 million
Toronto Dominion Bank	\$181.5 million

9. The proceeds from each distribution (the "Offering") of Debt Securities, before deducting the underwriting fees and expenses of the offering thereof, are not presently known and will depend on the principal amount of Debt Securities distributed from time to time pursuant to one or more prospectus supplements. The proceeds of such Offering(s) will be used by the Issuer to repay indebtedness and for the capital expenditure and investment programs of the Issuer and of its various subsidiaries.
10. Accordingly, with respect to one or more Offerings, the Issuer may be considered a connected issuer ( or the equivalent ) within the meaning of the Legislation and draft Multi-Jurisdictional Instrument 33-105 - Underwriting Conflicts (the "Proposed Instrument"). The Issuer is not a related issuer ( or the equivalent), within the meaning of the Legislation and the Proposed Instrument, of any of the Applicants.
11. The proportionate percentage share of any Offering to be underwritten by each of the Applicants is not presently known, and may vary as between one or more such Offerings, to be determined at the time of each such Offering.
12. The Applicants, if and when acting as underwriters in respect of an Offering, may not comply with the Independent Underwriter Requirement.
13. The nature and details of the relationship between the Issuer, the Applicants and the Banks will be described in the Preliminary Shelf Prospectus and the Shelf Prospectus as prescribed by the Proposed Instrument which disclosure, to the extent not previously satisfied in the Preliminary Shelf Prospectus and the Shelf Prospectus, shall be satisfied by including the information specified in Appendix "C" to the Proposed Instrument in a shelf prospectus supplement pertaining to a particular distribution of Debt Securities, if any, as permitted by National Instrument 44-102. The Preliminary Shelf Prospectus and the Shelf Prospectus will contain a certificate signed by each Applicant in accordance with Method 1 to National Instrument 44-102.

14. The Applicants will receive no benefit relating to any Offering other than the payment of their fees in connection therewith.
15. The decision to issue Debt Securities, including the determination of the terms of each Offering, will be made through negotiations between the Issuer and the Applicants without involvement of the Banks.
16. The Issuer is not "specified party" within the meaning of the Proposed Instrument.

**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 Legislation is that the Independent Underwriter Requirement shall not apply to the Applicants in connection with the Offerings provided that:

1. The Shelf Prospectus contains the information required by Appendix C to the Proposed Instrument; and
2. At the time of an Offering:
  - (a) the Issuer is not a specified party (as defined in the Proposed Instrument); and
  - (b) the Issuer is not a related issuer (as defined the Proposed Instrument) of any of the Applicants.

May 15, 2001.

"Howard I Wetston"

"Robert W. Korthals"

## 2.1.13 Rancho Energy Inc. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer when all of its issued and outstanding securities were acquired by another issuer.

### 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, SASKATCHEWAN  
AND ONTARIO**

AND

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

AND

**IN THE MATTER OF RANCHO ENERGY INC.**

**MRRS DECISION DOCUMENT**

1. **WHEREAS** the local securities authority or regulator (the "Decision Maker") in Alberta, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Rancho Energy Inc. ("Rancho") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Rancho be deemed to have ceased to be a reporting issuer under the Legislation.
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** Rancho has represented to the Decision Makers that:
  - 3.1 Rancho was incorporated under the *Business Corporations Act* (Alberta) on September 6, 1994;
  - 3.2 Rancho is a reporting issuer in the Jurisdictions, British Columbia and Manitoba and became a reporting issuer in Alberta by receiving a receipt for a final prospectus on August 23, 1995;
  - 3.3 Rancho is not in default of any of the requirements of the Legislation;
  - 3.4 Rancho's head office is located in Calgary, Alberta;

- 3.5 the authorized capital of Ranchero consists of an unlimited number of Class A shares common shares (the "Common Shares") and an unlimited number of Class B shares (the "Class B Shares");
- 3.6 21,484,127 Common Shares are outstanding and no Class B Shares are outstanding;
- 3.7 on February 28, 2001, Cypress Energy Inc. ("Cypress") made an offer to purchase all of the Common Shares, which was followed by a compulsory acquisition (the "Compulsory Acquisition") under the provisions of the *Business Corporations Act* (Alberta);
- 3.8 the Compulsory Acquisition was completed on March 26, 2001;
- 3.9 Cypress is now the sole holder of the Common Shares;
- 3.10 the Common Shares were delisted from The Toronto Stock Exchange on March 27, 2001, and no securities of Ranchero are listed or quoted on any exchange or market;
- 3.11 other than the Common Shares, Ranchero has no securities, including debt securities, outstanding;
- 3.12 Ranchero does not intend to seek public financing by way of an offering of its 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 Ranchero is deemed to have ceased to be a reporting issuer under the Legislation.

May 15, 2001.

"Patricia M. Johnston"

## 2.1.14 Crown Life Insurance Company - MRRS Decision

### Headnote

MRRS - Saskatchewan principal - relief from requirement to prepare and deliver a management information circular in respect of shareholders meeting, subject to certain conditions - relief from requirement to include performance graph in annual filing.

### Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., 81(1), 86, 88(2)(b).

### Regulations Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., s. 5, Form 28, item 6, Form 40 item X.

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

AND

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

AND

**IN THE MATTER OF  
CROWN LIFE INSURANCE COMPANY**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Saskatchewan, Ontario, British Columbia, Alberta, Quebec, Nova Scotia, and Newfoundland (the "Jurisdictions") has received an application from Crown Life Insurance Company (the "Filer"), for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to:

1. Except in Nova Scotia, prepare and deliver a management information circular (the "Information Circular") to its voting security holders in respect of any meeting at which only the holders of common shares of the Filer (the "Common Shares") will be entitled to vote, and to file such Information Circular otherwise required to be prepared for such meeting, shall not apply to the Filer subject to certain conditions; and
2. Except in Quebec, include a graph (the "Performance Graph") depicting the cumulative total return for Common Shares against that of the relevant stock exchange in the Annual Filing of a Reporting Issuer ("Annual Filing") or in the Information Circular, as applicable shall not apply to the Filer.

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

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

1. The Filer was incorporated by Special Act of Parliament on June 14, 1900 and was continued under the *Insurance Companies Act* (Canada) (the "ICA") on November 12, 1992;
2. The Filer is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland;
3. The Filer's authorized and issued capital consists of the following:
  - a. an unlimited number of Common Shares, provided that the aggregate consideration received by the Filer for all Common Shares issued and outstanding at anytime shall not exceed one billion dollars; 3,201,194 Common Shares are currently issued and outstanding;
  - b. an unlimited number of Class I Preferred Shares, issuable in series, provided that the aggregate consideration received by the Filer for all Class I Preferred Shares issued and outstanding shall not exceed three hundred million dollars (the "Class I Preferred Shares"); the holders of the Class I Preferred Shares are not entitled to notice of, to attend or to vote at any meetings of the holders of the Common Shares unless, in the aggregate, eight dividends on any series of the Class I Preferred Shares remain unpaid; 3,652,599 Class I Preferred Shares, issued as Series A (the "Series A Preferred Shares") are currently issued and outstanding;
  - c. an unlimited number of Second Preferred Shares, issuable in series, provided that the aggregate consideration received by the Filer for all Second Preferred Shares issued and outstanding shall not exceed two hundred and fifty million dollars (the "Second Preferred Shares"); the holders of the Second Preferred Shares are not entitled to notice of or to attend or to vote at any meetings of the holders of the Common Shares unless, in the aggregate, eight dividends on any series of the Second Preferred Shares remain unpaid; no Second Preferred Shares are currently issued and outstanding; and
  - d. one Fifth Preferred Share (the "Fifth Preferred Share"); the holder of the Fifth Preferred Share is entitled to receive notice of and to attend all meetings of the holders of the Common Shares but does not have the right to vote except at a meeting of the holder of the Fifth Preferred Share as a class; the holder of the Fifth

Preferred Share is entitled to vote separately as a class until December 31, 2031 with respect to any proposal to change the location of the Filer's head office to a place not in the Province of Saskatchewan; the one Fifth Preferred Share is issued and outstanding;

4. As a corporation organized under the ICA, the Filer also has approximately 35,000 holders of participating policies. Pursuant to the ICA, the policy holders are entitled to notice of, to attend and to vote at all meetings of the voting policy holders;
5. The Filer has a financial year-end of December 31;
6. The Filer is not in default of any of the requirements of the Legislation or any other securities or corporate legislation to which it is subject;
7. Neither the Filer nor its promoters, directors or officers are the subject of any enforcement or other administrative or legal proceedings in any jurisdiction with respect to the trading or distribution of securities;
8. On October 27, 2000, the Filer initiated an issuer bid (the "Issuer Bid") to purchase for cancellation the Common Shares held by those shareholders (the "Minority Shareholders") other than HARO Financial Corporation ("HARO") and 159524 Canada Inc. ("159524"), a wholly owned subsidiary of Extencicare Inc. ("Extencicare"). Upon the expiry of the Issuer Bid, the Filer commenced a compulsory acquisition pursuant to the ICA (the "Acquisition") in which it took up and cancelled the remaining Common Shares held by the Minority Shareholders that had not tendered to the Issuer Bid;
9. As a result of the Issuer Bid and subsequent Acquisition, the Common Shares are now owned wholly by HARO and 159524 (the "Shareholders");
10. The Series A Preferred Shares are publicly traded and widely held. The Fifth Preferred Share is owned by HARO;
11. Subsequent to the Issuer Bid and Acquisition, the Common Shares were de-listed from the Toronto Stock Exchange ("TSE") at the close of business on January 15, 2001 and are not listed on any other exchange;
12. Other than the Series A Preferred Shares, the Filer has no other securities that are listed on any exchange in Canada or that are publicly traded;
13. The Shareholders are the only security holders eligible to receive notice of the Filer's annual general meetings;
14. HARO has its head office in Regina, Saskatchewan and both 159524 and Extencicare have their head office in Markham, Ontario;
15. The Shareholders, as insiders and the only voting equity holders of the Filer, may currently access the information mandated to be disclosed in the Information Circular. Consequently, the cost to the Filer of

preparing and delivering an Information Circular substantially outweighs the negligible benefit to be gained from the distribution of the Information Circular to the Shareholders;

16. In the event that the Filer intends to hold a meeting of its security holders in which the holders of the Series A Preferred Shares would be entitled to notice, to attend and to vote, the Filer will prepare, deliver and file an Information Circular as required by the Legislation;
17. As there is no longer a public market for the Common Shares, members of the investing public would not be prejudiced by exempting the Filer from the requirement of filing an Information Circular. The Filer will be required to prepare and file the Annual Filing, which will be available to the investing public and will contain substantially the same information to be disclosed in the Information Circular; and
18. As the Common Shares have been delisted from the TSE as of the close of business on January 15, 2001, and are not listed on any other exchange, there is no longer any available information from which to prepare the Performance Graph;

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

**AND WHEREAS** each 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 Decision Makers pursuant to the Legislation is that the requirements contained in the Legislation to:

1. Except in Nova Scotia, prepare and deliver the Information Circular to its voting security holders in respect of any meeting at which only the holders of Common Shares will be entitled to vote, and to file such Information Circular otherwise required to be prepared for such meeting, shall not apply to the Filer provided that the Filer has obtained a written waiver, which has not been revoked, from all holders of its Common Shares outstanding on the record date determined for such meeting, waiving the requirement that the Filer provide such holders with an Information Circular in respect of such meetings; and
2. Except in Quebec, include the Performance Graph in the Annual Filing or in the Information Circular, as applicable shall not apply to the Filer.

