

The Ontario Securities Commission

# OSC Bulletin

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

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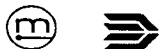
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May 7, 2001  
10:00 a.m.

YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)

s. 127

Mr. I. Smith in attendance for staff.

Panel: HW / DB / MPC

2950995 Canada Inc., 153114 Canada Inc., Robert Armstrong, Jack Austin, Suzanne Ayscough, Mary Bradley, Gustavo Candiani, Patricia Carson, Stephen Carson, Lucy Caterina, Micheline Charest, Mark Chernin, Alison Clarke, Susannah Cobbold, Marie-Josée Corbeil, Janet Delloso, François Deschamps, Marie-Louise Donald, Kelly Elwood, David Ferguson, Louis Fournier, Jean Gauvin, Jeffrey Gerstein, Benny Golan, Menachem Hafsari, Amir Halevy, Jerry Hargadon, Karen Hilderbrand, Jorn Jessen, Bruce J. Kaufman, Mohamed Hafiz Khan, Kathy Kelley, Phillip Kelley, Lori Evans Lama, Patricia Lavoie, Michael Légaré, Pierre H. Lessard, Carol Lobissier, Raymond McManus, Michael Mayberry, Sharon Mayberry, Peter Moss, Mark Neiss, Gideon Nimoy, Hasanain Panju, Andrew Porporino, Stephen F. Reitman, John Reynolds, Mario Ricci, Louise Sansregret, Cassandra Schafhausen, Andrew Tait, Lesley Taylor, Kim M. Thompson, Daniel Tierney, Barrie Usher, Ronald A. Weinberg, Lawrence P. Yelin and Kath Yelland

**ADJOURNED SINE DIE**

DJL Capital Corp. and Dennis John Little

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

Irvine James Dyck

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

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

S. B. McLaughlin

**PROVINCIAL DIVISION PROCEEDINGS**

<p>Date to be announced</p>	<p><b>Michael Cowpland and M.C.J.C. Holdings Inc.</b></p> <p>s. 122 Ms. M. Sopinka in attendance for staff.</p> <p>Courtroom 122, Provincial Offences Court Old City Hall, Toronto</p>	<p>Oct 16/2000 - Dec 22/2000 10:00 a.m.</p>	<p><b>John Bernard Felderhof</b></p> <p>Mssrs. J. Naster and I. Smith for staff.</p> <p>Courtroom TBA, Provincial Offences Court</p> <p>Old City Hall, Toronto</p>
<p>July 11/2000 July 18/2000 9:00 a.m.</p>	<p><b>Arnold Guettler, Neo-Form North America Corp. and Neo-Form Corporation</b></p> <p>s. 122(1)(c) Mr. D. Ferris in attendance for staff.</p> <p>Court Room No. 124, Provincial Offences Court Old City Hall, Toronto</p>	<p>Dec 4/2000 Dec 5/2000 Dec 6/2000 Dec 7/2000 9:00 a.m. Courtroom N</p>	<p><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></p> <p>s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto</p>
<p>July 21/2000 10:00 a.m.</p>	<p><b>Glen Harvey Harper</b></p> <p>s.122(1)(c) Mr. J. Naster in attendance for staff.</p> <p>Courtroom 121, Provincial Offences Court Old City Hall, Toronto</p>	<p>Jan 29/2001 - Feb 2/2001 9:00 a.m.</p>	<p><b>Einar Bellfield</b></p> <p>s. 122 Ms. K. Manarin in attendance for staff.</p> <p>Courtroom C, Provincial Offences Court Old City Hall, Toronto</p>
<p>Aug 22/2000 10:00 a.m. Pre-trial Conference</p> <p>Oct 10/2000 - Nov 3/2000 Trial</p>	<p><b>Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall</b></p> <p>s. 122 Ms. J. Superina in attendance for staff.</p> <p>Court Room No. 9 114 Worsley Street Barrie, Ontario</p>	<p>Reference:</p>	<p>John Stevenson Secretary to the Ontario Securities Commission (416) 593-8145</p>

**1.1.2 Statement of Priorities for the Financial  
Year to End March 31, 2001**

**NOTICE OF STATEMENT OF PRIORITIES**

**FOR FINANCIAL YEAR TO END MARCH 31, 2001**

The *Securities Act* requires the Commission to deliver to the Minister by June 30 of each year a statement of the Commission setting out its priorities for its current financial year in connection with the administration of the Act, the regulations and rules, together with a summary of the reasons for the adoption of the priorities. The first such statement was delivered for the year ended March 31, 1995 (18 OSCB 2962).

In the notice published by the Commission on March 31, 2000 (23 OSCB 2363), the Commission set out its proposed Statement of Priorities and invited public input in advance of finalizing and publishing the 2000/2001 Statement of Priorities. As of June 1, 2000, nine written submissions had been received. The Commission wants to thank all the parties who have provided comments.

The comments received were generally supportive of the identified priorities and included favourable comments on the section which outlined accomplishments from the previous year. No additional priorities were added as a result of the input received during the comment process.

The Statement has been revised to reflect the May 2, 2000 Ontario Budget announcement of the planned merger of the Ontario Securities Commission and the Financial Services Commission of Ontario into a single agency. This new agency will provide more integrated regulation of capital markets and financial services sectors. The integration activities associated with the merger of the Ontario Securities Commission and the Financial Services Commission of Ontario will be a prime focus during the coming year. In parallel to this process, the Commission will continue to advance its regulatory agenda by directing its resources towards achievement of the priorities set out in the Statement.

June 30, 2000

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(416) 593-8179



**THE ONTARIO SECURITIES COMMISSION**

**STATEMENT OF PRIORITIES  
FOR  
FISCAL 2000/2001**

**June 2000**



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**Introduction**

The *Securities Act* requires the Ontario Securities Commission (OSC) to deliver to the Minister, and to publish in its Bulletin by June 30 of each year, a statement by the Chair setting out the proposed priorities for the Commission for its current financial year.

During 1999/2000, the benefits of the Commission's self funded status began to emerge. Additional staffing resources, made possible through increased operational flexibility, allowed the Commission to significantly increase its regulatory presence and effectiveness, and respond more effectively to the needs of its constituents. A summary of the performance of the Commission in meeting the goals and priorities identified in the 1999/2000 Statement of Priorities is appended to this document.

In the May 2, 2000 Ontario Budget the Minister of Finance announced that the Ontario Securities Commission and the Financial Services Commission of Ontario will be merged into a single agency that will provide regulation of the capital markets and financial services sectors. This new agency will provide more integrated regulation of capital markets and financial services sectors and is the next logical step in the evolution of the financial services regulatory framework. Legislation is required in order to create the proposed new organization and specify its regulatory responsibilities and powers. Legislation supporting this initiative is expected to be enacted prior to the end of calendar 2000. The merged entity will provide strong consumer and investor protection and education across all financial sectors. It will also contribute to timely regulatory responses to the changing structures of the capital markets and financial services industries.

The Commission continues to work closely with its CSA colleagues and market participants to ensure that our regulatory system remains relevant to the changing market landscape. The 2000/2001 Statement of Priorities articulates the business strategy and priorities the Commission has set to accomplish this goal.

**Business Strategy**

The OSC will strive to maintain Ontario as an attractive place to invest by fostering a securities market where markets are efficient, open and fair, so that viable businesses can raise financing and investors can have confidence in market integrity. The OSC will work to balance the costs of regulatory intervention against the significance and benefits of regulatory objectives. The focus of the OSC will be to function as a relevant and constructive force in Ontario's capital markets through the enhancement of an efficient and effective regulatory environment. Towards this goal, the OSC strongly supports sound and responsible harmonization of policies and co-ordination of activities with other securities regulators.

**Our Vision**

To be and to be seen to be a regulator that establishes standards and aggressively enforces clear and unambiguous rules to protect investors, while at the same time ensuring efficient capital markets for compliant users.

### **Our Mandate**

To protect investors from unfair, improper or fraudulent practices and to foster fair and efficient capital markets in Ontario and confidence in their integrity.

### **Our Approach**

To be efficient and proactive in carrying out our mandate... to encourage the highest standards of conduct for market participants... to be intelligently aggressive in enforcing the rules of the marketplace ... to be innovative in applying our regulatory powers to a rapidly changing marketplace.

### **Strategic Considerations and Key Challenges**

The OSC recognizes the challenges in its operating environment that it must address to achieve its goals. These challenges are not unique to the OSC and take the form of changes to the business environment, capital markets, market participants and the regulatory framework.

#### *Global Integration of Markets and Rapid Pace of Technological Change*

Increasingly, the business environment is subject to global influences where firms are being serviced by integrated banking, insurance and securities conglomerates which operate across borders. Technology is driving market innovation and facilitating the creation of more sophisticated financial products, trading techniques and strategies. Competition from alternative trading systems is a catalyst for market restructuring.

#### *Redefinition of Roles of Regulators of Financial Services*

Relaxation of restrictions on the types of financial products offered by various financial service providers has caused instances of regulatory overlap, gaps in regulatory coverage, and a need to harmonize regulation of like products. As a result, there is a need to redefine the mandates and activities of financial regulators.

#### *Rapid Growth of Market for Investment Funds*

Activity is at record levels in the investment fund sector. Investors are becoming more active in seeking information and education about their investments. Investment funds are becoming an increasingly prominent component of retirement plans. Continued growth and a proliferation of new products present challenges in regulating this important segment of our financial markets.

#### *Need For Public Confidence in the Integrity of the Market*

Market participants and investors want regulators to provide clearer rules. Investors are demanding a greater sense of confidence in the integrity of the capital markets. As the emphasis shifts from trade execution to asset management and financial planning, regulators are being expected to establish standards

which ensure the appropriate training and conduct of investment advisors and other registrants.

#### *Increased Dominance of the Secondary Market*

Direct ownership of equities has increased dramatically in secondary markets. Explosive growth in use of the Internet has provided enhanced access and greater reliance on a wide range of information outside the framework of required securities regulatory filings (e.g. bulletin boards, whisper numbers etc.). The nature of the relationships between retail investors and intermediaries has also changed significantly. These trends present challenges to effectively maintain the integrity of the secondary market and to balance the range of investor needs for protection as well as their needs for clear and timely continuous disclosure of information.

#### *Need For Continued Expansion of OSC Expertise*

The OSC is committed to providing high quality, user-friendly services and faster response times. Increasingly competitive labour markets present a challenge for the OSC to attract and build upon staff expertise in order to effectively address increasingly complex issues and meet the needs of our constituents.

### **OSC Priorities**

The integration activities associated with the merger of the Ontario Securities Commission and the Financial Services Commission of Ontario will be a prime focus during the coming year. In parallel to this process, the Commission will continue to advance its regulatory agenda by directing its resources towards achievement of the priorities set out below:

#### **1. *Redefine Approaches to the Financial Regulatory Framework***

The Commission will work to develop approaches to financial regulation which support market integration and innovations due to technological change. The Commission will strive to develop approaches which will maintain or enhance the ability of small businesses to access capital through junior and venture capital markets and which will ensure the efficiency, fairness and integrity of capital markets. Proposed initiatives include:

- a) Leading initiatives to redefine the mandates and activities of all Canadian regulators of financial service providers and to harmonize regulation across Canada.
- b) Completing reformulation of major OSC rules and policies.
- c) Participating actively in the Five Year Legislative Review process.
- d) Reviewing and assessing regulatory models governing the provision of financial advice.
- e) Streamline and strengthen registration processes including the development of a National Registration Database.
- f) Creating and implementing an appropriate regulatory framework to address issues related

to exchange restructuring including recognition/exemption processes for restructured Canadian exchanges.

**2. Strengthen the Compliance - Enforcement Continuum**

The Commission will continue to increase its presence and effectiveness through the following compliance monitoring and enforcement activities:

- a) With CSA partners, strengthening protocols for SRO oversight through the development of oversight agreements and by-law protocols.
- b) Performing more compliance examinations and inspections of dealers and advisors, including one national compliance review.
- c) In conjunction with the CSA, completing the development of the Market Integrity Computer Analysis system (MICA).
- d) Completing examinations of the TSE and the IDA (including the Canadian Investor Protection Fund).
- e) Working with policing authorities to establish a Securities Fraud Task Force.

**3. Strengthen Secondary Market Regulation and Enhance the Quality of Continuous Disclosure by Reporting Issuers**

The Commission will focus on completing the necessary legislative, regulatory and operational changes, including the development of an integrated disclosure system of regulation, to address the growing importance of continuous disclosure and technological changes in the secondary markets. Key strategies will include strengthening the framework of requirements for timely and reliable continuous disclosure of information by reporting issuers, actively pursuing aggressively inappropriate financial reporting practices, and addressing emerging issues either directly or through private sector standards setting bodies.

Key initiatives will include:

- a) Implementing a comprehensive program for review of continuous disclosure documents by reporting issuers.
- b) Considering the implications of growth in electronic communications and developing appropriate regulatory solutions including finalizing an Alternative Trading Systems (ATS) rule and implementing the data consolidator.
- c) Placing increased emphasis on the review of financial statements to identify and address inappropriate application of accounting principles.
- d) Finalize drafting of legislation related to statutory civil liability for continuous disclosure, reviewing comments from the CSA and other constituents, and revising as necessary.
- e) Developing and implementing a national electronic insider trade reporting system and enhancing the program for the review of insider filings.

**4. Enhance Investor Protection Through Education**

Greater efforts will be made to increase the level of understanding of investors and other market participants through the use of plain language, more transparent rule making and more inclusive consultation. The Commission will also be placing more emphasis on investor education initiatives to enable investors to protect themselves better. The Commission will pursue these outcomes through the following initiatives:

- a) Increasing emphasis on investor education both directly and in partnership with other organizations.
- b) Establishing an investor learning and education foundation.

**5. Implement Fee Reduction Strategy**

The Commission will develop and implement a more streamlined fee structure which aligns our revenues more closely to our costs. The new fee approach will be developed through consultation with our CSA partners and key industry constituents.

**6. Foster Development of an Improved Mutual Fund Governance Framework**

The Commission is committed to developing approaches to strengthen the governance of mutual funds and to making other changes necessary to improve the structure, management and distribution of mutual funds and the level of disclosure provided to investors. Key operational initiatives will include:

- a) Developing approaches to strengthen mutual fund governance and the framework applicable to mutual fund managers.
- b) Improving the point of sale and financial disclosure regime for mutual funds.
- c) Working with insurance regulators and CSA partners towards the harmonization of the regulation of segregated funds and mutual funds.

**7. Strengthen the Role of OSC as a Key Member of the International Securities Regulatory Community.**

The Commission plans to continue to participate proactively in the international regulatory community. Through these efforts the Commission will contribute to the harmonization of international regulation and potentially reduce the regulatory burden on Canadian companies doing business internationally. Key initiatives will include:

- a) Actively participating in the development of high quality, internationally accepted accounting and auditing standards.
- b) Participating at a senior level on key initiatives of IOSCO and other international bodies.

**8. Continue to Develop and Implement Accountability Mechanisms**

The Commission recognizes the need to develop and implement appropriate accountability mechanisms to ensure that the OSC continues to effectively and efficiently meet the needs of its constituents. The Commission will strengthen its accountability through the following:

- a) Ensuring clear, proactive communication between OSC and stakeholders.
- b) Completing a survey of key constituents to obtain feedback on the OSC's performance and identify opportunities for improvement.

**9. Foster the Continued Development of the OSC as an "Employer of Choice".**

The Commission will strive to provide a dynamic and stimulating environment in order to attract, retain and motivate employees who are capable of and committed to achieving our business goals in a performance based culture.

As part of the Commission's comprehensive planning process, each operational area develops detailed operating plans for the upcoming fiscal year. Operational priorities for 2000/2001 for each area have been established which will support achievement of the initiatives set out above as well as delivery of our ongoing regulatory services in a business like manner.

**Report on 1999/2000 Organizational Priorities**

The Commission achieved significant progress against the priorities identified in the 1999/2000 Statement of Priorities. Performance towards achievement of the identified initiatives is outlined below.

**Provide leadership in readying the capital markets for Y2K: support industry testing and contingency plan development; perform follow up reviews of registrant and issuer disclosure programs.**

Commission staff worked closely with industry participants to ensure necessary preparations were successfully carried out prior to the transition period. Preparations included assessment of industry infrastructure, oversight of industry testing and the development of market monitoring and contingency plans. Specialized review procedures were developed for IDA firms. Staff completed a Y2K issuer disclosure program as well as selective registrant monitoring.

**Significantly increase resources in Capital Markets, Corporate Finance and Enforcement to provide additional focus on monitoring of compliance with disclosure requirements by market participants and increased emphasis on case assessment, investigations and enforcement.**

Significant staffing increases occurred in Capital Markets 40%, Corporate Finance 40% and Enforcement 36%. Fifteen routine compliance reviews of mutual fund dealers, fifteen reviews of advisors, and eight reviews for cause were completed. The National

Compliance Review was postponed to 2000/2001 due to Y2K issues. Compliance audits of the IDA and CIF were completed. A report outlining the findings of an audit of the TSE will be presented in April 2000.

The efficiency and effectiveness of enforcement activities has been improved through implementation of an improved case assessment system and standardization and documentation of enforcement policies and procedures. Case assessment turnaround times have decreased substantially.

New teams were established in Corporate Finance to provide additional focus on review and assessment of continuous disclosure documents and for regulating takeover bids, mergers and acquisitions. The continuous disclosure review team completed a Y2K disclosure review, commenced earnings management reviews and opened more than sixty continuous disclosure files during the year. Turnaround times on prospectuses and applications improved significantly. Three matters were taken for hearings during the year.

**Lead initiatives to redefine the mandates and activities of all Canadian regulators of financial service providers.**

Legislation was brought into closer alignment with other provinces through the passage of amendments to the *Securities Act*, the *Commodities Futures Act* and the *Toronto Stock Exchange Act*.

Significant progress was achieved towards harmonization of the Canadian securities regulatory system including finalization of the Mutual Reliance Review Systems Memorandum of Understanding and Prospectus and Applications policies. Preliminary receipting and final prospectus checklists were harmonized and a proposed CSA Regulatory Framework Summary was published for comment.

A survey on the regulation of Mutual Funds and Segregated Funds was completed and recommendations on harmonization of regulation of the two products were released.

A proposal for streamlining registration categories was completed. Business requirements were established for a National Registration Database. A Request for Proposal for development of the database system has been issued. Implementation of the system is targeted for December 2001.

**In conjunction with CSA partners, address issues arising from the proposed restructuring of Canadian exchanges.**

Criteria for recognition/withdrawal of recognition were published in December 1999 and an order is expected to be signed in April 2000.

**Provide an effective regulatory regime for existing, alternative, and emerging trading systems including the Internet.**

A proposed rule for the regulation of alternative trading systems was developed and published for comment.

Revisions have been made and the proposed rule will be republished for comment by May 2000. A Request for Proposal for an ATS Data Consolidator has been completed and will be released by May 2000.

***Complete fee review with CSA partners and begin to implement restructured fees to bring revenues and costs into closer alignment.***

An initial 10% fee decrease was implemented in August. A preliminary revenue model was developed and provided to CSA and industry representatives for comment. Input has been incorporated into a revised revenue model. A proposed rule is expected to be published for comment in spring 2000.

***Support the establishment and recognition of the Mutual Funds Dealers Association and seek regulatory options to improve the governance of mutual funds.***

The proposed business plan and by-laws for the Mutual Fund Dealers Association (MFDA) have been reviewed by OSC and CSA staff and comments have been provided to the MFDA. Recognition criteria have been developed and an application for recognition has been received from the MFDA. Recommendations related to improved fund governance were completed for review by the Commission.

***Participate actively in international organizations (e.g. IOSCO) to represent Ontario during the development of regulatory standards and approaches related to international capital markets.***

Commission representatives played key roles in several IOSCO initiatives including the development of international accounting standards for cross border offerings, leading the Task Force on hedge funds and highly leveraged institutions and development of a paper on standards for market oversight.

***Propose reforms of prospectus and continuous disclosure requirements for mutual funds.***

Internal criteria were developed for mutual fund prospectus screening and staff training was completed. To enhance compliance, a proactive plan for implementation of NI 81-101 & 102 was developed which includes broad industry education and CSA training on the new requirements.

***Develop proficiency standards for financial planning and rules for implementation.***

A proposed proficiency rule was developed and published for comment (Dec. 1999). In conjunction with industry participants and other regulators, a blueprint for an examination for financial planners was completed (including the development of proposed questions).

***Assist the Minister in establishing an advisory committee for five year legislative review and provide input to the review process.***

A Commission staff member is involved as an appointee on the advisory committee established by the

Minister. An issues list is being developed and is expected to be released for comment in Spring 2000.

***With the Canadian Securities Administrators, develop an integrated disclosure system proposal to achieve a more flexible offering process and improved standards for continuous disclosure for presentation to CSA and publication for comment.***

In conjunction with the CSA, a concept paper on Integrated Disclosure was developed and published for comment in January 2000.

***Complete the reformulation of the OSC's deemed rules into formal rules and policies.***

Substantial progress was achieved toward the reformulation of both local and national rules and policies. Eight rules or policies came into force, including the Mutual Reliance Review System for Prospectus and Initial AIF's, Mutual Funds, Mutual Fund Prospectus Disclosure and the Early Warning System rules, all of which were developed in conjunction with the CSA and implemented on a national basis, and Ontario's reformulated rule governing take-over bid transactions. An additional 11 instruments were published and/or republished for comment, including the proposed national instrument on mining standards and local rules on general prospectus requirements and over-the-counter derivatives.

***Revise and publish a proposal regarding statutory civil liability for continuous disclosure.***

Current Canadian and US case law and comments from industry participants have been assessed and an amended proposal is being developed.

***Develop a streamlined regulatory regime for private placements to enhance capital markets access for small and medium sized enterprises.***

A concept paper outlining proposals to revamp the private placement regime was published for comment. Industry input has been received and a rule is being drafted for comment.

### 1.1.3 OSC Staff Notice 61-701 - Applications for Exemptive Relief under Rule 61-501

ONTARIO SECURITIES COMMISSION  
STAFF NOTICE 61-701  
APPLICATIONS FOR EXEMPTIVE RELIEF  
UNDER RULE 61-501

#### Introduction

On May 1, 2000, Ontario Securities Commission Rule 61-501 - Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions ("Rule 61-501") and Companion Policy 61-501CP (the "Companion Policy") came into effect. Section 9.1 of Rule 61-501 provides that the Director may grant an exemption from Rule 61-501, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

The purpose of this notice is to describe: (i) the process applicable to such applications for discretionary relief; (ii) the types of supporting documentation to be provided to the Director by or on behalf of persons or companies seeking discretionary relief; and (iii) the type of decision document that will be provided when the Director grants an exemption from one or more of the requirements of Rule 61-501.

Rule 61-501 replaced Ontario Securities Commission Policy 9.1 ("Policy 9.1"). The principal differences between the process that previously applied to requests for "no-action" relief under Policy 9.1 and the process that will apply to requests for exemptions from Rule 61-501 are as follows:

- (1) Since Rule 61-501 is part of "Ontario securities law", section 9.1 contemplates that, in the appropriate circumstances, the Director will grant a formal exemption from one or more requirements of Rule 61-501. This replaces the practice of issuing "staff no-action letters" under Policy 9.1.
- (2) Persons seeking exemptive relief under Rule 61-501 are being asked to submit with their application a draft decision document (see Appendix A to this Notice for a sample form of decision document). This is consistent with the practice applicable to applications to the Commission for exemptive relief.
- (3) If the Director decides to grant an exemption from all or any part of Rule 61-501, the decision will be placed on the public file and published in the Ontario Securities Commission Bulletin. Staff believes that publishing these decisions will enhance the transparency of the decision-making process.

#### Submission of Applications

1. as will be discussed in more detail below, an application package (collectively, the "Application") for relief from one or more requirements of Rule 61-501 should consist of:
  - (a) a letter or memorandum prepared by or on behalf of the applicant outlining the basis upon which exemptive relief is being sought (the "Submission");

- (b) a draft decision document, in the form set out in Appendix A to this Notice, providing for the requested relief (please provide a diskette containing the decision document, as well as a paper copy);
- (c) supporting documents, as appropriate (e.g., disclosure documents (or excerpts thereof) provided, or to be provided, to securityholders, agreements relating to the transaction in question, financial information, etc.);
- (d) a statement: (i) from the person submitting the Application certifying the truth of the facts set out in the Application; and (ii) if the Application is being made by an agent of the applicant on its behalf, a statement from the applicant confirming the agent's authority to prepare and file the Application and confirming the truth of the representations contained in the Application; and
- (e) a cheque in the amount of the appropriate fees for the Application and payable to the Ontario Securities Commission.

2. Please send the original, executed Application and two copies of each of items 1(a)-(d) above, together with the cheque referred to in item 1(e), to:

The Director, Take-over/Issuer Bids, Mergers & Acquisitions  
c/o Admin./Doc. Management  
Ontario Securities Commission  
Suite 1900, Box 55  
20 Queen Street West  
Toronto ON M5H 3S8

3. If the supporting documents appended to the Submission are bulky, one copy of the supporting documents will be sufficient, unless staff of the Commission requests additional copies. Staff may request that the applicant provide additional copies of the Application in certain circumstances.
4. **It is highly recommended that the Submission and draft decision document be faxed directly to the attention of the Director, Take-over/Issuer Bids, Mergers & Acquisitions, as soon as these documents are finalized, so that staff of the Commission can start reviewing these materials immediately, pending receipt of a "hard copy" of the Application and the filing fee.** Presently, the take-over bid team's fax number is (416) 593-8177. (Please refer to a current OSC telephone directory, however, to ensure that an up-to-date fax number for the take-over bid team is used.) Please do not fax the supporting documentation unless requested to do so by staff of the Commission.

#### Confidentiality

5. Upon receipt by staff of an Application for exemptive relief from one or more requirements of Rule 61-501, one copy of the Application will be placed immediately on the public file, unless confidentiality is specifically requested. If confidentiality is requested, the applicant

- should be prepared to demonstrate that such confidentiality is reasonable in the circumstances and would not be contrary to the public interest.
6. Applicants should be aware that requests for confidentiality will not necessarily be granted and the onus is on the applicant to overturn the presumption favouring public availability of applications. Staff will scrutinize carefully requests for confidentiality, particularly in the context of contentious transactions. An applicant whose request for confidentiality is opposed by staff has the option of withdrawing the Application or requesting a meeting with the Director, Take-over/Issuer Bids, Mergers & Acquisitions, to discuss the confidentiality request.
  7. If the Director makes a decision exempting a person or company from one or more provisions of Rule 61-501, the decision will be placed on the public file and published in the Ontario Securities Commission Bulletin. In certain circumstances upon further request by the applicant, the Director will refrain from placing the decision on the public file for a temporary period (e.g., pending an imminent public announcement of the transaction in respect of which exemptive relief has been obtained).
  8. Applicants should be aware that freedom of information legislation may require the Commission to provide the press and members of the public with access to applications for exemptive relief and/or exemption decisions, notwithstanding the applicant's request for confidential treatment of such materials.
- applicant intends to rely upon in connection with the proposed transaction(s);
- (f) describes exactly how Rule 61-501 and the Companion Policy would apply to the transaction in the absence of any discretionary exemptive relief;
  - (g) describes the review and approval process adopted, or to be employed, by the board(s) of directors and the independent committee(s), if any, of the parties to the transaction in respect of which the Application is being made;
  - (h) explains why exemptive relief is being sought from all or part of Rule 61-501, provides submissions in support of the requested relief and discusses applicable case law, prior Commission decisions and policies;
  - (i) includes as exhibits the relevant case law and Commission decisions referred to in (h) above;
  - (j) explains why it would not be contrary to the public interest for the Director to grant the requested relief;
  - (k) if confidential treatment of all or part of the Application has been requested, explains why confidential treatment is reasonable in the circumstances and not contrary to the public interest; and
  - (l) if expedited treatment of the Application has been requested, explains why such treatment is required in the circumstances, indicates exactly when relief is needed and explains why it was not possible to apply for relief sooner.

#### Content and Format of Applications

9. While the content and form of Applications is not prescribed, staff generally will find it helpful to its analysis of the Application if the Submission:
  - (a) states whether similar relief has been, or is likely to be requested, with respect to Policy Q-27 (or any successor instrument) issued by the Commission des valeurs mobilières du Québec;
  - (b) contains a detailed description of the transaction in respect of which relief is being sought;
  - (c) describes, in general terms, the nature of any other discretionary exemptive relief the applicant is seeking, or expects to seek, from any requirements of applicable Ontario securities law or the securities legislation in other provinces or territories of Canada, in connection with the transaction(s) giving rise to the Application for exemptive relief under Rule 61-501;
  - (d) describes any pre-filing discussions relating to the relief referred to in paragraphs (a)-(c) above and identifies the staff member(s) with whom such discussions were held;
  - (e) identifies any automatic exemptions from any of the requirements of Rule 61-501 that the
10. Applicants may obtain additional guidance as to the preferred content and format of applications for exemptive relief by referring to Section D of OSC Policy 2.1 - Applications to the Ontario Securities Commission ("Policy 2.1") and any successor thereto.
11. Rule 61-501 provides in many circumstances that the availability of exemptive relief is conditional upon disclosure of the facts supporting reliance upon the exemption in a material change report and/or a disclosure document provided to securityholders in connection with the proposed transaction. (See, e.g., sections 2.4, 3.4, 4.5 and 5.6 of Rule 61-501.) If draft or final versions of such documents are available at the time the Application is filed, please provide such documents (or the relevant excerpts if the documents are lengthy) as part of the supporting documentation for the Application.

#### Procedure for Processing Applications

12. Upon receipt of an Application, a Commission staff member will be assigned to review the Application and recommend disposition. The staff member may contact the applicant if further information or clarification is required. If the additional information or clarification sought is not provided within a reasonable amount of

time, the Director may decide that the Application should be treated as abandoned.

