The Ontario Securities Commission

OSC Bulletin

July 28, 2000

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

The Ontario Securites Commission
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Toronto, Ontario
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

July 28, 2000

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

- -

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

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

Telephone: 416- 597-0681 Telecopiers: 416-593-8348

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- -

THE COMMISSIONERS

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Howard Wetston, Q.C. Vice-Chair	—	HW
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Stephen N. Adams, Q.C.	—	SNA
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John F. (Jake) Howard, Q.C.	—	JFH
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Amalgamated Income Limited Partnership and 479660 B.C. Ltd.** s. 127 & 127.1 Ms. J. Superina in attendance for staff. Panel: TBA
Date to be announced	**2950995 Canada Inc., 153114 Canada Inc., Micheline Charest and Ronald A. Weinberg** s. 127 Ms. S. Oseni in attendance for staff. Panel: HIW / MPC / RSP
Jul 31/2000- Aug18/2000 10:000 a.m.	**Paul Tindall and David Singh** s. 127 Ms. M. Sopinka in attendance for staff. Panel: TBA
Aug16/2000 10:00 a.m.	**Noram Capital Management, Inc. and Andrew Willman** s. 127 Ms. K. Wootton in attendance for staff. Panel: TBA
Aug22/2000 10:00 a.m.	**Patrick Joseph Kinlin** s. 127 Mr. I. Smith in attendance for staff. Panel: TBA

May 7, 2001
10:00 a.m.

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

s. 127
Mr. I. Smith in attendance for staff.

Panel: HW / DB / MPC

ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little

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

Irvine James Dyck

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

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

S. B. McLaughlin

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 Dellosa, 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

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced	**Michael Cowpland and M.C.J.C. Holdings Inc.** s. 122 Ms. M. Sopinka in attendance for staff. Courtroom 122, Provincial Offences Court Old City Hall, Toronto
July 11/2000 July 18/2000 9:00 a.m.	**Arnold Guettler, Neo-Form North America Corp. and Neo-Form Corporation** s. 122(1)(c) Mr. D. Ferris in attendance for staff. Court Room No. 124, Provincial Offences Court Old City Hall, Toronto
July 21/2000 10:00 a.m.	**Glen Harvey Harper** s.122(1)(c) Mr. J. Naster in attendance for staff. Courtroom 121, Provincial Offences Court Old City Hall, Toronto
Aug 22/2000 10:00 a.m. Pre-trial Conference Oct 10/2000 - Nov 3/2000 Trial	**Dual Capital Management Limited, Warren Lawrence Wall, Shirley Joan Wall** s. 122 Ms. J. Superina in attendance for staff. Court Room No. 9 114 Worsley Street Barrie, Ontario

Oct 16/2000 - Dec 22/2000 10:00 a.m.	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
Dec 4/2000 Dec 5/2000 Dec 6/2000 Dec 7/2000 9:00 a.m. Courtroom N	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
Jan 29/2001 - Feb 2/2001 9:00 a.m.	**Einar Bellfield** s. 122 Ms. K. Manarin in attendance for staff. Courtroom C, Provincial Offences Court Old City Hall, Toronto

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

1.1.2 Dialogue with the OSC

July 4, 2000

Dialogue with the OSC

Dear Colleague:

Each year the Ontario Securities Commission sponsors an all-day conference designed to bring the staff of the Commission together with professionals from the financial services industry.

I would like to take this opportunity to invite you to participate in this year's ***Dialogue with the OSC*** event, now in its sixth successful year, which will take place at the Toronto Sheraton Centre Hotel on October 31st, 2000.

This year, the agenda for Dialogue again focuses on the significant regulatory issues and events that have emerged over the past year, including the Ontario Government's plan to merge the OSC with the Financial Services Commission of Ontario. Topics will also include **A Market Regulation Update, Financial Planning, Mutual Funds and the Launch of the MFDA, Enforcement Issues and Current Financial Reporting and Auditing Issues,** among many other interesting and timely items.

The proposed agenda for ***Dialogue with the OSC 2000*** is attached.

The cost to attend this conference is $400.00 and for those registering before September 11th we are offering an early bird special of $350.00. To reserve your place, return the attached agenda with your business card and concurrent session choices by facsimile to (416) 593-0249. An invoice will follow. If you have any questions please call ***Dialogue with the OSC*** registration at (416) 593-7352 before October 20, 2000. Or you may register on-line through the OSC website at www.osc.gov.on.ca.

New This Year

The 2000 edition of ***Dialogue with the OSC*** will introduce a new and very exciting element to the program. In order to bring our staff and this important event to a greater number of our constituents, we are offering a modified version of Dialogue through a satellite feed to the following locations:

- London
- Sudbury
- Ottawa

During the satellite broadcast, participants at each of the above locations will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

If you are interested in attending Dialogue at one of these locations call (416) 593-7352.

I hope you are able to join us either in Toronto, or at one of the other locations across Ontario, for this exciting and informative conference.

Sincerely,

David Brown Q.C.
Chair

Encl.

DIALOGUE WITH THE OSC

Preliminary Agenda & Early Registration

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Ontario Insurance Commission; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Break-Out Session 1**
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Market Regulation Update: Including ATS and the New Markets**
  A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

- **Enforcement Issues**
  Current themes in enforcement reflecting a more aggressive approach to enforcing the Ontario Securities Act.

- **Corporate Finance: An Update**
  Included in this update are a review of developments in recent filings issues and a report on small business financing.

11:50 a.m. **Break-Out Session 2**
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Mutual Funds: The Launch of the MFDA**
  An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

- **Strengthening the Secondary Market: Enhancing the Quality of Continuous Disclosure by Reporting Issuers**
  A discussion of legislative, regulatory and operational changes including the developments in Continuous and Integrated Disclosure. Also reviewed SEDI, the System for Electronic Data on Insiders.

- **International Issues: The OSC and the International Securities Regulators**
  A look at the critical issues facing regulators as electronic trading makes borders irrelevant in the age of e-trades and electronic communication. Also included will be a review of the work of the International Accounting Standards Committee.

12:30 p.m. **Lunch**

1:30 p.m. **Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

Tuesday, October 31, 2000 • Sheraton Centre Hotel • Toronto

Dialogue with the OSC • Tuesday, October 31, 2000 • Sheraton Centre Hotel, Toronto

2:00 p.m. Break-Out Session 3
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **Financial Planning Update: The Re-regulation of Advice Project**
  A review of the products and services delivered to customers in view of the retail securities industry's shift in focus from stock trading to financial advice and asset management.
- **Current Financial Reporting and Auditing Issues at the OSC**
  A review of staff positions and current policy directions including a look at GAAP and GAAS.
- **The Latest Developments in Mergers and Acquisitions**
  The Takeover/Issuer Bids team from the OSC will highlight the issues and latest developments under discussion at the OSC.

3:30 p.m. Break-Out Session 4
(Please check one (1) box only on registration form to indicate concurrent session choice)

- **SRO Oversight**
  A review of the Commission's efforts to strengthen protocols for SRO oversight through the development of oversight agreements and the planned national compliance review.
- **Investor Education**
  A look at the products developed by the OSC to enhance investor understanding of the securities industry.

4:45 p.m. Closing Remarks

5:00 p.m. Conference Conclusion

DIALOGUE WITH THE OSC • REGISTRATION FORM

DIALOGUE BREAKOUT SESSIONS

You will be able to attend one breakout session for each time slot (Please check one (1) box for each Breakout Session)

11:00 - 11:40 Break Out Session 1

- ☐ Market Regulation Update
- ☐ Enforcement Issues
- ☐ Corporate Finance: An Update

11:50 - 12:30 Break Out Session 2

- ☐ Mutual Funds
- ☐ Strengthening the Secondary Market
- ☐ International Issues

2:00 - 3:15 Break Out Session 3

- ☐ Financial Planning Update
- ☐ Current Financial Reporting/Auditing
- ☐ Latest Developments in Mergers/Acquisitions

3:30 - 4:45 Break Out Session 4

- ☐ SRO Oversight
- ☐ Investor Education

Registration Fee: $400 (after September 11, 2000)
Earlybird Fee: $350 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249 An invoice for the registration fee will follow in the mail.