May 2, 2001.

"Art Wakabayashi"

## 2.1.15 Nce Energy Trust et al. - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - combination of two issuers using exchangeable share structure by plan of arrangement - relief under subsections 116(1), 123(c) and 184(2) of the Alberta Act from the requirements under sections 54 and 81 of the Alberta Act and the continuous disclosure requirements under Part 11 of the Alberta Act in connection with the exchangeable share structure.

### Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s. 54, 81, 116(1), 116(1.1), Part 11, 123(c) and 184(2)

### IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA AND ONTARIO

AND

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

AND

### IN THE MATTER OF NCE ENERGY TRUST, NCE ENERGY CORPORATION, 923513 ALBERTA LTD., AND FORTE ENERGY LTD.

### MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta and Ontario (the "Jurisdictions") has received an application from NCE Energy Trust ("NCE Trust"), NCE Energy Corporation ("NCE Energy"), 923513 Alberta Ltd. ("NCE Subco") and Forte Energy Ltd. ("Forte") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:
  - 1.1 the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file a preliminary prospectus and a prospectus and to obtain receipts therefor (the "Prospectus Requirements") shall not apply to certain trades to be made in connection with an agreement to combine the business of NCE Trust and Forte through a plan of arrangement involving NCE Trust, NCE Energy, NCE Subco and Forte; and
  - 1.2 the requirements contained in the Legislation for a reporting issuer to issue a press release and file a report with the Decision Makers upon the occurrence of a material change, file and deliver interim and audited annual financial statements and annual reports, information circulars and



- annual information forms and provide management's discussion and analysis of financial conditions and results of operations (the "Continuous Disclosure Requirements") shall not apply to NCE Energy, provided certain conditions are met;
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** NCE Trust, NCE Energy, NCE Subco and Forte have represented to the Decision Makers that:
- 3.1 Forte is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "ABCA");
- 3.2 the principal office of Forte is located in Calgary, Alberta;
- 3.3 the authorized share capital of Forte includes of an unlimited number of common shares ("Forte Shares");
- 3.4 10,177,500 Forte Shares are outstanding;
- 3.5 no securities of Forte are listed or quoted on any exchange or market;
- 3.6 Forte is not a reporting issuer in any jurisdiction;
- 3.7 holders of Forte Shares ("Forte Shareholders") and holders of options to acquire Forte Shares ("Forte Options") reside in only two Canadian jurisdictions: Alberta and Ontario;
- 3.8 NCE Trust is a trust established under the laws of the Province of Ontario;
- 3.9 the principal office of NCE Trust is located in Calgary, Alberta;
- 3.10 NCE Trust is authorized to issue an unlimited number of trust units ("NCE Trust Units");
- 3.11 19,458,506 NCE Trust Units are outstanding;
- 3.12 the NCE Trust Units are currently listed and posted for trading on the Toronto Stock Exchange (the "TSE");
- 3.13 NCE Trust is a reporting issuer, or the equivalent, under the legislation of all provinces and territories of Canada where such a concept exists and is not in default of any of the requirements of such legislation;
- 3.14 NCE Energy is a corporation amalgamated under the ABCA;
- 3.15 the principal office of NCE Energy is in Calgary, Alberta;
- 3.16 the authorized capital of NCE Energy consists of an unlimited number of common shares ("NCE Shares");
- 3.17 one NCE Share is outstanding;
- 3.18 the NCE Share is held by Montréal Trust Company of Canada as trustee for NCE Trust;
- 3.19 before the effective time of the Arrangement (to be defined herein), NCE Energy will amend its articles to allow it to issue up to 7,415,000 exchangeable shares (the "Exchangeable Shares");
- 3.20 NCE Energy is not a reporting issuer in any jurisdiction;
- 3.21 NCE Subco is a corporation incorporated under the ABCA;
- 3.22 all of the issued and outstanding shares of NCE Subco are owned by NCE Trust;
- 3.23 NCE Subco was incorporated solely for the purposes of facilitating the acquisition of Exchangeable Shares under various call rights to be created in connection with the Arrangement (to be defined herein);
- 3.24 NCE Trust, NCE Energy and Forte have entered into an agreement made as of April 5, 2001 (the "Arrangement Agreement") which provides for the combination of the businesses of NCE Trust and Forte (the "Combination");
- 3.25 the Combination will be undertaken by way of a plan of arrangement effected under section 186 of the ABCA involving NCE Trust, NCE Energy, NCE Subco and Forte (the "Arrangement");
- 3.26 under the terms of the Arrangement, Forte Shareholders (other than dissenting Forte Shareholders) will transfer each of the Forte Shares held by them to NCE Energy in consideration for, at the election of each such Forte Shareholder, either of the following options or a combination thereof:
- 3.26.1 \$4.59 cash for each Forte Share (the "Cash Consideration"), provided that not more than \$20,000,000 in cash shall be payable in the aggregate, with the balance being paid in NCE Trust Units or Exchangeable Shares at an exchange ratio of 1.067 NCE Trust Units or 1.067 Exchangeable Shares per Forte Share; or
- 3.26.2 1.067 NCE Trust Units for each Forte Share (the "Trust Unit Consideration") or 1.067 Exchangeable Shares for each

- Forte Share (the "Exchangeable Share Consideration"), provided that not more than an aggregate of 7,415,000 NCE Trust Units (calculated on a fully diluted basis, assuming the conversion of all Exchangeable Shares) shall be issued in the aggregate, with the balance being paid in cash at a price of \$4.59 for each Forte Share;
- 3.27 the Exchangeable Shares will provide a holder with a security having economic, ownership and voting rights which are, as nearly as practicable (with the exception of dividend treatment), equivalent to those of NCE Trust Units;
- 3.28 any Forte Options not exercised by Forte Optionholders prior to the Arrangement shall be cancelled;
- 3.29 as a result of such exchange, Forte will become a wholly owned subsidiary of NCE Energy and, immediately thereafter, Forte and NCE Energy will amalgamate as part of the Arrangement;
- 3.30 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, holders of Exchangeable Shares will be able to exchange them at their option for NCE Trust Units;
- 3.31 under the terms of the Exchangeable Shares and certain rights to be granted in connection with the Arrangement, NCE Trust, NCE Subco or NCE Energy will be able to redeem, retract or acquire Exchangeable Shares in exchange for NCE Trust Units in certain circumstances;
- 3.32 in order to ensure that the Exchangeable Shares remain the voting and economic equivalent of NCE Trust Units prior to their exchange, the Arrangement provides for:
- 3.32.1 a support agreement to be entered into between NCE Trust, NCE Subco, NCE Energy and Computershare Trust Company of Canada (the "Trustee") which will, among other things, restrict NCE Trust from changing the rights, privileges or other terms of NCE Trust Units unless economically equivalent changes are made to the Exchangeable Shares;
- 3.32.2 a voting and exchange trust agreement to be entered into between NCE Trust, NCE Subco, NCE Energy and the Trustee which will, among other things, grant to the Trustee, for the benefit of holders of Exchangeable Shares, the right to require NCE Trust or NCE Subco to exchange the Exchangeable Shares for NCE Trust Units, or to trigger automatically the exchange of the Exchangeable Shares for Trust Units upon the occurrence of certain specified events; and
- 3.32.3 the deposit by NCE Trust of a special voting unit with the Trustee which will effectively provide the holders of Exchangeable Shares with voting rights equivalent to those attached to the NCE Trust Units;
- 3.33 the terms of the Arrangement, the terms of the Exchangeable Shares and the exercise of certain rights provided for in connection with the Arrangement may result in certain trades under the Legislation (the "Trades");
- 3.34 NCE Energy has applied for, and has received, conditional approval for the listing of the Exchangeable Shares on the TSE following the completion of the Arrangement;
- 3.35 the Arrangement is subject to approval of the holders of Forte Shares ("Forte Shareholders") and Forte Options ("Forte Optionholders") and the Court of Queen's Bench of Alberta;
- 3.36 a meeting of Forte Shareholders and Forte Optionholders has been scheduled for May 11, 2001 (the "Meeting");
- 3.37 an information circular and proxy statement (the "Information Circular") prepared in accordance with the Legislation was provided to Forte Shareholders and Forte Optionholders in connection with the Meeting;
- 3.38 the Information Circular contains prospectus type disclosure concerning the Arrangement and the businesses of NCE Trust, NCE Energy and Forte;
- 3.39 the Information Circular discloses that NCE Trust, NCE Subco and NCE Energy have applied for relief from the Registration and Prospectus Requirements and the Continuous Disclosure Requirements as they apply to NCE Energy and that NCE Energy will provide holders of the Exchangeable Shares with the documents filed by NCE Trust pursuant to the Continuous Disclosure Requirements; and
- 3.40 NCE Trust will concurrently send to holders of Exchangeable Shares resident in the Jurisdictions all disclosure material it sends to holders of NCE Trust Units pursuant to 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 pursuant to the Legislation is that:

6.1 the Registration and Prospectus Requirements shall not apply to the Trades provided that the first trade of Exchangeable Shares and NCE Trust Units issued under the Arrangement and the first trade of NCE Trust Units issued upon the exchange, redemption or retraction of Exchangeable Shares shall be deemed to be a distribution under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Jurisdiction") unless:

6.1.1 the trade is exempt from the Prospectus Requirements under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Jurisdiction"); or

6.1.2 NCE Trust is a reporting issuer in the Applicable Jurisdiction;

6.1.3 if the seller is in a special relationship with NCE Energy or NCE Trust, as defined under the Legislation of the Applicable Jurisdiction, the seller has no reasonable ground to believe that NCE Energy or NCE Trust is in default of any requirements of the Legislation of the Applicable Jurisdiction;

6.1.4 no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares or the NCE Trust Units and no extraordinary commission or consideration is paid in respect of the trade; and

6.1.5 the trade is not a trade from the holdings of any person, company or combination of persons or companies holding a sufficient number of securities of NCE Trust, or a combination of securities of NCE Energy and NCE Trust, to affect materially the control of NCE Trust or holds, in the absence of evidence showing that the holding of those securities does not affect materially the control of NCE Trust, more than 20 percent of the outstanding voting securities of NCE Trust (and for these purposes the Exchangeable Shares shall be considered to be voting securities of NCE Trust);

6.2 the Continuous Disclosure Requirements shall not apply to NCE Energy for as long as:

6.2.1 NCE Trust sends to all holders of Exchangeable Shares resident in the

Jurisdictions all disclosure material furnished to holders of NCE Trust Units under the Legislation;

6.2.2 NCE Trust complies with the requirements of the TSE, or such other market or exchange on which the NCE Trust Units may be quoted or listed, in respect of making public disclosure of material information on a timely basis;

6.2.3 NCE Trust shall include in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise insert explaining the reason for the mailed material being solely in relation to NCE Trust and not to NCE Energy, such insert to include a reference to the economic equivalency between the Exchangeable Shares and NCE Trust Units and the right to direct voting at NCE Trust Unitholders' meetings;

6.2.4 all continuous disclosure documents filed by NCE Trust with the Jurisdictions pursuant to the Continuous Disclosure Requirements shall also be filed with the Jurisdictions by NCE Energy if NCE Energy is a reporting issuer in that Jurisdiction;

6.2.5 NCE Energy does not declare any dividends on the Exchangeable Shares;

6.2.6 NCE Trust remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of NCE Energy; and

6.2.7 NCE Energy does not issue any second preferred shares or debt obligations other than debt obligations issued to banks, loan corporations, trust corporations, treasury branches, credit unions, insurance companies or other financial institutions;

May 11, 2001.