- 13. If the staff member recommends that the requested exemption be granted and the Director accepts such recommendation, the Director will issue a written decision granting the requested exemption upon such terms and conditions as the Director believes it is appropriate to impose.
- 14. Decisions by the Director, either to grant the requested exemption or deny the requested exemption (including a denial of the requested exemption unless the applicant consents to having the Application placed on the public file or disclosed to persons or companies who may be affected by the Application), are subject to review by the Commission in accordance with subsections 8(2) and (3) of the Act. Subsection 8(2) of the Act provides that any person or company directly affected by a decision of the Director may, by notice in writing sent by registered mail to the Commission within thirty days after the mailing of the notice of the decision, request and be entitled to a hearing and review thereof by the Commission. Subsection 8(3) provides that, upon such a hearing and review, the Commission may confirm the decision under review or make such other decision as the Commission considers proper.
- 15. An Application may be withdrawn at any time before the Director has reached a decision on the matter without prejudice to the applicant's right to re-apply.

For further information, please contact:

Janet Holmes  
 Senior Legal Counsel  
 (416) 593-8282  
 jholmes@osc.gov.on.ca

Terry Moore  
 Legal Counsel  
 (416) 593-8133  
 tmoore@osc.gov.on.ca

**APPENDIX A: FORM OF DECISION DOCUMENT**

IN THE MATTER OF  
 ONTARIO SECURITIES COMMISSION RULE 61-501  
 ("Rule 61-501")

AND

IN THE MATTER OF  
 \_\_\_\_\_ [name(s) of applicant(s) and relevant parties]

Rule 61-501  
 (section 9.1)

UPON the application (the "Application") of \_\_\_\_\_ [name(s) of applicant(s) - use defined terms, as appropriate] to the Director for a decision pursuant to section 9.1 of Rule 61-501 that, in connection with \_\_\_\_\_ [brief description of the transaction in respect of which exemptive relief is requested - use defined terms, as appropriate], \_\_\_\_\_ [name(s) of applicant(s)] be exempt from section(s) \_\_\_\_\_ [list the provisions of Rule 61-501 in respect of which exemptive relief is being sought] of Rule 61-501;

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

AND UPON \_\_\_\_\_ (name(s) of the applicant(s)) having represented to the Director as follows:

[Insert numbered representations disclosing all information relevant to the granting of the relief. Without limiting the generality of the foregoing, include representations: (i) as to how Rule 61-501 would apply in the absence of the requested relief; and (ii) explaining why it is not contrary to the public interest to grant the requested relief. ]

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

IT IS DECIDED pursuant to section 9.1 of Rule 61-501 that, in connection with \_\_\_\_\_ [brief description of the transaction in respect of which exemptive relief is requested], \_\_\_\_\_ [name(s) of applicants] shall not be subject to the requirements in section(s) \_\_\_\_\_ [list the provisions of Rule 61-501 in respect of which exemptive relief is being sought] of Rule 61-501, provided that \_\_\_\_\_ [name(s) of applicant(s)] comply with the other applicable provisions of Rule 61-501 and [insert the numbered terms and conditions].

Dated \_\_\_\_\_

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Title)



**1.1.4 CSA Staff Request for Comment 13-401 - Request for Changes, Additions or Improvements for a Revised SEDAR System**

**CSA Staff Request for Comment 13-401 - Request for Changes, Additions or Improvements for a Revised SEDAR System**

Staff of the Canadian Securities Administrators ("CSA") are requesting comment on changes, additions or improvements for a revised System for Electronic Document Analysis and Retrieval ("SEDAR II"). It is proposed that SEDAR II will be operational in the fall of 2002. Based on preliminary discussions and analysis of business and technical requirements, SEDAR II is currently contemplated to be an Internet-based system that will combine the current System for Electronic Document Analysis and Retrieval ("SEDAR") and SEDAR.com (the website through which documents filed on SEDAR are available) into one integrated application. Following further discussion and analysis of business and technical requirements, staff of the CSA will decide whether to build SEDAR II as an Internet-based system.

SEDAR has been in place since January 1997. SEDAR was developed to facilitate the electronic filing of securities information (prospectuses, continuous disclosure documents, etc) and the payment of CSA filing fees, to facilitate the public dissemination of information collected in the securities filing process and to facilitate electronic communication such as e-mail between electronic filers, filing agents and the securities regulatory authorities. The SEDAR.com website, which is currently experiencing in excess of 14 million hits/month, has been operational since October 1997. Public information filed through SEDAR is downloaded overnight to the SEDAR.com website.

Both SEDAR and the SEDAR.com website are based on older technologies and opportunities exist to take advantage of subsequent innovations. An eventual "rearchitecture" has been part of the SEDAR business plan and as the role of the Internet in business systems has expanded, staff of the CSA has considered how SEDAR and SEDAR.com could better utilize the Internet. A re-building of SEDAR and SEDAR.com would facilitate future enhancements, provide an opportunity to improve functionality, provide easier access via the Internet, use state-of-the-art technologies, and provide for development and growth at a reasonable cost. It is proposed that SEDAR II will deal with any potential Internet security issues by incorporating state-of-the-art security technology.

Staff of the CSA are requesting comment in three general areas. The first general area on which staff is requesting comment is changes, additions or improvements to SEDAR and SEDAR.com and other suggestions for improvement or change in SEDAR II. Changes, additions or improvements of this type include those that are necessary to continue to process the current filings made through SEDAR. Commenters should be aware that changes, additions or improvements to SEDAR II may increase the costs of using the system. Staff of the CSA will try to keep these costs at a minimum. Examples include:

- whether it is appropriate or feasible that SEDAR II be developed as an Internet-based system<sup>1</sup>
- whether there is current functionality in SEDAR that could be deleted (such as e-mail between filers)
- changes that should be made to the filing process, the fee payment process, access to profiles or the searching process
- changes that are required to the information currently captured in user profiles
- changes that are required to user documentation such as the filer manual or user guides
- whether all reporting issuers, including foreign issuers, should be required to file documents in SEDAR II
- the ability to calculate fees payable to the CSA for various types of filings
- the ability to search for a profile from within the profile management or filing management modules
- the ability to retain historic information on issuer profiles, the ability to change the category of the issuer from "other filer" to "other issuer" without creating a new profile and a system which validates profiles in order to avoid the creation of duplicate profiles
- the addition of wizards for common tasks
- the ability to search by document type as can be done in SEDAR.com currently
- the ability to file other documents such as exemptive relief applications and private placement forms
- whether mutual fund groups should be eliminated

The second general area on which staff is requesting comment is changes, additions or improvements to SEDAR and SEDAR.com and other suggestions for proposed enhancements to SEDAR II that could result in additional development and filing costs. Examples include:

- a notification to the user if a document had been sent to the user's workspace
- whether filers should have to "tag" documents to identify sections of the document, such as, in a prospectus, the plan of distribution, the section describing take-over bid protection for the holders of subordinate voting shares, the list of officers and directors, and key elements of the financial statements

The third general area on which staff of the CSA is requesting comment is services for which some users of the system would be charged a premium over other users of the system. Examples include:

- the ability to perform full-text searches of documents, or, if documents are "tagged" as described above, the ability to search for the tagged elements
- access through the public website to documents as they are filed (near real-time) (at present, documents filed and accessible on SEDAR one business day are available on SEDAR.com the next business day)
- the ability to receive e-mail notification when certain types of documents are filed, or when documents are filed for certain issuers

<sup>1</sup> Both the System for Electronic Data on Insiders ("SEDI") and the national registration database are currently being developed as Internet-based systems. SEDI is proposed to be in place by December 2000 and the national registration database is proposed to be in place by November 2001.

It would be helpful to staff of the CSA if commenters formatted their responses so that their comments were provided in the framework of the three general areas outlined above. It would also be helpful if commenters discussed cost/benefit tradeoffs for proposed enhancements to the system, whether it would be appropriate for SEDAR II to provide premium services for additional fees and whether they would be willing to pay a premium charge to obtain any of the proposed enhancements.

Members of the SEDAR Working Group and staff from CDS INC., the operator of SEDAR, will also be meeting with SEDAR user groups in various cities across Canada to obtain input regarding proposed changes, additions or improvements. The user group meetings are currently proposed to be held in the late summer or early fall. If you are interested in participating in a user group meeting, please contact any of the members of the SEDAR working group listed below for further information regarding the dates and times of the proposed meetings.

Responses to this notice should be submitted in writing by August 31, 2000 to each of:

John Stevenson  
Secretary to the Commission  
Ontario Securities Commission  
20 Queen Street West  
Suite 1900, Box 55  
Toronto, Ontario M5H 3S8

M<sup>e</sup> Claude St Pierre  
Secretary to the Commission  
Commission des valeurs mobilières du Québec  
800, square Victoria  
C.P. 246, Tour de la Bourse  
Montréal, (Québec) H4Z 1G3

A diskette containing an electronic copy of the submissions should also be submitted.

Questions regarding the notice or the development of SEDAR II should be forwarded to any of the following members of the SEDAR working group:

Nathalie Dumancic  
Corporate Finance  
B.C. Securities Commission  
Telephone: (604) 899-6725  
Fax: (604) 899-6760  
e-mail: ndumancic@bcsc.bc.ca

Warren Cabral, CA  
Securities Analyst  
Alberta Securities Commission  
Telephone: (780) 422-2490  
Fax: (780) 422-0777  
e-mail: warren.cabral@seccom.ab.ca

Marriane Bridge, CA  
Senior Accountant, Advisory Services,  
Corporate Finance  
Ontario Securities Commission  
Telephone: (416) 595-8907  
Fax: (416) 593-8177  
e-mail: mbridge@osc.gov.on.ca

Pauline VanWinden, CA  
Analyst  
Commission des valeurs mobilières du Québec  
Telephone: (514) 940-2199 x 4488  
Fax: (514) 873-3090  
e-mail: pauline.vanwinden@cvmq.com

**1.1.5 Notice of Commission Approval of Rule 31-507 SRO Membership – Securities Dealers and Brokers**

**ONTARIO SECURITIES COMMISSION  
RULE 31-507 SRO MEMBERSHIP**

On June 20, 2000, the Commission approved Ontario Securities Commission Rule 31-507 SRO Membership – Securities Dealers and Brokers (the "Rule"). The Rule was published for comment on April 14, 2000 at (2000) 23 OSCB 2755.

The Rule was sent to the Minister on June 29, 2000. The Rule is being published in chapter 5 of the bulletin.

**1.2 Notice of Hearings**

**1.2.1 RT Capital Management Inc., K. Michael Edwards, Timothy K. Griffin, Donald E. Webster, Jennifer I. Lederman, Peter B. Larkin, Peter A. Rodrigues, Gary N. Baker, Patrick Shea and Marion Gillespie - s. 127**

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

**AND**

**IN THE MATTER OF  
RT CAPITAL MANAGEMENT INC.,  
K. MICHAEL EDWARDS, TIMOTHY K. GRIFFIN, DONALD  
E. WEBSTER, JENNIFER I. LEDERMAN, PETER B.  
LARKIN, PETER A. RODRIGUES, GARY N. BAKER,  
PATRICK SHEA AND MARION GILLESPIE**

**NOTICE OF HEARING  
(Section 127)**

**TAKE NOTICE** that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") at the offices of the Commission, located at 20 Queen St. West, Toronto, Ontario, in the Large Hearing Room, 17<sup>th</sup> Floor, on Wednesday, July 19, 2000 at 10:00 a.m. or as soon thereafter as the hearing can be held:

**TO CONSIDER** whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission to make an Order that:

- (a) the registration of the Respondents RT Capital Management Inc. ("RT Capital"), Peter B. Larkin ("Larkin"), and Gary N. Baker ("Baker") be suspended or restricted permanently or for such time as the Commission may direct;
- (b) terms and conditions be imposed on the registrations of the Respondents in (a) above;
- (c) the Respondents Larkin, Baker, Patrick Shea, and Marion Gillespie cease trading in securities permanently or for such period as the Commission may direct;
- (d) RT Capital submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission;
- (e) the Respondents K. Michael Edwards, Timothy K. Griffin, Jennifer I. Lederman, Donald E. Webster, Peter A. Rodrigues and Larkin be prohibited from becoming or acting as a director or officer of an issuer;
- (f) the Respondents be reprimanded;
- (g) the Respondents pay the costs of the Commission's investigation;

- (h) the Respondents pay the Commission's costs of this hearing; and
- (i) contains such other terms and conditions as the Commission may deem appropriate.

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

**AND TAKE FURTHER NOTICE** that in the event that the Commission determines that any of the Respondents has not complied with Ontario securities law, Staff will request the Commission to consider whether, in the opinion of the Commission, application should be made to the Superior Court of Justice for a declaration, pursuant to section 128(1) of the Act, that such persons or company have not complied with Ontario securities law and that, if such a declaration is made, the Superior Court of Justice make such orders as it considers appropriate, pursuant to section 128(3) of the Act.

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

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

June 29<sup>th</sup>, 2000.

"John Stevenson"

**1.2.2 RT Capital Management Inc., K. Michael Edwards, Timothy K. Griffin, Donald E. Webster, Jennifer I. Lederman, Peter B. Larkin, Peter A. Rodrigues, Gary N. Baker, Patrick Shea and Marion Gillespie - Statement of Allegations**

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

**AND**

**IN THE MATTER OF  
RT CAPITAL MANAGEMENT INC.,  
K. MICHAEL EDWARDS, TIMOTHY K. GRIFFIN, DONALD  
E. WEBSTER, JENNIFER I. LEDERMAN, PETER B.  
LARKIN, PETER A. RODRIGUES, GARY N. BAKER,  
PATRICK SHEA AND MARION GILLESPIE**

**STATEMENT OF ALLEGATIONS OF STAFF  
OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (the "Commission") makes the following allegations:

**The Respondents**

1. RT Capital Management Inc. ("RT Capital") is an indirectly, wholly owned subsidiary of Royal Bank of Canada and was established in 1986. RT Capital is registered as an Investment Counsel and Portfolio Manager and provides investment management services for approximately 700 client accounts, the majority of which are institutional pension funds. RT Capital currently has approximately \$34 billion in assets under its management in both pooled and segregated funds, as well as cash funds. Of that \$34 billion in assets, approximately \$13.5 billion is held in Canadian equities.
2. During the period October 30, 1998 to March 31, 1999 (the "material time"), there were six members of the Board of Directors of RT Capital, each of whom was also an officer of the company. The Directors were:
  - (a) K. Michael Edwards ("Edwards"): appointed as a director and as the Chairman and CEO on December 7, 1998. Edwards is also the President and CEO of RT Investment Management Holdings Inc. ("RTIM"), the principal common shareholder of RT Capital. RTIM is itself, indirectly, a wholly owned subsidiary of Royal Bank of Canada. Edwards is a former Chairman of the Toronto Stock Exchange (the "TSE") who has extensive experience in all aspects of the securities industry. Edwards is approved as a Non-Trading Officer of RT Capital.
  - (b) Timothy K. Griffin ("Griffin"): appointed as a director on January 1, 1991. Griffin has been an employee of RT Capital or its predecessor since its inception approximately 15 years ago. Griffin was appointed President of RT Capital on

January 17, 1996. Prior to being appointed President, he held the position of Executive Vice-President, and before that, Vice-President. Griffin is approved as a Non-Counseling Officer of RT Capital.

- (c) Donald E. Webster ("Webster"): appointed as a director on August 22, 1990. Webster was an employee of RT Capital or its predecessor since its inception in 1986 until his retirement on March 31, 2000. During the material time, Webster was the Senior Vice-President, Fixed Income and a portfolio manager in that department. Webster was registered as an Investment Counsel and Portfolio Manager.
  - (d) Jennifer I. Lederman ("Lederman"): appointed as a director and officer on August 30, 1994. Lederman is a lawyer and is the Senior Vice-President, Compliance and the Corporate Secretary. Lederman is the officer designated by RT Capital as the compliance officer responsible for discharging the obligations of RT Capital under Ontario securities law. Lederman is also an officer of RT Capital's principal shareholder, RTIM. Lederman is approved as a Non-Trading Officer of RT Capital.
  - (e) Peter B. Larkin ("Larkin"): appointed as a director on August 22, 1990. Larkin has also been an employee of RT Capital or its predecessor since its inception in 1986. Larkin is the Senior Vice-President, Canadian Equities. Larkin is the senior portfolio manager in the Canadian Equities section to whom the six other portfolio managers in that section report. Larkin has been employed in the securities industry in one capacity or another in excess of thirty years. Larkin is registered as an Investment Counsel and Portfolio Manager.
  - (f) Peter A. Rodrigues ("Rodrigues"): appointed as a director on August 22, 1990. Rodrigues is the Vice-President, Finance and Operations. Rodrigues has also been an employee of RT Capital or its predecessor since its inception. Rodrigues was responsible for the administrative aspects of the management and operation of RT Capital's trading activity, including the taping system used to record calls to and from RT Capital's order executioners. Rodrigues is approved as a Non-Counseling Officer of RT Capital.
3. Gary N. Baker ("Baker") is a Vice-President of Canadian Equity. Baker has been an employee of RT Capital for approximately ten years. Baker is registered as an Investment Counsel and Portfolio Manager. During the material time, Baker was solely responsible for managing RT Capital's Canadian Equity Small Capitalization Fund, in addition to managing approximately 16 to 17 regular Canadian Equity portfolios. After Larkin, Baker is the longest serving Canadian Equities portfolio manager at RT Capital.

4. Patrick Shea ("Shea") is an "order executioner" at RT Capital. Shea's job title is that of "Senior Equity Trader" but he is not a registrant. Shea has been an employee of RT Capital for approximately 13 years.
5. Marion Gillespie ("Gillespie") is also an "order executioner" at RT Capital. Like Shea, Gillespie's job title is that of "Senior Equity Trader" and she is not a registrant. Gillespie has been an employee of RT Capital for approximately 12 years.
6. Between them, Shea and Gillespie were responsible for carrying out all of the trading activity of the portfolio managers in the Canadian Equities section of RT Capital, including Larkin and Baker, during the material time.

**High-Closing Trading Activity Engaged in by RT Capital**

7. RT Capital intentionally engaged in trading activity on 53 occasions designed to create or maintain an uptick in the closing price of a security; or, alternatively, to prevent or rectify a "downtick" in the closing price of a security. A total of 26 different Canadian equity securities, all listed on the TSE, were the subject of this high-closing activity on at least one occasion.
8. The high-closing activity occurred on the following dates:

Friday, October 30, 1998  
 Monday, November 30, 1998  
 Wednesday, December 30, 1998  
 Thursday, December 31, 1998  
 Friday, January 29, 1999  
 Friday, February 26, 1999  
 Tuesday, March 30, 1999  
 Wednesday, March 31, 1999

9. Each of the foregoing dates was the last trading day of a month, with the exception of Wednesday, December 30, 1998 and Tuesday, March 30, 1999, which were the next-to-last trading days of the month. Nineteen of the 53 high-closings occurred on December 30 and 31, 1998 (year-end); ten of the high-closings occurred on March 30 and 31, 1999 (quarter-end).
10. Of the fifty-three high-closings identified, Larkin was responsible on forty-three occasions for instructing either Shea or Gillespie to carry out a trade, or engage in a trading strategy, designed to create or maintain an uptick, or prevent or rectify a downtick, in the closing price of a security.
11. Of the remaining ten high-closings, Baker was responsible for instructing either Shea or Gillespie to carry out a trade, or engage in a trading strategy, designed to create or maintain an uptick, or prevent or rectify a downtick, in the closing price of a security.
12. On each of the fifty-three occasions, either Larkin or Baker discussed the high-closing with either Shea or Gillespie, who was then responsible for contacting a broker and orchestrating a trade, or a trading strategy, designed to create or maintain an uptick, or prevent or rectify a downtick, in the closing price of a security. On

- several occasions, the trading strategy involved executing cross-trades involving RT Capital client accounts in order to effect the desired closing price. These cross-trades had no legitimate investing purpose for the client.
13. The total increase in the value of the Canadian Equities component of RT Capital's portfolios as a result of Larkin's high-closings was \$30,186,168, more or less.
14. The total increase in the value of the Canadian Equities component of RT Capital's portfolios as a result of Baker's high-closings was \$8,376,110, more or less.
15. The high-closing trading activities of Larkin and Baker are summarized in Schedules "A" (Larkin) and "B" (Baker) appended hereto.
16. The monthly increases in the market capitalization of the 26 issuers affected by RT Capital's high-closings are summarized in Schedule "C" appended hereto.
17. The high-closings carried out by way of cross-trades involving RT Capital client accounts are summarized in Schedule "D" appended hereto.

**The Model Portfolio**

18. Almost all of RT Capital's Canadian Equities portfolios were run on the basis of a "model portfolio". The model portfolio comprised in excess of 200 securities, selected from all sectors of the economy, each of which was assigned a specific weighting within the model portfolio. The Canadian Equities Small Capitalization Fund was a pooled fund managed exclusively by Baker and was not subject to the constraints of the model portfolio.
19. Larkin was responsible for determining which securities were included in the model portfolio and the weighting to be assigned to each. Larkin updated the model portfolio every two weeks, either adding or deleting securities from the model portfolio, or changing the weighting of a given security. The revised model portfolio was then distributed to the other six portfolio managers in the Canadian Equities section.
20. Each of the Canadian Equities portfolio managers was required to re-balance the portfolios under his management to ensure that they were consistent with the composition of the revised model portfolio, in terms of both content and weighting, subject to a narrow discretion: approximately 7% of the value of any portfolio was permitted to be composed of securities not contained in the model portfolio.
21. All of the securities which were the subject of Larkin's high-closing activity were in the model portfolio. As a result, Larkin's high-closings affected all of RT Capital's Canadian Equities portfolios which followed the model portfolio, whether or not those funds were directly under Larkin's management.
22. Several of the securities which were the subject of Baker's high-closings were in the model portfolio. The

remaining securities were in the Canadian Equities Small Capitalization Fund managed exclusively by him.

**Fund Valuation and Performance Measurement**

- 23. RT Capital determined the value of the Canadian equity component of any given portfolio by multiplying the number of shares of a particular security in the portfolio by the closing price of the security as posted on the TSE, for each of the securities held in the portfolio.
- 24. RT Capital measured the performance of its Canadian Equities portfolios by comparing the portfolios' performance against certain benchmark indices, most commonly the TSE 300 index. The portfolio managers were expected to match or better the index.
- 25. RT Capital distributed monthly reports to each of its Canadian Equities portfolio managers setting out an analysis of the performance of the portfolios under his control.

**Reporting to Clients and Invoicing for Management Fees**

- 26. RT Capital operated on a calendar year for the purpose of: (i) calculating its annual portfolio performance measures, which were provided to existing clients and were also published generally; (ii) reporting to its clients quarterly on portfolio performance; and (iii) invoicing its clients quarterly for management fees.
- 27. The management fees which RT Capital charged its clients each quarter were calculated on the basis of agreed upon percentages of the average value of the client's assets under management, as set out in an "Investment Counselling Agreement" executed by RT Capital and its clients. The percentages charged were usually subject to a "sliding scale", such that the percentage charged increased as certain thresholds of asset value were crossed. Subject to any specific terms which may have been negotiated between RT Capital and a client, the Investment Counselling Agreement provided that the average value of a client's assets during any given quarter was calculated by taking the average of: the value of the client's assets on the first day of the quarter and the value of the client's assets on the last day of the quarter.

**Compensation and Incentives**

- 28. The Canadian Equities portfolio managers and order executioners at RT Capital each received a base salary and participated in a profit sharing plan based on the company's profitability. Each portfolio manager was allocated a certain number of "phantom equity" shares annually, which entitled him to a proportionate share of the company's profits. The allocation of phantom equity shares was based on, among other factors, the portfolio manager's performance in the preceding year. The order executioners were not allocated "phantom equity" shares but received an annual bonus based on the company's profitability.

**Trading Activity Not Monitored**

- 29. The Compliance Manual (March 1999) of RT Capital provided that:  
  
The President and RT Capital's Directors are responsible for ensuring that investments for client accounts are appropriately made **and that practices within the organization do not violate securities regulations.** In addition, they are responsible for ensuring that the Compliance Manual and Employee Code of Conduct and Privacy Code are adhered to in all respects. (emphasis added)
- 30. The Compliance Manual further provided that every employee of RT Capital was required to sign a consent form on an annual basis acknowledging his or her agreement to comply with the terms of the Compliance Manual and to confirm his or her compliance for the previous year. In March 1999, Griffin, Rodrigues, Larkin, Baker, Shea and Gillespie each executed the consent form applicable to the material time.
- 31. Despite the terms of the Compliance Manual and the requirement that every employee of RT Capital was required to agree to comply with its terms, RT Capital did not in fact monitor the trading activities or practices of its Canadian Equities portfolio managers and order executioners to ensure their conduct was in compliance with applicable securities regulations and was not contrary to the public interest. Nor did RT Capital have any systems or protocol in place for monitoring the trading activities and practices of its portfolio managers and order executioners.
- 32. As a result, Larkin, Baker, Shea and Gillespie were able to intentionally, repeatedly and openly (within RT Capital) effect high-closings of securities on significant month-, quarter-, and year-end dates for the purpose of improving the appearance of portfolio performance. On no occasion did they attempt to conceal, alter or destroy the internal records of their trading activity. They acted without fear of detection by anyone at RT Capital and/or safe in the knowledge that RT Capital impliedly condoned their activity or was wilfully blind to it. None of the fifty-three high-closings was ever "red flagged" or made the subject of scrutiny by RT Capital to ensure compliance with applicable securities regulations.
- 33. During the entire periods of their respective employment at RT Capital, none of Larkin, Baker, Shea or Gillespie ever had the propriety of any of their trades questioned by RT Capital.
- 34. Contrary to the statements in the Compliance Manual, the Board of Directors of RT Capital (the "Board") performed a largely ceremonial function, mostly relating to the passing and signing of resolutions and the execution of other corporate documents as needed from time to time. The Board did not convene on a

regular basis and rarely, if ever, met in person. Larkin was not aware that he was a director of RT Capital and was unable to identify the other members of the Board, beyond speculating that Edwards and Griffin presumably held positions on it. The Board did not monitor, or ensure that systems were in place to monitor, the trading activities and practices of RT Capital's portfolio managers and order executioners.

35. During the material time, Griffin, Webster, Larkin and Rodrigues, all four of whom are founding members of RT Capital, also sat on the "management committee" of RT Capital. The management committee met once every two weeks, more or less, to deal with matters pertaining to the management, operation and performance of RT Capital. The management committee did not monitor, or ensure that systems were in place to monitor, the trading activities and practices of RT Capital's portfolio managers and order executioners. Edwards and Lederman did not attend the meetings of the management committee.

#### Deceptive Trading Practices

36. Larkin, Baker, Shea and Gillespie were aware that TSE Market Surveillance was monitoring end of day trading for the purpose of detecting high-closing activity. Larkin, Baker, Shea and Gillespie authorized, permitted or acquiesced in strategies designed to avoid detection by TSE Market Surveillance. Shea and Gillespie had discussions with the brokers engaged by them to effect the high-closings. In those discussions, the brokers advised Shea and Gillespie that they had misled TSE Market Surveillance, or would mislead TSE Market Surveillance if the need arose, to ensure that RT Capital's trades were processed before the close of trading.

#### Response of RT Capital to Investigation

37. Prior to September 1999, as a matter of routine business practice, RT Capital recorded all telephone calls between Shea and Gillespie and the brokers engaged by them to carry out trades on behalf of RT Capital. The RT Capital taping system also recorded, however, all internal telephone calls of Larkin and Baker to and from Shea and Gillespie. In September 1999, after RT Capital became aware that its trading activity was under review, RT Capital re-configured its taping system so that the telephone calls of Larkin and Baker to and from Shea and Gillespie would no longer be recorded. RT Capital permitted Larkin, Baker, Shea and Gillespie to continue to perform their normal duties.
38. During the course of Staff's subsequent investigation, Larkin and Shea denied carrying out any trades, or engaging in any trading strategies, designed to create or maintain an uptick, or prevent or rectify a downtick, in the closing price of a security during the material time, with the exception of two securities. Larkin and Shea admitted that they established the closing price at month end of "Multibank" and "Dia Met A", two securities which Larkin felt were undervalued by the market. Gillespie admitted that numerous of the trades carried out by her on behalf of both Larkin and Baker which Staff was investigating were in furtherance

of an attempt to determine the closing price of securities. Baker denied that he engaged in any high-closing activities.

39. On June 23, 2000, Royal Bank Financial Group and RT Capital issued a press release in respect of Staff's investigation which acknowledged that "...these transactions had the effect of overstating the value of certain portfolios for the quarters in question" and further that "Although the impact on portfolio values and fee revenues was small, RT Capital and Royal Bank Financial Group regard the matter as very serious".