For a Detailed Program or Further Information:
Call (416) 593-7352 or visit our website at www.osc.gov.on.ca

Please Place your Business Card Here

DIALOGUE WITH THE OSC - LONDON

Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to London by satellite link followed by a live panel entitled, **Financial Planning - A Review of OSC/CSA Initiatives**. This panel will look at the current regulatory model governing advice. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Market Regulation Update: Including ATS and the New Markets**
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

11:50 a.m. **Mutual Funds: The Launch of the MFDA**
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

12:30 p.m. **Lunch and Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

2:00 p.m. **Live Panel in London**
Financial Planning - A Review of OSC/CSA Initiatives
Julia Dublin, Chair, CSA Financial Planning Committee
A look at the current regulatory model governing advice.

3:00 p.m. **Closing Remarks**

DIALOGUE WITH THE OSC • REGISTRATION FORM

Registration Fee: $300 (after September 11, 2000)
Earlybird Fee: $250 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249
An invoice for the registration fee will follow in the mail.

Please Place your Business Card Here

For a Detailed Program or Further Information:
Call (416) 593-7352 or visit our website at www.osc.gov.on.ca

Tuesday, October 31, 2000 • London

DIALOGUE WITH THE OSC - OTTAWA

Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to Ottawa by satellite link followed by a live panel entitled, **Small Business Financing - A Progress Report**. This panel will give a progress report on the regulatory issues surrounding small business financing. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Market Regulation Update: Including ATS and the New Markets**
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

11:50 a.m. **Mutual Funds: The Launch of the MFDA**
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

12:30 p.m. **Lunch and Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

2:00 p.m. **Live Panel in Ottawa**
Small Business Financing - A Progress Report
This panel will provide a progress report on the regulatory issues surrounding small business financing.

3:00 p.m. **Closing Remarks**

DIALOGUE WITH THE OSC • REGISTRATION FORM

Registration Fee: $300 (after September 11, 2000)
Earlybird Fee: $250 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249
An invoice for the registration fee will follow in the mail.

Please Place your Business Card Here

For a Detailed Program or Further Information:
Call (416) 593-7352 or visit our website at www.osc.gov.on.ca

Tuesday, October 31, 2000 • Ottawa

DIALOGUE WITH THE OSC - SUDBURY

Preliminary Agenda & Early Registration

All morning sessions and the Luncheon Address will be broadcast from Toronto to Sudbury by satellite link followed by a live panel entitled, **Mining Regulations - After the Mining Standards Task Force Report**. This panel will look at the effect of the report on the mining industry. During the morning program, participants will be able to watch and listen to the presentations as well as ask questions of the panelists in Toronto.

9:00 a.m. **Welcoming Address**
Charlie F. Macfarlane, Executive Director, OSC

9:10 a.m. **Opening Remarks**
David A. Brown, Q.C., Chair of the OSC

9:30 a.m. **Executive Panel**
David Brown, Ontario Securities Commission; Dina Palozzi, Financial Services Commission of Ontario; Securities Market Participant and FSCO Participant

10:00 a.m. **Panel of Chairs**
Chairs of the Ontario, Alberta, British Columbia and Quebec Securities Commissions

11:00 a.m. **Market Regulation Update: Including ATS and the New Markets**
A discussion of the changes in the Canadian marketplace including the OSC and the reorganization of the Canadian exchanges and regulatory approaches to advances in electronic trading technology.

11:50 a.m. **Mutual Funds: The Launch of the MFDA**
An update on the launch of the Mutual Funds Dealers Association and the issues surrounding the question of distribution structures for the mutual fund dealer.

12:30 p.m. **Lunch and Luncheon Address**
Dr. Sherry Cooper, Chief Economist, Nesbitt Burns

2:00 p.m. **Live Panel in Sudbury**
Mining Regulations - After the Mining Standards Task Force Report
Deborah McCombe, Senior Mining Consultant, OSC
This panel will look at what the Mining Standards Task Force Report means to the mining industry.

3:00 p.m. **Closing Remarks**

DIALOGUE WITH THE OSC • REGISTRATION FORM

Registration Fee: $300 (after September 11, 2000)
Earlybird Fee: $250 (before September 11, 2000)

To register, please attach your business card to this form and Fax to: "Dialogue with the OSC" at (416) 593-0249
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For a Detailed Program or Further Information:
Call (416) 593-7352 or visit our website at www.osc.gov.on.ca

Please Place your Business Card Here

Tuesday, October 31, 2000 • Sudbury

1.1.3 Notice of Proposed National Instruments, Companion Policies and Rules under the Securities Act - Alternative Trading System Proposal

ALTERNATIVE TRADING SYSTEM PROPOSAL

**NOTICE OF PROPOSED
NATIONAL INSTRUMENT 21-101
MARKETPLACE OPERATION, COMPANION POLICY 21-101CP,
fORMS 21-101F1, 21-101F2, 21-101F3, 21-101F4 AND 21-101F5,
ONTARIO SECURITIES COMMISSION RULE 23-501 AND
ONTARIO SECURITIES COMMISSION RULE 23-502**

AND

**PROPOSED NATIONAL INSTRUMENT 23-101
TRADING RULES AND COMPANION POLICY 23-101CP**

AND

**PROPOSED ONTARIO SECURITIES COMMISSION
RULE 23-501
DESIGNATION AS MARKET PARTICIPANT**

AND

**PROPOSED ONTARIO SECURITIES COMMISSION
RULE 23-502
THE REPORTED MARKET**

The Commission, together with the other members of the Canadian Securities Administrators, are publishing in today's Bulletin the following documents:

(1) Notice of Proposed National Instrument 21-101 Marketplace Operation, Companion Policy 21-101CP and Forms 21-101F1 - 21-101F5, Proposed National Instrument 23-101 Trading Rules and Companion Policy 23-101CP;

(2) Appendix "A" to the Notice- Summary of Issues Raised in Comment Letters

(3) National Instrument 21-101 Marketplace Operation;

(4) Forms 21-101F1 - 21-101F5;

(5) Companion Policy 21-101CP;

(6) National Instrument 23-101 Trading Rules;

(7) Companion Policy 23-101CP;

(8) Ontario Securities Commission Rule 23-501 Designation as Market Participant; and

(9) Ontario Securities Commission Rule 23-502 The Reported Market

The above-noted documents have been prepared by a working committee of CSA staff.

The Commission is publishing a Special Supplement to this issue of the OSC Bulletin containing the Notice, the proposed National Instruments, Forms and Companion Policies.

Reference:

Randee Pavalow
Manager, Market Regulation
(416) 593-8257

Dave McCurdy
Consultant, Market Regulation
(416) 593-3669

Tracey Stern
Legal Counsel, Market Regulation
(416) 593-8167

1.1.4 Staff Notice 53-701 - Staff Report on Corporate Disclosure Survey

ONTARIO SECURITIES COMMISSION
STAFF NOTICE 53-701
STAFF REPORT ON CORPORATE DISCLOSURE SURVEY

On December 22, 1999 the Ontario Securities Commission (the "Commission") released the preliminary results of the corporate disclosure survey that Staff in the Continuous Disclosure Team had conducted as part of its initiative to examine the issue of "selective disclosure". Staff has completed its analysis of the survey and the Commission is publishing this Staff Report detailing the final survey results.

What is Selective Disclosure?