"Stephen P. Sibold"

"Glenda A. Campbell"

**2.2 Orders****2.2.1 Cantech Ventures Inc. - ss. 83.1(1)****Headnote**

Subsection 83.1(1) - issuer deemed to be reporting issuer in Ontario - issuer has been a reporting issuer in each of Alberta and British Columbia for more than 12 months - issuer listed and posted for trading on Tier 2 of CDNX - continuous disclosure requirements of Alberta and British Columbia substantially similar to those of Ontario.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am. S. 83.1(1).

**IN THE MATTER OF  
THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (THE "ACT")**

**AND**

**IN THE MATTER OF  
CANTECH VENTURES INC.**

**ORDER  
(Subsection 83.1(1))**

UPON the application of Cantech Ventures Inc. ("Cantech") for an order pursuant to subsection 83.1(1) deeming Cantech to be a reporting issuer for the purposes of Ontario securities law;

AND UPON considering the application and the recommendation of the staff of the Ontario Securities Commission (the "Commission");

AND UPON Cantech representing to the Commission as follows:

1. Cantech has been a reporting issuer in the Province of Alberta since September 25, 1987, the date on which Cantech received a receipt from the Alberta Securities Commission for a final prospectus in connection with an initial public offering of Cantech.
2. Cantech has been a reporting issuer in British Columbia since February 27, 1997 as a result of an order issued by the B.C. Commission.
3. Cantech is not currently a reporting issuer or the equivalent in any jurisdiction in Canada other than Alberta and British Columbia.
4. The shares of Cantech were listed and posted for trading on January 11, 1988 on The Alberta Stock Exchange (now called the Canadian Venture Exchange) ("CDNX") and have remained listed since that date.

5. Cantech is not on the list of defaulting reporting issuers maintained pursuant to the Securities Act (British Columbia) (the "British Columbia Act") or pursuant to the Securities Act (Alberta) (the "Alberta Act"). Cantech is not in default of any of the rules or regulations of CDNX.
6. The continuous disclosure requirements of the British Columbia Act and the Alberta Act are substantially the same as the requirements under the Act.
7. The continuous disclosure materials filed by Cantech under the Alberta Act since September 25, 1987 and under the British Columbia Act since February 27, 1997 are available on the System for Electronic Document Analysis and Retrieval.

AND UPON the Commission being satisfied that to do so would not be prejudicial to the public interest;

IT IS HEREBY ORDERED pursuant to subsection 83.1(1) of the Act that Cantech be deemed a reporting issuer for the purposes of Ontario securities law.

March 20, 2001.

"J.A. Geller"

"R.S. Paddon"

**2.2.2 State Street Bank and Trust Company - s. 80 of CFA**

**Headnote**

Section 80 of the Commodity Futures Act - relief for Schedule III bank from requirement to register as an adviser where the performance of the service as an adviser is incidental to principal banking business.

**Statutes Cited**

Commodity Futures Act, R.S.O. 1990, c.S.20, as am., sections 22(1)(b), 80.

- (i) Pension and Institutional Custody which provides global custody services to collective investment funds including manager-sponsored pooled funds and fund accounting to pension funds and manager-sponsored pooled funds;
- (ii) Mutual Fund and Insurance which provides global custody services to Canadian registered mutual funds and insurance company segregated funds;
- (iii) Securities Operations which provides safekeeping and settlement services in relation to the Canadian securities of State Street's clients;
- (iv) Support Services which includes Finance, Human Resources, Sales and Marketing, Information Technology, and Legal divisions; and
- (v) State Street Global Markets ("SSGM") which provides foreign exchange trading services, money market services, currency risk management services, e-finance and deposit taking services for the custody clients of SSTCC and other third party funds.

**IN THE MATTER OF  
THE COMMODITIES FUTURES ACT  
R.S.O. 1990, CHAPTER S.20, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
STATE STREET BANK AND TRUST COMPANY**

**ORDER  
(Section 80)**

UPON application (the "Application") by State Street Bank and Trust Company ("State Street") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 80 of the Act exempting State Street from the requirement to obtain registration as an adviser under clause 22(1)(b) of the Act;

AND UPON considering the Application and the recommendation of staff of the Commission;

AND UPON State Street having represented to the Commission that:

1. State Street was originally incorporated in the State of Massachusetts as the Union Bank in 1792. The charter under which it now operates was authorized by a special act of the Massachusetts Legislature in 1891, and its present name was adopted in 1960. It is a member of both the Federal Reserve System and the U.S. Federal Deposit Insurance Corporation. State Street has maintained an active presence in Canada since 1988. State Street Trust Company Canada ("SSTCC") is a wholly owned subsidiary of State Street International Holdings, which in turn is a wholly owned subsidiary of State Street. SSTCC is currently registered as a trust company in all provinces and territories (with the exception of Nunavut) under provincial trust or financial services legislation.
2. SSTCC was originally incorporated (as State Street Canada Inc.) on May 19, 1988 and was continued as a federal trust company on May 3, 1995. SSTCC has offices in Toronto and Montreal as well as a sales office in Vancouver. As at July 31, 2000, SSTCC had 356 employees in the following five divisions:

3. SSTCC has other wholly owned subsidiaries. State Street Global Advisors, Ltd. ("SSgA"), provides investment counselling and portfolio management services to institutional clients and was incorporated under the *Canada Business Corporations Act* in May of 1990. It is registered in Ontario as a limited market dealer (conditional), investment counsel, portfolio manager and commodity trading manager. SSgA is also registered in the provinces of Quebec, Alberta, British Columbia, Manitoba, New Brunswick and Nova Scotia and is seeking registration in the remaining provinces. State Street Brokerage Services Canada Inc. ("SSBSC") was incorporated under the *Canada Business Corporations Act* in April of 1999 and provides brokerage services primarily, but not limited to, Canadian institutional investors. It is a member of the Toronto Stock Exchange and the Investment Dealers Association of Canada. SSBSC is registered as an investment dealer in Ontario, a non-resident investment dealer in Alberta and British Columbia and is in the process of obtaining registrations in Quebec.
4. The treasury function within SSTCC also engages in proprietary risk taking activities through the SSGM division including interest rate and currency trading. The treasury function also manages the investment portfolio of SSTCC holding Canadian government debt and the use of derivative products as asset/liability management tools.
5. State Street will only accept deposits from the following:
  - (a) Her Majesty in right of Canada or in right of a province or territory, an agent of Her Majesty in either of those rights and includes a municipal or public body empowered to perform a function of

- government in Canada, or an entity controlled by Her Majesty in either of those rights;
- (b) the government of a foreign country or any political subdivision thereof, an agency of the government of a foreign country or any political subdivision thereof, or an entity that is controlled by the government of a foreign country or any political subdivision thereof;
- (c) an international agency of which Canada is a member, including an international agency that is a member of the World Bank Group, the Inter American Development Bank, the Asian Development Bank, the Caribbean Development Bank and the European Bank for Reconstruction and Development and any other international regional bank;
- (d) a financial institution (i.e.: (a) a bank or an authorized foreign bank under the *Bank Act*; (b) a body corporate to which the *Trust and Loan Companies Act* (Canada) applies, (c) an association to which the *Cooperative Credit Association Act* (Canada) applies, (d) an insurance company or a fraternal benefit society to which the *Insurance Companies Act* (Canada) applies, (e) a trust, loan or insurance corporation incorporated by or under an Act of the legislature of a province, (f) a cooperative credit society incorporated and regulated by or under an Act of the legislature of a province or territory in Canada; (g) an entity that is incorporated or formed by or under an Act of Parliament or of the legislature of a province or territory in Canada and that is primarily engaged in dealing in securities, including portfolio management and investment counselling, and is registered to act in such capacity under the applicable legislation, and (h) a foreign institution that is (i) engaged in the banking, trust, loan or insurance business, the business of a cooperative credit society or the business of dealing in securities or is otherwise engaged primarily in the business of providing financial services, and (ii) is incorporated or formed otherwise than by or under an Act of Parliament or of the legislature of a province or territory in Canada;
- (e) a pension fund sponsored by an employer for the benefit of its employees or employees of an affiliate that is registered and has total plan assets under administration of greater than \$100 million;
- (f) a mutual fund corporation that is regulated under an Act of the legislature of a province or territory in Canada or under the laws of any other jurisdiction and has total assets under administration of greater than \$10 million;
- (g) an entity (other than an individual) that has for the fiscal year immediately preceding the initial deposit, gross revenues on its own books and records of greater than \$5 million; or
- (h) any other person if the deposit is, in the aggregate, greater than \$150,000;
- collectively referred to for purposes of this Decision Document as "Authorized Purchasers").
6. In June of 1999 amendments to the *Bank Act* were proclaimed that permit foreign commercial banks to establish direct branches in Canada. These amendments have created a new Schedule III listing foreign banks permitted to carry on banking activities through branches in Canada.
7. State Street has published on January 6, 2001, its notice of intention to apply for an order under the *Bank Act* permitting it to establish a full-service branch under Schedule III to the *Bank Act*. State Street will take over the current wholesale deposit-taking, corporate lending, custody and treasury functions currently conducted by the SSGM division of SSTCC. State Street intends to restructure its present operations in Canada by establishing a full-service branch, while maintaining SSTCC to support its custodial and fiduciary activities.
8. Section 31(a) of the Act exempts banks listed in Schedule I or II of the *Bank Act* (Canada) from the adviser registration requirement in Section 22(1)(b) of the Act. State Street requests an exemption from Section 22(1)(b) on the same basis and subject to the same conditions applicable to Schedule I and Schedule II listed banks, namely that the performance of the service of an adviser is solely incidental to State Street's principal business.