#### Conduct Contrary to the Public Interest

40. The conduct alleged above contravened Ontario securities law and constituted conduct contrary to the public interest for the following reasons:
- (a) by engaging in trading activity designed to create or maintain an "uptick", or prevent or rectify a "downtick", in the closing prices of publicly traded securities, RT Capital was interfering with the market forces of supply and demand to set artificially high prices in those securities on specific month-, quarter- and year-end dates. Trading activity of this nature undermines the integrity of the capital markets and erodes investor confidence.
  - (b) the high-closing activity occurred on, or immediately before, month-, quarter-, and year-end dates. To the extent that these artificially high prices were used by RT Capital in representing or calculating monthly, quarterly and annual portfolio performance, RT Capital misled its existing and prospective clients as to the true level of investment returns and RT Capital's portfolio management performance. By so doing, RT Capital, Larkin and Baker failed to deal fairly, honestly and in good faith with RT Capital's clients.
  - (c) by carrying out cross-trades involving client accounts without a legitimate investing purpose, RT Capital failed to deal fairly, honestly and in good faith with its clients;
  - (d) the high-closings which occurred on a quarter- or year-end date resulted in an artificially high valuation of any client account holding one or more of those securities. As a result, the management fees charged to those clients, which were based on the average value of the assets under management during the quarter, were overstated. The high-closings which occurred on a month-end within a quarter contributed to this phenomenon by sustaining or increasing the valuation of the securities in the client accounts over the course of the quarter. By charging unwarranted management fees, RT Capital failed to deal fairly, honestly and in good faith with its clients.
  - (e) to the extent that the month-end closing prices of the securities at issue were used by dealers and



brokers to establish capital and margin requirements, the artificially high closing prices set by RT Capital resulted in inaccurate calculations of these capital and margin requirements; and

- (f) the issuers of the securities which were the subject of the high-closings were misled as to the true market value of their securities as at these month-, quarter- and year-end dates, which are frequently used for reporting purposes. Any shareholders of those issuers, including other pension and mutual funds and their unit holders, were similarly misled as to the true market value and performance of the securities during the material time. As a result of the high-closings, other pension and mutual funds and their unit holders may also have been charged excessive management fees by their respective portfolio managers.

- 41. Staff reserves the right to make such further and other allegations as Staff may submit and the Commission may allow.

**RT CAPITAL MANAGEMENT INC  
SCHEDULE "A"  
TRADES INITIATED BY PETER LARKIN**

DATE OF TRADE	STOCK	STOCK SYMBOL	RT CAPITAL TRADER	PRICE SET BY RT CAPITAL (A)	PREVIOUS TRADE PRICE (B)	NO OF SHARES RT OWNED BEFORE TRADE(S) (C)	NO OF SHARES PURCHASED	NOTE	INCREASE IN RT CAPITAL PORTFOLIO VALUE (A-B)xC	
Oct 30/98	ARBOUR	ABO.B	Gillespie	18.50	16.50	339,625	2,000	1	679,250	
Oct 30/98	DIA MET A	DMM.A	Shea	20.80	20.75	1,161,200	6,800		58,060	
Oct 30/98	DUNDEE	D	Gillespie	1.80	1.75	2,687,800	57,400		134,390	
Oct 30/98	MACKENZIE	MKF	Gillespie	17.30	17.30	5,175,933	0		0	
Oct 30/98	MULTIBANK	MIB	Shea	103.00	90.00	264,800	1,200	2	3,442,400	
Oct 30/98	RIGEL	RJL	Gillespie	11.75	11.75	4,605,790	0		0	
			<b>Increase in RT Capital Portfolio Value on October 30, 1998</b>							<b>4,314,100</b>
Nov 30/98	BRACKNELL	BRK	Shea	5.75	5.50	2,367,607	400		591,902	
Nov 30/98	CELANESE	CCL	Shea	20.95	20.75	1,179,725	1,700		235,945	
Nov 30/98	DIA MET A	DMM.A	Shea	18.50	17.95	1,185,900	9,400		652,245	
Nov 30/98	MULTIBANK	MIB	Shea	109.80	103.00	266,000	100	3	1,808,800	
Nov 30/98	PARAMOUNT	POU	Gillespie	14.55	14.50	3,298,600	8,600		164,930	
Nov 30/98	RIGEL	RJL	Shea	9.30	9.30	4,609,290	0		0	
			<b>Increase in RT Capital Portfolio Value on November 30, 1998</b>							<b>3,453,822</b>
Dec 30/98	ARBOUR	ABO.B	Shea	18.00	16.50	341,625	100		512,438	
Dec 30/98	DIA MET A	DMM.A	Shea	17.00	16.50	1,197,800	300		598,900	
Dec 30/98	REGIONAL	REG	Shea	11.50	11.10	1,375,245	100		550,098	
Dec 30/98	RIGEL	RJL	Shea	10.00	9.60	4,863,690	0		1,945,476	
			<b>Increase in RT Capital Portfolio Value on December 30, 1998</b>							<b>3,606,912</b>
Dec 31/98	ARBOUR	ABO.B	Shea	18.00	18.00	341,725	100		0	
Dec 31/98	DIA MET A	DMM.A	Shea	17.50	17.00	1,198,100	1,600		599,050	
Dec 31/98	MULTIBANK	MIB	Shea	110.50	100.00	266,100	100	4	2,794,050	
Dec 31/98	REGIONAL	REG	Shea	11.70	11.25	1,375,346	900		618,906	
Dec 31/98	RIGEL	RJL	Gillespie	10.00	9.95	4,863,690	63,500		243,185	
Dec 31/98	TECSYN	TSN	Shea	5.25	5.10	1,228,400	1,100		184,260	
Dec 31/98	TLC LASER	TLC	Gillespie	31.75	31.00	954,800	8,800		716,100	
Dec 31/98	VERITAS	VER	Shea	18.75	18.75	25,360	0	5	0	
Dec 31/98	VIDEOTRON	VDO	Shea	22.90	22.65	357,690	2,300		89,423	
			<b>Increase in RT Capital Portfolio Value on December 31, 1998</b>							<b>5,244,973</b>

Jan 29/99	GUARDIAN	GCG.A	Gillespie	9.50	9.00	766,000	2,400	383,000	
Jan 29/99	LEITCH	LTV	Shea	34.15	33.75	976,800	6,700	390,720	
Jan 29/99	MULTIBANK	MIB	Shea	109.00	100.00	266,200	100	2,395,800	
Jan 29/99	REGIONAL	REG	Gillespie	12.40	12.35	1,376,746	200	68,837	
Jan 29/99	UNITED	UNC	Gillespie	46.50	45.50	137,735	300	137,735	
			<b>Increase in RT Capital Portfolio Value on January 29, 1999</b>						<b>3,376,092</b>
Feb 26/99	DIA MET A	DMM.A	Shea	15.50	15.00	1,357,000	500	678,500	
Feb 26/99	GUARDIAN	GCG.A	Shea	7.30	7.30	768,400	0	0	
Feb 26/99	MULTIBANK	MIB	Shea	102.00	90.00	266,300	100	3,195,600	
Feb 26/99	REGIONAL	REG	Shea	13.00	12.00	1,376,946	6,000	1,376,946	
			<b>Increase in RT Capital Portfolio Value on February 26, 1999</b>						<b>5,251,046</b>
Mar 30/99	DIA MET A	DMM.A	Shea	17.25	17.00	1,380,400	100	345,100	
Mar 30/99	PACIFICA	PPP.UN	Shea	9.50	9.30	1,506,700	1,000	301,340	
Mar 30/99	SUPERIOR	SPF.UN	Shea	15.70	15.60	640,900	100	64,090	
			<b>Increase in RT Capital Portfolio Value on March 30, 1999</b>						<b>710,530</b>
Mar 31/99	DIA MET A	DMM.A	Shea	18.50	17.00	1,380,500	500	2,070,750	
Mar 31/99	MULTIBANK	MIB	Shea	104.75	98.00	266,400	0	1,798,200	
Mar 31/99	PACIFICA	PPP.UN	Shea	10.00	10.00	1,507,700	0	0	
Mar 31/99	REGIONAL	REG	Shea	15.00	15.00	1,382,946	0	0	
Mar 31/99	TEMBEC	TBC.A	Shea	9.70	9.60	1,872,000	1,000	187,200	
Mar 31/99	UNITED	UNC	Shea	45.25	44.00	138,035	6,100	172,544	
			<b>Increase in RT Capital Portfolio Value on March 31, 1999</b>						<b>4,228,694</b>
			<b>CUMULATIVE INCREASE IN RT CAPITAL PORTFOLIO VALUE</b>						<b>30,186,168</b>

- (1) In addition to the 2,000 shares purchased, 600 shares were crossed
- (2) In addition to the 1,200 shares purchased, 200 shares were crossed
- (3) In addition to the 100 shares purchased, 500 shares were crossed
- (4) In addition to the 100 shares purchased, 3,000 shares were crossed
- (5) 200 shares were crossed only
- (6) In addition to the 100 shares purchased, 4,000 shares were crossed
- (7) Not included in the Shares Purchased column is a 64,000 share block was purchased earlier in the day for another portfolio manager
- (8) In addition to the 500 shares purchased, 10,000 shares were crossed
- (9) 1,200 shares were crossed only
- (10) Earlier in the day 20,000 shares had been sold

RT CAPITAL MANAGEMENT INC

SCHEDULE "B"

TRADES INITIATED BY GARY BAKER

DATE OF TRADE	STOCK	STOCK SYMBOL	RT CAPITAL TRADER	PRICE SET BY RT CAPITAL (A)	PREVIOUS TRADE PRICE (B)	NO OF SHARES RT OWNED BEFORE TRADE(S) (C)	NO OF SHARES PURCHASED	NOTE	INCREASE IN RT CAPITAL PORTFOLIO VALUE (A-B)xC
Oct 30/98	PARAMOUNT	POU	Gillespie	16.25	15.40	2,965,600	1,000		2,520,760
Increase in RT Capital Portfolio Value on October 30, 1998									
Dec 31/98	CORBY'S A	CDL.A	Gillespie	86.00	85.00	95,600	300		95,600
Dec 31/98	DESJARDINS	DJN.A	Gillespie	18.50	18.00	1,253,400	1,600		626,700
Dec 31/98	ENCAL	ENL	Gillespie	5.70	5.35	4,612,100	1,500		1,614,235
Dec 31/98	NELVANA	NTV	Gillespie	28.75	28.50	553,600	200		138,400
Dec 31/98	ROTHMANS	ROC	Gillespie	200.00	200.00	50,300	500	1	0
Dec 31/98	SOFTKEY	SSK	Gillespie	39.80	39.10	361,100	0	2	252,770
Increase in RT Capital Portfolio Value on December 31, 1998									
Feb 26/99	PARAMOUNT	POU	Shea	12.85	12.50	3,321,300	500		1,162,455
Feb 26/99	SOFTKEY	SSK	Shea	43.95	43.25	885,300	100		619,710
Increase in RT Capital Portfolio Value on February 26, 1999									
Mar 31/99	PARAMOUNT	POU	Gillespie	15.50	15.10	3,363,700	500		1,345,480
Increase in RT Capital Portfolio Value on March 31, 1999									
CUMULATIVE INCREASE IN RT CAPITAL PORTFOLIO VALUE									
									8,376,110

(1) Had actually attempted to purchase at the \$206.00 offering, however, the T.S.E. froze the transaction and it was not completed  
 (2) The transaction was not completed, but the intent was to effect a high-closing.

## RT CAPITAL MANAGEMENT INC

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## SCHEDULE "C"

## INCREASE IN MARKET CAPITALIZATION

DATE	STOCK	STOCK SYMBOL	APPROXIMATE NO OF ISSUED SHARES	AMT OF UPTICK	INCREASE IN MKT CAP
Oct 30/98	Arbour	ABO.B	8,063,746	2.00	16,127,492
Oct 30/98	Dia Met Class A	DMM.A	8,221,574	0.05	411,079
Oct 30/98	Dundee	D	195,342,264	0.05	9,767,113
Oct 30/98	Mackenzie	MKF	126,148,680	0.00	0
Oct 30/98	Multibanc	MIB	501,387	13.00	6,518,031
Oct 30/98	Paramount Res	POU	53,203,600	0.85	45,223,060
Oct 30/98	Rigel Energy	RJL	56,313,134	0.00	0
<b>Increase in Market Capitalization on October 30, 1998</b>					<b>78,046,775</b>
Nov 30/98	Bracknell	BRK	26,281,000	0.25	6,570,250
Nov 30/98	Celanese	CCL	40,734,000	0.20	8,146,800
Nov 30/98	Dia Met A	DMM.A	8,221,574	0.55	4,521,866
Nov 30/98	Multibanc	MIB	501,387	6.80	3,409,432
Nov 30/98	Paramount Res	POU	56,203,600	0.05	2,810,180
Nov 30/98	Rigel Energy	RJL	56,313,134	0.00	0
<b>Increase in Market Capitalization on November 30, 1998</b>					<b>25,458,527</b>
Dec 30/98	Arbour	ABO.B	8,063,746	1.50	12,095,619
Dec 30/98	Dia Met A	DMM.A	8,221,574	0.50	4,110,787
Dec 30/98	Regional Cable	REG	14,783,503	0.40	5,913,401
Dec 30/98	Rigel Energy	RJL	56,313,134	0.40	22,525,254
<b>Increase in Market Capitalization on December 30, 1998</b>					<b>44,645,061</b>
Dec 31/98	Arbour	ABO.B	8,063,746	0.00	0
Dec 31/98	Corby's A	CDL.A	6,068,580	1.00	6,068,580
Dec 31/98	Desjardins	DJN.A	9,068,483	0.50	4,534,242
Dec 31/98	Dia Met	DMM.A	8,199,974	0.50	4,099,987
Dec 31/98	Encal	ENL	106,235,108	0.35	37,182,288
Dec 31/98	Multibanc	MIB	501,387	10.50	5,264,564
Dec 31/98	Nelvana	NTV	5,328,172	0.25	1,332,043
Dec 31/98	Regional Cable	REG	14,783,503	0.45	6,652,576
Dec 31/98	Rigel Energy	RJL	56,313,134	0.05	2,815,657
Dec 31/98	Rothmans	ROC	5,510,684	0.00	0
Dec 31/98	Softkey	SSK	5,154,831	0.70	3,608,382
Dec 31/98	Tecsyn	TSN	17,614,558	0.15	2,642,184
Dec 31/98	TLC-Laser Ctr	TLC	34,192,456	0.75	25,644,342
Dec 31/98	Veritas	VER	7,023,701	0.00	0
Dec 31/98	Videotron	VDO	59,452,626	0.25	14,863,157
<b>Increase in Market Capitalization on December 31, 1998</b>					<b>114,708,000</b>
Jan 29/99	Guardian A	GCG.A	16,049,479	0.50	8,024,740
Jan 29/99	Leitch	LTV	26,070,848	0.40	10,428,339
Jan 29/99	Multibanc	MIB	501,387	9.00	4,512,483
Jan 29/99	Regional Cable	REG	14,783,503	0.05	739,175
Jan 29/99	United Corp	UNC	9,263,327	1.00	9,263,327
<b>Increase in Market Capitalization on January 29, 1999</b>					<b>32,968,064</b>
Feb 26/99	Dia Met	DMM.A	8,263,874	0.50	4,131,937
Feb 26/99	Guardian A	GCG.A	16,153,279	0.00	0
Feb 26/99	Multibanc	MIB	501,387	12.00	6,016,644
Feb 26/99	Paramount Res	POU	56,203,600	0.35	19,671,260

Feb 26/99	Regional Cable	REG	14,783,503	1.00	14,783,503
Feb 26/99	Softkey	SSK	5,153,259	0.70	3,607,281
	<b>Increase in Market Capitalization on February 26, 1999</b>				<b>48,210,625</b>
Mar 30/99	Dia Met A	DMM.A	8,263,874	0.25	2,065,969
Mar 30/99	Pacifica	PPP.UN	26,698,000	0.20	5,339,600
Mar 30/99	Superior Prop	SPF.UN	45,763,361	0.10	4,576,336
	<b>Increase in Market Capitalization on March 30, 1999</b>				<b>11,981,905</b>
Mar 31/99	Dia Met A	DMM.A	8,263,874	1.50	12,395,811
Mar 31/99	Multibanc	MIB	501,387	6.75	3,384,362
Mar 31/99	Pacifica	PPP.UN	26,698,000	0.00	0
Mar 31/99	Paramount Res	POU	56,203,600	0.40	22,481,440
Mar 31/99	Regional Cable	REG	14,783,503	0.00	0
Mar 31/99	Tembec	TBC.A	69,121,087	0.10	6,912,109
Mar 31/99	United Corp	UNC	9,263,327	1.25	11,579,159
	<b>Increase in Market Capitalization on March 31, 1999</b>				<b>56,752,881</b>
	<b>CUMULATIVE INCREASE IN MARKET CAPITALIZATION</b>				<b>412,771,837</b>

**RT CAPITAL MANAGEMENT INC  
SCHEDULE "D"  
CROSS TRADES MADE**

<b>DATE</b>	<b>STOCK</b>	<b>STOCK SYMBOL</b>	<b>NO. OF SHARES</b>	<b>RT CAPITAL PURCHASER</b>	<b>RT CAPITAL SELLER</b>
Oct 30/98	Arbour	ABO.B	600	Royal Bank Pension Balanced	PGGM
Oct 30/98	Multibanc NT Financial	MIB	200	IBM Canada Ltd. - Equity	Noranda Inc Pension Cdn Eq
Nov 30/98	Multibanc NT Financial	MIB	500	RTCM Pooled Canadian Eq Fund	Diversified Fund Mgt
Dec 31/98	Multibanc NT Financial	MIB	3,000	Noranda Inc Pension Cdn Eq	Diversified Fund Mgt
Dec 31/98	Veritas	VER	200	DaimlerChrysler Cda Ltd DBP	City of Toronto Fire Dept
Jan 29/99	Multibanc NT Financial	MIB	4,000	RTCM Pooled Canadian Eq Fund	Diversified Fund Mgt
Mar 31/99	Dia Met Class A	DMM.A	10,000	City of Toronto - Civic Empl (6,000 shares) City of Toronto Fire Dept (4,000 shares)	Canadian Medical Protective Assn
Mar 31/99	Multibanc NT Financial	MIB	1,200	Noranda Inc Pension Cdn Eq	Diversified Fund Mgt

**1.3 News Releases**

**1.3.1 Robert Rice, Gary Lovie, Ming-Kgok (Roger) Lam, Edward Chan, George Mitrovich, L. Murray Eades, Herbert Lee, Harry H. Robinson, and Maureen Espin**

June 22, 2000

**IN THE MATTER OF ROBERT RICE, GARY LOVIE, MING-KGOK (ROGER) LAM, EDWARD CHAN, GEORGE MITROVICH, L. MURRAY EADES, HERBERT LEE, HARRY H. ROBINSON, and MAUREEN ESPIN**

Toronto -- At a hearing on June 21, 2000 the Commission ordered that certain members of management and insiders of Tagalder Incorporated ("Tagalder") continue to be prohibited from trading in securities of Tagalder. The persons or companies subject to the order are: Robert Rice, Gary Lovie, Ming-Kgok (Roger) Lam, Edward Chan, George Mitrovich, L. Murray Eades, Herbert Lee, Harry H. Robinson, and Maureen Espin.

The Commission's order results from the failure of Tagalder to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Tagalder, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.2 Ian MacDonald et al.**

June 22, 2000

**IN THE MATTER OF IAN MACDONALD, J. ROBERT LEE, ROBERT STURGESS, DON WEST, JOHN KYLE, GARY KIRSH, DAN DEAR, BILL E. DUKE, TRI-LEE CAPITAL LTD., TRICAPITAL MANAGEMENT LIMITED, PETALS DÉCOR LTD., DOUG CAKEBREAD, ULDIS STEINBACHS, JACK LEE, ALAN LIPSZYC, FRANK PRINCIPE, DOUG MATTON, BILL DYE, ROGER LUK, DAVID LUCAS, JOE NANNA AND J&K SALES**

Toronto -- At a hearing on June 21, 2000 the Commission ordered that certain members of management and insiders of The Versatech Group Inc. ("Versatech") continue to be prohibited from trading in securities of Versatech. The persons or companies subject to the order are: Ian Macdonald, J. Robert Lee, Robert Sturgess, Don West, John Kyle, Gary Kirsh, Dan Dear, Bill E. Duke, Tri-Lee Capital Ltd., Tricapital Management Limited, Petals Décor Ltd., Doug Cakebread, Uldis Steinbachs, Jack Lee, Alan Lipszyc, Frank Principe, Doug Matton, Bill Dye, Roger Luk, David Lucas, Joe Nanna and J&K Sales.

The Commission's order results from the failure of Versatech to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Versatech, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations Branch  
(416) 593-8120



**1.3.3 Rick Vasant et al.**

June 22, 2000

**IN THE MATTER OF  
RICK VASANT, RON BEST, CLARE COPELAND,  
MICHAEL STEIN, RICHARD HARSHMAN, MICHAEL  
SERRUYA, NORMAN WINTON, RUSS HILL, LINDA  
MILLAGE, STEVE DODDS AND CAROL PIPKA**

**Toronto** -- At a hearing on June 21, 2000 the Commission ordered that certain members of management and insiders of Moneysworth & Best Shoe Care Inc. ("Moneysworth") continue to be prohibited from trading in securities of Moneysworth. The persons or companies subject to the order are: Rick VanSant, Ron Best, Clare Copeland, Michael Stein, Richard Harshman, Michael Serruya, Norman Winton, Russ Hill, Linda Millage, Steve Dodds and Carol Pipka.

The Commission's order results from the failure of Moneysworth to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Moneysworth, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.4 Richard Opekar, Robert Opekar, John A. Tindale, William Burt and Laver Limited**

June 22, 2000

**IN THE MATTER OF RICHARD OPEKAR, ROBERT  
OPEKAR, JOHN A. TINDALE, WILLIAM BURT AND  
LAVER LIMITED**

**Toronto** -- At a hearing on June 21, 2000 the Commission ordered that certain members of management and insiders of Wollasco Minerals Inc. ("Wollasco") continue to be prohibited from trading in securities of Wollasco. The persons or companies subject to the order are: Richard Opekar, Robert Opekar, John A. Tindale, William Burt and Laver Limited.

The Commission's order results from the failure of Wollasco to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Wollasco, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

### 1.3.5 Jack Burnett et al.

June 26, 2000

#### IN THE MATTER OF JACK BURNETT, LORNE GRAHAM, DONALD HILTON, TERRY McKAY, MORTIMER BISTRISKY, MICHAEL P. McCLOSKEY and SHREWSBURY S.A. LUXEMBURG

**Toronto** -- At a hearing on June 21, 2000 the Commission ordered that certain members of management and insiders of SwissLink Financial Corporation ("SwissLink") continue to be prohibited from trading in securities of SwissLink. The persons or companies subject to the order are: Lorne Graham, Donald Hilton, Terry McKay, Mortimer Bistrisky, and Michael P. McCloskey. The hearing was adjourned with respect to Jack Burnett and Shrewsbury S.A. Luxemburg. The Temporary Order issued June 7, 2000 shall be continued, *sine die* with respect to these two respondents.

The Commission's order results from the failure of SwissLink to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of SwissLink, the Commission does not necessarily ascribe fault to the respondents.

#### References:

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

### 1.3.6 Derek Tennant, Kathleen Harris, William Dixon, and Ukstar (Canada) Inc.

June 26, 2000

#### IN THE MATTER OF DEREK TENNANT, KATHLEEN HARRIS, WILLIAM DIXON, and UKSTAR (CANADA) INC.

**Toronto** -- At a hearing on June 22, 2000 the Commission ordered that certain members of management and insiders of Eco Technologies International Inc. ("Eco") continue to be prohibited from trading in securities of Eco. The persons or companies subject to the order are: Derek Tennant, Kathleen Harris, William Dixon, and UKstar (Canada) Inc.

The Commission's order results from the failure of Eco to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Eco, the Commission does not necessarily ascribe fault to the respondents.

#### Reference:

Frank Switzer  
Manager, Corporate Relations Branch  
(416) 593-8120

**1.3.7 Michael Zuk, Michael Shvey, Richard Hamilton and John Winter**

June 26, 2000

**IN THE MATTER OF MICHAEL ZUK, MICHAEL SHVEY,  
RICHARD HAMILTON and JOHN WINTER**

**Toronto** -- At a hearing on June 22, 2000 the Commission ordered that certain members of management and insiders of Dura Products International Inc. ("Dura") continue to be prohibited from trading in securities of Dura. The persons or companies subject to the order are: Michael Zuk, Michael Shvey, Richard Hamilton and John Winter.

The Commission's order results from the failure of Dura to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Dura, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.8 Alberto Coppo et al.**

June 27, 2000

**IN THE MATTER OF ALBERTO COPPO, DOUGLAS  
EACRETT, HANS-JÖRG HUNGERLAND, LINK MURRAY,  
MARCUS NEW, MICHAEL P.W. SPENGENMANN,  
LIGHTHOUSE HOLDINGS INC. AND  
PKM PORTFOLIO SERVICES LTD.**

**Toronto** -- At a hearing on June 22, 2000 the Commission ordered that certain members of management and insiders of Golden Maritime Resources Ltd. ("Golden") continue to be prohibited from trading in securities of Golden. The persons or companies subject to the order are: Alberto Coppo, Douglas Eacrett, Hans-Jörg Hungerland, Link Murray, Marcus New, Michael P.W. Spengemann, Lighthouse Holdings Inc. and PKM Portfolio Services Ltd.

The Commission's order results from the failure of Golden to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Golden, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

### 1.3.9 Bruce Anthony et al.

June 27, 2000

**IN THE MATTER OF BRUCE ANTHONY, WAYNE D. COCKBURN, BOB KENNEDY, RONALD S. RITCHIE, PETER J. SMITH, DOUGLAS C. WITHERSPOON, FIRST BASE LINE COMMUNICATIONS INC. AND SECOND BASE DEVELOPMENT CORP.**

**Toronto** -- At a hearing on June 22, 2000 the Commission ordered that certain members of management and insiders of Futureline Communications Co. Ltd. ("Futureline") continue to be prohibited from trading in securities of Futureline. The persons or companies subject to the order are: Bruce Anthony, Wayne D. Cockburn, Bob Kennedy, Ronald S. Ritchie, Peter J. Smith, Douglas C. Witherspoon, First Base Line Communications Inc. and Second Base Development Corp.

The Commission's order results from the failure of Futureline to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Futureline, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

### 1.3.10 David Nunn, Michael M. Reddy, Lorne J. Gelleny and Barry J. Racippo

June 27, 2000

**IN THE MATTER OF DAVID NUNN, MICHAEL M. REDDY, LORNE J. GELLENY AND BARRY J. RACIPPO**

**Toronto** -- At a hearing on June 22, 2000 the Commission ordered that certain members of management and insiders of Kingscross Communities Incorporated ("Kingscross") continue to be prohibited from trading in securities of Kingscross. The persons or companies subject to the order are: David Nunn, Michael M. Reddy, Lorne J. Gelleny and Barry J. Racippo.

The Commission's order results from the failure of Kingscross to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Kingscross, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.11 Gary A. Fitchett, Lloyd E. Dove, Leon H. Gouzoules, Paul D. Mack and Edward Lai**

June 27, 2000

**IN THE MATTER OF GARY A. FITCHETT, LLOYD E. DOVE, LEON H. GOUZOULES, PAUL D. MACK AND EDWARD LAI**

**Toronto** – At a hearing on June 22, 2000 the Commission ordered that certain members of management and insiders of IBI Corporation (“IBI”) continue to be prohibited from trading in securities of IBI. The persons or companies subject to the order are: Gary A. Fitchett, Lloyd E. Dove, Leon H. Gouzoules, Paul D. Mack and Edward Lai.

The Commission's order results from the failure of IBI to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of IBI, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.12 H. Howard Cooper, Thomas L. Digrapa, Frank S. Digrapa, Mary Therese Pagliasotti, Croesus Emerging Markets Resource Fund LLC and Teton Oil USA Limited**

June 27, 2000

**IN THE MATTER OF H. HOWARD COOPER, THOMAS L. DIGRAPPA, FRANK S. DIGRAPPA, MARY THERESE PAGLIASOTTI, CROESUS EMERGING MARKETS RESOURCE FUND LLC AND TETON OIL USA LIMITED**

**Toronto** – At a hearing on June 23, 2000 the Commission ordered that certain members of management and insiders of Teton Petroleum Company (“Teton”) continue to be prohibited from trading in securities of Teton. The persons or companies subject to the order are: H. Howard Cooper, Thomas L. DiGrappa, Frank S. DiGrappa, Mary Therese Pagliasotti, Croesus Emerging Markets Resource Fund LLC and Teton Oil USA Limited.

The Commission's order results from the failure of Teton to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Teton, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.13 Hubert J. Mockler et al.**

June 27, 2000

**IN THE MATTER OF HUBERT J. MOCKLER, KENNETH J. MURTON, ROBERT E. BELLAMY, PAUL F. BLACK, MICHAEL W. MANLEY, FREDERICK KNIGHT, STEPHEN R. SHAVER, FRANCISCO F. VIDAL, DOUGLAS A. MACKENZIE AND RODERICK CHISHOLM**

**Toronto** – At a hearing on June 23, 2000 the Commission ordered that certain members of management and insiders of Canuc Resources Corporation (“Canuc”) continue to be prohibited from trading in securities of Canuc. The persons or companies subject to the order are: Hubert J. Mockler, Kenneth J. Murton, Robert E. Bellamy, Paul F. Black, Michael W. Manley, Frederick Knight, Stephen R. Shaver, Francisco F. Vidal, Douglas A. Mackenzie and Roderick Chisholm.

The Commission's order results from the failure of Canuc to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Canuc, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

**1.3.14 Richard Opekar, Robert Opekar, John A. Tindale and Laver Limited**

June 27, 2000

**IN THE MATTER OF RICHARD OPEKAR, ROBERT OPEKAR, JOHN A. TINDALE AND LAVER LIMITED**

**Toronto** – At a hearing on June 23, 2000 the Commission ordered that certain members of management and insiders of Ram Petroleum Ltd. (“Ram”) continue to be prohibited from trading in securities of Ram. The persons or companies subject to the order are: Richard Opekar, Robert Opekar, John A. Tindale and Laver Limited.