Selective disclosure occurs when corporate officers disclose material corporate information to select groups or individuals such as analysts or institutional investors that has not been disclosed to the public. In Canada, attention was focused on selective disclosure in 1995 when The Toronto Stock Exchange Committee on Corporate Disclosure (the "Allen Committee") released its Interim Report. In the report the Allen Committee acknowledged the importance of meetings with analysts in "fostering open and thorough continuous disclosure practices". The Allen Committee recognized that "benefits may flow to the markets from the legitimate efforts of securities analysts who use their professional expertise to process detailed data and information into commentary that investors find useful and can digest relatively quickly and improve the flow of corporate information into the marketplace". Nevertheless the Allen Committee remained concerned that private meetings with analysts and professional investors had resulted in "selective disclosure of information that should have been disclosed on a general basis". "Quite apart from any questions of compliance with securities laws", the Allen Committee noted that this causes "unfairness in the marketplace".[1]

These concerns about selective disclosure are widely shared, as reflected in stock exchange listing standards and in "best practices" guidelines of investor relations groups. The Toronto Stock Exchange's (the "TSE") Policy Statement on Timely Disclosure requires listed companies to disclose material information immediately upon the information becoming known to management of the company or upon it becoming apparent that the information is material. The TSE notes that "immediate release of information is necessary to ensure that it is promptly available to all investors and to reduce the risk of persons with access to the information acting upon undisclosed information". The Canadian Investor Relations Institute (CIRI) guidance in this area goes one step further and discourages companies from disclosing "more detailed, non-material information" to analysts and institutional investors in circumstances where a company would be unwilling to provide the same level of information to individual investors upon request.[2]

Staff has become increasingly concerned about the growing reports in the financial press of "selective disclosure" and the potential impact of this practice on market integrity. Selective disclosure can create opportunities for insider trading and also undermines retail investors' confidence in the market as a level playing field by creating a perception that analysts and institutional investors have access to information that is not available to other investors. In Staff's view, the best solution to these negative perceptions is for companies to adopt best practices in the area of disclosure and communications with analysts, the media and investors. Chairman David Brown recently made the following comments in a public address:

> "In today's market atmosphere, with so much riding on share price, it's understandable that companies would want to keep analysts and institutional investors well informed. But when information is shared selectively, the result may be unfair trading opportunities. Retail investors have a right to trade on a level playing field. That means they must have the opportunity to share in all relevant information, along with institutional investors and market analysts. Retail investors suffer, however, when companies announce major events or disclose new or more detailed information about their affairs in one-on-one meetings or closed conference calls with institutions and analysts. With recent improvements in technology, no one need be left out. More and more companies are giving retail investors access to analyst meetings, through the Internet and 1-800 numbers. We applaud these efforts".

The Survey

As a first step in addressing the issue of selective disclosure Staff conducted a survey of disclosure practices of public companies (the "Survey"). Four hundred public companies were randomly selected across all industries to participate in the Survey. The Survey was sent to reporting issuers in October 1999 and 170 responses were received, a 43% response rate. Companies that did not receive a copy of the survey and wished to provide input were encouraged to do so by completing the survey on the Commission website.

The Survey explored several areas including: (i) company policies surrounding meetings and discussions with analysts and other groups; (ii) company responses to requests for information that is not available on the public record; (iii) company procedures if material non-public information is inadvertently disclosed to select groups; and (iv) the existence of company disclosure policies that address these and related issues.

The Survey was not intended to identify companies that may be selectively disclosing information. Rather the objective of the Survey was to seek input from reporting issuers on current

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1 These concerns were reiterated by the Allen Committee in 1997 when it released its Final Report. The Allen Committee also made a number of recommendations designed to equalize access to information among investors including group analyst meetings with retail investor access; wide availability of data books and additional information; and electronic access to corporate information.

2 Canadian Investor Relations Institute, *Standards and Guidance for Disclosure*. First Edition (February 1998) at page 8.

practices and identify areas where additional guidance from the Commission would be appropriate.

Results of the Survey

In general, the results of the Survey indicate that the extent and nature of corporate disclosure policies and practices of issuers is not sufficient to reduce the potential for selective disclosure. For example:

- 71% of the respondents do not have written corporate disclosure policies;
- 81% of the respondents reported that they have one-on-one meetings with analysts;
- 98% of the respondents reported that they typically comment in some form on draft analyst reports; and
- 27% of the respondents indicated that they express a level of comfort on earnings projections.

Avoiding Selective Disclosure

The following, in Staff's view, are some good disclosure practices that emerged from the Survey:

1. Have a Written Disclosure Policy

Survey Result: 29% of respondents have a written disclosure policy.

A written disclosure policy can assist a company in meeting its regulatory disclosure obligations as it provides a framework for disclosure and raises the level of awareness and understanding of regulatory requirements. Disclosure policies should also be broadly communicated throughout the organization and monitored for compliance in order for them to be effective.

There are also practical benefits for a company in having one of its senior officers take overall responsibility for ensuring compliance with regulatory requirements on continuous disclosure; and overseeing and coordinating disclosure of information to market participants.

2. Limit the Number of Authorized Spokespersons

Survey Result: 69% of respondents indicated that all communications are handled through three or less key officers.

Companies can designate a limited number of persons, usually not more than two or three in charge of investor relations, as the only representatives of the company authorized to communicate with analysts. Other employees can then be instructed to refer all requests for information to those authorized to speak on the company's behalf. Such a policy helps to ensure that all communications to analysts are made by persons who are fully informed about the company and its disclosure policies and the risks applicable to analyst communications. This practice also reduces the risk of (i) different company representatives making inconsistent statements; and (ii) company representatives making inconsistent statements from the information contained in the company's regulatory filings.

3. Open Up Access to Conference Calls

Survey Result: 19% of respondents invite retail investors to the quarterly conference call

Many companies hold conference calls with analysts shortly following the public disclosure of quarterly financial results. Some companies adopt a complete "open door" policy with respect to who is permitted to participate in conference calls by publicly disclosing the date, time and dial-in number for their conference calls (such as by including it in their press releases or posting it on their web site) or simulcasting the conference call over the internet, thus allowing access to everyone. As a matter of good practice, company officers who will be making presentations during a conference call prepare a script in advance of their remarks, which is reviewed internally for accuracy and also reviewed by counsel. Scripting a call can help to identify any "material changes" and "material facts" that ought to be publicly disclosed prior to the call and reduces the risk of inappropriate statements being made.

As a matter of law, conference calls should not divulge any "material facts" about the company which have not already been generally disclosed. In this context, companies and their spokespersons should be aware that there may be dangers in disclosing even seemingly innocuous information to a select group without first releasing it publically. Staff encourage companies to maintain an "open door" policy with respect to who is permitted to listen in on conference calls, although companies may legitimately want to restrict who can actively participate in such calls.

4. Dissemination of Information

Survey Result: 18% of respondents broadcast their quarterly conference calls via Internet or by other means.

Advances in technology are being utilized by some issuers to provide wide dissemination of information and at a relatively low cost. Posting information on the company's web site is an effective and efficient way of disseminating information to the marketplace as well as investors simultaneously.

In this context, it should be noted that on March 25, 1999, the TSE released guidelines for electronic communications by listed companies.[3] The accompanying press release stated that the guidelines reflect the "growing importance of the internet as a preferred medium of communication", with more than 70 per cent of TSE listed companies using the internet for some aspects of their communication, marketing or promotion. The guidelines aim to encourage the use of electronic media while ensuring that information disclosed in this way complies with regulatory requirements. The TSE recommends that "companies develop policies for disseminating information by electronic means as part of their corporate disclosure policies". In this regard, the TSE's guidelines include a recommendation that companies make available to all investors through their

[3] The guidelines are available on the TSE's Web site, tse.com, and are located under "Market Regulation" among the "TSE/SRO Position Papers/Reports".

web sites all supplemental information provided at briefings to analysts and institutional investors, such as fact sheets, slides and transcripts of speeches.

Next Steps

The Commission will publish a policy statement which will address best disclosure practices for issuers with regard to (i) providing investors with fair access to information and; (ii) avoiding selective disclosure in their dealings with analysts and institutional investors. The policy will suggest practical steps that reporting issuers can take to ensure that they meet the letter and spirit of Ontario's regulatory requirements. The Commission's goal in proposing the policy is to encourage companies to aim for best practice in their disclosure regime, not just minimum level of compliance with the law.

In the interim, Staff reminds market participants that the *Securities Act* (the "Act") has existing provisions that prohibit the selective disclosure of "material changes" and "material facts". The Act provides that "no reporting issuer and no person or company in a special relationship with a reporting issuer shall inform, other than in the necessary course of business, another person or company of a material fact or material change with respect to the reporting issuer before the material fact or material change has been generally disclosed". In addition, the Act requires that, where a material change occurs in the affairs of a reporting issuer, it shall issue and file a news release disclosing the nature and substance of the change.

Finally, it should be noted that The Toronto Stock Exchange, the Vancouver Stock Exchange, the Alberta Stock Exchange and the Investment Dealers Association recently established the Securities Industry Committee on Analyst Standards (the "Committee"). The Committee's mandate is "to review the practices and activities of securities research analysts employed by dealers in Canada and the standards of conduct and supervision of the analysts; and to report and make recommendation on securities industry standards governing the conduct and supervision of analysts as considered appropriate to preserve the integrity of the capital markets".[4] The Committee plans to produce a preliminary report, covering its findings and recommendations. A final report will be tabled following a comment period on the preliminary report. The Commission is awaiting the release of these reports and will evaluate at that time whether further Commission action in this area is desirable.