**AND UPON** the Commission being satisfied that to do so would not be prejudicial to the public interest;

**IT IS RULED** pursuant to section 80 of the Act that State Street is exempt from the requirement of clause 22(1)(b) of the Act where the performance of the service as an advisor is solely incidental to State Street's principal banking business.

May 4, 2001.

"Howard I. Wetston"

"Robert W. Davis"

**2.2.3 Magellan Real Estate Investment Fund  
Limited Partnership - s. 144**

**Headnote**

Section 144 - revocation of cease trade order upon remedying of default and mailing financial statements to shareholders.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 127, 144 and Part XVIII.

**Applicable Notices**

Ontario Securities Commission Notice 35 - Revocation of Cease Trade Orders (1995) 18 OSCB 5.

**IN THE MATTER OF  
THE SECURITIES ACT,  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
MAGELLAN REAL ESTATE INVESTMENT  
FUND LIMITED PARTNERSHIP**

**ORDER  
(Section 144)**

**WHEREAS** the securities of Magellan Real Estate Investment Fund Limited Partnership ("Magellan REIF") are subject to a temporary order of the Director dated June 12, 1997 made under section 127 of the Act and extended by an Order of the Director dated June 24, 1997 (collectively, the "Cease Trade Order") directing that trading in the securities of Magellan REIF cease;

**AND WHEREAS** Magellan REIF has made an application to the Director of the Ontario Securities Commission (the "Commission") pursuant to section 144 of the Act for a revocation of the Cease Trade Order;

**AND UPON** considering the application and recommendation of the staff of the Commission;

**AND UPON** Magellan REIF having represented to the Director that:

1. Magellan REIF was organized as a limited partnership under the laws of the Province of Manitoba on June 9, 1995.
2. Magellan REIF is a reporting issuer under the Act and has been a reporting issuer since December 4, 1995.
3. Magellan REIF is also a reporting issuer in the Provinces of Alberta, British Columbia, Saskatchewan and the Yukon.

4. The authorized capital of Magellan REIF consists of 35,569 trust units of which approximately 18,682 are currently issued and outstanding.
5. The units of Magellan REIF have never been listed and posted for trading on any stock exchange or over-the-counter market.
6. The Cease Trade Order was issued due to the failure of Magellan REIF to file with the Commission audited annual statements for the year ended December 31, 1996 and interim statements for the three month period ended March 31, 1997 (the "Missing Statements"), as required by the Act.
7. The Missing Statements were not filed with the Commission because Magellan REIF was undergoing certain internal management changes.
8. The Cease Trade Order remains outstanding and as a consequence, Magellan REIF is also currently in default in respect of filing and sending to its unitholders all subsequent financial statements as required by the Act.
9. In connection with the application, Magellan REIF has submitted to the Commission, by SEDAR, audited annual financial statements for the years ended December 31, 1996, 1997, 1998, 1999, 2000 and the quarterly interim financial statements for the periods ending March 31, June 30 and September 30, for 1999 and 2000 and has sent all of these financial statements to the unitholders in accordance with the requirements of the Act.
10. Except for the failure to file the Missing Statements, Magellan REIF is not in default of any requirement of the Act or the rules or regulation made thereunder.
11. Magellan REIF is not a "shell issuer" as that term is defined in the Staff Notice on Revocation of Cease Trade Orders, (1995) 18 OSCB 5, having continued to do business of operating rental property from the date of the Temporary Order to the present.
12. Magellan REIF is not presently considering, and is not involved in any discussions relating to, a reverse take-over or similar transaction.
13. Magellan REIF has been the subject of a previous cease trade order dated June 19, 1996 for failing to file with the Commission interim statements for the three month period ended March 31, 1996, such default having been remedied, the cease trade order was allowed to expire as of July 3, 1996.

14. Magellan REIF will proceed to dissolve in a commercially reasonable time frame upon disposing of its last remaining property.

**AND UPON** the Director being of the opinion that 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.

May 10, 2001.

"John Hughes"



## 2.3 Rulings

### 2.3.1 YMG Capital Management Inc. - ss. 74(1)

#### Headnote

Subsection 74(1) - trades by pooled fund of additional units to existing Unitholders holding units having an aggregate acquisition cost or aggregate net asset value of not less than \$150,000 exempted from section 53 of the Act subject to certain conditions.

#### Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1(1), 53, 72(1)(d), 74(1), 77(2), 78, and 79.

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

**AND**

**IN THE MATTER OF  
YMG CAPITAL MANAGEMENT INC.**

**RULING  
(Subsection 74(1))**

UPON the application of YMG Capital Management Inc. (the "Applicant"), on behalf of YMG Private Wealth Opportunities Fund (the "Fund"), to the Ontario Securities Commission (the "Commission") for a ruling under subsection 74(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, (the "Act"), that certain trades in securities on behalf of accounts that are fully managed by YMG Portfolio Managers (hereinafter defined) are not subject to section 53 of the Act;

AND UPON reading the application of the Applicant and the recommendation of the staff of the Commission;

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

1. The Applicant is a corporation amalgamated under the *Canada Business Corporations Act*.
2. The Applicant is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of mutual fund dealer and limited market dealer and is not in default of any of its obligations as a registrant under the Act. The Applicant is also registered under the *Commodity Futures Act* as a commodity trading manager and is not in default of any of its obligations as a registrant under the *Commodity Futures Act*.
3. The Applicant is the manager of the Fund pursuant to the Trust Agreement (hereinafter defined).
4. The Applicant, in its capacity as portfolio manager, fully manages the investment portfolios ("Fully Managed

Accounts") of certain clients, in Ontario, through the exercise of discretionary authority granted in writing by such clients, with full power, authority and discretion to, among other things, buy, sell or otherwise effect transactions in securities as agent for the Fully Managed Accounts without requiring the client's express consent to a transaction. Responsibility for the Fully Managed Accounts is assigned by the applicant to certain persons ("YMG Portfolio Managers") who are:

- (a) officers of the Applicant; and
- (b) registered under the Act as advisers in the category of portfolio manager.

5. The Fund is an unincorporated, open-end investment unit trust. The Fund has been established and is governed by a trust agreement made by the Applicant under Ontario law (the "Trust Agreement"), pursuant to which The Royal Trust Company is the trustee and the Applicant is retained as the manager and is the principal distributor of the units of the Fund (the "Fund Units").
6. The Fund is a "mutual fund in Ontario" as defined in subsection 1(1) of the Act and, as such, is required to comply with the provisions of subsection 77(2) and sections 78 and 79 of the Act with respect to the preparation, mailing to unitholders and filing with the Commission of interim and annual financial statements.
7. It is not intended that the Fund will become a "reporting issuer" as such term is defined in subsection 1(1) of the Act.
8. It is not intended that the Fund Units be listed on any exchange recognized by the Commission.
9. An investment in the Fund is represented by redeemable Fund Units, all of one class, which may be issued in unlimited number and each of which represents an undivided interest in the Fund's net assets.
10. Units of the Fund will be distributed as outlined in representation 4, above, on a continuous basis. Fund Units are non-transferable but may be redeemed at their net asset value upon the request of a unitholder in accordance with the terms of the Trust Agreement.
11. In Ontario, the distribution of Fund Units is currently effected pursuant to statutory exemptions from the section 53 prospectus requirement of the Act. Currently, in most cases, the statutory exemption relied upon for purchases of Fund Units for Fully Managed Accounts is that contained in clause 71(1)(d) of the Act, which requires that an initial investment in Fund Units by a Fully Managed Account be in an amount not less than \$150,000 (an "Initial Investment").
12. It is proposed that the YMG Portfolio Managers, when acting on behalf of any Fully Managed Account that has made an Initial Investment, be permitted to purchase

additional Fund Units (the "Additional Units") without being subject to any minimum purchase amount.

**AND UPON** the Commission being satisfied that to so rule would not be prejudicial to the public interest;

**IT IS RULED**, pursuant to subsection 74(1) of the Act, that section 53 of the Act shall not apply to a distribution of Additional Units to a Fully Managed Account if the Additional Units being distributed have not previously been issued, provided that:

- a. this ruling will terminate upon the publication in final form of any legislation, regulation or rule relating to distributions of securities of pooled funds which applies to trades of Additional Units as described in paragraph 12 above;
- b. at the time of the acquisition of Additional Units, the Fully Managed Account holds Fund Units having an aggregate acquisition cost or an aggregate net asset value of not less than \$150,000;
- c. at the time of the acquisition of Additional Units, the Applicant is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the categories of mutual fund dealer and/or limited market dealer and such registrations are in good standing;
- d. the YMG Portfolio Managers, at the time of acquisition of Additional Units, have full power, authority and discretion, granted in writing, to buy, sell or otherwise effect transactions in securities as agent for the Fully Managed Accounts managed by them; and
- e. within 10 days following a trade in reliance on the exemption provided in this Ruling, the Applicant shall, on behalf of the Fund, file a report for the trade prepared in accordance with Form 45-501F1 to Ontario Securities Commission Rule 45-501, and concurrently with the filing of the report pay the fee that would be payable under Rule 45-501 for the filing of that Form.

April 27, 2001.

"Paul M. Moore"

"Robert W. Korthals"

### 2.3.2 Desjardins Trust Inc. - ss. 74(1)

#### Headnote

Subsection 74(1) of the Act- Provincial trust corporation exempt from subsection 25(1) of the Act, subject to certain conditions, solely for the purpose of engaging in activities listed in paragraph 209(1)(h) of the Regulation.

#### Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 25(1), 35(1), 74(1).

An Act Respecting Trust Companies and Savings Companies, R.S.Q., c. S-29.01, as am.

Loan and Trust Corporations Act, R.S.O. 1990, c. L.25, as am.

Trust and Loan Companies Act, S.C. 1991, c. 45, as am.

#### Regulations Cited

Regulation made under the *Securities Act*, R.R.O. 1990, Reg. 1015, as am., ss. 209(1)(h), 209(10).

#### Rules Cited

Ontario Securities Commission Rule 32-502 "Registration Exemption for Certain Trades by Financial Intermediaries" (1997), 20 O.S.C.B. 699.