The Commission's order results from the failure of Ram to file its annual financial statements for the year ended December 31, 1999 by May 19, 2000 as required by Ontario securities law. Historically, it was the Commission's practice to issue an order prohibiting all trading in securities of a defaulting issuer. Now, in accordance with a recently developed policy, such cease trading orders are limited in some cases to certain members of management and insiders of the issuer, where those individuals have or may have access to undisclosed information regarding the affairs of the issuer. Other members of the public are permitted to continue trading in securities of the issuer where the issuer ensures that adequate alternative information is publicly disclosed.

The Commission has determined that in a case such as this, the order issued is a prophylactic remedy that is necessary in view of the fact that the marketplace does not have the necessary information. The question of whether or not the individual respondents in any particular case are at fault depends upon the facts of that case. In making the order regarding securities of Ram, the Commission does not necessarily ascribe fault to the respondents.

**Reference:**

Frank Switzer  
Manager, Corporate Relations  
(416) 593-8120

### 1.3.15 OSC Announces Full Scale Implementation of Continuous Disclosure Review Program

June 27, 2000

#### OSC ANNOUNCES FULL SCALE IMPLEMENTATION OF CONTINUOUS DISCLOSURE REVIEW PROGRAM

TORONTO -- Beginning July 1, 2000, the Continuous Disclosure Team will commence the full-scale implementation of the Ontario Securities Commission's Continuous Disclosure Review Program. The Continuous Disclosure Review Program will result in every Ontario-based company being reviewed on a regular basis.

"The OSC's goal is for companies with an Ontario head office to be subject to a continuous disclosure review, on average, once every four years," said Kathryn Soden, Director of the Corporate Finance Branch.

"The quality and timeliness of information disclosed to the capital markets by companies has always been a focus of the OSC. However, in order to better focus attention on this area, last year the OSC created a Continuous Disclosure Team within its Corporate Finance Branch solely dedicated to CD issues. The team now has 16 members, and will grow to 23 by March 2001," added Ms. Soden.

In order to prepare companies for the full-scale implementation, the OSC issued a Notice that communicated the general features of the Continuous Disclosure Review Program as well as the impact that the increased focus on continuous disclosure will have on prospectus and rights offering circular reviews performed by the OSC. The Notice can be consulted in the OSC's Web site at [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

Criteria have been designed to select companies in a given year where there appears to staff to be a greater risk that disclosure issues may exist. Once selected, companies will be subject to either a full, issue-oriented or limited review based on selective review criteria. These levels of continuous disclosure review are somewhat similar to those used by the Corporate Finance teams in the review of prospectus filings.

The Canadian Securities Administrators (CSA) has a committee that is working towards developing a Mutual Reliance Review System (MRRS) for continuous disclosure review. A continuous disclosure MRRS approach is a vital part of a successful continuous disclosure review program to ensure that all issuers in Canada are treated equitably regardless of where their head offices are located.

#### References:

Kathryn Soden  
Director, Corporate Finance Branch  
(416) 593-8149

Heidi Franken  
Manager, Continuous Disclosure Team  
(416) 593-8249

Jean-Pierre Maisonneuve  
Corporate Communications Officer  
(416) 595-8913

### 1.3.16 OSC and TSE Commence Proceedings Against RT Capital and Others

#### OSC AND TSE COMMENCE PROCEEDINGS AGAINST RT CAPITAL AND OTHERS

JUNE 29, 2000 (TORONTO) – Following a year-long joint investigation, the Ontario Securities Commission and the Toronto Stock Exchange have begun proceedings against RT Capital Management Inc. and 22 individuals.

The respondents are alleged to have contravened the *Securities Act* and TSE rules by manipulating the price of stocks through a process known as "high closings" to artificially inflate the performance of pension funds managed by RT Capital, a wholly-owned subsidiary of the Royal Bank of Canada. There is no indication that the trading activity has placed the funds at risk.

The OSC has made allegations against RT Capital and nine employees and directors under the *Securities Act*. The OSC's first hearing date in the matter is scheduled for July 19, 2000. (See OSC Notice of Hearing and Statement of Allegations.)

According to the OSC's Statement of Allegations, RT Capital orchestrated a total of 53 month-end "high closings" on 26 stocks from October 30<sup>th</sup>, 1998 to March 31<sup>st</sup>, 1999. There are no allegations of wrongdoing against the issuers of the 26 stocks.

It is alleged that in some cases the trades were effected by cross-trades between funds and accounts managed by RT Capital. There was no legitimate investing purpose for the client in these trades.

In addition, the OSC alleges, the Board of RT Capital "did not monitor, or ensure that systems were in place to monitor, the trading activities and practices of RT Capital's portfolio managers and order executioners."

"The OSC is taking action in this case because all forms of market manipulation, including the use of high closings, strike at the integrity of our capital markets and erode investor confidence," said Charlie Macfarlane, Executive Director of the OSC.

TSE Regulation Services alleges that 13 traders, representing 11 brokerage firms at the time of the offences, violated TSE rules against manipulative trading. This is the largest slate of proceedings ever issued on one file by the TSE.

"These charges should serve as a reminder that the TSE will take firm action against any trading practices that impair the operation of a fair market," said John Carson, Senior Vice President of Market Regulation. "Market participants track closing prices of stocks when making investment decisions so artificially inflated prices on or near key dates such as month and year-ends, can misrepresent both a stock's price and a fund's performance and value."

The TSE allegations stem from an investigation into the failure of traders to question trades when there was reason to believe that the intended purpose of the trades was to establish a high closing price.

The TSE has reached settlements with 12 of the 13 traders charged in connection with this case. A TSE Hearing Panel scheduled for July 20, 2000 must now approve the settlements. The terms of the settlements will remain confidential until then.

The investigation commenced when the TSE's Market Surveillance Division detected "high closing" trades executed on and near the last trading days of certain months and quarters. Further investigation revealed that the trades were made in a number of different stocks on behalf of a common client, RT Capital, and the TSE referred the matter of RT Capital's involvement to the OSC for action.

The conclusion of the investigation is a result of the co-operation between the two agencies.

In addition, the TSE and the OSC are teaming up with other provincial regulators to ensure that other funds have not used high closings to manipulate stock prices and to determine what procedures they have in place to prevent and detect this type of activity.

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**TSE - Toronto Stock Exchange**

**13 TRADERS WITH "HIGH CLOSING" OF STOCK**

- **Charges stem from 1 year joint TSE/OSC investigation**
- **TSE to implement new trading supervision standards for securities firms**

JUNE 29, 2000 (TORONTO) - TSE Regulation Services has charged 13 traders, from 11 brokerage firms at the time of the offences, for violating TSE rules against manipulative trading. The charges stem from a year long investigation into the failure of traders to question and prevent trades when there was reason to believe that the intended purpose of the trades was to establish an artificial high closing price.

This is the largest slate of charges ever issued on one file by the TSE and according to Senior Vice President of Market Regulation, John Carson, "these charges should serve as a reminder that TSE Regulation Services will take firm action against any trading practices that impair the operation of a fair market".

"The TSE expects high standards of conduct and integrity from traders and employees of firms," said Mr. Carson. "It is disappointing to see that so many traders appear to have failed to comply with a rule that we have regularly reminded people of."

The investigation commenced when TSE Market Surveillance detected "high closing" trades executed on or near the last trading days of certain months and quarters. Further review by the Investigations and Enforcement Division revealed that the trades were made in a number of different stocks on behalf of a common client, RT Capital Management Inc., a wholly owned subsidiary of the Royal Bank of Canada. The TSE forwarded this aspect of the investigation to the Ontario Securities Commission, since the TSE only has jurisdiction over its Participating Organizations.

Investors and other market participants closely track the closing price of stocks and investment funds when making investment decisions. Artificially inflated closing prices by institutional fund managers on key dates such as month and year-ends can misrepresent both a stock's price and a fund's performance and value.

The comprehensive parallel investigations, involving both the OSC and TSE Regulation Services, took approximately one year to complete. The successful conclusion of the investigation is a result of the co-operation between the two agencies.

"The large number of high closing allegations indicates a need for brokerage firms to increase supervision of trading operations to help us prevent and detect this type of activity, although in this case the trades were directed to a number of different firms which made it difficult for any one firm to detect a pattern of high closing activity," said John Carson.



TSE Regulation Services is developing new minimum standards to ensure brokers firms effectively supervise trading operations. These standards are being developed in consultation with the securities industry and will be released by the end of this year. The objective is to clarify the TSE's expectations of its brokerage firms' internal supervision and compliance procedures to ensure that the firm and its employees comply with TSE rules. The standards will cover rules such as the prohibition on manipulative trading, short sales and customer-principal transactions.

According to John Carson, "we are consulting the dealers on implementing these supervisory standards. We are confident that the resulting improvement in supervision will ensure greater compliance with our rules. Investors must feel confident that they are trading on a market which accurately reflects the trading price of its stocks."

TSE Regulation Services will continue to focus on the detection and prosecution of high closing trades, particularly on or near the end of a month, quarter and year. "The practice of high closing will not be tolerated and traders face severe penalties for violating these rules," said Mr. Carson.

The traders charged in connection with the high closings were:

Larry Acton, CIBC World Markets  
Douglas Cronk, CT Securities  
Gregory Finkle, Bunting Warburg  
Christopher Gavin, Levesque Beaubien  
Glen Grossmith, First Marathon  
Mary-Lea Horbay, First Marathon  
Rebecca Joseph, TD Securities  
Paul Kirkby, Levesque Beaubien  
Peter Newell, Credit Suisse First Boston  
Stephen Rawn, Merrill Lynch  
Taylor Shambleau, Sprott Securities  
Michael Smith, Goepel McDermid  
Ron Wardlaw, Nesbitt Burns

All of the above (except Taylor Shambleau) have reached settlement agreements with the TSE. A TSE Hearing Panel scheduled for July 20, 2000 must now approve the settlements. The terms of the settlements will remain confidential until then.

Mr. Shambleau will face a set-date hearing, scheduled for July 13, 2000.

All proceeds from fines levied by TSE Regulation Services are set aside in a reserve fund for investor education initiatives.

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## Chapter 2

# Decisions, Orders and Rulings

### 2.1 Decisions

#### 2.1.1 Robert Rice et al. - s. 127

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

AND

IN THE MATTER OF  
ROBERT RICE, GARY LOVIE, MING-KGOK (ROGER)  
LAM, EDWARD CHAN, GEORGE MITROVICH, L.  
MURRAY EADES, HERBERT LEE, HARRY H. ROBINSON,  
and MAUREEN ESPIN

ORDER  
(Section 127)

WHEREAS on June 7, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Tagalder Incorporated ("Tagalder"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

AND WHEREAS on June 7, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

AND WHEREAS it appears to the Commission that:

1. Tagalder is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Robert Rice, Gary Lovie, Ming-Kgok (Roger) Lam, Edward Chan, George Mitrovich, L. Murray Eades, Herbert Lee, Harry H. Robinson, and Maureen Espin (the "Respondents") is, or was during the financial year of Tagalder ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Tagalder) or individual that has, or may have, access to material undisclosed information of Tagalder.
3. Tagalder failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Tagalder has not filed its 1999 Financial Statements.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Tagalder shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Tagalder is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

June 21<sup>st</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

2.1.2 Ian MacDonald et al. - s. 127

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

AND

IN THE MATTER OF  
IAN MACDONALD, J. ROBERT LEE, ROBERT  
STURGESS, DON WEST, JOHN KYLE, GARY KIRSH,  
DAN DEAR, BILL E. DUKE, TRI-LEE CAPITAL LTD.,  
TRICAPITAL MANAGEMENT LIMITED, PETALS DECOR  
LTD., DOUG CAKEBREAD, ULDIS STEINBACHS, JACK  
LEE, ALAN LIPSZYC, FRANK PRINCIPE, DOUG  
MATTON, BILL DYE, ROGER LUK, DAVID LUCAS,  
JOE NANNA AND J&K SALES

ORDER  
(Section 127)

WHEREAS on June 7, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of The Versatech Group Inc. ("Versatech"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

AND WHEREAS on June 7, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

AND WHEREAS it appears to the Commission that:

1. Versatech is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Ian Macdonald, J. Robert Lee, Robert Sturgess, Don West, John Kyle, Gary Kirsh, Dan Dear, Bill E. Duke, Tri-Lee Capital Ltd., Tricapital Management Limited, Petals Decor Ltd., Doug Cakebread, Uldis Steinbachs, Jack Lee, Alan Lipszyc, Frank Principe, Doug Matton, Bill Dye, Roger Luck, David Lucas, Joe Nanna and J&K Sales (the "Respondents") is, or was during the financial year of Versatech ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Versatech) or individual that has, or may have, access to material undisclosed information of Versatech.
3. Versatech failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Versatech has not filed its 1999 Financial Statements.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Versatech shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Versatech is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

June 21<sup>st</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

2.1.3 Rick Vasant et al. - s. 127

(b) further order of the Commission.

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

June 21<sup>st</sup>, 2000.

AND

"J. A. Geller"

"Morley P. Carscallen"

IN THE MATTER OF  
RICK VASANT, RON BEST, CLARE COPELAND,  
MICHAEL STEIN, RICHARD HARSHMAN, MICHAEL  
SERRUYA, NORMAN WINTON, RUSS HILL, LINDA  
MILLAGE, STEVE DODDS  
AND CAROL PIPKA

"R. Stephen Paddon"

ORDER  
(Section 127)

**WHEREAS** on June 7, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Moneysworth & Best Shoe Care Inc. ("Moneysworth"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 7, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Moneysworth is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Rick VanSant, Ron Best, Clare Copeland, Michael Stein, Richard Harshman, Michael Serruya, Norman Winton, Russ Hill, Linda Millage, Steve Dodds and Carol Pipka (the "Respondents") is, or was during the financial year of Moneysworth ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Moneysworth) or individual that has, or may have, access to material undisclosed information of Moneysworth.
3. Moneysworth failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. as of the date of this order, Moneysworth has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Moneysworth shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Moneysworth is required to make pursuant to Ontario securities law; or

**2.1.4 Richard Opekar, Robert Opekar, John A. Tindale, William Burt and Laver Limited - s. 127**

(b) further order of the Commission.

June 21<sup>st</sup>, 2000.

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

"J. A. Geller"

"Morley P. Carscallen"

**AND**

"R. Stephen Paddon"

**IN THE MATTER OF  
RICHARD OPEKAR, ROBERT OPEKAR,  
JOHN A. TINDALE, WILLIAM BURT AND LAVER LIMITED**

**ORDER  
(Section 127)**

**WHEREAS** on June 7, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Wollasco Minerals Inc. ("Wollasco"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 7, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Wollasco is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Richard Opekar, Robert Opekar, John A. Tindale, William Burt and Laver Limited (the "Respondents") is, or was during the financial year of Wollasco ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Wollasco) or individual that has, or may have, access to material undisclosed information of Wollasco.
3. Wollasco failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Wollasco has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Wollasco shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Wollasco is required to make pursuant to Ontario securities law; or

2.1.5 Jack Burnett, Lorne Graham, Donald Hilton, Terry McKay, Mortimer Bistrisky, Michael P. McCloskey and Shrewsbury S.A. Luxembourg - s. 127

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

AND

IN THE MATTER OF  
JACK BURNETT, LORNE GRAHAM, DONALD HILTON,  
TERRY MCKAY, MORTIMER BISTRISKY,  
MICHAEL P. MCCLOSKEY, and SHREWSBURY S.A.  
LUXEMBURG

ORDER  
(Section 127)

**WHEREAS** on June 7, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Swiss Link Financial Corporation ("Swiss Link"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 7, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. SwissLink is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Lorne Graham, Donald Hilton, Terry McKay, Mortimer Bistrisky, and Michael P. McCloskey is, or was during the financial year of SwissLink ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of SwissLink) or individual that has, or may have, access to material undisclosed information of SwissLink.
3. Each of Jack Burnett and Shrewsbury S.A. Luxembourg were not properly served with the Notice of Hearing and Statement of Allegations, despite staff's efforts. The Temporary Order made June 7, 2000 in respect of these Respondents shall continue *sine die* returnable on five days notice, pending proper service.
4. SwissLink failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
5. As of the date of this order, SwissLink has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of SwissLink shall cease until:

- (a) two full business days following the receipt by the Commission of all filings SwissLink is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

June 22<sup>nd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

**2.1.6 Derek Tennant, Kathleen Harris, William Dixon, and Ukstar (Canada) Inc. - s. 127**

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

**AND**

**IN THE MATTER OF  
DEREK TENNANT, KATHLEEN HARRIS,  
WILLIAM DIXON and UKSTAR (CANADA) INC.**

**ORDER  
(Section 127)**

(b) further order of the Commission.

June 22<sup>nd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

**WHEREAS** on June 8, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Eco Technologies International Inc. ("Eco") subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 8, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Eco is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Derek Tennant, Kathleen Harris, William Dixon and UKstar (Canada) Inc. (the "Respondents") is, or was during the financial year of Eco ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Eco) or individual that has, or may have, access to material undisclosed information of Eco.
3. Eco failed to file interim financial statements for its interim period ended March 31, 2000 (the "Interim Financial Statements") on or before May 31, 2000, contrary to subsection 77(1) of the Act.
4. As of the date of this order, Eco has not filed its Interim Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Eco shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Eco is required to make pursuant to Ontario securities law; or



**2.1.7 Michael Zuk, Michael Shvey, Richard Hamilton and John Winter - s. 127**

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

**AND**

**IN THE MATTER OF  
MICHAEL ZUK, MICHAEL SHVEY, RICHARD HAMILTON  
and JOHN WINTER**

**ORDER  
(Section 127)**

**WHEREAS** on June 8, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Dura Products International Inc. ("Dura"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 8, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Dura is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Michael Zuk, Michael Shvey, Richard Hamilton and John Winter (the "Respondents") is, or was during the financial year of Dura ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Dura) or individual that has, or may have, access to material undisclosed information of Dura.
3. Dura failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Dura has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Dura shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Dura is required to make pursuant to Ontario securities law; or

(b) further order of the Commission.

June 22<sup>nd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

2.1.8 Alberto Coppo et al. - s. 127

(b) further order of the Commission.

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

June 22<sup>nd</sup>, 2000.

AND

"J. A. Geller"

"Morley P. Carscallen"

IN THE MATTER OF  
ALBERTO COPPO, DOUGLAS EACRETT,  
HANS-JÖRG HUNGERLAND, LINK MURRAY, MARCUS  
NEW, MICHAEL P.W. SPENGE MANN, LIGHTHOUSE  
HOLDINGS INC. AND  
PKM PORTFOLIO SERVICES LTD.

"R. Stephen Paddon"

ORDER  
(Section 127)

**WHEREAS** on June 8, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Golden Maritime Resources Limited ("Golden"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 8, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Golden is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Alberto Coppo, Douglas Eacrett, Hans-Jorg Hungerland, Link Murray, Marcus New, Michael P.W. Spengemann, Lighthouse Holdings Inc. and PKM Portfolio Services Ltd. (the "Respondents") is, or was during the financial year of Golden ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Golden) or individual that has, or may have, access to material undisclosed information of Golden.
3. Golden failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Golden has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Golden shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Golden is required to make pursuant to Ontario securities law; or

**2.1.9 Bruce Anthony et al. - s. 127**

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

**AND**

**IN THE MATTER OF  
BRUCE ANTHONY, WAYNE D. COCKBURN, BOB  
KENNEDY, RONALD S. RITCHIE, PETER J. SMITH,  
DOUGLAS C. WITHERSPOON,  
FIRST BASE LINE COMMUNICATIONS INC. AND  
SECOND BASE DEVELOPMENT CORP.**

**ORDER  
(Section 127)**

**WHEREAS** on June 8, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Futureline Communications Co. Ltd. ("Futureline"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 8, 2000 the Commission issued a Notice of Hearing returnable June 22, 2000 pursuant to subsection 127(9) of the Act;

**AND WHEREAS** on June 22, 2000 the respondent Second Base Development Corp. had not been effectively served;

**AND WHEREAS** the Hearing in this matter commenced on June 22, 2000;

**AND WHEREAS** the Hearing was adjourned until 10:30 a.m. June 23, 2000 to allow for service upon Second Base Development Corp.;

**AND WHEREAS** it appears to the Commission that:

1. Futureline is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Bruce Anthony, Wayne D. Cockburn, Bob Kennedy, Ronald S. Ritchie, Peter J. Smith, Douglas C. Witherspoon, First Base Line Communications Inc. and Second Base Development Corp. (the "Respondents") is, or was during the financial year of Futureline ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Futureline) or individual that has, or may have, access to material undisclosed information of Futureline.
3. Futureline failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Futureline has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** that the temporary order made June 8, 2000 be continued until the conclusion of the hearing in this matter, to be heard June 23, 2000; and

**IT IS FURTHER ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Futureline shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Futureline is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

June 22<sup>nd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

**2.1.10 David Nunn, Michael M. Reddy, Lorne J. Gelleny and Barry J. Racippo - s. 127**

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

**AND**

**IN THE MATTER OF  
DAVID NUNN, MICHAEL M. REDDY,  
LORNE J. GELLENY AND BARRY J. RACIPPO**

**ORDER  
(Section 127)**

**WHEREAS** on June 8, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Kingscross Communities Incorporated ("Kingscross"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 8, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Kingscross is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of David Nunn, Michael M. Reddy, Lorne J. Gelleny and Barry J. Racippo (the "Respondents") is, or was during the financial year of Kingscross ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Kingscross) or individual that has, or may have, access to material undisclosed information of Kingscross.
3. Kingscross failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Kingscross has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Kingscross shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Kingscross is required to make pursuant to Ontario securities law; or

(b) further order of the Commission.

June 22<sup>nd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

2.1.11 Gary A. Fitchett, Lloyd E. Dove, Leon H. Gouzoules, Paul D. Mack and Edward Lai - s. 127

(b) further order of the Commission.

June 22<sup>nd</sup>, 2000.

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

"J. A. Geller"

"Morley P. Carscallen"

AND

IN THE MATTER OF  
GARY A. FITCHETT, LLOYD E. DOVE,  
LEON H. GOUZOULES, PAUL D. MACK AND EDWARD  
LAI

"R. Stephen Paddon"

ORDER  
(Section 127)

WHEREAS on June 8, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of IBI Corporation ("IBI"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

AND WHEREAS on June 8, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

AND WHEREAS it appears to the Commission that:

1. IBI is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Gary A. Fitchett, Lloyd E. Dove, Leon H. Gouzoules, Paul D. Mack and Edward Lai (the "Respondents") is, or was during the financial year of IBI ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of IBI) or individual that has, or may have, access to material undisclosed information of IBI.
3. IBI failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, IBI has not filed its 1999 Financial Statements.

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this Order;

IT IS ORDERED pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of IBI shall cease until:

- (a) two full business days following the receipt by the Commission of all filings IBI is required to make pursuant to Ontario securities law; or

**2.1.12 H. Howard Cooper, Thomas L. Digrapa,  
Frank S. Digrapa, Mary Therese  
Pagliasotti, Croesus Emerging Markets  
Resource Fund LLC and Teton Oil USA  
Limited - s. 127**

(b) further order of the Commission.

June 23<sup>rd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

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

"R. Stephen Paddon"

**AND**

**IN THE MATTER OF  
H. HOWARD COOPER, THOMAS L. DIGRAPPA,  
FRANK S. DIGRAPPA, MARY THERESE PAGLIASOTTI,  
CROESUS EMERGING MARKETS RESOURCE FUND  
LLC AND TETON OIL USA LIMITED**

**ORDER  
(Section 127)**

**WHEREAS** on June 23, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Teton Petroleum Company ("Teton") subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 23, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Teton is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of H. Howard Cooper, Thomas L. DiGrappa, Frank S. DiGrappa, Mary Therese Pagliasotti, Croesus Emerging Markets Resource Fund LLC and Teton Oil USA Limited (the "Respondents") is, or was during the financial year of Teton ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Teton) or individual that has, or may have, access to material undisclosed information of Teton.
3. Teton failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Teton has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Teton shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Teton is required to make pursuant to Ontario securities law; or

**2.1.13 Hubert J. Mockler et al. - s. 127**

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

**AND**

**IN THE MATTER OF  
HUBERT J. MOCKLER, KENNETH J. MURTON,  
ROBERT E. BELLAMY, PAUL F. BLACK, MICHAEL W.  
MANLEY, FREDERICK KNIGHT, STEPHEN R. SHAVER,  
FRANCISCO F. VIDAL, DOUGLAS A. MACKENZIE AND  
RODERICK CHISHOLM**

**ORDER  
(Section 127)**

**WHEREAS** on June 9, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Canuc Resources Corporation ("Canuc"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 9, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Canuc is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Hubert J. Mockler, Kenneth J. Murton, Robert E. Bellamy, Paul F. Black, Michael W. Manley, Frederick Knight, Stephen R. Shaver, Francisco F. Vidal, Douglas A. Mackenzie and Roderick Chisholm (the "Respondents") is, or was during the financial year of Canuc ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Canuc) or individual that has, or may have, access to material undisclosed information of Canuc.
3. Canuc failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. Canuc failed to file interim financial statements for the three months ended March 31, 2000 (the "Interim Financial Statements") on or before May 30, 2000, contrary to subsection 77(1) of the Act.
5. As of the date of this order, Canuc has not filed its 1999 Financial Statements or its Interim Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Canuc shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Canuc is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

June 23<sup>rd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

**2.1.14 Richard Opekar, Robert Opekar, John A. Tindale and Laver Limited - s. 127**

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

**AND**

**IN THE MATTER OF  
RICHARD OPEKAR, ROBERT OPEKAR,  
JOHN A. TINDALE AND LAVER LIMITED**

**ORDER  
(Section 127)**

(b) further order of the Commission.

June 23<sup>rd</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

**WHEREAS** on June 9, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act, that none of the Respondents shall trade in any securities of Ram Petroleum Limited ("Ram"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 9, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Ram is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Richard Opekar, Robert Opekar, John A. Tindale and Laver Limited (the "Respondents") is, or was during the financial year of Ram ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Ram) or individual that has, or may have, access to material undisclosed information of Ram.
3. Ram failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Ram has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Ram shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Ram is required to make pursuant to Ontario securities law; or



**2.1.15 John Tuzyk, Patricia Sheahan and Loucas  
C. Pouroulis - s. 127**

June 16<sup>th</sup>, 2000.

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

"J. A. Geller"

"Morley P. Carscallen"

**AND**

**IN THE MATTER OF  
JOHN TUZYK, PATRICIA SHEAHAN  
AND LOUCAS C. POUROULIS**

"R. Stephen Paddon"

**ORDER  
(Section 127)**

**WHEREAS** on June 2, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act (the "Temporary Cease Trading Order"), that none of the Respondents shall trade in any securities of Redaurum Limited ("Redaurum"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 2, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Redaurum is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of John Tuzyk, Patricia Sheahan and Loucas C. Pouroulis (the "Respondents") is, or was during the financial year of Redaurum ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Redaurum) or individual that has, or may have, access to material undisclosed information of Redaurum.
3. Redaurum failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Redaurum has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Redaurum shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Redaurum is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

**2.1.16 Clifford M. James, Neil D.S. Westoll, Wilfrid A. Loucks, Jan R. Horejsi and Ronald J. Simpson - S. 127**

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

**AND**

**IN THE MATTER OF  
CLIFFORD M. JAMES, NEIL D.S. WESTOLL,  
WILFRID A. LOUCKS, JAN R. HOREJSI AND RONALD J.  
SIMPSON**

**ORDER  
(Section 127)**

**WHEREAS** on June 2, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act (the "Temporary Cease Trading Order"), that none of the Respondents shall trade in any securities of Rift Resources Ltd. ("Rift"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 2, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** Rift has represented to the Commission that Rift has substantial interests in Eritrea, which are affected by the war between Eritrea and Ethiopia, which in turn affects Rift's ability to finalize the 1999 Financial Statements;

**AND WHEREAS** staff of the Commission do not contest the truth of these assertions;

**AND WHEREAS** it appears to the Commission that:

1. Rift is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Clifford M. James, Neil D.S. Westoll, Wilfrid A. Loucks, Jan R. Horejsi and Ronald J. Simpson Nanna (the "Respondents") is, or was during the financial year of Rift ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Rift) or individual that has, or may have, access to material undisclosed information of Rift.
3. Rift failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Rift has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Rift shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Rift is required to make pursuant to Ontario securities law; or
- (b) further order of the Commission.

June 16<sup>th</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

**2.1.17 Andrew Thomson, Peter Bojtos, Len Spraggett and Sean Spraggett - s. 127**

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

**AND**

**IN THE MATTER OF  
ANDREW THOMSON, PETER BOJTOS,  
LEN SPRAGGETT and SEAN SPRAGGETT**

**ORDER  
(Section 127)**

**WHEREAS** on June 2, 2000 the Ontario Securities Commission (the "Commission") made a temporary order pursuant to subsection 127(5) of the Act (the "Temporary Cease Trading Order"), that none of the Respondents shall trade in any securities of Link Mineral Ventures Ltd. ("Link"), subject to the terms set out in the order, for a period of 15 days from the date of the order;

**AND WHEREAS** on June 2, 2000 the Commission issued a Notice of Hearing pursuant to subsection 127(9) of the Act;

**AND WHEREAS** it appears to the Commission that:

1. Link is incorporated under the laws of Canada and is a reporting issuer in the Province of Ontario.
2. Each of Andrew Thomson, Peter Bojtos, Len Spraggett and Sean Spraggett (the "Respondents") is, or was during the financial year of Link ended December 31, 1999, a director, officer or significant shareholder (beneficial ownership of 10% or more of the voting rights of Link) or individual that has, or may have, access to material undisclosed information of Link.
3. Link failed to file annual financial statements for its financial year ended December 31, 1999 (the "1999 Financial Statements") on or before May 19, 2000, contrary to subsection 78(1) of the Act.
4. As of the date of this order, Link has not filed its 1999 Financial Statements.