Questions may be addressed to any of:

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[4] Investment Dealers Association of Canada - Bulletin #2632 (September 29, 1999).

STAFF REPORT ON CORPORATE DISCLOSURE SURVEY

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Executive Summary

This report has been prepared by the staff of the Ontario Securities Commission to present the findings of the Corporate Disclosure Survey. The Survey was sent to 400 randomly selected reporting issuers in the autumn of 1999. One hundred seventy responses were received, a 43% response rate. The purpose of this report is to bring to Issuers' attention the findings of the Survey.

In quantitative terms, the more significant results of the Survey can be summarized as follows:

- 71% of the respondents do not have written corporate disclosure policies (respondents were divided into two groups based on their market capitalization: of those with market capitalization less than $500 million only 20% have written corporate disclosure polices, while 45% of those with a market capitalization greater than $500 million have written corporate disclosure policies);
- 81% of respondents have one-on-one meetings with analysts;
- 98% of the respondents do not refrain from commenting on draft analyst reports;
- 26% of respondents do not have a 'black-out' period prior to scheduled earnings releases during which no market sensitive information is provided by the company to the public; and
- only 18% of respondents broadcast their quarterly conference calls via Internet or by other means.

Staff Report on Corporate Disclosure Survey

I. Introduction

This report has been prepared by the Staff of the Ontario Securities Commission ("Staff") to present the findings of the Corporate Disclosure Survey (the "Survey").

The Survey was conducted by the Continuous Disclosure Team as part of its initiative to examine the practice of "selective disclosure." This practice arises when a company discloses material information to select groups or individuals that has not been disclosed to the public. The disclosure of non-public material information to these recipients gives them a potential advantage over other investors that do not have access to this information. Unequal access to information undermines the 'fairness' of the capital markets and results in an uneven playing field. This practice, and merely the perception that it is occurring, threatens the public's confidence in the integrity of the capital markets and, so, is a primary concern for regulators and users of capital alike.

As a first step in addressing the issue of selective disclosure Staff has conducted a survey of disclosure practices of public companies. The Survey was not intended to identify companies that are selectively disclosing information. Rather the objective of the Survey was to seek input from Reporting Issuers ("Issuers") on current practice, and to identify areas where additional guidance from the OSC would be appropriate.

The Survey was sent to 400 randomly selected Issuers. One hundred and seventy responses were received, a 43% response rate. The purpose of this report is to summarize the findings of the Survey.

II. Results of Corporate Disclosure Survey

(a) Methodology

The Survey was mailed to 400 randomly selected Issuers. In addition, Issuers that were not selected as part of the random sample were encouraged to complete the Survey that was available on the OSC web site. As demonstrated in Figure 1, the classifications of respondents covered a broad range of industry categories.

(b) Findings

The following presentation is organized according to general themes and significant findings that emerge from the results.

An overview of the composition of the sample provides context for the results. Respondents' practices with respect to written disclosure policies, the designation of authorized spokespersons, conference calls, communication with analysts, 'black-out' periods and one-on-one meetings are outlined. Finally, the procedures that respondents have in place in case of inadvertent selective disclosure of material information are discussed, as well as additional guidance sought by respondents from Staff.

Characteristics of Respondents

A broad spectrum of industries and company size were represented by respondents. Figure 1 illustrates that 65% of respondents belong to Industrial & Consumer Products, Oil & Gas, and Mining industries. The remaining 35% fall under the categories of Communications & Media, Financial Services, Technology, Manufacturing and Real Estate. As represented in Figure 2, respondents were distributed by market capitalization as follows: 34% were under $75 million, 41% were between $75 million and $1 billion, and 25% were at $1 billion and above.

The vast majority of respondents (97%) are listed on the Toronto Stock Exchange. However, 48% of respondents are listed on two or more exchanges. For instance, 14% of respondents are listed on the New York Stock Exchange, and 10% of respondents are listed on NASDAQ.

Figure 1

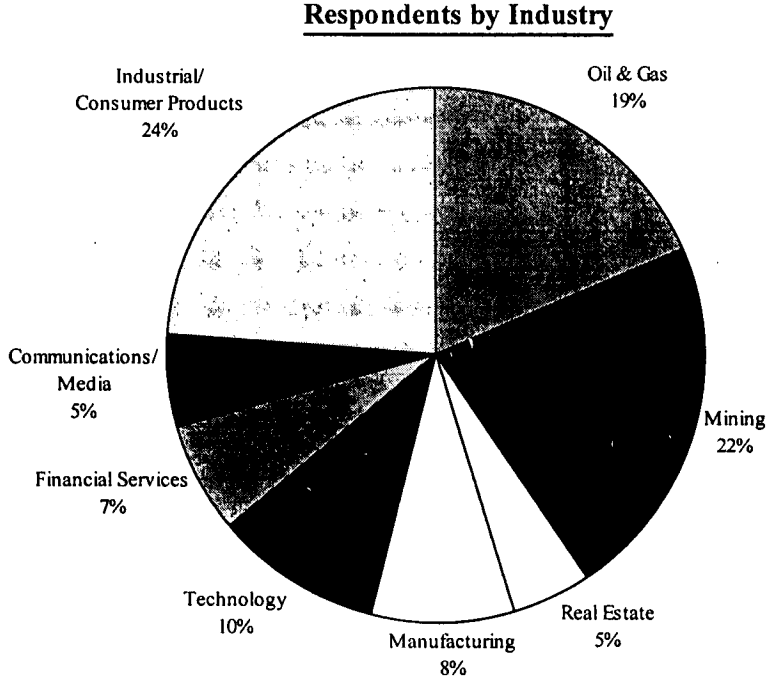
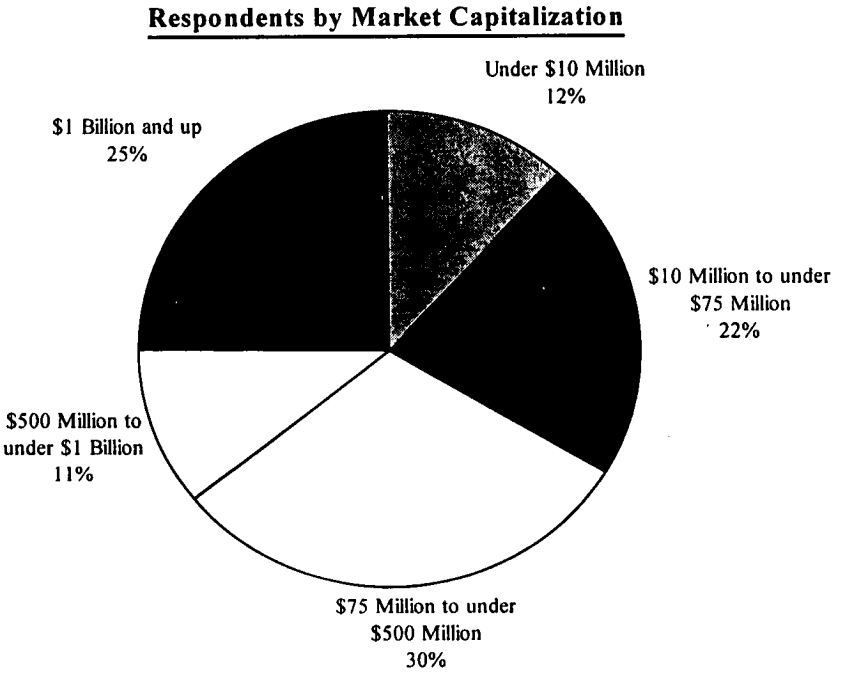