**IN THE MATTER OF  
THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the "Act")**

**AND**

**IN THE MATTER OF  
R.R.O. 1990, REGULATION 1015,  
AS AMENDED (the "Regulation")**

**AND**

**IN THE MATTER OF  
DESJARDINS TRUST INC.**

**RULING  
(Subsection 74(1) of the Act)**

**UPON** the application of Desjardins Trust Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act exempting the Applicant from subsection 25(1) of the Act solely for the purpose of engaging in the activities listed in paragraph 209(1)(h) of the Regulation;

**AND UPON** considering the Application and the recommendation of staff of the Commission;

**AND UPON** the Applicant having represented to the Commission that:

1. The Applicant is a trust company governed by an *Act Respecting Trust Companies and Savings Companies* (Quebec) and is registered as an extra-provincial trust corporation under the *Loan and Trust Corporations Act* (Ontario).
2. The Applicant is regulated in Ontario by the Financial Services Commission of Ontario and in the Province of Quebec by the *Inspecteur général des institutions financières* and by the *Commission des valeurs mobilières du Québec*. The Applicant is in good standing with all its regulators.
3. The Applicant intends to establish, from time to time, pooled fund trust vehicles constituting "mutual funds", as defined in subsection 1(1) of the Act. Each pooled fund is aimed at providing a single investment vehicle for individual and institutional investment accounts which are fully managed by the Applicant and have common investment objectives.
4. Commission Rule 32-502 "Registration Exemption for Certain Trades by Financial Intermediaries" provides financial intermediaries, such as the Applicant, with an exemption from registration for trades described in subsection 35(1) of the Act but provides that the exemption will not apply to a trade in a security of a mutual fund.
5. A restriction in respect to trades in mutual funds does not apply to a financial intermediary regulated by the federal Office of the Superintendent of Financial Institutions ("OSFI") which would be, by virtue of subsection 209(10) of the Regulation, exempt from registration where trading solely for the purpose of the activities listed in paragraph 209(1)(h) of the Regulation.
6. If the Applicant were regulated by OSFI, it would be able to rely on the exemption in subsection 209(10) of the Regulation for the purpose of engaging in the activities listed in paragraph 209(1)(h) of the Regulation.

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 the Applicant is exempt from registration under subsection 25(1) of the Act solely for the purpose of engaging in the activities listed in paragraph 209(1)(h) of the Regulation, provided that:

- (a) the Applicant maintains its status as a registered trust company in good standing under *An Act Respecting Trust Companies and Savings Companies* (Quebec) and maintains its status as a registered extra-provincial trust corporation in good standing under the *Loan and Trust Corporations Act* (Ontario);
- (b) the Applicant remains in compliance with all applicable capital and liquidity requirements

established pursuant to *An Act Respecting Trust Companies and Savings Companies* (Quebec) and the *Loan and Trust Corporations Act* (Ontario);

- (c) the Applicant immediately notify the Manager of Compliance of the Commission of any failure to comply with the capital and liquidity requirements established under *An Act Respecting Trust Companies and Savings Companies* (Quebec) and the *Loan and Trust Corporations Act* (Ontario); and
- (d) the relief provided by this ruling shall expire upon:
  - (i) the revocation of paragraph 209(1)(h) of the Regulation or subsection 209(10) of the Regulation;
  - (ii) the implementation of any successor provision to paragraph 209(1)(h) of the Regulation or subsection 209(10) of the Regulation; or
  - (iii) the Applicant obtaining registration as a trust company under the federal *Trust and Loan Companies Act*.

May 8, 2001.

"J.A. Geller"

"Robert W. Korthals"

**2.3.3 Kelly Management Group Inc. et al. - ss. 74(1)**

**Headnote**

Prospectus and registration relief in connection with an acquisition of a private Ontario issuer by U.S. public company using an exchangeable share structure. Exchangeable shares economically equivalent to shares of U.S. acquirer, except that holders of exchangeable shares have no right to vote at any meeting of shareholders of U.S. acquirer. First trade relief for underlying securities if trade is executed through the facilities of a stock exchange located outside of Canada.

**Statutes Cited**

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

**Rules Cited**

*Rule 45-501 - Prospectus Exempt Distributions*  
*Rule 72-501 - Prospectus Exemption For First Trade Over A Market Outside of Ontario*

**IN THE MATTER OF THE SECURITIES ACT,  
R.S.O. 1990, Chapter S.5, as amended (the "Act")**

**AND**

**IN THE MATTER OF  
KELLY MANAGEMENT GROUP INC., OCTAGON  
WORLDWIDE INC., OCTAGON CANADA INC. AND  
INTERPUBLIC GROUP OF COMPANIES, INC.**

**RULING  
(Subsection 74(1))**

**UPON** the application of Octagon Canada Inc. (the "Purchaser"), Octagon Worldwide Inc. ("Octagon"), and Interpublic Group of Companies, Inc. ("IPG"), on their own behalf and on behalf of Royal Bank of Canada Trustees (Guernsey) Limited (the "Trustee"), Kelly Management Group Inc. ("Kelly") and the selling shareholders of Kelly, Lawrence P. Kelly and Lawrence P. Kelly, as trustee for the Lawrence P. Kelly Family Trust (the "Selling Shareholders"), to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in securities made in connection with the acquisition (the "Acquisition") of Kelly by the Purchaser pursuant to a stock purchase agreement (the "Purchase Agreement") dated September 21, 2000 among Octagon, the Purchaser, Kelly and the Selling Shareholders (each of which shareholder is a resident of the Province of Ontario) shall be exempt from sections 25 and 53 of the Act;

**AND UPON** considering the Application and the recommendation of staff of the Commission;

**AND UPON** it having been represented to the Commission that:

1. Kelly was incorporated under the laws of the Province of Ontario on October 11, 1989. Kelly is a "private company" as defined in the Act, and is not a "reporting issuer" under the Act or under the securities legislation in any other jurisdiction.
2. Kelly is in the business of sports marketing and athlete representation. The registered and head office of Kelly is located at 66 Slater Street, 23<sup>rd</sup> Floor, Ottawa, Ontario.
3. Kelly's authorized capital consists of an unlimited number of Class A Shares, an unlimited number of Class B shares and an unlimited number of non-voting exchangeable shares ("Exchangeable Shares") of which nil Class A Shares, 60 Class B Shares and 63,499 Exchangeable Shares are currently issued and outstanding.
4. All the outstanding Exchangeable Shares are owned by the Selling Shareholders. Each of the Selling Shareholders is a resident of the Province of Ontario.
5. IPG was incorporated under the laws of Delaware in September, 1930. IPG is a "registrant" under, and is subject to, the requirements of the United States *Securities Exchange Act of 1934*, as amended. IPG is not a "reporting issuer" under the Act or under any other securities legislation in Canada and will not become a reporting issuer under the Act as a result of the Acquisition.
6. IPG is in the business of owning advertising agencies and related companies. The executive offices of IPG are located at 1271 Avenue of the Americas, New York, NY 10020.
7. The authorized capital of IPG consists of 550,000,000 shares of common stock ("IPG Common Stock") and 20,000,000 shares of preferred stock. As at July 31, 2000, there were 307,768,471 shares of IPG Common Stock outstanding, and nil shares of preferred stock outstanding. The shares of IPG Common Stock are fully participating, voting shares and are quoted on The New York Stock Exchange ("NYSE").
8. Octagon is a wholly-owned subsidiary of IPG. Octagon was incorporated under the laws of Delaware on October 2, 1997. Octagon is not a "registrant" under the United States *Securities Exchange Act of 1934*, as amended. Octagon is not a "reporting issuer" under the Act or under any other securities legislation in Canada and will not become a reporting issuer under the Act as a result of the Acquisition.
9. Octagon is in the business of sports marketing and athlete representation. The corporate office of Octagon is located at 1114 Avenue of the Americas, New York, NY 10036. Octagon's authorized capital consists of 100,000 common shares. All of the shares of common stock issued by Octagon are held directly by IPG.
10. The Purchaser is a direct wholly-owned subsidiary of Octagon (and an indirect wholly-owned subsidiary of

IPG). The Purchaser was incorporated under the laws of the Province of Ontario on September 18, 2000 solely to effect the Acquisition. Prior to the closing of the Acquisition, the Purchaser had no assets and did not carry on any business. After the closing, the Purchaser's sole asset consisted of sixty (60) Class B Shares of Kelly. Aside from holding these shares, the Purchaser has no other business.

11. The registered and head office of the Purchaser is located at c/o Blake, Cassels & Graydon LLP, 45 O'Connor Street, 20<sup>th</sup> Floor, Ottawa, Ontario, K1P 1A4. The Purchaser's authorized capital consists of an unlimited number of common shares. All of the common shares issued by the Purchaser are held directly by Octagon.
12. In accordance with the terms of the Purchase Agreement, the Purchaser and Octagon agreed to purchase all the outstanding shares of Kelly in exchange for a combination of cash and Exchangeable Shares. As consideration for the Acquisition, the Purchase Agreement provides that the Selling Shareholders shall be entitled to future payments (the "Additional Payment") pursuant to a formula based on the revenue of Kelly from closing to June 30, 2005. The Additional Payment shall be payable by the Purchaser to the Selling Shareholders on an annual basis from the closing date of the Acquisition until June 30, 2005 by means of 50% cash and 50% shares. The shares shall be, at the option of the Selling Shareholders, either IPG Common Stock or Exchangeable Shares.
13. The Exchangeable Shares are securities of Kelly, each having economic attributes, including dividend rights and liquidation entitlements, which are, as nearly as practicable, equivalent to those of a share of IPG Common Stock, except for the fact that, whereas shares of IPG Common Stock are voting shares, the holders of Exchangeable Shares have no right to vote at any meeting of shareholders of IPG.
14. The provisions of the Exchangeable Shares (the "Exchangeable Share Provisions") provide that the Exchangeable Shares rank in priority to the Class A Shares and the Class B Shares of Kelly and any other class of shares of Kelly ranking junior to the Exchangeable Shares with respect to priority in payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Kelly. Each Exchangeable Share entitles the holder thereof on the declaration date to dividends payable by Kelly at the same time as, and in an amount equivalent to, the dividends paid by IPG on each share of IPG Common Stock. Subject to the overriding call right of IPG and Octagon referred to below, in the event of the liquidation, dissolution or winding-up of Kelly, each Exchangeable Share entitles the holder thereof on the liquidation date to receive an amount equal to the market price of one share of IPG Common Stock, which shall be satisfied by Kelly delivering or causing to be delivered to the holder of such Exchangeable Shares one share of IPG Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share (collectively, the "Liquidation Price"). Notwithstanding the foregoing, in the event of the liquidation, dissolution or winding-up of Kelly, IPG and Octagon will have an overriding call right (the "Liquidation Call Right") to purchase the Exchangeable Shares from the holders of Exchangeable Shares for the Liquidation Price.
15. The Exchangeable Shares are non-voting, and are retractable at the option of the holders of Exchangeable Shares at any time subject to compliance with applicable law. Subject to the overriding call right of IPG and Octagon referred to below, upon retraction, each Exchangeable Share entitles the holder thereof on the retraction date to receive from Kelly an amount equal to the market price of one share of IPG Common Stock, which shall be satisfied by Kelly delivering or causing to be delivered to the holder of such Exchangeable Shares one share of IPG Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share (collectively, the "Retraction Price"). Notwithstanding the foregoing, upon being notified by Kelly of a proposed retraction by the holder of an Exchangeable Share, IPG and Octagon will have an overriding call right (the "Retraction Call Right") to purchase from the holder of such Exchangeable Share each Exchangeable Share to be retracted at the Retraction Price.
16. Subject to the overriding call right of IPG and Octagon referred to below, the outstanding Exchangeable Shares must be redeemed by Kelly on the date (the "Redemption Date") which is the earlier of (i) the later of June 30, 2005 and the date which is one year following the issuance of any Exchangeable Shares; (ii) the date which is 150 days after a determination by Kelly that fewer than 1,000 Exchangeable Shares remain outstanding and registered in the share register of Kelly in a name other than IPG or its subsidiaries; (iii) thirty days following notice that a merger, amalgamation, tender offer or similar transaction with respect to IPG has been approved by its board of directors, and the redemption by IPG of Exchangeable Shares is determined by the Board of Directors in good faith to be necessary for the completion of such transaction; and (iv) thirty days following notice that a merger, amalgamation, sale or similar transaction with respect to Octagon or Kelly has been approved by its respective board of directors, and the redemption by Kelly of the Exchangeable Shares is determined by the Board of Directors in good faith to be necessary for the completion of such transaction, provided that in no event shall the Redemption Date pursuant to this clause (iv) be prior to January 1, 2003. Upon a redemption by Kelly on the Redemption Date, each Exchangeable Share shall entitle the holder thereof on the Redemption Date to receive from Kelly an amount equal to the market price of one share of IPG Common Stock, which will be satisfied by Kelly delivering or causing to be delivered to such Exchangeable Shareholder one share of IPG Common Stock, together