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED** pursuant to paragraph 2 of subsection 127(1) of the Act that all trading by the Respondents in the securities of Link shall cease until:

- (a) two full business days following the receipt by the Commission of all filings Link is required to make pursuant to Ontario securities law; or

(b) further order of the Commission.

June 16<sup>th</sup>, 2000.

"J. A. Geller"

"Morley P. Carscallen"

"R. Stephen Paddon"

## 2.1.18 Brascan Corporation - MRRS Decision

### Headnote

Mutual Reliance Review System for Exemptive Relief Applications - In connection with a proposed Dutch auction issuer bid, with respect to securities tendered at or below the clearing price, offeror exempt from the requirement to take up and pay for securities deposited proportionately according to the number of securities deposited to the bid and the associated disclosure requirement.

### Ontario Statutes Cited

*Securities Act*, R.S.O. 1990, c. S.5, as am, ss. 95(7) and 104(2)(c)

### Ontario Regulations Cited

*Regulation made under the Securities Act*, R.R.O. 1990, Reg. 1015, as am., s. 189(b) and Item 9 of Form 33

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

**AND**

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

**AND**

**IN THE MATTER OF  
BRASCAN CORPORATION  
MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Nova Scotia, and Newfoundland (collectively, the "Jurisdictions") has received an application (the "Application") from Brascan Corporation ("Brascan") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, in connection with the proposed purchase by Brascan of a portion of its outstanding Subordinated Convertible Auction Notes due 2088 (the "Notes") pursuant to an issuer bid (the "Offer"), Brascan be exempt from the requirements in the Legislation to:

- (i) take up and pay for securities proportionately according to the number of securities deposited by each securityholder (the "Proportionate Take-up and Payment Requirement"); and
- (ii) provide disclosure in the issuer bid circular (the "Circular") of such proportionate take-up and payment (the "Associated Disclosure Requirement");

**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** Brascan has represented to the Decision Makers as follows:

1. Brascan is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any requirement of the Legislation. The head office of Brascan is located in Toronto, Ontario.
2. Brascan's authorized capital consists of an unlimited number of Class A Preference Shares, issuable in series, an unlimited number of Class AA Preference Shares, issuable in series, an unlimited number of Class A Limited Voting Shares and 85,120 Class B Limited Voting Shares.
3. The Class A Limited Voting Shares are listed and posted for trading on The Toronto Stock Exchange. As of May 19, 2000, the closing price of the Class A Limited Voting Shares was \$17.65.
4. As of May 19, 2000, Notes in the aggregate principal amount of \$77,295,000 were outstanding. The Notes are convertible into Class A Limited Voting shares at a conversion price which is significantly in excess of the current market price of the Class A Limited Voting Shares.
5. In connection with the Offer, Brascan retained the firm of Koger Valuations Inc. to prepare a formal valuation of the Notes (the "Formal Valuation").
6. Brascan proposes to purchase Notes through the Offer by way of the Circular. Brascan intends to acquire the aggregate principal amount of \$50,000,000 of Notes, representing approximately 64.7% of the outstanding Notes, pursuant to the Offer. Brascan anticipates using cash on hand to acquire the Notes.
7. The Offer will be made pursuant to a Dutch Auction procedure (the "Procedure") as follows:
  - (a) the Circular will specify that the maximum aggregate principal amount of the Notes that Brascan intends to purchase under the Offer is \$50,000,000 (the "Specified Amount").
  - (b) The Circular also will specify the range of prices (the "Range") within which Brascan is prepared to purchase Notes under the Offer.
  - (c) Holders of the Notes (the "Noteholders") wishing to tender to the Offer will be able to specify the lowest price within the Range at which they are willing to sell their Notes (an "Auction Tender").
  - (d) Noteholders wishing to tender to the Offer but who do not wish to make an Auction Tender may elect to be deemed to have tendered at the Clearing Price determined in accordance with paragraph (e) below (a "Purchase Price Tender").

- (e) The purchase price (the "Clearing Price") of the Notes tendered to the Offer will be the lowest price that will enable Brascan to purchase the Specified Amount of Notes and will be determined based upon the aggregate principal amount of Notes tendered pursuant to an Auction Tender at each price within the Range and tendered pursuant to a Purchase Price Tender, with each Purchase Price Tender being considered a tender at the lowest price in the Range for the purpose of calculating the Clearing Price.
  - (f) All Notes tendered by Noteholders who specify a tender price for such tendered Notes that falls outside the Range will be considered to have been improperly tendered, will be excluded from the determination of the Clearing Price, will not be purchased by Brascan and will be returned to the tendering Noteholders.
  - (g) All Notes tendered by Noteholders who fail to specify any tender price for such tendered Notes and fail to indicate that they have tendered their Notes pursuant to a Purchase Price Tender will be considered to have been tendered pursuant to a Purchase Price Tender and will be dealt with as described in paragraph (i) below.
  - (h) The aggregate amount that Brascan will expend pursuant to the Offer will not be ascertained until the Clearing Price is determined.
  - (i) All Notes tendered at or below the Clearing Price pursuant to an Auction Tender and all Notes tendered pursuant to a Purchase Price Tender will be taken up and paid for at the Clearing Price, plus accrued and unpaid interest, subject to proration (calculated to the nearest whole \$1,000 principal amount of Notes, so as to avoid the creation of fractional Notes) if the aggregate principal amount of Notes tendered at or below the Clearing Price pursuant to Auction Tenders and the aggregate principal amount of Notes tendered pursuant to Purchase Price Tenders exceeds the Specified Amount.
  - (j) All Notes tendered at prices above the Clearing Price for the Offer will be returned to the appropriate Noteholders.
8. Prior to the expiry of the Offer, all information regarding the aggregate principal amount of Notes tendered and the prices at which such Notes are tendered will be kept confidential, and the depository will be directed by Brascan to maintain such confidentiality until the Clearing Price is determined.
9. Since the Offer will be for fewer than all of the Notes, if the aggregate principal amount of Notes tendered to the Offer at or below the Clearing Price exceeds the Specified Amount, the Legislation would require Brascan to take up and pay for deposited Notes proportionately, according to the principal amount of Notes deposited by each Noteholder. In addition, the Legislation would require disclosure in each Circular

that Brascan would, if Notes tendered to the Offer exceeded the Specified Amount, take up such Notes proportionately according to the aggregate principal amount of Notes tendered by each Noteholder to the Offer.

10. The Circular will:
- (a) disclose the mechanics for the take-up of and payment for, or the return of, Notes as described in the Procedure in paragraph 7 above;
  - (b) explain that, by tendering Notes at the lowest price in the Range, a Noteholder can reasonably expect that the Notes so tendered will be purchased at the Clearing Price, subject to proration as described in paragraph 7 above; and
  - (c) include a summary of the Formal Valuation.

**AND WHEREAS** pursuant to 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 Maker with the jurisdiction to make the Decision has been met;

**THE DECISION** of the Decision Makers in the Jurisdictions pursuant to the Legislation is that, in connection with the Offer, Brascan is exempt from the Proportionate Take-up and Payment Requirement and the Associated Disclosure Requirement, provided that Notes tendered to the Offer are taken up and paid for, or returned to the Noteholders, in accordance with the Procedure.

June 19<sup>th</sup>, 2000.

"J. A. Geller"

"J. F. Howard"

**2.1.19 Phoenix International Life Sciences Ltd. -  
MRRS Decision**

*Unofficial Translation*

**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  
PHOENIX INTERNATIONAL LIFE SCIENCES INC.**

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the «Decision Maker») in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (the «Jurisdictions») have received an application from Phoenix International Life Sciences Inc. («Phoenix») for a decision pursuant to the securities legislation of the Jurisdictions (the «Legislation») that Phoenix be exempted from both the requirement to file interim financial statements for the period ended February 29, 2000 and to mail these Financial Statements to its registered security holders;

**AND WHEREAS** under the Mutual Reliance Review System for Exemptive Relief Applications (the «System»), la Commission des valeurs mobilières du Québec is the principal regulator for this application;

**AND WHEREAS** Phoenix has represented to the Decision Maker that:

1. Phoenix is a corporation existing under the *Canada Business Corporations Act*.
2. Phoenix's fiscal year end is August 31.
3. Phoenix is authorized to issue an unlimited number of common shares (the «Phoenix Shares»), of which 28,344,802 Phoenix Shares were issued and outstanding on March 9, 2000.
4. Phoenix is a reporting issuer or the equivalent under the Legislation in each of the provinces of Canada and the Phoenix Shares are listed for trading on the Toronto Stock Exchange and the Nasdaq National Market.
5. On March 10, 2000, MDS Inc. (the «Offeror») made a take-over bid (the «Offer») to purchase all the outstanding Phoenix Shares.
6. On March 27, 2000, the Offeror extended the Offer to April 7, 2000.

7. On April 7, 2000, approximately 97% of Phoenix Shares had been tendered to the Offer.
8. The Offeror has notified Phoenix, on April 19, 2000, that he has taken up and paid for all of the Phoenix Shares tendered under the Offer and, pursuant to the compulsory acquisition procedure set forth in Section 206 of the *Canada Business Corporations Act*, mailed its compulsory acquisition documents to the dissenting shareholders.
9. As soon as the transaction will be completed, the Offeror intends to make application to the various applicable securities regulatory authorities to terminate Phoenix's reporting issuer status. Therefore, it is unnecessary and a waste of money to prepare those interim financial statements.
10. Phoenix has no other securities outstanding.
11. Phoenix is a reporting issuer and has not defaulted on any of its duties pursuant to the Legislation.

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

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

THE Decision of the Decision Makers under the Legislation is that the requirement contained in the Legislation to file the Financial Statements for the period ended February 29, 2000 and to concurrently send these Financial Statements to the registered holders of its securities shall not apply to Phoenix.

April 28<sup>th</sup>, 2000.

(s) *Jacques Labelle*  
Me Jacques Labelle  
Directeur général et chef de l'exploitation

**2.1.20 RBC Dominion Securities Inc., CIBC World Markets Inc., Scotia Capital Inc., and Stratos Global Corp. - MRRS Decision**

**Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a "connected issuer", but not a "related issuer", in respect of the Applicants who are three Bank-owned registrants which are underwriting part of a distribution of securities of the Issuer - Applicants exempt from the requirement in the legislation that an independent underwriter underwrite a portion of the distribution equal to the largest portion being underwritten by a non-independent underwriter.

**Applicable Ontario Statutory Provisions**

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

**Applicable Ontario Regulations**

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

**Applicable Ontario Rules**

Proposed Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (1998), 21 OSCB 781. 33-5B - In the Matter of Limitations on a Registrant Underwriting Securities of a Related or a Connected Issuer of the Registrant (1997), 20 OSCB 1217, as varied by (1999), 22 OSCB 149.

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

**AND**

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

**AND**

**IN THE MATTER OF  
RBC DOMINION SECURITIES INC., CIBC WORLD  
MARKETS INC.,  
SCOTIA CAPITAL INC., AND STRATOS GLOBAL CORP.**

**MRRS DECISION DOCUMENT**

WHEREAS an application has been received by the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia and Quebec (the "Jurisdictions") from RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. (the "Applicants") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the Applicants be exempt from the restriction contained in the Legislation prohibiting an underwriter from acting in connection with a distribution of securities of a related or connected issuer of the underwriter unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by independent underwriters and that an independent

underwriter underwrites a portion of the offering which is not less than the largest portion of the distribution underwritten by a non-independent underwriter (the "Independent Underwriter Requirement") in connection with a proposed distribution (the "Offering") of common shares (the "Shares") of Stratos Global Corporation (the "Issuer") to be issued upon the exercise of special warrants ("Warrants") of the Issuer by way of short form prospectus.

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

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

1. The Issuer is a Corporation existing pursuant to the *Canadian Business Corporations Act* formed upon the amalgamation of ResourceCan Limited and ResourceCan Ventures Limited, incorporated under the *Corporations Act* (Newfoundland) on October 10, 1980 and January 15, 1986 respectively, which were amalgamated on October 31, 1989 and continued under the *Canadian Business Corporations Act* on May 28, 1996.
2. The head office of the Issuer is in Ontario.
3. The Issuer completed a private placement of Warrants on April 7, 2000 (the "Closing Date") in reliance upon the exemptions from prospectus requirements of applicable Canadian securities law and exemptions from the registration requirements of applicable securities law in the United States; the Warrants are exercisable by the holders thereof on a one for one basis for Shares, subject to adjustment and certain conditions.
4. To allow for the Shares to be freely tradeable in Canada, the Issuer undertook to file a preliminary prospectus (the "Preliminary Prospectus") as soon as practicable following the Closing Date and to file and obtain receipts for a final prospectus (the "Prospectus") in all applicable Canadian jurisdictions not later than 90 days following the Closing Date.
5. The Issuer entered into an underwriting agreement (the "Underwriting Agreement") dated March 28, 2000 in respect of the Offering with a syndicate of underwriters each of whom is obligated to purchase, or to arrange for substituted purchasers to purchase, as follows:

RBC Dominion Securities Inc.	40%
CIBC World Markets Inc.	20%
Yorkton Securities Inc.	20%
Scotia Capital Inc.	10%
Newcrest Capital Inc.	10%
6. Each of Yorkton Securities Inc. and Newcrest Capital Inc. (the "Independent Underwriters" and collectively with the Applicants, the "Underwriters") is an independent underwriter (as defined in proposed Multi-Jurisdictional Instrument 33-105 - *Underwriting Conflicts* (the "Proposed Conflicts Instrument")) with respect to the Offering.

7. The Issuer entered into a credit agreement (the "Credit Agreement") with the Royal Bank of Canada as Agent and the Canadian Imperial Bank of Commerce and The Bank of Nova Scotia as Co-Agents (collectively, the "Banks"), pursuant to which the Banks agreed to lend up to US\$136 million to the Issuer.
8. The Issuer is and has been in compliance with the terms of the Credit Agreement.
9. RBC Dominion Securities Inc. is a wholly-owned indirect subsidiary of the Royal Bank of Canada, CIBC World Markets Inc. is wholly-owned subsidiary of the Canadian Imperial Bank of Commerce, and Scotia Capital Inc. is a wholly-owned subsidiary of The Bank of Nova Scotia.
10. The Issuer used a portion of the net proceeds derived from the offering of Warrants to fund the repayment of debt under the Credit Agreement.
11. The Issuer is not a "related issuer" or "connected issuer" (as those terms are defined in the Proposed Conflicts Instrument) of the Independent Underwriters.
12. Each of the Applicants is not a "related issuer" of the Issuer but may, by virtue of the Credit Agreement be a "connected issuer" of the Issuer (as those terms are defined in the Proposed Conflicts Instrument).
13. The nature and details of the relationship between the Issuer, the Applicants and the Banks was disclosed in the subscription agreement for the private placement of Warrants, and the information set out in Appendix C of the Proposed Conflicts Instrument will be disclosed in the Preliminary Prospectus and Prospectus.
14. The decision to issue Warrants, including the determination of the terms of such distribution has been made through negotiations between the Issuer and the Underwriters without the involvement of the Banks.
15. The Independent Underwriters have underwritten 30% of the of the offering of Warrants and Yorkton Securities Inc. has underwritten 20% of the of the offering of Warrants; the Independent Underwriters have participated and will continue to participate in the due diligence relating to the Offering and have participated in the structuring and pricing of the offering of Warrants.
16. The certificate in each of the Preliminary Prospectus and the Prospectus will be signed by the Underwriters, including each of the Independent Underwriters;

**AND WHEREAS** pursuant to the System, this MRRS Decision Document confirms the decision of the Decision Makers (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;

**IT IS THE DECISION** of the Decision Makers that the Independent Underwriter Requirement shall not apply to the Applicants in connection with the Offering provided that the information set out in Appendix C of the Proposed Conflicts-Instrument will be disclosed in the Preliminary Prospectus and Prospectus.

June 26, 2000.

"J. A. Geller"

"Stephen N. Adams"



**2.1.21 Sobeys Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc. And CIBC World Markets 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 medium term notes by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

**Applicable Ontario Regulations**

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

**Applicable Ontario Rules**

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (1998), 21 OSCB 781, as amended (1999), 22 OSCB 149.

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

**AND**

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

**AND**

**IN THE MATTER OF  
SOBEYS INC.**

**AND**

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

**MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia and Newfoundland (the "Jurisdictions") has received an application from Scotia Capital Inc. ("Scotia Capital"), BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc. and CIBC World Markets Inc. (the "Applicant Underwriters") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the provision contained in the Legislation which restricts a registrant from participating in a distribution of securities of a connected issuer or equivalent thereof (the "Underwriter Restriction") shall not apply to the Applicant Underwriters in

respect of proposed offerings in one or more series or issues (each, an "Offering" and collectively, the "Offerings") of medium term notes (the "Notes") of Sobeys Inc. ("Sobeys") to be made by means of a pricing supplement for each particular Offering (each, a "Pricing Supplement") to a short form shelf prospectus (the "Final Shelf Prospectus") expected to be filed during the week of June 19, 2000;

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

**AND WHEREAS** the Applicant Underwriters have represented to the Decision Makers that:

1. Sobeys was incorporated on October 27, 1998 as a wholly-owned subsidiary of Empire Company Limited ("Empire") under the *Companies Act* (Nova Scotia);
2. Sobeys was formed to operate all of Empire's food distribution and food service businesses carried on through Sobeys Capital Incorporated, including Sobeys Group Inc.;
3. Sobeys is a reporting issuer in each of the Jurisdictions and is not in default of any requirement of the Legislation;
4. on June 9, 2000, Sobeys filed a preliminary short form shelf prospectus (the "Preliminary Shelf Prospectus") in each of the Provinces of Canada in connection with the Offerings; the Offerings will be underwritten by the Applicant Underwriters led by Scotia Capital;
5. pursuant to the terms of a dealer agreement (the "Dealer Agreement") to be entered into between the Applicant Underwriters and Sobeys, Sobeys will agree to issue and sell and the Applicant Underwriters will agree to solicit from time to time, offers to purchase the Notes;
6. Sobeys is a party to two credit facilities (the "Credit Facilities") with a syndicate of banks; under one of the Credit Facilities, Sobeys was provided with a 364-day revolving operating facility in an amount of up to \$300 million; under the other Credit Facility, Sobeys was provided with a non-revolving credit facility in an amount up to \$250 million;
7. the Applicant Underwriters are subsidiaries of Canadian chartered banks which are part of a syndicate of banks which are lenders to Sobeys under the Credit Facilities; the Credit Facilities may be repaid through application of the proceeds of the Offerings; the syndicate of lender banks will not participate in the decision to make the Offerings nor in the determination of the terms of the distribution or the use of proceeds thereof; the Applicant Underwriters will not benefit in any manner from the Offerings other than the payment of their portion of the underwriting fee;
8. by virtue of the Applicant Underwriters' relationship with some of the banks comprising the lending syndicate, each Applicant Underwriter is considered to be a

connected issuer (or equivalent thereof) of Sobeys for the purposes of the Legislation;

9. pursuant to the Dealer Agreement, the Applicant Underwriters will purchase 100% of each Offering;
10. the nature of the relationship between Sobeys, Scotia Capital and The Bank of Nova Scotia is described in the Preliminary Shelf Prospectus; the information specified in Appendix C of proposed Multi-Jurisdictional Instrument 33-105 - *Underwriting Conflicts* ("MJl 33-105") will be disclosed in the Final Shelf Prospectus;
11. the Pricing Supplements will contain a certificate signed by Scotia Capital and each of the Applicant Underwriters in accordance with the requirements of the Legislation;
12. Sobeys has received a preliminary BBB (stable) rating from Dominion Bond Rating Service Limited and Canadian Bond Rating Services Inc. in respect of the Notes;

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

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

**THE DECISION** of the Decision Makers pursuant to the Legislation is that the Underwriter Restriction shall not apply to the Applicant Underwriters in respect of the Offerings provided that, at the time of any Offering:

- a. Sobeys is not in financial difficulty and is not a specified party as that term is defined in MJl 33-105; and
- b. Sobeys is not a related issuer, as that term is defined in the Legislation and MJl 33-105, of any of the Applicant Underwriters.

June 23rd, 2000.

"J. A. Geller"

"Stephen N. Adams"

## **2.1.22 Sun Life Financial Services of Canada and The Sun Life Employee Stock Fund - MRRS Decision**

### **Headnote**

MRRS - Relief granted from: (1) the registration and prospectus requirement; (2) the insider trade reporting requirement; and (3) the requirement to file and deliver annual and interim financial statements in connection with the operation of an employee stock purchase fund subject to certain conditions.

### **Applicable Ontario Statutory Provisions**

Securities Act, R.S.O. 1990, c.S.5, as am. s. 25,53,74,77,78,80(b)(iii),107, 121(2).

### **Regulations Cited**

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

### **Instruments Cited**

Proposed National Instrument 55-101 Exemption from Certain Insider Reporting Requirements

### **Rules Cited**

Rule 45-503 - Trades to Employees, Executives and Consultants

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

**AND**

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

**AND**

## **IN THE MATTER OF SUN LIFE FINANCIAL SERVICES OF CANADA AND THE SUN LIFE EMPLOYEE STOCK FUND**

### **MRRS DECISION DOCUMENT**

**WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island (the "Jurisdictions") has received an application on behalf of Sun Life Financial Services of Canada ("Sun Life Financial") and the Sun Life Employee Stock Fund (the "Fund") (collectively, the "Filer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that: (i) the requirements 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 prospectus (the "Registration and Prospectus Requirements") shall not apply to the distribution of units of the Fund to the Participants (as defined below); (ii) the requirements contained in the Legislation of Ontario only to prepare and file financial statements (the "Financial Statement Requirements") shall not apply to the Fund; and (iii) the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirements") shall not apply to automatic investments by insiders of Sun Life Financial who are participants (the "Participating Insiders") in the Fund, 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** the Filer has represented to the Decision Makers that:

1. Sun Life Financial is a reporting issuer or equivalent in the Jurisdictions and is not in default of any requirements of the Legislation.
2. The common shares of Sun Life Financial are listed on the Toronto Stock Exchange (the "TSE"), the New York Stock Exchange, the London Stock Exchange and the Philippine Stock Exchange.
3. Sun Life Financial and its subsidiaries (collectively, "Sun Life") have approximately 4,200 employees in Canada.
4. The Fund is being established for the sole purpose of providing employees of Sun Life with the ability to indirectly acquire an interest in the shares of Sun Life Financial.
5. The Fund will be established by a declaration of trust pursuant to the laws of Ontario and will be a mutual fund in Ontario as that term is defined in the Act.
6. Units of the Fund will not be transferable.
7. Employees of Sun Life will be the only parties entitled to purchase units of the Fund.
8. Participation by employees of Sun Life in the Fund will be voluntary. Employees of Sun Life will not be induced to purchase units of the Fund by expectation of employment or continued employment.
9. Employees of Sun Life participating in the Fund ("Participants") may acquire units of the Fund in two ways:
  - (a) pursuant to automatic payroll deduction (the "Automatic Purchase Feature"), Participants may elect to have a percentage of their salary automatically deducted on a bi-weekly basis and deposited with the trustee to be used to purchase common shares of Sun Life Financial; and

- (b) pursuant to a lump sum payment option (the "Lump Sum Feature"), Participants are permitted to make lump sum cash payments to the trustee, or to transfer funds from another Sun Life savings plan, to be used to purchase common shares of Sun Life Financial.

The timing of an investment through the Lump Sum Feature will be at the discretion of the Participants, subject to the restrictions imposed on Participating Insiders in Sun Life Financial's insider trading policy which restricts an Insider from obtaining units during certain specified periods.

10. Other than the Lump Sum Feature, the Fund will qualify as an "automatic securities purchase plan" as defined in proposed National Instrument 55-101 "Exemption from Certain Insider Reporting Requirements".
11. The number of common shares of Sun Life Financial to be acquired under the Fund is expected to be *de minimus* in relation to the number of common shares of Sun Life Financial issued and outstanding.
12. The Fund's assets will be composed of approximately 98% common shares of Sun Life Financial and 2% cash. The initial value of \$10 per unit will fluctuate primarily with the market price of the Sun Life Financial shares on the TSE. The units will be redeemable for shares of Sun Life Financial. The number of Sun Life Financial shares represented by the units will be determined by dividing the then current value of the units by the closing share price of the Sun Life Financial shares on the TSE at 4:00 p.m. on any day on which the TSE is open for trading.
13. Prior to the initial purchase of units by a Participant, Sun Life will provide the Participant with an information brochure (the "Information Brochure") disclosing, among other things, the objective of the Fund, the management fee paid to the Trustee by the Fund, the method of valuation of a unit for purchases or redemptions, the voting and dividend rights of unitholders and the Canadian income tax consequences of acquiring, holding and disposing of units of the Fund.
14. It is contemplated that a Canadian trust company (the "Trustee") will act as trustee and custodian of the Fund.
15. Sun Life will pay the Trustee an administrative fee of \$13,000. In addition, the Trustee will receive a management fee of 0.20% of the net asset value of the Fund per year, which fee will be charged to the Fund. Sun Life Assurance Company of Canada will perform various administrative services for the Fund pursuant to a contract with the Trustee and will be compensated by the Trustee for the performance of such services.
16. The voting, dividend and continuous disclosure rights and other rights and entitlements with respect to ownership of shares of Sun Life Financial will flow through to the Participants in the Fund.
17. The Participants will be provided with audited annual financial statements of Sun Life Financial and all other

materials sent to shareholders of Sun Life Financial. The Participants will also be asked whether they wish to receive the unaudited interim financial statements of Sun Life Financial.

18. It is expected that the offering of shares of Sun Life Financial to employees of Sun Life indirectly through the Fund will be beneficial to the employees by allowing the pooling of investments so that shares of Sun Life Financial may be purchased in sufficient quantities to keep brokerage costs to a minimum and ensuring the employees a higher level of liquidity than would be the case with a direct investment.
19. The tax treatment that a Participant would receive through holding an interest in shares of Sun Life Financial indirectly through the Fund is virtually identical to that which he or she would receive through buying shares of Sun Life Financial directly.
20. Exemptions from the Registration and Prospectus Requirements contained in the Legislation in connection with the purchase of shares of an issuer by employees are not available since employees of Sun Life are acquiring units of the Fund, rather than directly acquiring shares of Sun Life Financial.

**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;

**IT IS HEREBY DECIDED** by the Decision Makers pursuant to the Legislation that the Registration and Prospectus Requirements shall not apply to an issuance of units of the Fund to Participants provided that:

- (i) the sole investment objective of the Fund is to acquire the shares of Sun Life Financial;
- (ii) prior to the initial issuance of units of the Fund to a Participant, such Participant is provided with a statement that as a consequence of this Decision certain protections, rights and remedies provided by the legislation, including statutory rights of rescission and damages, will not be available in respect of the units of the Fund issued pursuant to this Decision; and
- (iii) prior to the initial issuance of units of the Fund to a Participant, such Participant is provided with an Information Brochure containing relevant information concerning the Fund, including the Canadian income tax consequences of acquiring, holding and disposing of units thereof.

**AND IT IS FURTHER DECIDED** by the Decision Makers pursuant to the Legislation of Ontario only that the Financial Statement Requirements shall not apply to the Fund provided that:

- (i) the sole investment objective of the Fund is to acquire the shares of Sun Life Financial; and
- (ii) the Participants will be provided with audited annual and, if they request, unaudited interim financial statements of Sun Life Financial and all other materials sent to shareholders of Sun Life Financial.

**AND IT IS FURTHER DECIDED** by the Decision Makers pursuant to the Legislation that the Insider Reporting Requirements shall not apply to Participating Insiders with respect to the acquisition of units in the Fund pursuant to the Automatic Purchase Feature of the Fund, provided that:

- (i) each such Participating Insider shall report, in the form prescribed for insider trading reports under the Legislation, all acquisitions of units of the Fund and the resulting change or changes in his or her direct or indirect beneficial ownership of or control over securities of Sun Life Financial under the Automatic Purchase Feature of the Fund that have not previously been reported by or on behalf of the insider
  - (A) for any units of the Fund acquired under the Automatic Purchase Feature of the Fund which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and
  - (B) for any units of the Fund acquired under the Automatic Purchase Feature of the Fund during a calendar year (the "Reporting Period") which have not been disposed of or transferred, within 90 days of the end of the Reporting Period;
- (ii) if a Participant becomes an insider during a Reporting Period, then for the purposes of the first insider trading report contemplated by paragraph (i)(B) above the "Reporting Period" for that insider shall be calculated as the period of time commencing on the date the Participant became an insider through to December 31 of that year;
- (iii) if, at any time during a Reporting Period other than at the commencement of such period, a Participating Insider determines to adopt the use of an insider trading report as contemplated by paragraph (i)(B) above to report acquisitions of units of the Fund and the resulting change or changes in the Participating Insider's direct or indirect beneficial ownership of or control or direction over securities of Sun Life Financial pursuant to the Automatic Purchase Feature of the Fund, then for the purposes of the first insider trading report contemplated by paragraph (i)(B) above the "Reporting Period" shall be calculated as the period of time commencing on the date on which such determination is made through to December 31 of that year; and

- (iv) the Participating Insider does not beneficially own, directly or indirectly, voting securities of Sun Life Financial or units of the Fund, or exercise control or direction over, voting securities of Sun Life Financial or units of the Fund, or a combination of both, that carry more than 10 per cent of the voting rights attaching to all outstanding voting securities of Sun Life Financial.

June 27<sup>th</sup>, 2000.

"J. A. Geller"

"David Brown"

## 2.2 Orders

### 2.2.1 MMI Properties Inc. - s. 211

#### Headnote

Licensed Agents not subject to section 206(1) of the Regulation in connection with trades of Hotel Units provided that each Hotel Unit has an aggregate acquisition cost of not less than \$250,000, the potential purchaser represents that the purchaser has access to investment advice and the exemption shall expire on the third anniversary of the date of the Order.