Figure 2

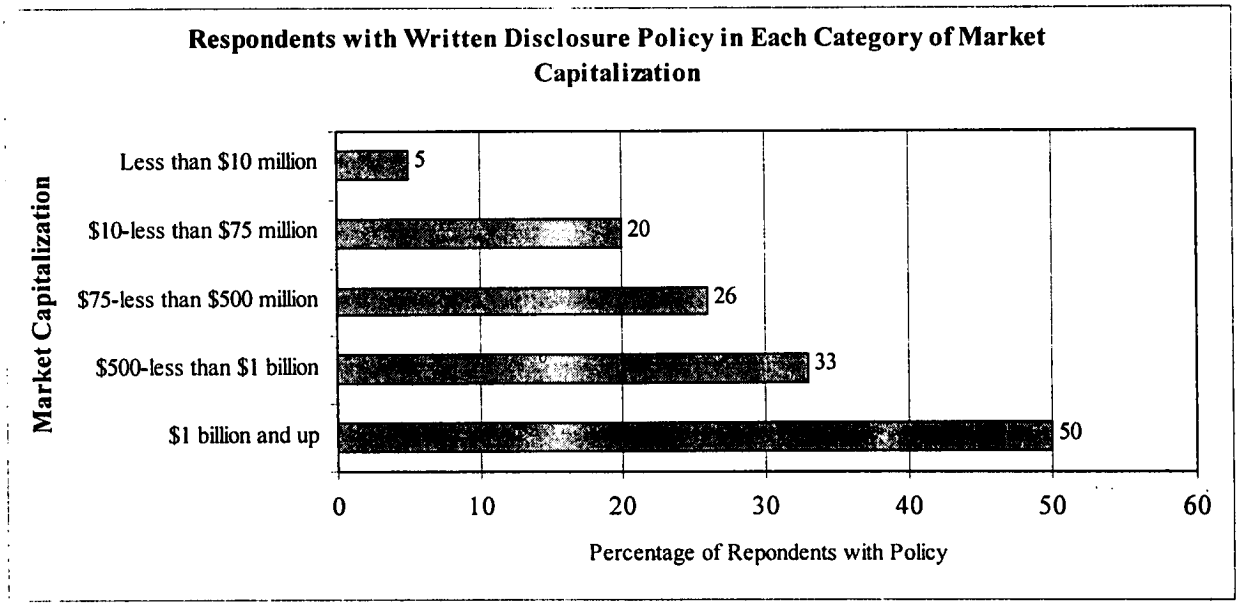


Written Corporate Disclosure Policies

Seventy-one percent of all respondents do not have written corporate disclosure policies. Of those with market capitalization less than $500 million, only 20% have written corporate disclosure polices, while 45% of those with a market capitalization greater than $500 million have written corporate disclosure policies.

Twenty-nine percent of respondents do have written disclosure policies, and these are plotted in Figure 3 according to market capitalization. The percentages of each category of Market Capitalization that have written disclosure policies are contrasted to show that among respondents, the larger the company, the more likely it was to have a policy in place. Fifty percent of respondents with market capitalization of $1 billion or more have written disclosure policies, as opposed to only 5% of respondents with market capitalization under $10 million.

Figure 3

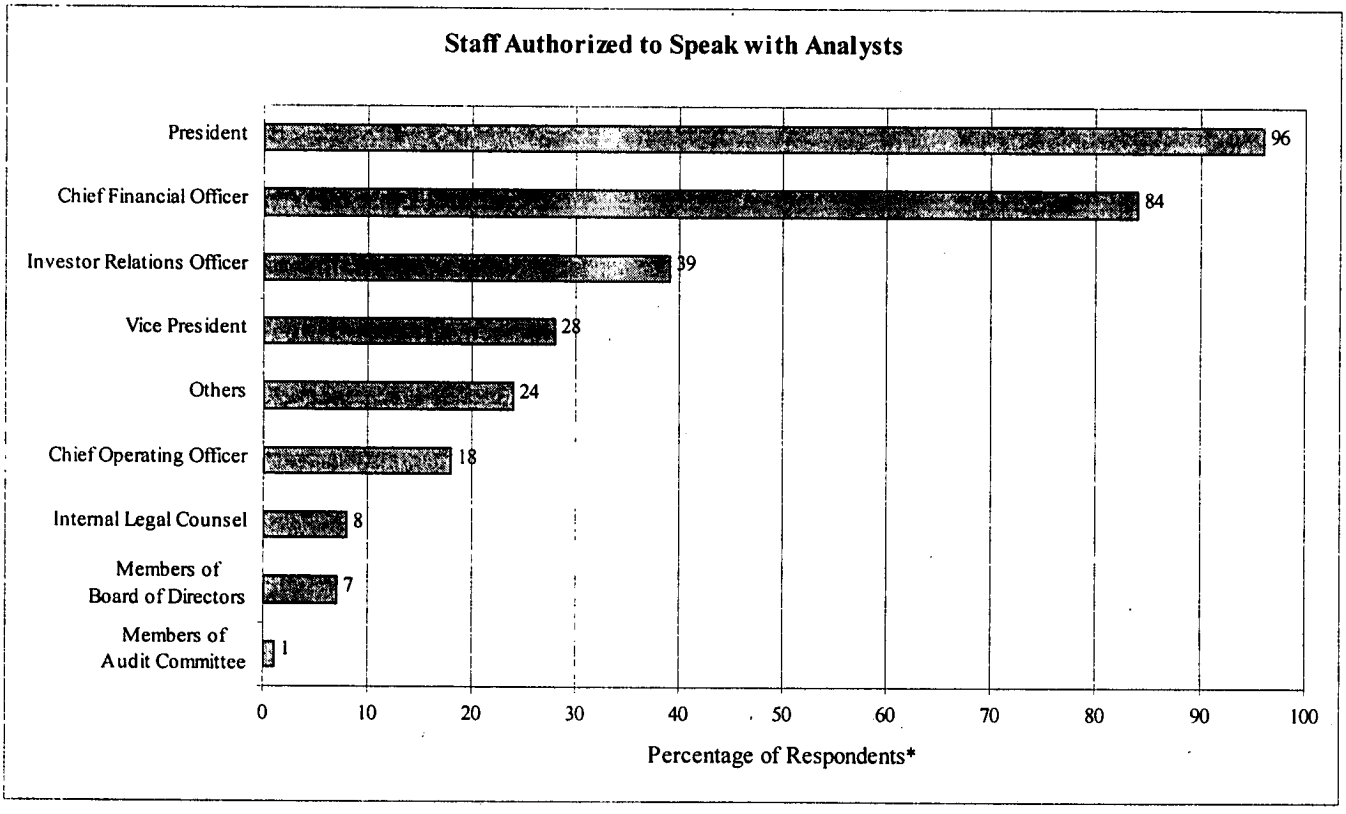


Some of the 71% of respondents that indicated having no formal disclosure policy in place described alternative methods that they employ, the most common of these is leaving discretion to the judgment of experienced senior officers. In these cases, methods for ensuring that material non-public information is not disclosed include directing inquiries to the company web-site and "on-going media training for senior executives."

Authorized Spokespersons

Sixty-nine percent of respondents indicated that all communications are handled through three or less key officers, such as the President or the Chief Financial Officer. Figure 4 illustrates the percentage of respondents that cited the named officer as one of the company's designated spokespersons.

Figure 4



**Percentages do not add to 100 because respondents were able to choose more than one answer.*

Respondents with larger market capitalization were less likely to limit the number of spokespersons to three or less: 80% of respondents with market capitalization under $500 million have three or less spokespersons while only 52% of those with market capitalization over $500 million have three or less spokespersons.

The officers that were identified in the "Other" category were mostly chairpersons, controllers and treasurers.

In situations where companies have several contact points, some respondents said that all information is first reviewed by legal counsel or senior management. In some cases, information is scripted and conversations are monitored.

Conference Calls

Few respondents reported inviting retail investors and the media to regularly scheduled quarterly conference calls:
- 19% of respondents invite retail investors,
- 21% of respondents invite the media.

In order to ensure that non-public information is not inadvertently disclosed during conference calls:
- 41% of respondents script calls as well as expected questions and answers,
- 14% of respondents have in-house/external counsel monitor the calls.

Only 18% of respondents broadcast quarterly conference calls by the Internet or by other means. Moreover, market capitalization affects the respondents' propensity to broadcast quarterly conference calls:

- only 9% of respondents with market capitalization under $500 million broadcast quarterly calls,
- while 36% of respondents with market capitalization over $500 million broadcast quarterly calls.