- with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share (collectively, the "Redemption Price"). Notwithstanding the foregoing, IPG and Octagon will have an overriding call right (the "Redemption Call Right") to purchase the Exchangeable Shares from the holders of the Exchangeable Shares on the Redemption Date for the Redemption Price.
  - 17. In accordance with the provisions of the Exchangeable Shares, the Exchangeable Shares shall be automatically adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into IPG Common Stock), reorganization, recapitalization or other like change with respect to IPG Common Stock occurring after September 21, 2000.
  - 18. Except as required by applicable law, holders of Exchangeable Shares are not entitled to receive notice of or to attend any meeting of the shareholders of Kelly or to vote at any such meeting.
  - 19. Contemporaneously with the closing of the Acquisition, Octagon, IPG, Kelly and the Trustee entered into an exchange trust agreement (the "Exchange Trust Agreement"). Under the Exchange Trust Agreement, IPG issued to and deposited with the Trustee that amount (the "Deposited Shares") of IPG Common Stock equal to the amount of Exchangeable Shares outstanding. IPG also granted to the Trustee on behalf of the holders of Exchangeable Shares the right (the "Exchange Right") exercisable by the holders of Exchangeable Shares upon the insolvency, bankruptcy, winding up or dissolution of Kelly to require Octagon to purchase from each holder of Exchangeable Shares all or any part of the Exchangeable Shares held by the holder of Exchangeable Shares. The purchase price for each Exchangeable Share purchased by Octagon under the Exchange Right will be an amount equal to the market price of one share of IPG Common Stock on the trading day prior to the closing date of the purchase under the Exchange Right. This purchase price will be satisfied by Octagon delivering or causing to be delivered to holders of Exchangeable Shares one share of IPG Common Stock for each Exchangeable Share held, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share exchanged for IPG Common Stock. The Exchange Trust Agreement provides for the Trustee to deliver to IPG for delivery to the holders of the Exchangeable Shares one Deposited Share for each Exchangeable Share held, together with an additional amount equivalent to the full amount of all declared and unpaid dividends, in payment of such purchase price.
  - 20. Under the Exchange Trust Agreement, the Exchangeable Shares are automatically exchanged (the "Liquidation Automatic Exchange Right") for shares of IPG Common Stock in the event of a voluntary or involuntary liquidation, dissolution or winding-up of IPG (a "Liquidation Automatic Exchange Event"). In the event of a Liquidation Automatic Exchange Event, each outstanding Exchangeable Share (except for those held by IPG or its affiliates) will be automatically exchanged for shares of IPG Common Stock. The purchase price for each Exchangeable Share deemed to have been purchased by Octagon pursuant to the Liquidation Automatic Exchange Right will be an amount equal to the market price of one share of IPG Common Stock on the trading day prior to the closing date of the purchase under the Liquidation Automatic Exchange Right. This purchase price will be satisfied by the Trustee delivering to IPG for delivery to the holders of Exchangeable Shares one Deposited Share of IPG Common Stock for each Exchangeable Share held, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each Exchangeable Share.
  - 21. The Exchange Trust Agreement provides for a further automatic exchange of Exchangeable Shares (the "Termination Automatic Exchange Right") for shares of IPG Common Stock in the event that the trust is terminated because a ruling of the Commission in respect of certain of the trades made in connection with the Acquisition has not been obtained by IPG on or before June 30, 2001. In the event the Termination Automatic Exchange Right is triggered, the Trustee will deliver to IPG for delivery to the holder of Exchangeable Shares one Deposited Share of IPG Common Stock for each Exchangeable Share held.
  - 22. On closing of the Acquisition, Kelly, IPG and Octagon entered into a support agreement (the "Support Agreement") pursuant to which, among other things, Octagon will:
    - (a) ensure that Kelly (i) has sufficient assets available to pay simultaneous and equivalent dividends on the Exchangeable Shares as are paid by IPG on the shares of IPG Common Stock, and (ii) simultaneously declares and pays such simultaneous and equivalent dividends on the Exchangeable Shares; and
    - (b) enable Kelly to fulfil its obligations in respect of the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares.
- The Support Agreement contains detailed provisions setting out the manner in which IPG and Octagon are entitled to exercise the Liquidation Call Right and the Redemption Call Right. The Support Agreement also provides that if a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to the shares of IPG Common Stock (collectively, an "Offer") is effected with the consent or approval of the board of directors of IPG, IPG will in good faith attempt to enable the holders of the Exchangeable Shares to participate in such Offer on an equivalent basis as the holders of shares of IPG Common Stock.
23. Listed below are trades in connection with or pursuant to the Acquisition that may be effected subsequent to

the date of this Ruling and which would be subject to the registration and prospectus requirements of the Act unless the ruling sought is granted (the "Non-Exempt Trades"):

- (a) the issuance by IPG, if necessary, of IPG Common Stock to the Trustee on behalf of the Selling Shareholders as a portion of the Additional Payment pursuant to the Purchase Agreement;
  - (b) the trade of shares of IPG Common Stock by the Trustee to IPG and then by IPG (i) to the holders of Exchangeable Shares, (ii) to Octagon and then by Octagon to the holders of Exchangeable Shares, or (iii) to Kelly, upon the exercise by such holders of the Exchange Right;
  - (c) the trade of shares of IPG Common Stock by the Trustee to IPG and then by IPG (i) to the holders of Exchangeable Shares or (ii) to Octagon and then by Octagon to the holders of Exchangeable Shares, pursuant to the Liquidation Automatic Exchange Right;
  - (d) the trade of shares of IPG Common Stock by the Trustee to IPG and then by IPG to the holders of Exchangeable Shares pursuant to the Termination Automatic Exchange Right;
  - (e) the trade of shares of IPG Common Stock from time to time, directly or indirectly, by any one or more of the Trustee, IPG, Octagon and Kelly, to the holders of Exchangeable Shares, upon the retraction of the Exchangeable Shares;
  - (f) the trade of shares of IPG Common Stock from time to time, directly or indirectly, by any one or more of the Trustee, IPG, Octagon and Kelly, to the holders of Exchangeable Shares, upon the redemption of the Exchangeable Shares;
  - (g) the trade of shares of IPG Common Stock by the Trustee to IPG and then by IPG (i) to the holders of Exchangeable Shares or (ii) to Octagon and then by Octagon to the holders of Exchangeable Shares in connection with the exercise by IPG or Octagon of the Retraction Call Right, Redemption Call Right or Liquidation Call Right; and
  - (h) the exchange of the Exchangeable Shares in accordance with the terms of the Exchangeable Share Provisions or the Exchange Trust Agreement.
24. There is no market for the IPG Common Shares in Ontario and none is expected to develop.
25. Assuming the Selling Shareholders acquire the maximum number of shares of IPG Common Stock to which they are entitled under the provisions of the Purchase Agreement and pursuant to the Exchangeable Share Provisions or the Exchange Trust

Agreement, their aggregate holdings would, as at December 6, 2000, constitute less than 1% of the total issued and outstanding shares of IPG Common Stock, including any shares issued in payment of the Additional Payment (estimated on a reasonable basis based on anticipated revenue projections).

26. If all of the Exchangeable Shares had been exchanged for shares of IPG Common Stock immediately after the completion of the Acquisition, persons or companies resident in Ontario would not in the aggregate hold of record more than 10% of the issued and outstanding shares of IPG Common Stock nor represent more than 10% of the total number of holders of shares of IPG Common Stock.
27. All disclosure material furnished to holders of shares of IPG Common Stock in the United States will contemporaneously be provided to the Selling Shareholders and to the holders of shares of IPG Common Stock resident in Ontario.

**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 sections 25 and 53 of the Act shall not apply to the Non-Exempt Trades provided that:

- a) the first trade of the Exchangeable Shares, other than the exchange thereof for shares of IPG Common Stock in accordance with the terms of the Exchangeable Share Provisions or the Exchange Trust Agreement, shall be deemed to be a distribution; and
- b) the first trade of shares of IPG Common Stock issued pursuant to this Ruling shall be deemed to be a distribution unless such trade is executed through the facilities of a stock exchange outside Ontario.

May 4, 2001.