#### Statutes Cited

*Securities Act*, R.S.O. 1990, as. am., paragraphs 35(1)(5), 72(1)(d).

Regulation made under the *Securities Act*, R.R.O. 1990, Reg. 1015, as. am., ss. 206(1), s. 211.

*Real Estates and Brokers Act*, R.S.O. 1990, c. R.4, as. am.

#### Rules Cited

OSC Rule 45-501, s.3.1

**IN THE MATTER OF THE SECURITIES ACT,  
R.S.O. 1990, c. S.5, AS AMENDED (the "Act")  
AND REGULATION 1015 MADE UNDER THE ACT  
(the "Regulation")**

**AND**

**IN THE MATTER OF  
MMI PROPERTIES INC.**

**ORDER  
(Section 211)**

**UPON** the application (the "Application") of MMI Properties Inc. (the "Applicant") to the Ontario Securities Commission (the "Commission") for an order pursuant to section 211 of the Regulation exempting real estate agents ("Licensed Agents") licensed under the *Real Estate and Business Brokers Act*, R.S.O. 1990, c. R.4, as amended (the "Ontario Real Estate Act") from the registration requirement of subsection 206(1) of the Regulation, in connection with trades of certain strata lots ("Hotel Units") located at 175 Robson Street, Vancouver, British Columbia in a development to be known as Hilton Suites Vancouver (the "Development");

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

**AND UPON** the Applicant having represented to the Commission as follows.

1. The Applicant was incorporated under the laws of British Columbia on November 25, 1999 for the purpose of developing the Development.
2. The Development will comprise 192 strata lots which will consist of 175 Hotel Units to be used for hotel accommodation, 8 commercial retail lots (the "Commercial Units") to be used for commercial retail purposes, a single spa lot, a food and beverage lot (the

"Restaurant Unit") to be used for restaurant, bar and food preparation purposes and 7 meeting and convention room lots (the "Convention Units") (collectively, the "Strata Lots"). Prior to deposit of the strata plan for the Development, the Applicant may reconfigure the Commercial Units, the Restaurant Unit and/or the Convention Unit and, accordingly, the number of Strata Lots may change.

3. The Development will be located within a high-rise concrete building consisting of a two-storey mixed use base and a 16-storey hotel tower above a level podium and three levels of underground parking.
4. Each owner of a Strata Lot will be entitled to a proportionate share of the common property (the "Common Property") of the Development as well as the common facilities and other assets of the strata corporation (the "Strata Corporation") that will be created upon the deposit of a strata plan for the Development in the British Columbia Land Title Office. Owners of Strata Lots will own such assets as tenants in common.
5. The hotel operation (the "Hotel Operation") will form part of the Development and will comprise the 175 Hotel Units and the hotel administration area.
6. The hotel administration area will consist of the hotel front desk, administrative offices and closet storage areas which will be designated as limited Common Property for the Hotel Units and will be leased, together with the hotel lobby area, by the Strata Corporation to the manager of the Hotel Operation (the "Manager").
7. Each purchaser of a Hotel Unit will be required to become a party to a hotel management and rental pool agreement (the "Rental Pool Agreement") which will authorize the Manager to manage and operate the Hotel Operation for, and on behalf of, the Hotel Unit owners in accordance with the rental pooling arrangement (the "Rental Pool") established by the Rental Pool Agreement.
8. As a result of the Rental Pool established by the Rental Pool Agreement, each Hotel Unit owner will be entitled to receive payment each quarter of its proportionate share of gross revenues from the Hotel Operation following the deduction of all expenses and certain capital and working capital cash reserves to be held by the Manager against future operational expenses or repairs to capital items.
9. Each Hotel Unit owner is responsible for its proportionate share of the expenses incurred in respect of the Hotel Operation which will include the fee payable to the Manager for its services and expenses related to the management and maintenance of all hotel common areas. The fee paid to the Manager is based on gross revenues generated from the Hotel Operation. Each owner will also be responsible for its own personal expenses attributable to the ownership of a Hotel Unit. If revenues from the Hotel Operation are insufficient to cover such expenses, each Hotel Unit owner will be responsible for funding the shortfall.

10. The Rental Pool Agreement will have an initial term of 20 years. Subject to the Manager's right to top up any shortfall, the Rental Pool Agreement may be terminated by Hotel Unit owners by way of a 51% majority vote if in any operating year following the third operating year, gross operating profit is less than \$3.5 million provided the average occupancy rate of a competitive set of hotels is greater than 65%. Following such a termination, the Manager would be entitled to payment of a termination fee equal to 70% of the total fees earned by the Manager during the previous operating year.
11. The Manager is entitled to terminate the Rental Pool Agreement under the following circumstances:
  - (a) upon 60 days prior written notice to Hotel Unit owners if the Hotel Unit owners fail to make, or authorize the Manager to make, capital expenditures without which the Hotel Operation cannot be maintained as a first class hotel;
  - (b) upon 30 days written notice to Hotel Unit owners in the event that the owners of more than 10 of the Hotel Units are in default of any payment obligation under the Rental Pool Agreement at the time the Manager exercises its right to terminate, provided that a Hotel Unit owner will be deemed not to be in default unless the owner fails to cure any payment default alleged by the Manager within a period of 15 days from receipt of the Manager's default notice; or
  - (c) upon 60 days written notice to Hotel Unit owners in the event that the owners of more than 10 Hotel Units are in default of any obligation (other than a payment obligation) under the Rental Pool Agreement at the time the Manager exercises its right to terminate, provided that a Hotel Unit owner will be deemed not to be in default unless the owner fails to cure any default alleged by the Manager within a period of 60 days from receipt of the Manager's default notice.
12. The owner of a Hotel Unit, or a guest of the owner, may use the Hotel Unit on an unlimited basis, subject to availability, provided the owner makes prior reservations with the Manager not less than 90 days in advance of the intended use and the owner pays a prescribed usage fee. When the Hotel Unit is being used by its owner or a guest thereof, the owner will not receive any rental revenue allocation for the Hotel Unit.
13. Strata Lots, other than the Hotel Units, will not form part of, and will be operated separately from, the Rental Pool.
14. As a result of the foregoing, an investment in a Hotel Unit provides the purchaser thereof with a means to participate financially in the Hotel Operation and a Hotel Unit is therefore a security for purposes of the Act.
15. Hotel Units are being offered for sale, and sold, in British Columbia through real estate agents licensed under the *Real Estate Act* (British Columbia) (the "BC Real Estate Act") in reliance upon exemptions from the dealer registration and prospectus requirements of the *Securities Act* (British Columbia) (the "BC Act") that are available pursuant to sections 31(2)(5) and 55(2)(4) of the BC Act, and in accordance with real estate securities disclosure requirements which require the preparation of an offering memorandum in accordance with Form 43B under the BC Act.
16. Form 43B under the BC Act requires an offering memorandum for real estate securities to be in the form of either a disclosure statement or a prospectus required under the BC Real Estate Act and by the British Columbia Superintendent of Real Estate and it also provides that the additional information prescribed by Form 43B must be included in the body of the disclosure statement or prospectus as a separate section entitled "Real Estate Securities Aspects of the Offering".
17. The Applicant has prepared a disclosure statement for the Development (the "Disclosure Statement") in accordance with the form and content requirements of Form 43B and the Disclosure Statement has been filed with the British Columbia Superintendent of Real Estate.
18. Hotel Units are to be offered for sale, and sold, in Ontario by Licensed Agents in reliance upon the exemptions from the dealer registration and prospectus requirements of the Act that are available pursuant to the combined effect of paragraphs 35(1)(5) and 72(1)(d) of the Act, section 3.1 of OSC Rule 45-501, and subject to the terms of this order. Each prospective purchaser of a Hotel Unit will be provided with a copy of the Disclosure Statement as well as a "wrapper" which will describe, among other things, the contractual rights of action which will be granted to every purchaser of a Hotel Unit by the Applicant in accordance with OSC Rule 45-501.
19. Prospective purchasers of Hotel Units will not be provided with rental or cash flow guarantees or any other form of financial commitment on the part of the Applicant or the Manager.
20. The Rental Pool Agreement requires the Manager to provide each Hotel Unit owner with the following:
  - (a) annual audited financial statements (including statements for the prior comparative year) with respect to the operation of the Rental Pool for each operating year;
  - (b) unaudited interim (quarterly) financial statements for the Rental Pool;
  - (c) quarterly statements of gross revenue, expenses, capital expenditures and reserves for the Hotel Operation and any personal expenses for an owner's Hotel Unit paid by the Manager; and
  - (d) an annual summary of the operating plan and budget for the Hotel Operation once approved by Hotel Unit owners.

21. The Rental Pool Agreement requires the Manager to deliver to a subsequent prospective purchaser, upon reasonable notice of an intended sale by the owner of a Hotel Unit, and before an agreement of purchase and sale is entered into the most recent audited annual financial statements (which include financial statements for the prior comparative year) and, if applicable, interim unaudited financial statements for the Rental Pool (collectively the "Financial Statements").
22. The Rental Pool Agreement requires:
- (a) the Applicant to deliver the Disclosure Statement to a subsequent prospective purchaser of a Hotel Unit upon receiving reasonable notice of a proposed sale of the Hotel Unit that is to take place either prior to, or within 12 months of, the issuance by the City of Vancouver of permission to occupy the relevant Hotel Unit; and
  - (b) the Manager to deliver a summary of the Disclosure Statement (the "Disclosure Statement Summary") to a subsequent prospective purchaser of a Hotel Unit upon receiving reasonable notice of a proposed sale of the Hotel Unit that is to take place any time following the expiration of a period of 12 months from the date of issuance by the City of Vancouver of permission to occupy the relevant Hotel Unit.
23. The Disclosure Statement Summary that is delivered to a prospective purchaser of a Hotel Unit which is subject to a Rental Pool Agreement will include:
- (a) items 1, 3(1), 6, 7, 9(1), (2), (3) and (4), 10(b) and 16 of Form 43B with respect to the proposed sale, modified as necessary to reflect the operation of the Rental Pool and the form of disclosure, and
  - (b) items 12(2), (3) and (4) of Form 43B with respect to the Manager under the Rental Pool Agreement modified so that the period of disclosure runs from the date of the certificate attached to the Disclosure Statement Summary,
- and will be certified by the Manager in the form of the certificate required pursuant to item 19 of Form 43B.
24. The Rental Pool Agreement requires each owner of a Hotel Unit to provide:
- (a) the Manager with notice of a proposed sale of the Hotel Unit; and
  - (b) a subsequent prospective purchaser of a Hotel Unit with notice of his, her or its right to obtain from the Applicant or the Manager the Financial Statements and the Disclosure Statement or Disclosure Statement Summary, as the case may be.

IT IS ORDERED, pursuant to section 211 of the Regulation that Licensed Agents are exempted from the provisions of subsection 206(1) of the Regulation in connection with trades by the Licensed Agents of Hotel Units, provided that:

- (i) each Hotel Unit sold in reliance upon this Exemption has an aggregate acquisition cost to each purchaser thereof of not less than \$250,000;
- (ii) each prospective purchaser of a Hotel Unit provides a representation that the purchaser has access to investment advice from a person or company who is a registered adviser or a registered dealer who is able to evaluate a prospective investment in a Hotel Unit based upon information available from the Manager, and for such purpose a Licensed Agent may rely upon related representations of the prospective purchaser unless the Licensed Agent has reason to believe otherwise; and
- (iii) this exemption shall expire, and be of no further force or effect, as of and from the third anniversary of the date hereof.

June 27<sup>th</sup>, 2000.

"Howard I. Wetston"

"Robert W. Davis"

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



**2.2.2 Symmetry Resources Inc. - s. 83**

**Headnote**

Issuer deemed to have ceased to be reporting issuer under the Act.

**Statutes Cited**

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 1(1), 6(3) and 83.

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

**AND**

**IN THE MATTER OF  
SYMMETRY RESOURCES INC.**

**ORDER  
(Section 83)**

**WHEREAS** Symmetry Resources Inc., a corporation formed under the laws of Alberta, has applied for an order pursuant to section 83 of the Act;

**AND UPON** it being represented that Symmetry Resources Inc. has fewer than fifteen security holders whose latest address as shown on its books is in Ontario;

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

**IT IS ORDERED** pursuant to section 83 of the Act that Symmetry Resources Inc. is deemed to have ceased to be a reporting issuer for the purposes of the Act.

June 21<sup>st</sup>, 2000.

"Heidi Franken"

## 2.3 Rulings

### 2.3.1 Abria Financial Products Ltd., Abria Diversified Trust and Abria ESL Trust - ss. 74(1) and s. 147

#### Headnote

Subsection 74(1) - Trades in securities of mutual funds exempt from the provisions of sections 25 and 53 to investors who have made and continue to maintain an investment in the relevant fund of \$150,000 or more. Section 147 - Annual filing of a Form 45-501F1 permitted in respect of such subsequent investments.

#### Statute Cited

*Securities Act*, R.S.O. 1990, c.S.5, as am., ss. 53, 62, 72(1)(d), 72(1)(p), 72(3), 74(1) and 147

#### Rules Cited

45-501 Prospectus Exempt Distributions  
81-501 Mutual Fund Reinvestment Plans

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

AND

IN THE MATTER OF  
ABRIA PIPE TRUST  
ABRIA DIVERSIFIED TRUST  
ABRIA ESL TRUST

#### RULING AND ORDER

(Subsection 74(1) and Section 147 of the Act)

UPON the application of Abria Financial Products Ltd. (the "Manager"), the manager and promoter of the Abria PIPE Trust, Abria Diversified Trust and the Abria ESL Trust (the "Funds"), to the Ontario Securities Commission (the "Commission") (i) for a ruling pursuant to subsection 74(1) of the Act that subsequent investments in a Fund made by an investor in amounts less than \$150,000 be exempted from the provisions of sections 25 and 53 of the Act so long as the investor has made and continues to maintain an investment in the Fund of \$150,000 or more, and (ii) for an order pursuant to section 147 of the Act that such subsequent trades not be subject to subsection 72(3) of the Act provided an annual filing of a Form 45-501F1 under Rule 45-501 Prospectus Exempt Distributions ("Rule 45-501") and payment of the applicable filing fees is made in respect of such subsequent investments;

AND UPON considering the application and the recommendation of Staff of the Commission;

AND UPON the Manager having represented as follows:

1. Each of the Abria PIPE Trust and the Abria ESL Trust will be a mutual fund trust established by a trust agreement between the Manager, as sponsor and

manager of each such Fund, and Henry Kneis and Lucas Roffey, as trustees. The Abria Diversified Trust will be a mutual fund trust established by a trust agreement between the Manager, as sponsor and manager of that Fund, and a Canadian trust company as trustee;

2. The Manager is registered under the Act as an adviser in the categories of investment counsel and portfolio manager and as a dealer in the category of limited market dealer.
3. Each of the individuals who are to act as the initial trustees of the Abria PIPE Trust and the Abria ESL Trust is a director, officer and principal shareholder of the Manager;
4. The trust agreement for each of the Abria PIPE Trust and the Abria ESL Trust contemplates that upon receipt of the requisite approval of the Commission, the trustees will resign and the Manager will become the trustee of those Funds in their place;
5. Units of the Fund are to be offered to clients of the Manager on a continuous basis in each of the provinces of Canada, except Quebec, pursuant to exemptions from the prospectus and, where applicable, dealer registration requirements of the legislation of such jurisdictions and, accordingly, the Funds do not intend to become reporting issuers under the Act;
6. Following an initial purchase of units of a Fund pursuant to the prospectus exemption provided by clause 72(1)(d) of the Act and Rule 45-501, it is proposed that a unitholder be permitted to acquire additional units (the "Additional Units") of the Fund in amounts less than \$150,000;
7. Any distribution of additional units to unitholders pursuant to the mandatory reinvestment of distributions of income or capital gains will be exempt from the requirements of sections 25 and 53 of the Act pursuant to Rule 81-501 Mutual Fund Reinvestment Plans;

AND UPON the undersigned being of the opinion that to do so would not be prejudicial to the public interest;

IT IS RULED pursuant to subsection 74(1) of the Act that trades in Additional Units of the Fund to a unitholder of the Funds in Ontario, as described above, are not subject to sections 25 and 53 of the Act provided that:

- (a) at the time of the acquisition of such Additional Units, the unitholder who made the initial investment of at least \$150,000 then owns units of the relevant Fund having an aggregate acquisition cost or an aggregate net asset value of not less than \$150,000;
- (b) at the time of the acquisition of such Additional Units, the Manager is registered under the Act as an adviser in the categories of investment counsel and portfolio manager; and
- (c) this ruling will terminate 90 days after the publication in final form of any rule exempting from sections 25 and 53 of the Act distributions by a mutual fund of additional

securities which applies to trades of Additional Units of the Fund as described in recital 6 above;

**AND IT IS ORDERED** pursuant to section 147 of the Act that a trade in units of a Fund is not subject to subsection 72(3) of the Act provided that within 30 days after the financial year end of the Fund, the Fund files a report in accordance with Form 45-501F1 of Rule 45-501 in respect of trades in Units of the Fund during such financial year and pays the fee prescribed by such Rule.

June 7<sup>th</sup>, 2000.

"Howard I. Wetston"

"J. A. Geller"

**2.3.2 1405562 Ontario Limited - s. 59 of Schedule 1**

**Headnote**

Subsection 59(1) of Schedule 1 to the Regulation under the Act - reduction in fee otherwise due as a result of a takeover bid in connection with a corporate reorganization involving no change in beneficial ownership.

**Statutes Cited**

Securities Act, R.S.O. 1990, c.S.5, as am., s.93(1)(c).

**Regulations Cited**

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am. Schedule 1 s.32(1), s.59(1).

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

**AND**

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

**AND**

**IN THE MATTER OF  
1405562 ONTARIO LIMITED**

**RULING  
(Section 59 of Schedule 1)**

**UPON** the application (the "Application") of 1405562 Ontario Limited (the "Applicant") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to section 59 of Schedule 1 (the "Schedule") to the Regulation under the Act, exempting the Applicant from payment in part of the fee payable pursuant to section 32(1) of the Schedule;

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

**AND UPON** the Applicant having represented to the Commission as follows:

1. The Applicant is a corporation incorporated under the laws of Ontario and is not a reporting issuer under the Act. The Applicant is a wholly-owned subsidiary of KRT Investments Corp. ("KRTIC").
2. On May 29, 2000, the Applicant acquired 1,915,399 common shares of The Thomson Corporation ("TTC") (the "Shares") from KRTIC with the consideration therefor being satisfied by common shares of the Applicant. TTC is a reporting issuer under the Act.
3. The Applicant and KRTIC are both controlled by Kenneth R. Thomson and, as a result, the Applicant and KRTIC are affiliated corporations. Given that the

Applicant is deemed to own beneficially all of the TTC shares beneficially owned by companies controlled by Kenneth R. Thomson, the acquisition of the Shares by the Applicant resulted in the Applicant owning in excess of 20% of the outstanding common shares of TTC. Accordingly, the acquisition of the Shares by the Applicant constituted a take-over bid under the Act.

4. The Shares were acquired pursuant to the take-over bid exemption in clause 93(1)(c) of the Act.
5. The transaction was an internal corporate reorganization within the same control group and did not result in a change in beneficial ownership of the Shares.
6. In the absence of the relief provided by this ruling and pursuant to the formula in clause 32(1)(b) of the Schedule, the Applicant would be required to pay a fee of \$14,628.01 as a result of the transaction described above.

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

**IT IS RULED**, pursuant to subsection 59(1) of the Schedule, that the Applicant be exempt from the requirement to pay the fee otherwise payable pursuant to clause 32(1)(b) of the Schedule, provided that the minimum fee of \$900.00 is paid.

June 23<sup>rd</sup>, 2000.

"Howard I. Wetston"

"Robert W. Davis"

## Chapter 3

# Reasons: Decisions, Orders and Rulings

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IN THIS ISSUE

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## Chapter 4

# Cease Trading Orders

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### 4.1.1 Temporary Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
CINAR Corporation	June 20/2000	June 30/2000	—	---

### 4.1.2 Extending Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
International Hospitality Inc.	June 12/2000	---	June 23/2000	---

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## Chapter 5

# Rules and Policies

## 5.1 Rules and Policies

### 5.1.1 OSC Rule 31-507 - SRO Membership - Securities Dealers and Brokers

**NOTICE OF  
ONTARIO SECURITIES COMMISSION RULE 31-507  
SRO MEMBERSHIP  
- SECURITIES DEALERS AND BROKERS**

#### Notice of Rule

The Commission, has under section 143 of the *Securities Act* (Ontario) (the "Act"), made Rule 31-507 SRO Membership – Securities Dealers and Brokers (the "Rule").

The Rule and material required by the Act to be delivered to the Minister of Finance were delivered on June 29, 2000. If the Minister does not approve the Rule, reject the Rule or return it to the Commission for further consideration, the Rule will come into force on December 1, 2000. If the Minister approves the Rule, the Rule will come into force 15 days after it is approved.

#### Substance and Purpose of the Rule

The purpose of the Rule is to address certain regulatory issues that arise in connection with oversight of securities dealers and brokers. The Rule requires all securities dealers and brokers to be members of a self-regulatory organization recognized by the Commission (a "SRO") under section 21.1 of the Act. The Commission has recognized the Investment Dealers Association of Canada (the "IDA") under section 21.1 of the Act. It is contemplated that the Commission will consider recognition of the Mutual Fund Dealers Association (the "MFDA") as a SRO under section 21.1 in late 2000 or early 2001. The Rule conforms to the fundamental principle in paragraph 4 of section 2.1 of the Act under which the Commission should, subject to an appropriate system of supervision, use the enforcement capability and regulatory expertise of recognized self-regulatory organizations.

The Rule is substantially similar in effect on all securities dealers and brokers as National Policy Statement No. 49 ("NP 49") was on "national dealers".

#### *The 1989 National Regulatory Working Group*

In May 1989, the Canadian Securities Administrators (the "CSA") created the National Regulatory Working Group, which tabled and made available to the public its Final Report entitled "*Capital, Financial Reporting and Audit Requirements for the Securities Industry*" in December 1989 (the "NRWG Report"). Among the recommendations contained in that

report was a recommendation that would require certain dealers and advisers to become members of a SRO and contribute to the Canadian Investor Protection Fund ("CIPF"). This recommendation was partially adopted through the implementation of NP 49. The NRWG Report recommendation that all dealers be required to become members of a SRO is implemented through the Rule and proposed Rule 31-506 SRO Membership - Mutual Fund Dealers.

The NRWG Report made a number of recommendations to the CSA to deal with the regulatory concerns expressed in the report relating to the lack of sufficient oversight of both dealers operating in multiple jurisdictions and advisers holding property of their clients, particularly those advisers operating in multiple jurisdictions.

The CSA considered the recommendations, which included mandatory membership in a SRO, formalization of relationships between the Canadian securities regulatory authorities and SROs, information sharing arrangements between and among SROs and the Canadian securities regulatory authorities, a lead regulator system of regulation for registrants where one regulatory body would have jurisdiction over all registrants, increased oversight of SROs by the Canadian securities regulatory authorities, introduction of new regulations relating to internal control procedures, risk-based capital, segregation requirements and trade reporting, and implementing revised early warning reporting to the Canadian securities regulatory authorities. In addition, the CSA considered increased direct regulation of dealers and advisers by the CSA and restricting the ability of registrants to hold client property.

Currently, the IDA is the only SRO recognized by the Commission. The IDA is a participating SRO in the CIPF, the industry funded investor compensation fund. CIPF covers losses of securities and cash balances, within prescribed limits, suffered by clients of a participating firm in case of that firm's insolvency. Regular levies assessed on firms finance CIPF. These levies are based on the firm's gross revenues. The client loss coverage provided by CIPF is much higher than that afforded by the Ontario Contingency Trust Fund to which securities dealers contribute.

The Rule was originally published for comment on October 3, 1997, revised and republished for comment on June 19, 1998, and revised and republished on April 14, 2000.

#### Summary of the Rule

The Rule requires membership in a SRO recognized by the Commission. At the present time, the IDA is the only SRO recognized by the Commission for member regulation purposes. Membership in the IDA would require all member dealers to make contributions to CIPF.

The Rule will become effective December 1, 2000. Applicants for registration as a securities dealer or broker after the effective date will be required to be SRO members March 1, 2001. An existing securities dealer or broker registrant must become a SRO member as of the date of their first renewal of their registration following March 1, 2001. An existing securities dealer or broker registrant must also provide the SRO with notice of its intention to make an application for membership by January 1, 2001.

The Rule stipulates that a securities dealer or a broker with a head office located in Ontario must be subject to the prime audit jurisdiction of the SRO recognized by the Commission.

The Director may grant an exemption under the Rule.

### Summary of Changes to the Rule

The 1998 publication of the Rule connected the date of membership to the securities dealer or broker financial statement filing date. The April 14, 2000 publication changed the renewal of registration as the trigger date for SRO membership for existing registrants.

The Rule has also been changed to add a requirement that securities dealers and brokers that intend to become members of a SRO provide notice of their intention to the SRO shortly after the Rule becomes effective. The final rule includes dates that were tentatively outlined in footnotes in the April 14, 2000 publication. Those dates are outlined below.

### Timing of the Rule

**The Rule will become effective December 1, 2000. The Rule will apply to all applicants for registration as securities dealers or brokers March 1, 2001. Existing registrants will be required to become members of a SRO as of their first renewal of registration following March 1, 2001 and no later than March 1, 2002.**

**A securities dealer or broker that does not wish to become a member of the IDA as of the applicable date, must either surrender its registration or re-register in another category. Those securities dealers, for example, that would prefer to become mutual fund dealers and therefore be subject to proposed Rule 31-506 rather than this Rule, must re-register as mutual fund dealers before their first renewal of registration after March 1, 2001.**

**Registrants should begin to plan for the transition under this Rule immediately. Registrants should be aware that the processing of membership applications at the IDA requires adequate review and may take some time. The Director has the authority to grant exemptions from the Rule and may also consider applications for temporary exemption in certain circumstances.**

### Summary of Written Comments Received by the Commission

Two comment letters were received in response to publication on April 14, 2000. The first letter, from the Toronto Stock Exchange (the "TSE") was strongly in support of the Rule and

believes that the Rule will address a "longstanding gap in securities regulation." The TSE believes that SRO membership will bring a higher standard of investor protection through higher SRO requirements and the increased resources that the SRO has available to it for regulation of securities dealers and registrants. The second letter was from a securities dealer operating a day trading business. The securities dealer believes that as a result of its unique business needs it would not fit easily into the IDA structure and, in fact, IDA requirements are too inflexible to accommodate a day trading firm and would impose prohibitive costs on the firm. The securities dealer also responded to the 1998 publication for comment.

### Authority for the Rule

The following sections of the Act provide the Commission with authority to adopt the Rule. Paragraph 143(1)1 of the Act authorizes the Commission to make rules prescribing requirements in respect of applications for registration and the renewal, amendment, expiration or surrender of registration. Paragraph 143(1)2 of the Act authorizes the Commission to make rules prescribing conditions of registration or other requirements for registrants or any category or subcategory of registrant.

### Alternatives Considered

The Commission considers increased reliance on the self-regulatory system to be consistent with the purposes of provincial securities legislation. SROs can bring industry expertise to bear on members and can apply uniform standards on a consistent basis across provincial boundaries. They can react faster than government agencies to changes in market conditions and to activities and trends of concern. As the system under NP 49 has worked well since its adoption in June 1993, the Rule extends the system to all securities dealers and brokers. Under proposed Rule 31-506 SRO Membership - Mutual Fund Dealers, Ontario is, in effect, also extending NP 49 to all mutual fund dealers. Some CSA jurisdictions are considering taking the same approach as Ontario.

### Unpublished Materials

In developing the Rule, the Commission has not relied on any significant unpublished study, report or other material.

### Anticipated Costs and Benefits

There are substantial benefits involved in a self-regulatory organization system of regulation. A self-regulatory organization system helps to ensure compliance with regulatory requirements and also helps to provide consistent application and interpretation of the regulatory requirements.

Participants in the capital markets will benefit as additional levies are collected as a result of increased membership in the CIPF to the extent that this provides an increased fund in the event of an insolvency of a member firm.

Clients of affected dealers will benefit from the protections afforded by a SRO system and the availability of CIPF for those dealers that are not currently required to be members of a SRO and do not currently contribute to the CIPF.

The Rule will impose costs to dealers that are not currently members of a SRO and do not currently contribute to the CIPF. These costs will include fees for membership in the SRO as well as the levies of CIPF which are based on the level of activity in the capital markets, i.e. gross revenues of the participant. Brokers already contribute to CIPF as a result of their membership in The Toronto Stock Exchange.

Based on experience to date under NP 49, the Commission believes that the benefits of the proposed Rule justify the costs.

### The Rule

The text of the Rule including the proposed changes follows, together with footnotes that are not part of the Rule but have been included to provide background and explanation.

Dated: June 29, 2000.

## ONTARIO SECURITIES COMMISSION RULE 31-507 SRO MEMBERSHIP – SECURITIES DEALERS AND BROKERS<sup>1, 2</sup>

### PART 1 MEMBERSHIP REQUIRED

#### 1.1 Membership Required

- (1) A securities dealer<sup>3</sup> shall be a member of a SRO<sup>4</sup> recognized by the Commission under section 21.1 of the Act.
- (2) A broker<sup>5</sup> shall be a member of a SRO recognized by the Commission under section 21.1 of the Act.

- 1.2 Primary Audit Jurisdiction** – A securities dealer or a broker that has its head office located in Ontario shall be subject to the primary audit jurisdiction of the SRO recognized by the Commission of which it is a member.

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<sup>1</sup> This Rule is new.