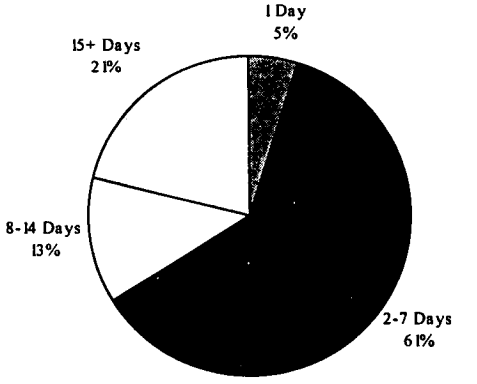
Recording of analyst calls:

- 43% of respondents record analysts calls,
- 78% of those that record the calls provide public access to the recordings.

The length of time that the recording can be accessed after the event varies among respondents. Figure 5 demonstrates that among respondents who record conference calls and provide public access to the recordings, 66% limit accessibility to 7 days or less.

Figure 5

Length of Time Recordings Are Accessible



Communication with Analysts

As would be expected, the data show that the larger a company's market capitalization, the more analysts follow the company. Sixty-two percent of respondents with market capitalization of $500 million or more have more than 10 analysts that follow the company. Conversely, only two percent of respondents with market capitalization under $75 million have more than 10 analysts that follow the company (see Table 1). Similarly, all respondents with market capitalization of $500 million or more had a following of analysts, whereas 35% of respondents with market capitalization under $75 million had no analyst following whatsoever.

Table 1

	Number of Analysts Following the Company			
Market Capitalization	None	1-5	6-10	11+
under $75 Million	35%	57%	6%	2%
$75 - 499.999 Million	----	51%	37%	12%
$500 Million and up	----	13%	25%	62%

It was also noted that the more analysts that follow a company, the more likely the company is to have a written disclosure policy. Only 10% of respondents with no analyst following reported having a written disclosure policy in place, while 51% of respondents with at least 11 analysts following the company have such a policy (see Table 2).

Table 2

	Number of Analysts Following the Company			
	None	1-5	6-10	11+
Respondents with Written Disclosure Policy in Place	10%	20%	26%	51%

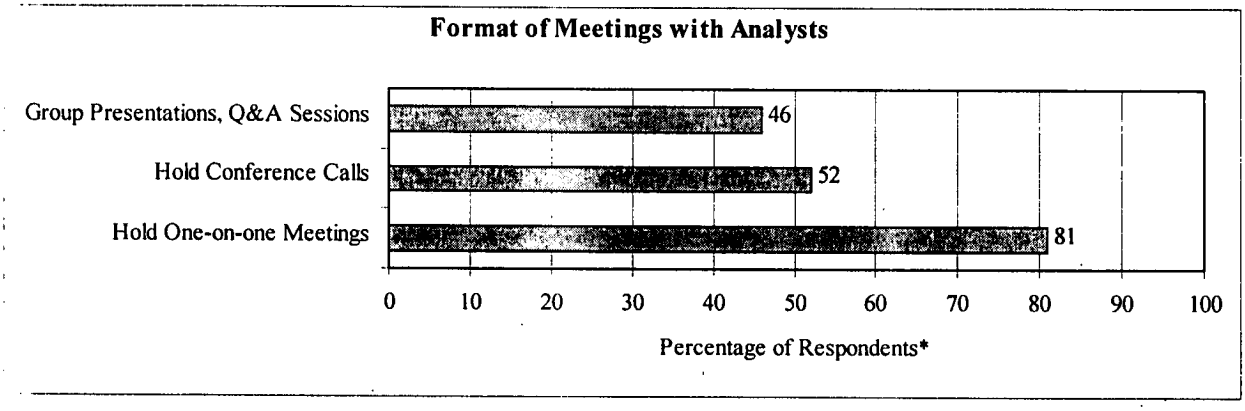
Meetings with Analysts

Seventy-six percent of respondents meet with analysts at least on a quarterly basis, while 8% meet with analysts semi-annually or annually. Figure 6 demonstrates that the vast majority of respondents (81%) indicated that they hold one-on-one meetings with analysts, and 52% of respondents hold conference calls, while only 46% of respondents have group presentations with analysts.

While 81% of respondents reported conducting one-on-one meetings with analysts only, an additional 13% of respondents reported having one-on-one meetings or discussions with analysts, as well as institutional investors and/or retail investors. The overwhelming majority of these respondents indicated that only key officers, such as the Chief Executive Officer and President, and senior management are authorized to conduct these one-on-one meetings and discussions.

Of the total respondents conducting one-on-one meetings and discussions (94%), 49% indicated that employees are not counselled prior to attending these meetings or engaging in discussions.

Figure 6

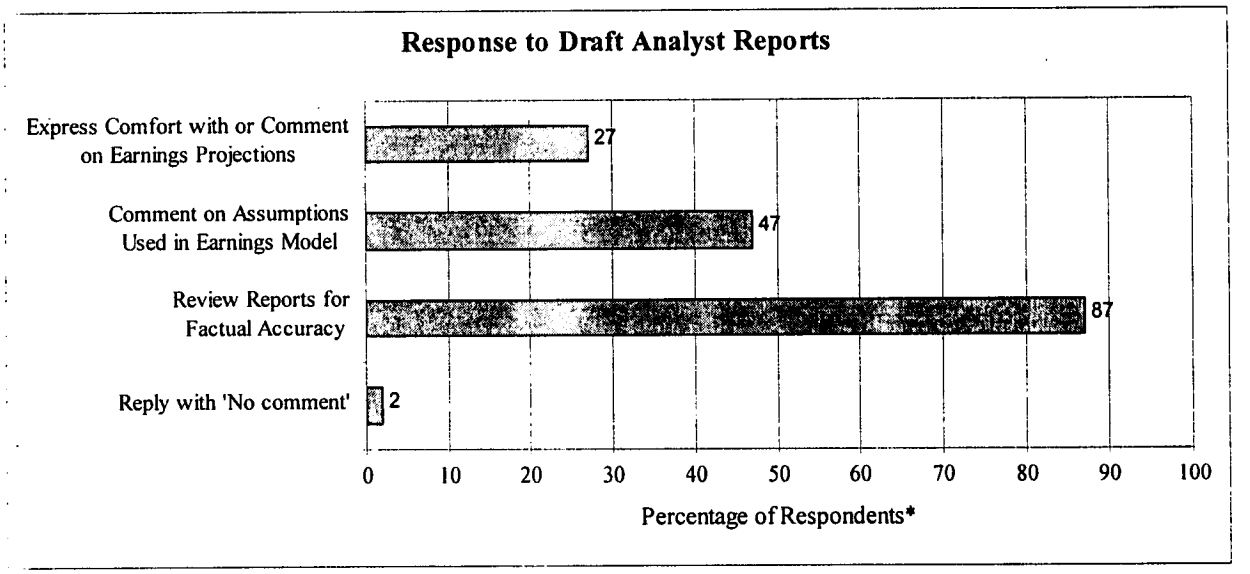


**Percentages do not add to 100 because respondents were able to choose more than one answer.*

Draft Analyst Reports

Respondents reported taking a variety of actions upon receiving draft analyst reports. Virtually all respondents (98%) indicated that they comment on draft analyst reports in some fashion. Eighty-seven percent of respondents indicated that they review the reports for accuracy, and many of these also bring errors to analysts' attention. Furthermore, 27% of respondents actually express a level of comfort on earnings projections (see Figure 7).

Figure 7

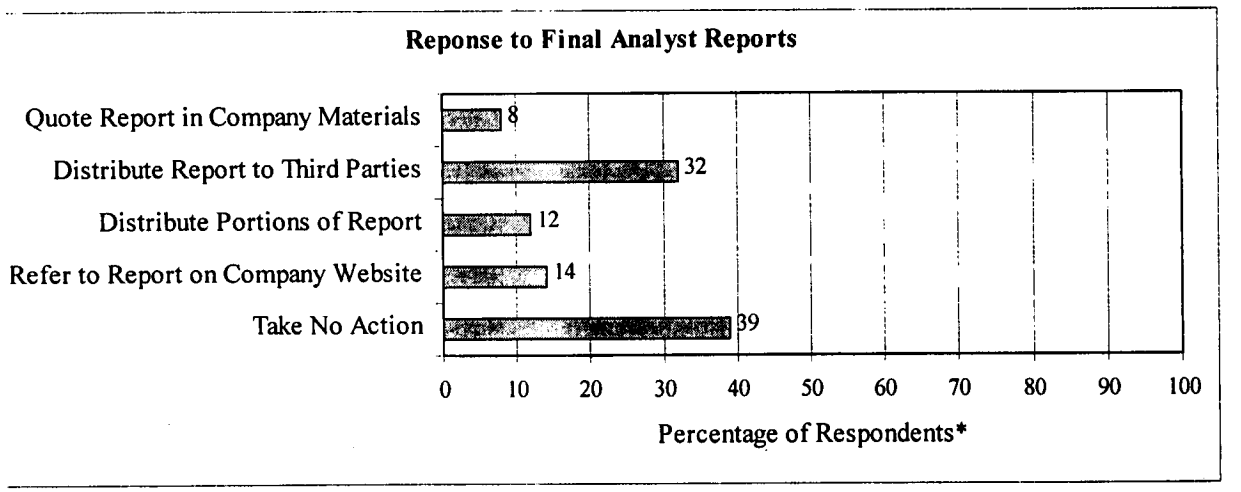


Percentages do not add to 100 because respondents were able to choose more than one answer.