"Paul Moore"

"Robert Davis"

**Chapter 3**

**Reasons: Decisions, Orders and Rulings**

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IN THIS ISSUE



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## Chapter 4

# Cease Trading Orders

### 4.1.1 Temporary and Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
Athabaska Gold Resources Ltd.	09 May 01	18 May 01	-	-
Segami Images Inc.	14 May 01	25 May 01	-	-

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## Chapter 5

# Rules and Policies

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## Chapter 6

# Request for Comments

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## Chapter 7

# Insider Reporting

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This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see [www.carswell.com](http://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](http://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

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01May01	ABC Fully-Managed Fund - Units	380,108	50,721
30Apr01	ADA Three Limited Partnership - Units	29,999	2,128
26Apr01	Advantex Marketing International Inc. - Secured Convertible Debenture	5,000,000	5,000,000
04May01	AGII Growth Fund - Units	151,069	18,027
04May01	AGII RRSP Growth Fund - Units	501,218	55,103
01Apr01	Ascendant Limited Partnership - Limited Partnership Units	2,000,000	1,940
26Apr01 & 30Apr01	CMS/KRG/Greenbriar Partners, L.P. - Limited Partnership Units	1,463,000	1,540,000
26Apr01	CMS Entrepreneurial Real Estate Fund III-Q, L.P. - Limited Partnership Units	1,540,000	3,850,000
26Apr01	Cory Cogeneration Funding Corporation - 7.586% Senior Secured Project Bonds, Series A	\$38,000,000	\$38,000,000
01Apr01 to 30Apr01	Cranston, Gaskin, O'Reilly & Vernon - Units of Trust	1,111,963	88,506
01Apr01 to 30Apr01	Cranston, Gaskin, O'Reilly & Vernon - Units of Trust	236,401	16,263
01Apr01 to 30Apr01	Cranston, Gaskin, O'Reilly & Vernon - Units of Trust	426,888	28,592
01Apr01 to 30Apr01	Cranston, Gaskin, O'Reilly & Vernon - Units of Trust	550,388	41,906
25Apr01	Cyberplex Inc. - Units and Convertible Promissory Note	7,137,499, \$2,600,000	4,078,571, \$1 Resp.
30Apr01	Equity International Investment Trust - Unit in a Unit Trust	1,581	189
27Apr01	eStation.com Inc. - Subscription Receipts	3,431,374	22,875,833
07May01	# First Horizon Holdings Ltd. - Class "I" Shares	4,040,910	390,812
01May01	Gluskin Sheff Fund, The - Units in Limited Partnership	175,000	2,046
24Apr01	Grosvenor Services 2001 Limited Partnership - Limited Partnership Units	660,000	4
01May01	Hillery & Associates, L.P. - Limited Partnership Units	855,000	649
26Apr01	Hope Bay Gold Corporation Inc. - Units	3,080,000	7,000,000
12Oct00	Hucamp Mines Limited - Flow-Through Common Shares	1,158,072	1,033,993
02Aug00	Hucamp Mines Limited - Common Shares	250,000	1,000,000
27Jun00	Hucamp Mines Limited - Units	500,000	2,000,000

**Notice of Exempt Financings**

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
01May01	III Fund Ltd. - Shares	US\$25,000,000	US\$25,000,000
19Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	170,362	1,539
16Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Overseas Equity Fund - Units	299	2
15Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Russell Canadian Equity Fund - Units	1,386	13
16Feb01	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	385,498	3,436
20Feb01	Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund, Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Global Equity Fund - Units	76,326	664
26Feb01	Lifepoints Opportunity Fund - Units	3,918	35
15Feb01	Lifepoints Opportunity Fund - Units	605	5
26Feb01	Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund - Units	31,112	290
19Feb01	Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Fixed Income Fund, Russell Canadian Equity Fund - Units	26,050	217
12Feb01	Lifepoints Progress Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	71,719	644
30Mar01	Madison Oil Company - Convertible Debenture	US\$2,159,746	2,159,746
27Apr01	MethylGene Inc. - Common Shares	2,325,000	815,789
25Apr01	NB Capital Mezzanine Fund II, L.P. - Class A Limited Partnership Interests	15,000,000	15,000,000
01May01	NetAlright Inc. - Units	460,140	750,000
23Apr01	Non-Elephant Encryption Systems Inc. - Class "A" Shares	US\$200,000	200,000
01May01	Oxford CTX Inc. - 7.02% First Mortgage Bonds, due May 1, 2006	10,000,000	10,000,000
01May01	Oxford CTX Inc. - 7.02% First Mortgage Bonds, due May 1, 2006	7,500,000	7,500,000
01May01	Oxford CTX Inc. - 7.02% First Mortgage Bonds, due May 1, 2006	20,000,000	20,000,000
01May01	Oxford CTX Inc. - 7.02% First Mortgage Bonds, due May 1, 2006	8,000,000	8,000,000
26Apr01	PrinterOn Corporation - Convertible Preferred Shares	151,900	49,000
03May01	Private Equity Portfolio Technology Fund, LLC - Subscription Interest	766,840	766,840
22Feb01	Russell Canadian Fixed Income Fund - Units	497	4
26Feb01	Russell Canadian Fixed Income Fund, Lifepoints Progress Fund - Units	1,926,672	18,148
19Feb01	Russell Canadian Equity Fund - Units	15,531	85
26Feb01	Russell Canadian Equity Fund, Russell US Equity Fund - Units	24,058	146
21Feb01	Russell Canadian Fixed Income Fund - Units	447	3
19Feb01	Russell Overseas Equity Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	1,878	17
13Feb01	Russell Overseas Equity Fund, Lifepoints Opportunity Fund - Units	3,340	28
14Feb01	Russell Overseas Equity Fund, Lifepoints Achievement Fund, Lifepoints Opportunity Fund - Units	7,392	64
20Feb01	Russell Overseas Equity Fund, Russell US Equity Fund - Units	3,913	32
19Feb01	Russell U.S. Equity Fund, Russell Overseas Equity Fund - Units	556	4
26Apr01	Segue Energy Corporation - Common Shares	150,000	150,000
30Apr01	Sherwood International Plc - Shares	11,000,000	1,559,424
27Apr01	Southern Cross Resources Inc. - Units	1,450,000	3,625,000
27Apr01	Southern Cross Resources Inc. - Units	350,000	875,000
25Apr01	Thunder Energy Inc. - Special Warrants	10,000,000	2,000,000
24Apr01	WeddingChannel.com, Inc. - Common Stock Purchase Warrant and Put Right	US\$1,000,000	4,750,000
24Apr01	Western Quebec Mines Inc. - Flow-Through Common Shares	1,445,400	1,752,000
24Apr01	Western Quebec Mines Inc. - Flow-Through Common Shares	150,400	188,000

Notice of Intention to Distribute Securities Pursuant to Subsection 7 of Section 72 - (Form 23)

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Chamberlain, Savvas	Dalsa Corporation - Common Shares	200,000
Fundeco Inc.	IAMGold Corporation - Common Shares	3,000,000

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**Chapter 9**  
**Legislation**

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

Agrium Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 14th, 2001

Mutual Reliance Review System Receipt dated May 15th, 2001

**Offering Price and Description:**

\$500,000,000 - Debt Securities (Unsecured)

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

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Project #355841

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**Issuer Name:**

Axcan Pharma Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated May 16<sup>th</sup>, 2001

Mutual Reliance Review System Receipt dated May 16<sup>th</sup>, 2001

**Offering Price and Description:****Underwriter(s) or Distributor(s):**

National Bank Financial Inc.  
BMO Nesbitt Burns Inc.  
Desjardins Securities Inc.  
Yorkton Securities Inc.

**Promoter(s):**

-

Project #356932

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**Issuer Name:**

Decoma International Inc.  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Preliminary Prospectus dated May 10th, 2001

Mutual Reliance Review System Receipt dated May 11th, 2001

**Offering Price and Description:**

\$ \* - \* Class A Subordinate Voting Shares @ \$ \* per Class A Subordinate Voting Share

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
TD Securities Inc.  
BMO Nesbitt Burns Inc.  
Salomon Smith Barney Canada Inc.  
Scotia Capital Inc.  
Griffiths McBurney & Partners

**Promoter(s):**

-

Project #351551

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**Issuer Name:**

Laurentian Bank of Canada  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated May 16th, 2001

Mutual Reliance Review System Receipt dated May 16th, 2001

**Offering Price and Description:**

\$50,000,000 - 6.5% Debentures, Series 9, due 2011 (subordinated indebtedness)

**Underwriter(s) or Distributor(s):**

Laurentian Bank Securities Inc.  
National Bank Financial Inc.

**Promoter(s):**

-

Project #356621

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**Issuer Name:**

Loblaw Companies Limited  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 9th, 2001

Mutual Reliance Review System Receipt dated May 11th, 2001

**Offering Price and Description:**

\$1,500,000,000 - Medium Term Notes (unsecured)

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
Merrill Lynch Canada Inc.  
National Bank Financial Inc.  
Scotia Capital Inc.  
TD Securities Inc.

BMO Nesbitt Burns Inc.

**Promoter(s):**

-

Project #354888

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**Issuer Name:**

MOSAID Technologies Incorporated  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated May 16th, 2001

Mutual Reliance Review System Receipt dated May 16th, 2001

**Offering Price and Description:**

\$40,700,000 - 1,100,000 Common Shares @ \$37.00 per Common Share

**Underwriter(s) or Distributor(s):**

BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
HSBC Securities (Canada) Inc.  
Yorkton Securities Inc.

**Promoter(s):**

-

Project #356654

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**Issuer Name:**

Pengrowth Energy Trust  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated May 15th, 2001  
Mutual Reliance Review System Receipt dated May 16th, 2001

**Offering Price and Description:**

\$ \* - \* Trust Units @ \$ \* per Trust Unit

**Underwriter(s) or Distributor(s):**

RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
Merrill Lynch Canada Inc.  
CIBC World Markets Inc.  
Scotia Capital Inc.  
National Bank Financial Inc.  
TD Securities Inc.  
HSBC Securities (Canada) Inc.  
Raymond James Ltd.  
Canaccord Capital Corporation  
Dundee Securities Corporation  
First Energy Capital Corp.

**Promoter(s):**

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Project #356414

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**Issuer Name:**

Phillips, Hager & North Balanced Pension Trust  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Simplified Prospectus dated May 11th, 2001  
Mutual Reliance Review System Receipt dated May 14th, 2001

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s) or Distributor(s):**

Phillips, Hager & North Investment Management Ltd.

**Promoter(s):**

-

Project #355311

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**Issuer Name:**

TELUS Corporation  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Short Form Shelf Prospectus dated May 9th, 2001  
Mutual Reliance Review System Receipt dated May 10th, 2001

**Offering Price and Description:**

\$10,000,000,000 - Debt Securities Preferred Shares Non-Voting Shares Common Shares

**Underwriter(s) or Distributor(s):**

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**Promoter(s):**

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Project #354785

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**Issuer Name:**

The Newport Fixed Income Fund  
The Newport Canadian Equity Fund  
The Newport U.S. Equity Fund  
The Newport International Equity Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated May 8th, 2001  
Mutual Reliance Review System Receipt dated May 11th, 2001

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

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Project #354808

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**Issuer Name:**

Voice Mobility International, Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Preliminary Prospectus dated May 10th, 2001  
Mutual Reliance Review System Receipt dated May 15th, 2001

**Offering Price and Description:**

6,500,000 Common Shares and 3,250,000 Warrants Issuable Upon Exercise of Special Warrants

**Underwriter(s) or Distributor(s):**

Loewen, Ondaatje, McCutcheon Limited  
Acumen Capital Finance Partners Limited  
Paradigm Capital Inc.

