1.2 PRESS RELEASE

1.2.1 U.S. AND CANADIAN PROVINCIAL SECURITIES REGULATORS SIGN MEMORANDUM OF UNDERSTANDING TO ENHANCE COOPERATION IN ENFORCEMENT

January 7, 1988

JOINT PRESS RELEASE

Attached to this notice is a copy of a joint press release of the U.S. Securities and Exchange Commission and the Ontario Securities Commission, the Commission des valeurs mobilières du Québec and the British Columbia Securities Commission, which is being released today at 9:00 a.m., EST in Washington, D.C. announcing the signing of a Memorandum of Understanding to enhance cooperation in enforcement matters. An OSC representative will be available at 3:00 p.m. today by way of a telephone conference call to answer questions relating to this document. If you have any questions, please contact the OSC's office (20 Queen Street West) before 3:00 p.m. and ask for Ms. M. Wills. EM-BARGOED

For Use After 8:00 a.m., January 7, 1988

U.S. AND CANADIAN PROVINCIAL SECURITIES REGULATORS SIGN MEMORANDUM OF UNDERSTANDING TO ENHANCE COOPERATION IN ENFORCEMENT

The United States Securities and Exchange Commission ("SEC") and the Ontario, Quebec and British Columbia Securities Commissions ("OSC", "QSC" and "BCSC", respectively) today announced the signing of a Memorandum of Understanding ("MOU") to enhance cooperation and mutual assistance in securing compliance with and enforcement of their respective securities laws. The MOU was signed in Washington, D.C. by David S. Ruder, Chairman of the SEC, Stanley M. Beck, Chairman of the OSC, Paul Guy, President of the QSC and Doug Hyndman, Chairman of the BCSC.

The MOU represents the latest development in the long history of informal cooperation between these securities regulatory authorities. U.S. and Canadian securities regulators have assisted each other on numerous investigations over the years. The requests for assistance and cooperation have increased significantly in recent years. This cooperation has been enhanced by the essential similarity of securities regulatory systems in these jurisdictions. The informal cooperation among these regulators has been supplemented by more formalized arrangements in 1985 and 1986 with respect to the electronic trading linkages between Canadian and American stock exchanges.

General Principles

The MOU is a statement of intent between the parties regarding the exchange of information. It is the first such arrangement between U.S. and Canadian securities regulators. The MOU is being signed today by the three largest Canadian provincial securities regulatory authorities. It will be presented to the other Canadian provincial authorities for their consideration in the coming months.

Scope of the Memorandum of Understanding

The Memorandum of Understanding ("MOU") represents the most comprehensive agreement to date on cooperation in enforcement matters between securities regulators. Specifically, the MOU provides that assistance will be available in cases involving:

i. insider trading;
ii. misrepresentation or the use of fraudulent, deceptive or manipulative practices in connection with the offer, purchase or sale of any security;
iii. the duties of persons to comply with periodic reporting requirements or requirements relating to changes in corporate control;
iv. the duties of persons, issuers or investment businesses to make full and fair disclosure of information relevant to investors;
v. the duties of investment businesses and securities processing businesses pertaining to both their financial, operational or other requirements and their duties of fair dealing in the offer and sale of securities and the execution of transactions; and
vi. the financial and other qualifications of those engaged in, or in control of, issuers, investment businesses or securities processing businesses.

Requests for assistance must allege that a requesting authority is investigating to determine (or otherwise prove) whether a violation of its laws relating to these subjects has occurred. When the required allegations are made and information is located within the jurisdiction of the other authority, assistance will be made available.

Types of Assistance Available under the Memorandum of Understanding

The MOU provides that the parties will provide each other the fullest mutual assistance possible for investigations and litigation or prosecution of cases where information needed by one authority is located in the territory of the other. Assistance available under the MOU includes:

i. providing access to information in official agency files;
ii. taking the evidence of persons; and
iii. obtaining documents from persons.
Enforcement efforts aimed at cross-border securities violation have required voluntary cooperation of witnesses or the initiation of costly and often time consuming litigation. The authorities have been unable to compel witnesses located in the territory of the other authority to testify or produce documents. Under the MOU, the securities regulators have agreed to investigate, using subpoena power where necessary, on behalf of one another to ensure that the necessary information is obtained.

At the current time, neither the OSC, the BCSC nor the SEC has the express authority to conduct investigations on behalf of a foreign securities regulatory agency absent an independent violation of domestic law. The SEC, the OSC and the BCSC have exchanged letters in conjunction with the signing of the MOU in which they undertake to seek such legislative authority within the next year. In the meantime, these regulators are able to assist each other in many investigations of violations of foreign securities laws under their general authority to investigate matters involving their markets or persons registered with them. Quebec has such mutual assistance legislation already in place.

Confidentiality

The MOU provides that the contents of requests for assistance, the information gathered in response to such requests and any other matters arising during the operation of the MOU will be held in confidence by the securities regulators. Each regulatory authority is obliged to take active steps to preserve this confidentiality with respect to third parties. As soon as the requesting authority has terminated its investigation, it will return all non-public documents received from another securities regulator under the MOU.

Unsolicited Assistance

The MOU provides that each securities regulator will, to the extent permitted by the laws of its own jurisdiction, use reasonable efforts to provide any other authority with any information it discovers which gives rise to a suspicion of a breach or anticipated breach of the laws and regulations of that other securities regulator.

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