Final Analyst Reports

Respondents also react in a variety of ways to final analyst reports. Thirty-nine percent of respondents indicated that they take no action whatsoever upon receiving a final analyst report. The remaining 61% reported carrying out at least one of the first four actions cited in Figure 8.

Figure 8



Percentages do not add to 100 because respondents were able to choose more than one of the first four answers.

Guidance Given to Analysts

The majority of respondents initially indicated that the guidance they give to analysts is restricted to information that is already in the public domain. They discuss the industry and general market trends and do not divulge any confidential or selective information. With regards to company-specific information, respondents said that they refer analysts to annual reports and other published materials. Some said that they review analysts' reports for factual accuracy and may correct errors. However, some inconsistency was noted

in this section of responses, in that some of these respondents later described circumstances in which they reveal more. Some comment on analysts' assumptions, and many indicated that they would express their level of comfort with earnings projections, or would offer a range of estimates. Some respondents stated that they restrict discussions to an established set of comments that is used with all analysts. Many said that they do not give analysts any forecast of earnings, though some believe it is necessary to give some guidance regarding costs, expenditure forecasts, and future cash-flow forecasts with disclaimers, "to ensure that analysts do not publish unrealistic estimates or have unrealistic expectations."

When any financial guidance is provided to analysts, 68% of respondents make this information available to the public. This information is made available in a variety of ways from posting information on the Issuer's web site to providing information only when requested. Prior to communication with analysts, 62% of respondents consult either in-house or external counsel and 23% of respondents have legal counsel review the scripts for analyst presentations and question and answer sessions.

Respondents listed a wide range of practices in dealing with analysts' questions, from not answering them at all to "answering any and all questions that analysts may have," but most said that they formulate their responses in a way that offers a big picture and avoids specificity. Other recurring comments include:

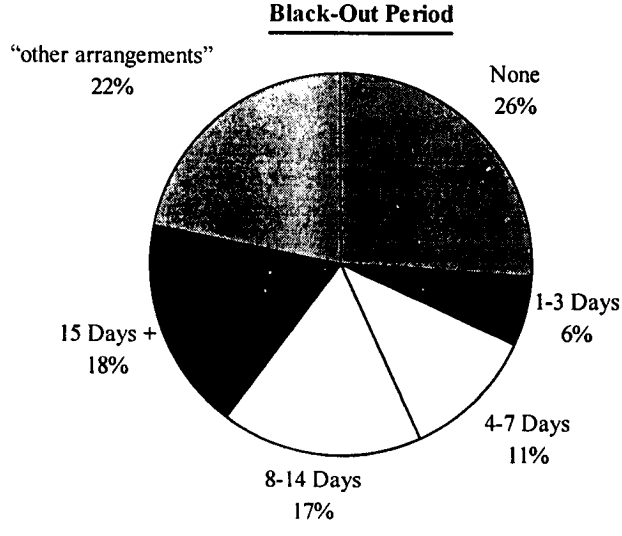
- "guidance given within a range of estimates, such as 'too conservative' or 'too optimistic' - no projections given"
- "company provides guidance to avoid misleading info"
- "we would indicate if the analyst's assumptions should be revisited"
- "make analysts aware if they have any erroneous statements"
- "provide clarification of technological developments"
- "provide broad assumptions on sales"
- "discuss marketplace trends"

Black Out Periods

Prior to scheduled earnings releases, Issuers may impose a "black-out period." This is a designated time-frame during which the company does not meet with or provide any information to the public, including analysts, institutional investors, retail investors and the media.

Twenty-six percent of all respondents stated that they impose no black-out period prior to earnings releases (see Figure 9). However, this varied with market capitalization: 24% of respondents with less than $500 million in market capitalization have a black-out period, while 77% of respondents with market capitalization greater than $500 million have a blackout period. Twenty-two percent of respondents indicated that they have "other arrangements" in place, such as alternative black-out periods (for example, a black-out period that begins at quarter-end and remains in effect until the date of the earnings release), or judgment is left to an investor relations officer.

Figure 9



Procedures that Companies Follow in case of Inadvertent Selective Disclosure of Material Information

The vast majority of respondents indicated that if material non-public information was inadvertently disclosed, they would immediately issue a press release, and "would make every reasonable effort to provide disclosure to the public." Many added that they would also notify the relevant stock exchanges. Others stated that they would consult with external legal counsel for advice on how to proceed. Other measures included requesting a trading halt, reporting the matter to the regulatory authorities, and requesting that the analysts keep the information confidential. Some indicated that they would investigate the cause of the leak and review disclosure procedures, while a small number stated that they would take no action whatsoever.

Additional Guidance Sought by Respondents

Thirty-nine percent of respondents offered suggestions with respect to guidance available from the Commission. Two main themes emerge in the type of guidance sought by respondents. The first involves improving the quality of guidance regarding how to comply with the OSC's rules and regulations. A call for clarity, specificity and practicality resounds throughout the responses. Many suggested that a policy manual with clear standards and definitions of terms such as materiality and confidentiality be distributed. Some expressed the need for more explicit guidance in the areas of dissemination of earnings results, legal ramifications for rule violations, and most importantly, how to interact with analysts. Some respondents requested that the type and amount of information that is suitable to relay to analysts be specifically stipulated, including examples of language that should be used when refusing requests for information. Appropriate conduct with regards to the internet and chatrooms was another recurring topic. Some felt that best practices guidelines should be industry- or market cap-specific to increase relevance, particularly for smaller cap companies.

On the other hand, 52% of respondents expressed concern regarding over-regulation and how "very specific rules and sanctions would cause companies to reduce the amount and frequency of information that flows to the public domain." It was felt that this would also undermine the professional and ethical judgment of officers involved.

The second theme pertains to the regulation of analysts. Nineteen percent of suggestions revolved around the conduct of analysts, particularly with regards to "aggressive analysts' pursuit of inside information." They felt that rules for acceptable conduct should be enforced, including how they deal with insider information, and that analysts should be held responsible if they provide non-public information. However, respondents sought guidance on ways to engender analysts' support and to maintain good relationships with them.

1.1.5 Towards Improved Fund Governance: The Way Forward

TOWARDS IMPROVED FUND GOVERNANCE:

THE WAY FORWARD

David A. Brown
Chair
Ontario Securities Commission

July 27, 2000

Over the last decade the Commission has responded to the explosive growth in the investment fund industry with a number of significant initiatives designed to ensure that regulation kept pace with the unprecedented changes in the marketplace. Drawing from recommendations outlined in former Commissioner Glorianne Stromberg's seminal report[1], the Commission and the other Canadian Securities Administrators have invoked their rule-making power to regulate mutual funds' sales practices, to update the regulation of mutual funds' structure and management, and to revamp the simplified prospectus disclosure regime. The Commission and its CSA colleagues have also fostered the creation of the Mutual Fund Dealers Association and have recently published for comment recognition criteria and a draft rule which will require all mutual fund dealers to become members of this important new SRO.

Now as we move into the new millennium, we are setting our sights on a more ambitious project; one that represents both a shift and a leap forward in our thinking about the regulatory framework for mutual funds and other investment funds: this project is the design and implementation of a mutual fund governance regime across Canada.