**Promoter(s):**

-

Project #355885

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**Issuer Name:**

3XL Futures Index Fund  
Managed Futures Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 4th, 2001 to Prospectus dated December 14th, 2000  
Mutual Reliance Review System Receipt dated 14<sup>th</sup> day of May, 2001

**Offering Price and Description:**

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

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Project #259256



**Issuer Name:**

AIC Global Telecommunications Corporate Class  
AIC Global Health Care Corporate Class  
Principal Regulator - Ontario

**Type and Date:**

Amended and Restated Simplified Prospectus and Annual Information Form dated May 4<sup>th</sup>, 2001 Amending and Restating the Simplified Prospectus and Annual Information Form dated March 15<sup>th</sup>, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of May, 2001

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

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Project #312345

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**Issuer Name:**

BC GAS UTILITY LTD.  
Principal Regulator - British Columbia

**Type and Date:**

Amendment #1 dated April 20<sup>th</sup>, 2001 to Short Form Shelf Prospectus dated November 30<sup>th</sup>, 1999  
Mutual Reliance Review System Receipt dated 9<sup>th</sup> day of May, 2001

**Offering Price and Description:**

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

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Project #216856

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**Issuer Name:**

Canadian Tire Corporation, Limited  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 7th, 2001 to Prospectus dated December 11<sup>th</sup>, 2000  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of May, 2001

**Offering Price and Description:**

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

-

Project #310726

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**Issuer Name:**

Meritas U.S. Equity Fund  
Meritas International Equity Fund  
Meritas Jantzi Social Index Fund  
Meritas Canadian Bond Fund  
Meritas Money Market Fund  
Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 3rd, 2001 to Simplified Prospectus and Annual Information Form dated March 21st, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of May, 2001

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

-

Project #324443

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**Issuer Name:**

YMG American Growth Fund  
YMG Balanced Fund  
YMG Bond Fund  
YMG Canadian Value Fund  
YMG Enterprise Fund  
YMG Growth Fund  
YMG Income Fund  
YMG International Fund  
YMG Money Market Fund  
YMG Strategic Fixed Income Fund  
YMG Sustainable Development Fund

Principal Regulator - Ontario

**Type and Date:**

Amendment #1 dated May 9th, 2001 to Simplified Prospectus and Annual Information Form dated June 12<sup>th</sup>, 2000  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of May, 2001

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

**Underwriter(s) or Distributor(s):**

**Promoter(s):**

-

Project #261362

**Issuer Name:**

Cymat Corp  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 9th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
First Associates Investments Inc.  
Robert Caldwell Capital Corporation  
Yorkton Securities Inc.

**Promoter(s):**

-

Project #344657

**Issuer Name:**

Luxell Technologies Inc  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 10th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation

**Promoter(s):**

-

Project #345310

**Issuer Name:**

NCE Flow-Through (2001-1) Limited Partnership  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 10th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Canaccord Capital Corporation  
National Bank Financial Inc.  
CIBC World Markets Inc.  
Dundee Securities Corporation  
Raymond James Ltd.  
Yorkton Securities Inc.

Research Capital Corporation

Jory Capital Inc.

**Promoter(s):**

Petro Assets Inc.

Project #347195

**Issuer Name:**

The Children's Educational Foundation of Canada  
Principal Regulator - Ontario

**Type and Date:**

Final Prospectus dated May 14th, 2001  
Mutual Reliance Review System Receipt dated 16<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Education Fund Services Inc.

**Promoter(s):**

Education Fund Services Inc.

Project #343847

**Issuer Name:**

Cognicase Inc.  
Principal Regulator - Quebec

**Type and Date:**

Final Short Form Prospectus dated May 15th, 2001  
Mutual Reliance Review System Receipt dated 15<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Yorkton Securities Inc.  
National Bank Financial Inc.  
CIBC World Markets Inc.  
RBC Dominion Securities Inc.

**Promoter(s):**

-

Project #354046

**Issuer Name:**

Legacy Hotels Real Estate Investment Trust  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated May 11th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

CIBC World Markets Inc.  
RBC Dominion Securities Inc.  
BMO Nesbitt Burns Inc.  
TD Securities Inc.  
Scotia Capital Inc.  
National Bank Financial Inc.

**Promoter(s):**

-

Project #352209

**Issuer Name:**

Merrill Lynch Financial Assets Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form PREP Prospectus dated May 11th, 2001  
Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of  
May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

Merrill Lynch Canada Inc.

**Promoter(s):**

-

Project #353413

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**Issuer Name:**

Canadian Small Company Equity Fund

**Type and Date:**

Final Simplified Prospectus and Annual Information dated May  
7th, 2001

Receipt dated 14<sup>th</sup> day of May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #341304

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**Issuer Name:**

Croft Select Securities Fund  
Croft Enhanced Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated May 9th, 2001

Mutual Reliance Review System Receipt dated 11<sup>th</sup> day of  
May, 2001

**Offering Price and Description:**

-

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #342279

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**Issuer Name:**

Global Equity Fund  
Balanced Income Fund  
Diversified Equity Fund  
Balanced Growth Plus Fund  
Balanced Growth Fund  
Core Balanced Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated May 7th, 2001

Mutual Reliance Review System Receipt dated 10<sup>th</sup> day of  
May, 2001

**Offering Price and Description:**

Class O, I, and P Units

**Underwriter(s) or Distributor(s):**

-

**Promoter(s):**

-

Project #341277

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**Issuer Name:**

Tradex Canadian Growth Fund  
Tradex Equity Fund Limited  
Tradex Global Equity Fund (formerly: Tradex Emerging  
Markets Country Fund)  
Tradex Bond Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated May 16th, 2001

Mutual Reliance Review System Receipt dated 17<sup>th</sup> day of  
May, 2001

**Offering Price and Description:**

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**Underwriter(s) or Distributor(s):**

Tradex Management Inc.

**Promoter(s):**

-

Project #345811

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## Chapter 12

# Registrations

### 12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Byron Securities Limited Attention: Lorne Jeffrey Levy 357 Bay Street Suite 800 Toronto ON M5H 2T7	Investment Dealer Equities Options Managed Accounts	May 09/01
New Registration	Cunningham Investment Counsel Inc. Attention: Joy Cunningham 2140 Haygate Crescent Mississauga ON L5K 1L5	Investment Counsel & Portfolio Manager	May 10/01
Change in Category (Categories)	Blackrock Financial Management, Inc. Attention: Allan Goodman Goda Incorporators Inc. 250 Yonge St Suite 2400 Box 24 Toronto ON M5B 2M6	From: Non-Canadian Adviser Investment Counsel & Portfolio Manager  To: International Adviser Investment Counsel & Portfolio Manager	May 08/01
Change in Category (Categories)	Harrogate Partners Inc. Attention: Dennis Hugh Peterson 40 King Street West Suite 4900 Toronto ON M5H 4A2	From: Securities Dealer  To: Limited Market Dealer (Conditional)	May 11/01
Change in Category (Categories)	Addenda Capital Inc. Attention: Carmand Normand 770 Sherbrook St W Suite 1900 Montreal QC H3A 1G1	From: Limited Market Dealer (Conditional) Extra Provincial Adviser Investment Counsel & Portfolio Manager  To: Limited Market Dealer (Conditional) Investment Counsel & Portfolio Manager	May 14/01
New Recognition	Jefferson Partners Parallel Technology Fund, L.P. 77 King Street West Suite 4010, Box 136 Royal Trust Tower, TD Centre Toronto ON M5K 1H1	Exempt Purchaser	May 11/01

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Chapter 13

**SRO Notices and Disciplinary Proceedings**

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IN THIS ISSUE

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**Chapter 25**  
**Other Information**

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IN THIS ISSUE

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# Index

<b>923513 Alberta Ltd.</b>		<b>Kelly Management Group Inc.</b>	
MRRS Decision .....	3167	Ruling - ss. 74(1) .....	3179
<b>Addenda Capital Inc.</b>		<b>Leith Wheeler Investment Counsel Ltd.</b>	
Change in Category .....	3255	MRRS Decision .....	3135
<b>Athabaska Gold Resources Ltd.</b>		<b>Magellan Real Estate Investment Fund Limited Partnership</b>	
Cease Trading Orders .....	3185	Order - s. 144 .....	3174
<b>Bank of Nova Scotia, The</b>		<b>Multilateral Instrument 45-102 Resale of Securities</b>	
MRRS Decision .....	3144	Notice .....	3133
<b>Blackrock Financial Management, Inc.</b>		<b>NCE Energy Corporation</b>	
Change in Category .....	3255	MRRS Decision .....	3167
<b>BNS Capital Trust</b>		<b>NCE Energy Trust</b>	
MRRS Decision .....	3144	MRRS Decision .....	3167
<b>Byron Securities Limited</b>		<b>Nexen Inc.</b>	
New Registration .....	3255	MRRS Decision .....	3162
<b>Cantech Ventures Inc.</b>		<b>Norrep Fund</b>	
Order - ss. 83.1(1) .....	3171	MRRS Decision .....	3159
<b>Crown Life Insurance Company</b>		<b>Octagon Canada Inc.</b>	
MRRS Decision .....	3165	Ruling - ss. 74(1) .....	3179
<b>Cunningham Investment Counsel Inc.</b>		<b>Octagon Worldwide Inc.</b>	
New Registration .....	3255	Ruling - ss. 74(1) .....	3179
<b>Current Proceedings Before The Ontario Securities Commission</b>		<b>Primex Forest Products Ltd.</b>	
Notice .....	3131	MRRS Decision .....	3149
<b>Desjardins Trust Inc.</b>		<b>Ranchero Energy Inc.</b>	
Ruling - ss. 74(1) .....	3177	MRRS Decision .....	3164
<b>Dylex Limited</b>		<b>ReQuest Seismic Surveys Ltd.</b>	
MRRS Decision .....	3158	MRRS Decision .....	3156
<b>Equisure Financial Network Inc.</b>		<b>Resale of Securities</b>	
MRRS Decision .....	3161	Notice .....	3133
<b>Forte Energy Ltd.</b>		<b>Retirement Residences Real Estate Investment Trust</b>	
MRRS Decision .....	3167	MRRS Decision .....	3154
<b>Hardof Wolf Group Inc.</b>		<b>Segami Images Inc.</b>	
MRRS Decision .....	3158	Cease Trading Orders .....	3185
<b>Harrogate Partners Inc.</b>		<b>State Street Bank and Trust Company</b>	
Change in Category .....	3255	MRRS Decision .....	3140
<b>International Forest Products Ltd.</b>		Order - s. 80 of CFA .....	3172
MRRS Decision .....	3149	<b>Weatherford Oil Services, Inc.</b>	
<b>Interpublic Group of Companies, Inc.</b>		MRRS Decision .....	3148
Ruling - ss. 74(1) .....	3179	<b>YMG Capital Management Inc.</b>	
<b>Jefferson Partners Parallel Technology Fund, L.P.</b>		Ruling - ss. 74(1) .....	3176
New Recognition .....	3255		
<b>John Hancock Canadian Corporation</b>			
MRRS Decision .....	3137		
<b>John Hancock Financial Services, Inc.</b>			
MRRS Decision .....	3137		