<sup>2</sup> A general definition rule has been adopted as Rule 14-501 Definitions. It contains definitions of certain terms used in more than one rule. Rule 14-501 also provides, among other things, that terms used in a rule and defined in Section 1 of the *Securities Act* or subsection 1(2) of the Regulation will have the respective meaning given to them in the *Securities Act* or Regulation, as appropriate. A national definition rule has also been adopted as Rule 14-101 Definitions. It contains definitions of certain terms used in more than one National Instrument. National Instrument 14-101 also provides that a term used in a National Instrument and defined in the statute relating to securities of the applicable jurisdiction, the definition of which is not restricted to a specific portion of the statute, will have the meaning given to it in the statute relating to securities of that jurisdiction. National Instrument 14-101 also provides that a provision in a National Instrument that specifically refers by name to a jurisdiction, other than the local jurisdiction shall not have any effect in the local jurisdiction, unless otherwise stated in the provision.

<sup>3</sup> The term "securities dealer" is defined in Rule 14-501 as "a person or company registered under the Act in the category of securities dealer".

<sup>4</sup> The term "SRO" is defined in National Instrument 14-101 Definitions as "a self-regulatory organization, a self-regulatory body or an exchange". The Commission has recognized the Investment Dealers Association of Canada under section 21.1 of the Act.

<sup>5</sup> The term "broker" is defined in Rule 14-501 as "a person or company registered under the Act in the category of broker".

**PART 2 EFFECTIVE DATE**

- 2.1 This Rule shall be effective on March 1, 2001 for an applicant for registration as a securities dealer or broker.
- 2.2 This Rule shall be effective for a securities dealer on the renewal of registration for the securities dealer after March 1, 2001.
- 2.3 This Rule shall be effective for a broker on the renewal of registration for the broker after March 1, 2001.

**PART 3 NOTICE TO SRO**

- 3.1 **Notice** – Every registered securities dealer or broker that intends to make an application for membership in a SRO pursuant to this Rule shall give the SRO written notice of its intention no later than January 1, 2001.

**PART 4 EXEMPTION**

- 4.1 **Exemption** – The Director may grant an exemption to this Rule, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption.

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>
15Mar00	1071837 Ontario Inc. - Convertible Debenture	185,000	185
12Jun00	Apropos IT Ventures I, L.P. - Limited Partnership Interest	2,408,489	1,729,000
16Jun00	ASM Lithography Holding N.V. - Bearer Shares	1,959,078	35,000
10Jun00	Autobranch Technologies Inc. - Common Shares	150,500	215,000
26May00	BPI American Opportunities Fund - Units	2,478,597	16,826
18Apr00	Canadian Spooner Industries Corporation - Shares	150,000	535,714
07Apr00	Cathedral Gold Corporation - Common Shares	1,400,000	1,400,000
17May00	CC&L Balanced Fund - Units	380,067	29,934
09Jun00	Deans Knight Bond Fund - Trust Units	3,012,537	5,537
03May00	DXSTORM INC. - Common Shares	290,000	828,572
15Jun00	Equity International Investment Trust - Unit Trust	1,859	268
18May00	Espial Group inc. - Series A Preferred Shares	1,006,897	233,275
31Dec98	# FFWD -98 Limited Partnership - Limited Partnership Units	220,000	44
13Apr00	Firmbuy Inc. - Special Warrants - Amended	US\$4,996,350	1,110,300
13Jun00	GiantLoop Network, Inc. - Series B Preferred Stock	US\$249,999	75,075
31May00	GPC Biotech AG - Ordinary Bearer Shares	168,456	5,000
14Jun00	Inzeco Holdings Inc. - Special Warrants	2,419,999	4,033,333
	Ken Kadonoff - Special Warrants	154,648	104,000
30Apr00	Kingwest Avenue Portfolio - Units	1,085,919	59,767
31May00	Kingwest Avenue Portfolio - Units	37,493	2,022
17May00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	151,274	1,194
30May00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	12,578	101
01Jun00	Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund - Units	42,643	336
29May00	Lifepoints Achievement Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	54,481	445
12May00	Lifepoints Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	1,679	14



Notice of Exempt Financings

<u>Trans. Date</u>	<u>Security</u>	<u>Price (\$)</u>	<u>Amount</u>
30May00	Lifepoints Canadian Fixed Income Fund, Lifepoints Achievement Fund, Lifepoints Progress Fund, Lifepoints Opportunity Fund, Russell Canadian Equity Fund, Russell Global Equity Fund - Units	11,015	84
12May00	Lifepoints Opportunity Fund - Units	39,473	309
30May00	Lifepoints Progress Fund - Units	18,385,166	154,170
26May00	Meridex Network Corporation - Series A & B Special Warrants	893,848, 100	288,306, 1,000,000 Resp.
31Dec99	Platinex Inc. - Flow-Through Common Shares	222,000	444,000
16May00	Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Opportunity Fund, Lifepoints Achievement Fund - Units	38,132	226
01Jun00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	769,545	4,349
19May00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Achievement Fund - Units	139,722	950
31May00	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	155,999	1,036
17May00	Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Achievement Fund - Units	74,736	566
10May00	Russell Canadian Equity Fund, Lifepoints Opportunity Fund - Units	5,463	36
30May00	Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Opportunity Fund - Units	18,886	117
15May00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	334,254	2,375
29May00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund, Lifepoints Achievement Fund - Units	244,588	1,794
25May00	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Achievement Fund - Units	14,637	72
24May00	Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Achievement Fund - Units	69,675	448
23May00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund, Lifepoints Progress Fund - Units	149,194	1,213
18May00	Russell Canadian Equity Fund, Russell Overseas Equity Fund, Lifepoints Opportunity Fund - Units	14,876	109
11May00	Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Opportunity Fund, Lifepoints Achievement Fund - Units	58,657	365
15May00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	1,700,000	11,470
03Apr00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	350,000	2,360
15May00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	33,452	228
03Apr00	Russell Canadian Equity Fund, Russell Canadian Fixed Income Fund, Russell Overseas Equity Fund - Units	548,000	3,688
18May00	Russell Overseas Equity Fund - Units	4,235	29
28Apr00	Sprucegrove International Pooled Fund - Units	316	3
16Jun00	SunBlush Technologies Corporation, The - Common Shares	2,227,500	1,350,000
14Jun00	Tramore Village Apartments (U.S.) Limited Partnership - Limited Partnership Units	US\$200,000	8
14Jun00	Tramore Apartments Limited Partnership - Limited Partnership Units	US\$125,000	5
01Jun00 to 15Jun00	Ventures West 7 Limited Partnership - Units	900,000	900

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

<u>Seller</u>	<u>Security</u>	<u>Amount</u>
Melnick, Larry	Champion Gold Resources Inc. - Subordinate Voting Shares	149,500
1286917 Ontario Inc.	CPI Plastics Group Limited - Common Shares	6,000,826
SLMsoft.com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	1,575,000
Shneer, Michael	Partyco Holdings Ltd. - Common Shares	200,000
Landmark Global Financial Corporation	Sparton Resources Inc. - Common Shares	2,713,678

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**Chapter 9**  
**Legislation**

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IN THIS ISSUE

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## Chapter 11

# IPOs, New Issues and Secondary Financings

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**Issuer Name:**

BakBone Software Incorporated  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Prospectus dated June 19th, 2000  
Mutual Reliance Review System Receipt dated June 22nd, 2000

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

Yorkton Securities Inc.  
Acumen Capital Finance Partners Ltd.

**Promoter(s):**

N/A  
Project #278184

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**Issuer Name:**

BRANCHEZ-VOUS! inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Prospectus dated June 19th, 2000  
Mutual Reliance Review System Receipt dated June 22nd, 2000

**Offering Price and Description:**

1,503,856 Common Shares

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

Dundee Securities Corporation

**Promoter(s):**

Patrick Pierra  
Project #278252

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**Issuer Name:**

Cominar Real Estate Investment Trust  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 26th, 2000  
Mutual Reliance Review System Receipt dated June 27th, 2000

**Offering Price and Description:**

\$ \* - \* Units

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

TD Securities Inc.  
National Bank Financial Inc.  
Desjardins Securities Inc.  
BMO Nesbitt Burns Inc.  
CIBC World Markets Inc.  
Dlouhy Investments Inc.

**Promoter(s):**

N/A  
Project #279161

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**Issuer Name:**

The Descartes Systems Group Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 19th, 2000  
Mutual Reliance Review System Receipt dated June 19th, 2000

**Offering Price and Description:**

US\$75,000,000 - 5.5% Convertible Unsecured Subordinated  
Debentures due 2005

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

Griffiths McBurney & Partners

**Promoter(s):**

N/A  
Project #277519

---

**Issuer Name:**

IRIS Canadian Equity Index Plus Fund  
IRIS Nasdaq 100 RSP Index Fund  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Simplified Prospectus dated June 22nd, 2000  
Mutual Reliance Review System Receipt dated June 27th, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

LBC Financial Services Inc.

**Promoter(s):**

Laurentian Bank of Canada  
Project #279084

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**Issuer Name:**

Lar-Add Mines Limited

**Type and Date:**

Preliminary Non-Offering Prospectus dated June 23rd, 2000  
Received June 23rd., 2000

**Offering Price and Description:**

N/A

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

N/A

**Promoter(s):**

N/A  
Project #275842

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**Issuer Name:**

National Bank of Canada  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 26th, 2000  
Mutual Reliance Review System Receipt dated June 26th, 2000

**Offering Price and Description:**

\$125,000,00 to \$175,000,000 - 5,000,000 to 7,000,000  
(Shares) Non-cumulative First Preferred Shares Series 13

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

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

TD Securities Inc.

BLC Securities Inc.

Trillon Securities Corporation

**Promoter(s):**

N/A

**Project #278907**

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**Issuer Name:**

National Bank European Small Capitalization Fund  
National Bank Emerging Markets Fund  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Simplified Prospectus dated June 22nd, 2000  
Mutual Reliance Review System Receipt dated June 26th, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

National Bank Securities Inc.

**Promoter(s):**

N/A

National Bank Securities Inc.

**Project #278611**

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**Issuer Name:**

Petromin Resources Ltd.

**Type and Date:**

Preliminary Prospectus dated June 23rd, 2000  
Received June 28th, 2000

**Offering Price and Description:**

\$700,000 - 1,400,000 Shares to be issued on the exercise of  
1,400,000 special warrants previously issued at \$0.50 each

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

Pacific Corporate trust Company

**Promoter(s):**

Authur Ross Gorrell

**Project #279444**

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**Issuer Name:**

Plaintree Systems Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated June 19th, 2000  
Received June 21st, 2000

**Offering Price and Description:**

\$10,000,000 - 10,000,000 Common Shares and 5,000,000  
Common Shares Purchase Warrants to be issued on the  
exercise of 10,000,000 previously issued Special Warrants

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

Taurus Capital Markets Ltd.

**Promoter(s):**

N/A

**Project #278107**

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**Issuer Name:**

Premium Canadian Income Fund  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Simplified Prospectus dated June 21st, 2000  
Mutual Reliance Review System Receipt dated June 22nd,  
2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

John Mulvihill

**Promoter(s):**

Mulvihill Fund Services Inc.

**Project #278270**

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**Issuer Name:**

RBC Capital Trust  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated June 22nd, 2000  
Mutual Reliance Review System Receipt dated June 22nd,  
2000

**Offering Price and Description:**

Trust Capital Securities - Series 2010 (Rbc TruCS)

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

RBC Dominion Securities Inc.

BMO Nesbitt Burns Inc.

CIBC World Markets Inc.

Scotia Capital Inc.

TD Securities Inc.

Merrill Lynch Canada Inc.

Goldman Sachs Canada Inc.

National Bank Financial Inc.

HSBC Securities (Canada) Inc.

trilon Securities Corporation

**Promoter(s):**

Royal Bank

**Project #278452**

**Issuer Name:**

SR Telecom Inc.  
Principal Regulator - Quebec

**Type and Date:**

Preliminary Short Form Prospectus dated June 19th, 2000  
Mutual Reliance Review System Receipt dated June 22nd, 2000

**Offering Price and Description:**

\$42,525,000 - 5,250,000 Common Shares

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

CIBC World Markets Inc.  
NewCrest Capital Inc.  
National Bank Financial Inc.  
Yorkton Securities Inc.

**Promoter(s):**

N/A

**Project #277573**

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**Issuer Name:**

Stratos Global Corporation  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 19th, 2000  
Mutual Reliance Review System Receipt dated June 21st, 2000

**Offering Price and Description:**

\$153,750,000 - 15,000,000 Common Shares Issuable upon conversion of 15,000,000 Special Warrants

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

RBC Dominion Securities Inc.  
CIBC World Markets Inc.  
Yorkton Securities Inc.  
Scotia Capital Inc.  
Newcrest Capital

**Promoter(s):**

N/A

**Project #277886**

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**Issuer Name:**

Vasogen Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Short Form Prospectus dated June 26th, 2000  
Mutual Reliance Review System Receipt dated June 26th, 2000

**Offering Price and Description:**

\$17,500,000 - 1,750,000 Common Shares

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

Research Capital Corporation

**Promoter(s):**

N/A

**Project #278955**

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**Issuer Name:**

Wi-LAN Inc.  
Principal Regulator - Alberta

**Type and Date:**

Preliminary Short Form Prospectus dated June 21st, 2000  
Mutual Reliance Review System Receipt dated June 21st, 2000

**Offering Price and Description:**

July Warrants and August Options Issuable Upon Exercise of July Rights and August Rights

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

Montreal Trust Company of Canada

**Promoter(s):**

N/A

**Project #278208**

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**Issuer Name:**

Webhelp.com Inc.  
Principal Regulator - Ontario

**Type and Date:**

Preliminary Prospectus dated March 27th, 2000  
Closed 27th day of June, 2000

**Offering Price and Description:**

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

N/A

**Promoter(s):**

N/A

**Project #249915**

---

**Issuer Name:**

ACD Systems International Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated June 8th, 2000  
Mutual Reliance Review System Receipt 12th day of June, 2000

**Offering Price and Description:**

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

Octagon Capital Corporation  
HSBC Securities (Canada) Inc.

**Promoter(s):**

Douglas Vanderkhhove  
David Hooper

Lee Richard

John Fliczuk

Martin Winstanley

**Project #245715**

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**Issuer Name:**

Moxie Exploration Ltd.  
Principal Regulator - Alberta

**Type and Date:**

Final Prospectus dated June 22nd, 2000  
Mutual Reliance Review System Receipt dated 22nd day of June, 2000

**Offering Price and Description:**

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

N/A

**Promoter(s):**

N/A

Project #255764

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**Issuer Name:**

Multiactive Software Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Prospectus dated June 8th, 2000  
Mutual Reliance Review System Receipt dated 9th day of June, 2000

**Offering Price and Description:**

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

Taurus Capital Markets Inc.  
Yorkton Securities Inc.  
Canaccord Capital Corporation  
Haywood Securities Inc.

**Promoter(s):**

Terence Hui  
Project #250683

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**Issuer Name:**

Infowave Software, Inc.  
Principal Regulator - British Columbia

**Type and Date:**

Final Short Form Prospectus dated June 21st, 2000  
Mutual Reliance Review System Receipt dated 22nd day of June, 2000

**Offering Price and Description:**

\$30,030,000 - 924 Common Shares to be issued upon the exercise of 924,000 previously issued Special Warrants

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

Canaccord Capital Corporation  
CIBC World Markets Inc.

**Promoter(s):**

N/A

Project #274230

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**Issuer Name:**

Pangea Goldfields Inc.  
Principal Regulator - Ontario

**Type and Date:**

Final Short Form Prospectus dated June 27th, 2000  
Mutual Reliance Review System Receipt dated 27th day of June, 2000

**Offering Price and Description:**

\$9,900,000.00 - 2,200,000 Common Shares Issuable Upon the Exercise of 2,200,000 Special Warrants

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

Loewen Ondaatje McCutcheon Limited  
Sprott Securities Limited

**Promoter(s):**

N/A

Project #277125

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**Issuer Name:**

AIM Global Fund Inc. - AIM Dent Demographic Trends Class  
AIM Global Fund Inc. - AIM Global Aggressive Growth Class  
AIM Global Fund Inc. - AIM International Growth Class  
AIM RSP Dent Demographic Trends Fund  
AIM RSP Global Aggressive Growth Fund  
AIM RSP International Growth Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated June 23rd, 2000  
Mutual Reliance Review System Receipt dated 26th day of June, 2000

**Offering Price and Description:**

Mutual Reliance Review System Receipt

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

N/A

**Promoter(s):**

AIM Funds Management Inc.  
Project #256664

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**Issuer Name:**

Caldwell Balanced Fund  
Caldwell International Fund  
Caldwell Income Fund  
Caldwell Canada Fund  
Caldwell America Fund  
Caldwell Technology Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form dated June 23rd, 2000  
Mutual Reliance Review System Receipt dated 27th day of June, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

N/A

**Promoter(s):**

Thomas S. Caldwell  
John R. Campbell  
J. Dennis Freeman  
Douglas L. Hopkins  
John Skirving  
J. Donald Wiley  
Project #264569

**Issuer Name:**

Ethical Money Market Fund  
Ethical Income Fund  
Ethical Global Bond Fund  
Ethical Balanced Fund  
Ethical Canadian Equity Fund  
Ethical Growth Fund  
Ethical Special Equity Fund  
Ethical North American Equity Fund  
Ethical RSP North American Equity Fund  
Ethical Global Equity Fund  
Ethical RSP Global Equity Fund  
Ethical Pacific Rim Fund  
Principal Regulator - British Columbia

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated June 20th, 2000  
Mutual Reliance Review System Receipt dated 21st day of  
June, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

Credential Asset Management Inc.

**Promoter(s):**

N/A

Project #263177

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**Issuer Name:**

Grenadier 2000 Equity Fund (Formerly First Heritage Fund)

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated June 9th, 2000  
Received 15th day of June, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

Registered Dealers

**Promoter(s):**

N/A

Project #261369

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**Issuer Name:**

University Avenue Balanced Fund  
University Avenue Canadian Fund  
University Avenue Canadian Small Cap Fund  
University Avenue U.S. Growth Fund  
University Avenue U.S. Small Cap Fund  
University Avenue World Fund  
University Avenue Money Fund  
Principal Regulator - Ontario

**Type and Date:**

Final Simplified Prospectus and Annual Information Form  
dated June 15th, 2000  
Mutual Reliance Review System Receipt dated 21st day of  
June, 2000

**Offering Price and Description:**

Mutual Fund Securities - Net Asset Value

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

Registered Dealers

**Promoter(s):**

University Avenue Management Ltd.

Project #262030

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**Chapter 12**  
**Registrations**

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## Chapter 13

# SRO Notices and Disciplinary Proceedings

### 13.1 SRO Notices and Disciplinary Decisions

#### 13.1.1 Canadian Dealing Network - Notice to All Market Participants



#### CANADIAN DEALING NETWORK

#### NOTICE TO ALL MARKET PARTICIPANTS

June 28, 2000

As part of the Canadian Exchange Realignment announced on March 15, 1999, it was agreed that the Canadian Dealing Network ("CDN") would be transferred by The Toronto Stock Exchange (the "TSE") to the new national junior stock exchange to be created from the merger of the Alberta and Vancouver Stock Exchanges (the Canadian Venture Exchange Inc., or "CDNX").

This notice sets out the current status of the transfer, the projected timing, and its effect on CDN market participants.

#### Projected Timing

CDNX is in the final stages of its discussions with the Ontario Securities Commission relating to the commencement of operations by CDNX in Ontario. The timing of the transfer of CDN to CDNX is subject to the final outcome of these discussions.

It is currently anticipated that the assets of CDN will be acquired by CDNX in September, 2000. However, CDN quoted companies may be invited to list on CDNX prior to the acquisition of CDN assets by CDNX (see below under "CDN Quoted Companies").

#### Office Location

CDNX opened its Toronto office on May 1, 2000. On May 1, CDN's staff and operations were moved from the TSE premises into CDNX's Toronto office. The office is located at the following address:

P.O. Box 498  
Suite 600  
6<sup>th</sup> Floor  
130 King Street West  
The Exchange Tower  
Toronto, Ontario  
M5X 1E5

Telephone: (416) 367-2369  
Fax: (416) 367-3845

#### CDNX Market Structure and Trading System

CDNX is being structured as a three tier market.

#### *Tiers 1 and 2*

CDNX's company listings (the result of the merger of the ASE and VSE and the combination of their respective stock lists on November 29, 1999, and new CDNX listings since that time) have been designated as either Tier 1 or Tier 2. Tiers 1 and 2 will be distinguished by the financial status of the listed companies, with the more senior companies listed on Tier 1, and the remainder of the current CDNX listed companies on Tier 2. New listings on CDNX will be allocated to Tiers 1 and 2 on the basis of CDNX's tier-specific minimum listing requirements, as applied at the time of listing.

#### *Tier 3*

In connection with the transfer of CDN to CDNX, CDNX will introduce a third tier, "Tier 3", for the specific purpose of listing companies transferring from CDN's quoted market to CDNX. Tier 3 will be limited to current CDN quoted companies invited by CDNX to list on Tier 3. Subject to the finalization of discussions with the securities commissions in each of Ontario, Alberta and British Columbia, it is anticipated that there will be no future additions to Tier 3 of CDNX following the transfer of CDN quoted companies to CDNX.

Issuers listed on Tier 3 of CDNX will be required to meet the tier maintenance requirements of Tier 2 of CDNX on an ongoing basis in order to maintain a listing on Tier 3. It is currently anticipated that CDNX will assess all Tier 3 issuers by the end of the year 2000 and will advise them as to whether or not they meet Tier 2 tier maintenance requirements. Tier 3 issuers that meet Tier 2 tier maintenance requirements will continue to trade on Tier 3. Tier 3 issuers that do not meet Tier 2 tier maintenance requirements will be advised of this and will be immediately designated "Inactive". Tier 3 issuers designated "Inactive" will be given 18 months to continue to trade on Tier 3 and to attempt to reach Tier 2 tier maintenance requirements. In the event that an issuer designated as Inactive fails to meet Tier 2 tier maintenance requirements within the 18 month period, it will be suspended and then delisted.

Information regarding CDN's corporate finance policies, including tier maintenance requirements, may be viewed or obtained in the manner described below under "CDN Corporate Finance Policies".

### **Trading System**

All CDN companies listed on Tiers 1, 2 or 3 of CDN will trade on TradeCDN, CDN's fully electronic auction trading system. No companies listed on any tier of CDN will trade by way of a telephone-based dealer trading mechanism using market makers, as is the case with the CDN trading system.

### **CDN Quoted Issuers**

#### **Tier 3 Listing Invitation**

Companies which are quoted on CDN will be invited by CDN to list on Tier 3 of CDN. In addition, CDN quoted companies that meet the minimum listing requirements of Tiers 1 or 2 of CDN may, on their own initiative or by invitation of CDN, apply for listing on Tiers 1 or 2 of CDN, as applicable. CDN issuers that wish to make application for listing on Tiers 1 or 2 should refer to the section entitled "Graduation Requirements for CDN and Tier 3 Companies", below.

#### **Timing of Tier 3 Listing Invitation**

CDN is currently reviewing the timing of the transfer of CDN quoted companies to CDN, and will disseminate a notice and invitation to CDN quoted companies. It is anticipated that:

- (i) CDN quoted companies will be invited during the course of the Summer, 2000 to list on Tier 3 of CDN; and
- (ii) all CDN quoted companies accepting the Tier 3 listing invitation will be transferred to CDN by September, 2000.

The CDN listing invitation to CDN quoted companies will confirm the timing of the listing process.

#### **Tier 3 Listing Requirements**

CDN quoted companies accepting the invitation to list on Tier 3 of CDN will be required to:

- (i) enter into and file with CDN a CDN Listing Agreement (CDN Form 2D);
- (ii) submit Personal Information Forms (CDN Form 2A) on behalf of each of the directors, senior officers and insiders of the issuer; and
- (iii) effective immediately upon the commencement of their Tier 3 listing, comply with all CDN corporate finance rules applicable to the financing and transactional activities of Tier 2 CDN listed companies (for example, all filings requirements and all corporate finance rules governing private placements, options, changes of business, etc.).

CDN quoted companies listing on Tier 3 of CDN will not be required to obtain sponsorship from a CDN member or to

enter into an escrow arrangement in accordance with CDN's published rules as a condition of a Tier 3 listing.

Information regarding CDN's corporate finance policies, including CDN Forms and its policies governing financing and transactional activities, may be viewed or obtained in the manner described below under "CDN Corporate Finance Policies".

### **Graduation Requirements for CDN and Tier 3 Companies**

Key distinctions between the CDN quotation process and the CDN listing process are the requirements for member sponsorship and the escrowing of principal stock for CDN listed issuers. Accordingly:

- (i) CDN companies applying for listing on Tiers 1 or 2 of CDN prior to their transfer to Tier 3 of CDN; and
- (ii) CDN Tier 3 companies applying to graduate to Tier 2 or Tier 1 of CDN following the establishment of Tier 3;

will generally be required to obtain sponsorship from a member of CDN and to enter into an escrow arrangement in accordance with CDN's published policies.

### **CDN Unquoted or "Reported Market" Companies**

Companies which are not quoted on CDN, and merely have the trading in their outstanding securities reported to CDN in compliance with the requirements of Part VI of the Regulation to the *Securities Act* (Ontario), will not be invited to list on Tier 3 of CDN. Any such companies are, however, free to apply to list on Tier 1 or Tier 2 of CDN in the same manner as any other listed company candidate.

As part of the discussions relating to the commencement by CDN of operations in Ontario and the transfer of CDN to CDN, CDN has proposed to the Ontario Securities Commission that CDN develop an internet web-based reporting system for the reporting of trading in unlisted securities in Ontario, as currently provided by CDN for unquoted CDN securities. The Ontario Securities Commission is currently considering this proposal.

### **Companies Seeking Quotation on CDN – Application Deadline**

CDN will continue to accept applications for quotation on the CDN system until September 1, 2000. Companies with complete applications filed with CDN on or before September 1, 2000 will be entitled (subject to the approval of the application) to be quoted on CDN or listed on Tier 3 of CDN, as applicable. CDN's minimum quotation standards will continue to apply to all CDN quotation applications received on or before September 1, 2000.

### **Costs**

#### **Listing and Sustaining Fees**

Between July 1 and December 31, 2000, there will be no listing fee applicable to CDN quoted companies accepting CDN's invitation to list on Tier 3 of CDN.

Going forward, there will be no listing fee applicable to Tier 3 listed companies graduating to Tier 2 or Tier 1 of CDNX.

The standard CDNX listing fees will apply to current CDN quoted companies applying prior to July 1, 2000 to list on Tier 2 or Tier 1 of CDNX. Between July 1 and December 31, 2000, no listing fees will be payable by such companies.

All former CDN companies listing on CDNX will become subject to the standard CDNX annual sustaining fees commencing January 1, 2001.

#### **Transaction and Filing Fees**

Companies accepting the CDNX invitation to list on Tier 3 will be subject to CDNX's corporate finance policies and accordingly, from the time of listing on Tier 3, will be required to pay such fees as are applicable to all CDNX listed companies in connection with listed company filings. Fees are required to be paid by listed companies at the time of the filing of an application for review by exchange staff.

#### **Fee Schedule**

Attached as Schedule "A" is the current CDNX Corporate Finance Fee Schedule.

#### **Tax Treatment of CDN Issuers**

CDN is not a prescribed stock exchange under the *Income Tax Act* (Canada), and accordingly the tax treatment of CDN companies and investors in CDN companies may be different as compared to the treatment applicable to companies listed on a prescribed stock exchange (such as CDNX) and their investors.

As certain of the differences in tax treatment (such as an enhanced research and development tax credit) are beneficial for CDN companies, CDN and CDNX have been communicating with the federal Department of Finance in an attempt to preserve such tax treatment for CDN quoted companies which accept the invitation to list on Tier 3 of CDNX (for greater certainty, such beneficial treatment would cease to apply if the company graduates to or lists on Tier 2 or Tier 1 of CDNX).

Communications with the federal Department of Finance have not yet been concluded. Further notice will be provided when additional information in respect of tax treatment for former CDN companies is available.

#### **Reporting Issuer Status**

CDNX is currently finalizing arrangements with the Ontario Securities Commission in respect of the commencement of its operations in Ontario. One of the issues under discussion relates to the application of Ontario securities laws to CDNX listed companies.

Subject to the comments in the following paragraph, companies listing on Tier 1, 2 or 3 of CDNX will automatically become reporting issuers in each of Alberta and British Columbia. For the foreseeable future, companies that obtain a listing on CDNX will not automatically become reporting issuers in Ontario. However, subject to the finalization of

discussions with the Ontario Securities Commission relating to the commencement by CDNX of operations in Ontario, CDNX may require that issuers with a significant connection to Ontario make application to become a reporting issuer in Ontario.

CDNX is making application to the Alberta and British Columbia Securities Commissions on behalf of CDN quoted issuers that are reporting issuers in Ontario in order to allow such issuers a transitional period of time before they are deemed to be reporting issuers in Alberta and British Columbia. In the event that the order is granted, CDN quoted issuers that obtain a listing on CDNX would not be required to pay fees to the Alberta or British Columbia Securities Commissions and would not be required to conform their continuous disclosure filings to the securities laws of Alberta or British Columbia until June 30, 2001, provided that all materials filed by such issuers with the Ontario Securities Commission were also filed via SEDAR with the Alberta and British Columbia Securities Commissions.

#### **Information for Trading Executives and Head Traders at Firms trading CDN Securities**

It is currently anticipated that all CDN quoted companies which accept CDNX's invitation to list on Tier 3 of CDNX will commence trading on TradeCDNX by September, 2000.

It is highly recommended that firms which trade CDN quoted securities begin planning for the number of additional TradeCDNX Trader workstations required for their CDN stock traders. In particular, firms should determine the impact of additional terminals on their current CDNX network circuit configurations. Attached as Schedule "B" for your reference is the current TradeCDNX Fee Schedule, which outlines the various circuit sizes and the number of workstations they will support, as well as the cost of upgrading. Firms are reminded that Sprint Canada will not guarantee network installations in under 30 to 40 business days from the date an order is submitted.

Current CDN traders must also become registered TradeCDNX traders through their firms, and their firms must be or become members or participating organizations of CDNX, in order to continue trading in former CDN quoted companies which transfer to CDNX. For traders, this includes but is not limited to passing the TradeCDNX exam and other CSI courses as indicated by CDNX. Early preparation for registration is highly encouraged.

#### **Further Information**

##### **CDNX Corporate Finance Policies**

CDNX's corporate finance policies (published as the CDNX "Corporate Finance Manual") are available for review and free downloading on the CDNX website at [www.cdnx.ca](http://www.cdnx.ca). Alternatively, the Corporate Finance Manual may be purchased in hard copy at a cost of \$135 per copy by contacting Jason Chu at 1-800-206-7242. CDN quoted companies may each obtain one hard copy of the manual free of charge by contacting Mr. Chu.



**CDN Quotation / CDNX Listing Matters**

If you have any questions regarding CDN quotation or CDNX listing matters, please contact one of the following:

Ungad Chadda  
CDN / CDNX Manager, Corporate Finance  
(416) 860-4122

Tom Graham  
CDN / CDNX Manager, Corporate Finance  
(416) 860-4123

Kevan Cowan  
Director, CDN / CDNX Vice President, Toronto  
(416) 860-4101

**Trading Matters**

If you have any questions regarding network upgrades, CDN trading or CDNX trader registration, please contact one of the following:

Dale Boyd  
CDNX Manager, Trading  
(604) 602-6921

Marc Foreman  
CDNX Vice President, Trading  
(604) 602-6920

Please forward all requests for additional workstations and network upgrades, in writing, to Dale Boyd.

**CDNX Membership and Participating Organization Status**

If you have any questions regarding membership or participating organization status in CDNX, please contact:

Mary Beck  
CDNX Vice President, Market Regulation  
(604) 643-6593

**SCHEDULE "A"**

**Current CDNX Corporate Finance Fee Schedule**

<b>Annual Sustaining Fees</b>	
Per Issuer	\$1,500
Each Additional Class of Securities	\$150
<b>New Listings</b>	
New Listings	\$0.001 per share
Capital Pool Companies	\$4,000
RTO/Qualifying Transaction	Min \$2,000 - Max \$12,000
<b>Additional Listing</b>	\$0.001 per share
Change of Business	Min \$1,000 - Max \$10,000
Amalgamation, Merger, Take-Over Bid	Min \$2,000 - Max \$12,000
<b>Public Offerings</b>	\$0.001 per share
(including by prospectus, rights offering and short form offering)	Min \$1,000 - Max \$4,000
Amendments	\$500
<b>Private Placements and Shares for Debt</b>	\$0.001 per share
	Min \$500 - Max \$2,500
<b>Share Splits</b>	Apply Additional Listing Fee
<b>Consolidation</b>	\$1,000
<b>Property Transaction</b>	
Greater than 1 million shares issued	Apply Additional Listing Fee
Major Acquisition / Reviewable Disposition	\$750
Minor (including Expedited)	\$300
<b>Stock Options - Tier 2</b>	\$150 per optionee
(also for Tier 1 if no plan)	Max \$600
<b>Stock Options - Tier 1</b> (with any plan)	Apply Additional Listing Fee
<b>Escrow Shares</b>	
Cancellation, Amendment or a Contested Release or Transfer	\$1,000

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Reinstatement of Suspended Issuers	\$500
Processing	\$300 minimum
Engineering Reports:	CDNX may request a fee to cover the costs of the review of engineering/geological reports

Note: Processing fees may also be assessed for unusually time consuming or poorly prepared filings.

Note: TSE Interlisted companies filing fees are discounted 33% from the schedule, except annual Sustaining Fees and minimum charges.

Note: The calculation of fees assumes all warrants or other convertible securities have been exercised or converted.

Note: 7% GST to be added to all fees.

## SCHEDULE "B"

Current TradeCDNX Fee Schedule

EFFECTIVE FEBRUARY 1, 2000

<u>A. Order Fees</u>	<u>Amount</u>	<u>Date of Last Change</u>
Outstanding Orders held in excess of 90 days On the TradeCDNX order book*	\$0.50/order /month	April 1997 (VSE)
(* Official CDNX Odd Lot Traders exempt)		
 <u>B. Trade Execution Fees (per side)</u>		
• Trade Value up to \$250,000:	\$0.21/ 1000 shares Plus \$0.21/ \$1000 value (maximum \$31.25 per trade).	Feb. 1, 2000
• Trade Value over \$250,000:	\$0.115/ \$1000 value (maximum per trade: \$100 for non- crosses; \$50 for cross trades)	Nov. 1, 1999
 <u>C. Trade Reports</u>		
• Hardcopy- daily	\$300/month	Nov 1, 1999
• Electronic- daily *	\$100/month	Nov 1, 1999
(*Note: Development set-up costs may be levied and will vary according to nature of transmission)		
 <u>D. Order Management System (OMS) Order Entry</u>		
• TradeCDNX system access via OMS STAMP Gateway	\$500/Member /month	April 1996 (VSE)

<u>E. TradeCDNX Trader Workstation</u>	<u>Amount</u>	<u>Date of Last Change</u>
<ul style="list-style-type: none"> <li>Members must purchase; CDNX will order, Configure, deliver &amp; install.</li> </ul>	Vendor Pass Through + Shipping **	Nov 1, 1999
<ul style="list-style-type: none"> <li>**Current TWS Configuration: HP Vectra Vli8 PIII 500MHz 8.5 GB Hardware 128MB RAM 19" HP Monitor Okidata 320 Turbo Printer Custom Keyboard</li> </ul>	\$3900	Feb 24, 2000
Shipping per workstation;		
- Calgary	\$200	
- Montreal/ Toronto	\$300	
<ul style="list-style-type: none"> <li>Maintenance of Trader Workstation &amp; TradeCDNX Systems</li> </ul>	\$267/TWS /month	Feb 1, 2000

#### F. TradeCDNX Network – Member Site Fees

##### 1) One Time Fee \*

• Initial Install	\$2500	Nov 1, 1999
• Upgrade 64K to 128K circuit	\$1550	New
• Upgrade from 128k	\$2000	New
• Circuit Relocation (new address)	\$1250	New
• Removal and Order Cancellation	No Charge	New

(\*Note: Sprint requires 30-40 business days notice to install, move or upgrade a Member site network connection. Delivery expedition requests are on a "best efforts" basis and will be subject to \$1000 non-refundable charge.)

##### 2) Network Site Management Fee

• 1 Trader Workstation on site	\$1350/mo.	Feb 1, 2000
• 1-7 Workstations at same site	\$1350/mo.	Feb 1, 2000
• 8-13 Workstations at same site	\$2550/mo.	Feb.1, 2000
• 14-24 Workstations at same site	\$3150/mo	Feb.1, 2000
• 25+ Workstations at same site	\$3650./mo	Feb.1, 2000

**13.1.2 TSE - Listing Policy - Proposed New Original Listing Requirements for Technology Companies Applying under the Industrial Category**

**Toronto Stock Exchange  
REQUEST FOR COMMENTS  
LISTING POLICY – PROPOSED NEW ORIGINAL LISTING  
REQUIREMENTS FOR TECHNOLOGY COMPANIES  
APPLYING UNDER THE INDUSTRIAL CATEGORY**

On June 27, 2000, the Board of Directors of the Toronto Stock Exchange approved the introduction of original listing requirements for technology companies listing in the Industrial category. The new requirements are attached. Original listing requirements for companies listing in the Industrial category were last revised in 1998.

The new requirements are effective immediately on an interim basis, pending OSC approval following public notice and comment. Comments should be in writing and delivered by July 31, 2000 to:

Gerald B. Ruth  
Director, Company Listings  
The Toronto Stock Exchange  
The Exchange Tower  
130 King Street West  
Toronto, Ontario M5X 1J2  
Fax: (416) 947-4547  
e-mail: gruth@tse.com

A copy should also be provided to the:

Manager  
Market Regulation  
Capital Markets  
Ontario Securities Commission  
20 Queen St. West  
Toronto Ontario M5H 3S8

Comments will be publicly available unless confidentiality is requested.

**OVERVIEW**

In recognition of the growth and importance of the technology sector to the capital markets and the economy, the TSE has introduced specific minimum listing requirements for technology companies. This initiative reflects the TSE's ongoing efforts to maintain the quality of listings and to ensure the relevance and clarity of the Exchange's listing requirements.

The TSE last revised original listing requirements in 1998. In addition to setting higher standards generally, new Research and Development ("R&D") company requirements were introduced and other changes were made to ensure the relevance of the TSE's listing criteria. Since then it has become apparent that the existing industrial category listing criteria, with their focus on net tangible assets, profitability, and cash flow or research and development programs, are frequently inadequate measures for knowledge-based companies. While many of these companies are well managed and well funded with promising technologies, good commercial prospects and substantial capital market support, they traditionally have only been granted a listing on a discretionary basis.

The Exchange's key objectives in developing these new requirements are to:

- establish relevant criteria to facilitate the Exchange's assessment and listing of leading technology companies;
- ensure that the new listing standards for technology companies result in the appropriate positioning of the Exchange in relation to other equity markets; and
- foster transparency and consistency in the application of listing standards.

In developing the new requirements, the Exchange conducted significant analysis covering technology companies recently listed on the Exchange on a discretionary basis and Canadian technology companies currently listed on the Canadian Dealing Network ("CDN"), the Canadian Venture Exchange ("CDNX") and Nasdaq (excluding OTC). In addition, a number of industry experts including venture capitalists, corporate finance professionals and industry analysts were canvassed for their input.

**LISTING REQUIREMENTS FOR TECHNOLOGY COMPANIES**

The new requirements should facilitate the listing of well funded companies with products or services at an advanced stage of development or commercialization, and that have significant investor interest and market support. The requirements are as follows:

**Financial Requirements**

- 1) **A minimum of \$10 million in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus.**

Developing technology companies tend to rely on their treasury, rather than cash flow, to fund operations and

growth and consequently a significant minimum funding requirement is deemed necessary. The majority of technology companies previously listed on the TSE completed equity offerings in conjunction with listing. The Exchange recognizes the benefit and support derived from the due diligence performed by the underwriters in connection with an equity offering and the clearing of a prospectus.

- 2) **Adequate funds to cover all planned development and capital expenditures, and general and administrative expenses for a period of at least one year. A projection of sources and uses of funds including related assumptions covering the period (by quarter) signed by the Chief Financial Officer must be submitted.**

Based on an analysis of previous listings, technology companies currently listed on other markets and discussions with industry experts, a one year funding requirement was determined to be suitable. Industry trends suggest that companies in the technology sector access the equity markets quite frequently and the requirement for companies to have a high level of market support should enhance their prospects for accessing capital in the future.

- 3) **Evidence, satisfactory to the Exchange, that the company's products or services are at an advanced stage of development or commercialization and that the company has the required management expertise and resources to develop the business.**

In order to qualify for listing under the technology criteria, applicants must provide evidence that their products are at an advanced stage of development or commercialization. Generally, evidence of being at an advanced stage will be restricted to historical revenues or contracts for the future sale of a company's products or services. The Exchange will consider all other relevant factors in assessing the company's ability to develop its business including:

- (a) affiliations or strategic partnerships with major industry enterprises;
- (b) commercial or technical endorsements of the company's products or services from recognized industry participants;
- (c) existing or potential markets for the products or services and the company's marketing infrastructure and sales support dedicated to service these markets; and
- (d) the background and expertise of management including its record of raising funds.

#### Market Tests

- 4) **Minimum market value of the issued securities to be listed of at least \$50,000,000.**

The relevance of a market value test has been recognized by other markets, with some having recently introduced market capitalization requirements. Strong investor demand and capital market support distinguishes many

technology businesses from companies in other sectors. The \$50 million market value requirement was developed after conducting comparisons with other markets, analysis of selected Canadian technology companies listed on CDN, CDNX and Nasdaq, reviewing historical listings on the TSE and based on discussions with industry experts.

- 5) **Minimum public distribution requirements as set out in Section 310, except that the aggregate market value of the freely tradeable publicly held securities to be listed should be a minimum of \$10,000,000.**

The higher minimum public float value, in comparison to the current \$4 million float requirement, acts as a measure of the market endorsement for a company and a higher public float enhances the reliability of the share price and market value compared to a company with limited public distribution.

#### Discretionary Listings

The TSE's policy has also been highlighted and clarified to confirm that "exceptional circumstances" may justify a listing on a discretionary basis even though published requirements are not met. The policy further states that "exceptional circumstances" that may justify the granting of a discretionary listing will normally be confined to applicants with an affiliation with a substantial established enterprise or with an exceptionally strong financial position.

#### COMPARISON WITH THE REQUIREMENTS OF OTHER MARKETS

The Exchange examined the listing criteria of several other markets including CDNX, Nasdaq, the New York Stock Exchange ("NYSE"), the American Stock Exchange ("AMEX"), the London Stock Exchange ("LSE"), European Association of Securities Dealers ("Easdaq"), the Deutsche Bourse's Neuer Market and the Tokyo Stock Exchange's MOTHERS (Market for High-Growth and Emerging Stocks). The TSE's listing requirements for technology companies significantly exceed CDNX requirements, reinforcing the TSE's position as Canada's senior equities market, while they continue to be lower than those of the NYSE. The NYSE and LSE introduced listing requirements targeted at technology sector companies within the last year.

While the TSE has a lower market capitalization requirement than Nasdaq, the TSE also has minimum funding requirements and other qualitative standards that Nasdaq does not have. The TSE's technology listing requirements are generally higher than the relevant requirements of the majority of other markets reviewed including the Deutsche Borse's Neuer Market, the Tokyo Stock Exchange's MOTHERS and Easdaq.

#### IMPACT

The establishment of listing requirements for technology companies gives formal recognition to this important and growing sector. The new requirements will enable the listing of additional technology companies that did not previously qualify under existing listing criteria. The Exchange's competitive position will also be improved by allowing TSE caliber

## **SRO Notices and Disciplinary Decisions**

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companies to graduate to the Exchange earlier than at present. Publishing requirements for technology companies also increases the transparency of the Exchange's policies as many leading technology companies will no longer have to rely on the Exchange's discretionary approval for listing.

BY ORDER OF THE BOARD OF DIRECTORS

LEONARD PETRILLO  
VICE-PRESIDENT,  
GENERAL COUNSEL &  
SECRETARY

**Minimum Listing Requirements for Industrial Companies**  
*(Changes appear in bold italics)*

**CURRENT REQUIREMENTS**

**Sec. 309 – Requirements for Eligibility for Listing Subject to Section 502<sup>1</sup>.**

**(a) Profitable Companies**

- (i) net tangible assets<sup>2</sup> of \$2,000,000<sup>3</sup>;
- (ii) earnings from on-going operations of at least \$200,000 before taxes and extraordinary items in the fiscal year immediately preceding the filing of the listing application;
- (iii) pre-tax cash flow of \$500,000 in the fiscal year immediately preceding the filing of the listing application; and
- (iv) adequate working capital to carry on the business and an appropriate capital structure.

OR

**(b) Companies Forecasting Profitability**

- (i) net tangible assets of \$7,500,000<sup>4</sup>;
- (ii) evidence, satisfactory to the Exchange, of earnings from on-going operations for the current or next fiscal year of at least \$200,000 before taxes and extraordinary items<sup>5</sup>;
- (iii) evidence, satisfactory to the Exchange, of pre-tax cash flow for the current or next fiscal year of at least \$500,000<sup>6</sup>; and
- (iv) adequate working capital to carry on the business and an appropriate capital structure.

**PROPOSED REQUIREMENTS**

**Sec. 309 – Requirements for Eligibility for Listing Subject to Section 502<sup>1</sup>.**

**(a) Profitable Companies**

- (i) net tangible assets<sup>2</sup> of \$2,000,000<sup>3</sup>;
- (ii) earnings from on-going operations of at least \$200,000 before taxes and extraordinary items in the fiscal year immediately preceding the filing of the listing application;
- (iii) pre-tax cash flow of \$500,000 in the fiscal year immediately preceding the filing of the listing application; and
- (iv) adequate working capital to carry on the business and an appropriate capital structure.

OR

**(b) Companies Forecasting Profitability**

- (i) net tangible assets of \$7,500,000<sup>4</sup>;
- (ii) evidence, satisfactory to the Exchange, of earnings from on-going operations for the current or next fiscal year of at least \$200,000 before taxes and extraordinary items<sup>5</sup>;
- (iii) evidence, satisfactory to the Exchange, of pre-tax cash flow for the current or next fiscal year of at least \$500,000<sup>6</sup>; and
- (iv) adequate working capital to carry on the business and an appropriate capital structure.



OR

OR

**(c) Technology Companies<sup>7</sup>**

- (i) *a minimum of \$10,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus;*
- (ii) *adequate funds to cover all planned development and capital expenditures, and general and administrative expenses for a period of at least one year. A projection of sources and uses of funds including related assumptions covering the period (by quarter) signed by the Chief Financial Officer must be submitted<sup>9</sup>;*
- (iii) *evidence, satisfactory to the Exchange, that the company's products or services are at an advanced stage of development or commercialization and that the company has the required management expertise and resources to develop the business<sup>9</sup>;*
- (iv) *minimum market value of the issued securities that are to be listed of at least \$50,000,000; and*
- (v) *minimum public distribution requirements as set out in Section 310, except that the minimum aggregate market value of the freely tradeable, publicly held securities to be listed should be \$10,000,000.*

OR

**(c) Research and Development Companies**

- (i) a minimum of \$12,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus;
- (ii) adequate funds to cover all planned research and development expenditures, general and administrative expenses, and capital expenditures for a period of at least 2 years. A projection of sources and uses of funds covering the period (by quarter) signed by the Chief Financial Officer must be submitted<sup>7</sup>;
- (iii) a minimum two-year operating history that includes research and development activities; and
- (iv) evidence, satisfactory to the Exchange, that the company has the technical expertise and resources to advance the company's research and development programme(s)<sup>8</sup>.

**(d) Research and Development Companies**

- (i) a minimum of \$12,000,000 in the treasury, the majority of which has been raised by the issuance of securities qualified for distribution by a prospectus;
- (ii) adequate funds to cover all planned research and development expenditures, general and administrative expenses, and capital expenditures for a period of at least 2 years. A projection of sources and uses of funds covering the period (by quarter) signed by the Chief Financial Officer must be submitted<sup>10</sup>;
- (iii) a minimum two-year operating history that includes research and development activities; and
- (iv) evidence, satisfactory to the Exchange, that the company has the technical expertise and resources to advance the company's research and development programme(s)<sup>11</sup>.

***Notwithstanding the above-mentioned requirements for eligibility for listing, exceptional circumstances may justify the granting of a listing to an applicant, in which case the application will be considered on its own merits. "Exceptional circumstances" for this purpose will normally be confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.***

OR

**Sec. 309.1 Requirements for Eligibility for Exemption from Section 502<sup>9</sup> of the Exchange's Company Manual.**

- (a) net tangible assets of \$7,500,000<sup>10</sup>;
- (b) earnings from on-going operations of at least \$300,000, before taxes and extraordinary items, in the fiscal year immediately preceding the filing of the listing application;
- (c) pre-tax cash flow of \$700,000 in the fiscal year immediately preceding the filing of the listing application and an average pre-tax cash flow of \$500,000 for the two fiscal years immediately preceding the filing of the listing application; and
- (d) adequate working capital to carry on the business and an appropriate capital structure.

Exceptional Circumstances may justify the granting of an exemption from Section 502, in which case the application will be considered on its own merits. "Exceptional circumstances" for this purpose will normally be confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.

**Sec. 310. Public Distribution**

At least 1,000,000 freely-tradeable shares having an aggregate market value of \$4,000,000 must be held by at least 300 public holders, each holding one board lot or more. In circumstances where public distribution is achieved other than by way of a public offering, e.g., by way of a reverse take-over, share exchange offer, or other distribution, the Exchange may require evidence that a satisfactory market in the company's securities will develop. Prior trading on another market or sponsorship by a Participating Organization, which will assist in maintaining an orderly market, may satisfy this condition.

**Sec. 311. Management**

The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to the company's business and industry and adequate public company experience. Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies as details in Section 324.

**Sec. 312. Sponsorship or Affiliation**

Sponsorship of an applicant company by a Participating Organization of the Exchange is required for companies applying to list under paragraphs 309(a), 309(b) and 309(c). Sponsorship, or affiliation with an established enterprise, can be a significant factor in the

OR

**Sec. 309.1 Requirements for Eligibility for Exemption from Section 502<sup>12</sup> of the Exchange's Company Manual.**

- (a) net tangible assets of \$7,500,000<sup>13</sup>;
- (b) earnings from on-going operations of at least \$300,000, before taxes and extraordinary items, in the fiscal year immediately preceding the filing of the listing application;
- (c) pre-tax cash flow of \$700,000 in the fiscal year immediately preceding the filing of the listing application and an average pre-tax cash flow of \$500,000 for the two fiscal years immediately preceding the filing of the listing application; and
- (d) adequate working capital to carry on the business and an appropriate capital structure.

Exceptional Circumstances may justify the granting of an exemption from Section 502, in which case the application will be considered on its own merits. "Exceptional circumstances" for this purpose will normally be confined to an affiliation with a substantial established enterprise and/or an exceptionally strong financial position.

**Sec. 310. Public Distribution**

At least 1,000,000 freely-tradable shares having an aggregate market value of \$4,000,000 (~~\$10,000,000~~ **for companies qualifying for listing under Section 309 (c)**) must be held by at least 300 public holders, each holding one board lot or more. In circumstances where public distribution is achieved other than by way of a public offering, e.g., by way of a reverse take-over, share exchange offer, or other distribution, the Exchange may require evidence that a satisfactory market in the company's securities will develop. Prior trading on another market or sponsorship by a Participating Organization, which will assist in maintaining an orderly market, may satisfy this condition.

**Sec. 311. Management**

The management of an applicant company shall be an important factor in the consideration of a listing application. In addition to the factors set out in Section 325, the Exchange will consider the background and expertise of management in the context of the business of the company. Management (including the company's board of directors) should have adequate experience and technical expertise relevant to the company's business and industry and adequate public company experience. Companies will be required to have at least two Canadian directors unless they are foreign applicants that comply with all of the Minimum Listing Requirements for Foreign Companies as details in Section 324.

**Sec. 312. Sponsorship or Affiliation**

Sponsorship of an applicant company by a Participating Organization of the Exchange is required for companies applying to list under paragraphs 309(a), 309(b), 309(c) **and 309(d)**. Sponsorship, or affiliation with an established

determination of the suitability of the company for listing, particularly where the company only narrowly meets the prescribed minimum listing requirements. Consideration will be given to the nature of the sponsorship or affiliation. In addition to the requirements detailed in Section 326 for Sponsorship of Companies Seeking Listing on The Exchange, sponsors for industrial applicants should also be responsible for reviewing and commenting on:

- (a) all visits to and/or inspections of the applicant's principal facilities and/or offices;
- (b) any future-oriented financial information that has been provided with the application;
- (c) management's experience and technical expertise relevant to the company's business; and
- (d) all other relevant factors including those listed in footnotes 8 and 9 applicable for research and development companies.

**Sec. 313. Other Factors**

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may refuse to grant an application notwithstanding that the prescribed minimum listing requirements are met.

**Footnotes**

<sup>1</sup>Section 502 requires listed companies to obtain prior Exchange acceptance for filing of all proposed material changes, including changes which do not entail an issuance of securities, as detailed in Part V of this Manual.

<sup>2</sup>Consideration will be given to permitting the inclusion of deferred development charges or other intangible assets in the calculation of net tangible assets if, in the opinion of the Exchange, the circumstances so warrant.

<sup>3</sup>Companies with less than \$2,000,000 in net tangible assets may qualify for listing if they meet the earnings and cash flow requirements detailed in paragraphs 309.1(b) and (c).

<sup>4</sup>See footnote<sup>2</sup>.

<sup>5</sup>As a general rule, applicants should file a complete set of forecast financial statements covering the current and/or the next fiscal year (on a quarterly basis), accompanied by an independent auditor's opinion that complies with the CICA Auditing Standards for future oriented financial information. The applicant should have at least six months of operating history, including gross revenues at commercial levels for the last six months.

<sup>6</sup>See footnote<sup>5</sup>.

<sup>7</sup>As a general rule, the projection should exclude cash flows from future revenue, uncommitted payments from third parties or contingent cash receipts.

enterprise, can be a significant factor in the determination of the suitability of the company for listing, particularly where the company only narrowly meets the prescribed minimum listing requirements. Consideration will be given to the nature of the sponsorship or affiliation. In addition to the requirements detailed in Section 326 for Sponsorship of Companies Seeking Listing on The Exchange, sponsors for industrial applicants should also be responsible for reviewing and commenting on:

- (a) all visits to and/or inspections of the applicant's principal facilities and/or offices;
- (b) any future-oriented financial information that has been provided with the application;
- (c) management's experience and technical expertise relevant to the company's business; and
- (d) all other relevant factors including those listed in footnotes 8 and 9 ***applicable for technology companies and 10 and 11*** applicable for research and development companies.

**Sec. 313. Other Factors**

The Exchange may, in its discretion, take into account any factors it considers relevant in assessing the merits of a listing application and may refuse to grant an application notwithstanding that the prescribed minimum listing requirements are met.

**Footnotes**

<sup>1</sup>Section 502 requires listed companies to obtain prior Exchange acceptance for filing of all proposed material changes, including changes which do not entail an issuance of securities, as detailed in Part V of this Manual.

<sup>2</sup>Consideration will be given to permitting the inclusion of deferred development charges or other intangible assets in the calculation of net tangible assets if, in the opinion of the Exchange, the circumstances so warrant.

<sup>3</sup>Companies with less than \$2,000,000 in net tangible assets may qualify for listing if they meet the earnings and cash flow requirements detailed in paragraphs 309.1(b) and (c).

<sup>4</sup>See footnote<sup>2</sup>.

<sup>5</sup>As a general rule, applicants should file a complete set of forecast financial statements covering the current and/or the next fiscal year (on a quarterly basis), accompanied by an independent auditor's opinion that complies with the CICA Auditing Standards for future oriented financial information. The applicant should have at least six months of operating history, including gross revenues at commercial levels for the last six months.

<sup>6</sup>See footnote<sup>5</sup>.

<sup>7</sup>***Generally would include innovative growth companies engaged in hardware, software, telecommunications, data communications, information technology and new technologies.***

<sup>8</sup>The Exchange will consider all relevant factors including:

- (i) the stage of development of the company's products or services and prospectus for commercialization;
- (ii) commercial and technical endorsements of the company's products or services from recognized academic institutions or industry participants;
- (iii) the existing or potential markets for the company's products or services and the marketing infrastructure and sales support necessary to service these markets;
- (iv) the background and expertise or management including its record of raising funds to finance research and development projects and ongoing operations;
- (v) the existing and composition of any scientific advisory board; and
- (vi) affiliations with major industry enterprises or strategic partners.

<sup>9</sup>See footnote <sup>1</sup>.

<sup>10</sup> See footnote <sup>2</sup>.

<sup>8</sup>*As a general rule, the projection should exclude uncommitted payments from third parties or other contingent cash receipts.*

<sup>9</sup>*As a general rule, evidence of "being at an advanced stage of development or commercialization" will be restricted to historical revenues from the company's current main business or contracts for future sales of products or services in such business. The TSE will also consider all relevant factors in assessing the company's ability to develop its business including:*

- (a) *affiliations or strategic partnerships with major industry enterprises;*
- (b) *commercial or technical endorsements of the company's products or services from recognized industry participants;*
- (c) *existing or potential markets for the products or services and the company's marketing infrastructure and sales support dedicated to service these markets; and*
- (d) *the background and expertise of management including its record of raising funds.*

<sup>10</sup> As a general rule, the projection should exclude cash flows from future revenue, uncommitted payments from third parties or contingent cash receipts.

<sup>11</sup>The Exchange will consider all relevant factors including:

- (i) the stage of development of the company's products or services and prospectus for commercialization;
- (ii) commercial and technical endorsements of the company's products or services from recognized academic institutions or industry participants;
- (iii) the existing or potential markets for the company's products or services and the marketing infrastructure and sales support necessary to service these markets;
- (iv) the background and expertise or management including its record of raising funds to finance research and development projects and ongoing operations;
- (v) the existing and composition of any scientific advisory board; and
- (vi) affiliations with major industry enterprises or strategic partners.

<sup>12</sup>See footnote <sup>1</sup>.

<sup>13</sup> See footnote <sup>2</sup>.

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## Chapter 25

# Other Information

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### 25.1.1 Securities

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#### RELEASE FROM ESCROW

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<u>COMPANY NAME</u>	<u>DATE</u>	<u>NUMBER AND TYPE OF SHARES</u>	<u>ADDITIONAL INFORMATION</u>
ADR Explorations Ltd.	June 27, 2000	65,128 common shares	shares held by Colin R. Bowdidge to be released for purpose of cancellation
ADR Explorations Ltd.	June 27, 2000	64,265 common shares	shares held by Wayne V. Isaacs to be released for purpose of cancellation
ADR Explorations Ltd.	June 27, 2000	64,265 common shares	shares held by Stewart Wright to be released for purpose of cancellation
First Point Minerals Corp.	June 23, 2000	222,143 common shares	---

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