In early 1999, I asked Stephen Erlichman to provide the Commission and the CSA with his thoughts on how we could move to improve fund governance. Mr. Erlichman's recommendations have been provided in the form of his report entitled "*Making it Mutual: Aligning the Interests of Investors and Managers - Recommendations for a Mutual Fund Governance Regime for Canada*". We are confident that the Erlichman report will serve us well as we move forward into this exciting area. Mr. Erlichman's recommendations reflect his understanding of the Canadian mutual fund industry and are well tailored to the unique features of that industry. The report contains a comprehensive description and analysis of the history of the fund governance debate in Canada and abroad and Mr. Erlichman has ably furthered that debate. We are confident that his report will move us closer to reaching a consensus on its outcome.

We share Mr. Erlichman's position that improvements in fund governance and the management of mutual funds are desirable, not so much because there may be problems in the fund industry, but, rather, so that investors' expectations of high standards of conduct from the stewards of their money is not misplaced. However, we also recognize that reforms of our existing rules, which are based on disclosure, fiduciary principles, and restrictions on transactions giving rise to conflicts of interest, are not enough, given the dramatic changes that have occurred in the industry and the marketplace as a whole. We live in a climate of increasing competition and when this is coupled with the unique structure of mutual funds, mutual fund organizations, and the inherently passive nature of the Canadian public's investment in mutual funds it becomes more and more obvious that there is a need for something more.

Mr. Erlichman reminds us that mutual fund governance is not a new concept in Canada. In fact, a report published by the Canadian Committee on Mutual Funds and Investment Contracts pointed out as early as 1969 that securityholders in a mutual fund have little or no effective voice in the affairs of the company managing that fund and their money. It went on to conclude that:

> "The best protection ... would be an arrangement whereby the management company and the distribution company were subjected to continuing independent scrutiny over their operations. Such a scrutiny might be provided by the mutual fund investors, or by a surrogate acting on their behalf."[2]

While we agree with earlier commentators that a well-defined fund governance regime--based on the increased scrutiny of fund managers by independent groups who have responsibility to look after the investors' best interests--is a desirable thing, we still need to grapple with the form that such a regime should take in this country. We must carefully consider the issues and the alternatives as we embark on this long-anticipated path.

We are releasing the Erlichman report at this time to ensure that the mutual fund industry and the Canadian public also have ample opportunity to consider the issues surrounding mutual fund governance well in advance of any proposal by the Canadian Securities Administrators to enter into this new area of mutual fund regulation. We hope that our early release of the recommendations made by Mr. Erlichman will result in a more informed dialogue. Exploring the full range of perspectives and canvassing options for improving fund governance and the management of mutual funds is a Commission priority for the upcoming year. We not only intend to dialogue with international securities regulators and scholars, but we will also engage industry participants and investors as we seek to fashion a thoughtfully crafted regime. You can expect to hear from us as we move forward.

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1 *Regulatory Strategies for the Mid-90s - Recommendations for Regulating Investment Funds in Canada.* Prepared for the Canadian Securities Administrators by Glorianne Stromberg, January 1995.

2 *Report of the Canadian Committee on Mutual Funds and Investment Contracts - Provincial and Federal Study, 1969,* Queen's Printer, 1969 at p. 151, 152.

1.2 Notice of Hearings

1.2.1 Thistle Mining Inc. and Eurasia Gold Corporation - s.104 and s.127

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

AND

IN THE MATTER OF THISTLE MINING INC.

AND

IN THE MATTER OF EURASIA GOLD CORP.

NOTICE OF HEARING (Section 104 and Section 127)

TAKE NOTICE that the Ontario Securities Commission and the Alberta Securities Commission (the "Commissions") will hold a hearing pursuant to sections 104 and 127 of the Act at offices of the Ontario Securities Commission on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Thursday, July 27, 2000, at 10:00 a.m., or as soon thereafter as the hearing can be held, to consider:

1. whether to order, pursuant to paragraph 104(1)(c) of the Act, that Thistle and every person who is acting jointly or in concert with Thistle comply with, and be restrained from contravening, Part XX of the Act and the associated provisions of the Regulation (the "Associated Regulations") made under the Act in connection with the offer (the "Offer") made on or about June 30, 2000 by Thistle to purchase all of the issued and outstanding common shares (the "Eurasia Shares") of Eurasia Gold Corp. ("Eurasia");

2. whether to order, pursuant to paragraph 104(1)(b) and subparagraph (5) of subsection 127(1) of the Act, that Thistle provide to holders of Eurasia Shares (the "Eurasia Shareholders") an amended take-over bid circular and formal valuation that complies with Part XX of the Act and the Associated Regulations;

3. whether to order, pursuant to subparagraph (2) of subsection 127(1) of the Act that trading cease in:

a. Eurasia Shares by Thistle or any person that is a director, officer, affiliate or associate of Thistle or acting jointly or in concert with any of the foregoing persons; and

b. in the common shares of Thistle (the "Thistle Shares") to be issued as consideration pursuant to the Offer;

4. whether to order, pursuant to clause 104(1)(c) and subparagraph (5) of subsection 127(1) of the Act that the directors of Eurasia provide to Eurasia Shareholders a directors' circular that complies with Part XX of the Act and the Associated Regulations; and

5. whether to make such other order as the Commission may deem appropriate;

BY REASON OF the allegations set out in a Statement of Allegations to be delivered by staff of the Commissions;

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.

July 21, 2000

John Stevenson
Secretary to the Commission

1.3 News Releases

1.3.1 RT Capital Management Inc. - Commission Approves Significant Sanctions in RT Capital High Closing Case

July 20, 2000

Commission Approves Significant Sanctions in RT Capital High Closing Case

Toronto - At a hearing today, the Ontario Securities Commission approved a settlement agreement entered between staff of the Commission and 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.

The respondents admitted that they acted in a manner contrary to the public interest and specifically RT Capital also admitted that it failed to establish written procedures for dealing with clients with respect to high-closings that conformed with prudent business practice and enabled RT Capital to serve its clients adequately, contrary to section 1.2 of Rule 31-505 under the *Securities Act*.

The settlement approved by the Commission includes the following sanctions:

- RT Capital will make a payment of $3,000,000 to the Commission, to be allocated to such third parties as the Commission may determine for purposes that will benefit investors in Ontario;
- Edwards, Lederman, Rodrigues, Baker and Griffin agreed not to be, or act as, a director or officer of any market participant for varying periods of time ranging from one month to three years and in the case of Larkin permanently;
- Larkin's registration is terminated permanently;
- Baker's registration is suspended for a period of three years;
- Gillespie, Shea, and Baker cease trading in all securities, with limited exceptions, for varying periods of time ranging from one year to three years and in the case of Larkin permanently, again with limited exceptions;
- RT Capital, Edwards, Griffin, Webster, Lederman and Rodrigues are reprimanded;
- RT Capital is submitting to a review of its practices and procedures and will institute such changes as may be required;
- Baker, Shea and Gillespie are required to take courses prior to their registration being reinstated.
- Shea and Gillespie are required to work under close supervision for a period of two years upon their reinstatement;
- the respondents were to pay in total, a sum of $143,000 towards the Commission's cost of the investigation;
- RT Capital also agreed to re-configure its telephone taping system so that all calls between an RT Capital portfolio manager and an RT Capital order executioner are recorded.

In the settlement agreement entered into the respondents also admitted, among other things, that:

- RT Capital engaged in trading activity 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 Toronto Stock Exchange (the "TSE"), were the subject of this high-closing activity on at least one occasion;
- The high-closing activity occurred on 53 occasions over eight dates between October 1998 and March 1999;
- Larkin was responsible on forty-three occasions for trades or engaging in a trading strategy, designed to create or maintain an uptick, or prevent or rectify a downtick, in the closing price of a security;
- On ten high-closings, Baker was responsible for trades or a trading strategy that created or maintained an uptick, or prevented or rectified a downtick, in the closing price of a security;
- 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 instructing a broker to execute a trade, or a trading strategy, which created or maintained an uptick, or prevented or rectified a downtick, in the closing price of a security;
- On eight occasions, Larkin instructed Shea to carry out cross-trades of that nature involving RT Capital client accounts in order to effect the desired closing price;
- Larkin, Baker, Shea and Gillespie were able to effect high-closings of securities on month-, quarter-, and year-end dates which affected the appearance of portfolio performance.
- The high-closing activities described above were not detected by RT Capital because of a lack of procedures to monitor trading activities to check for high-closings. Due to the failure to detect the high closings, none of the fifty-three high-closings was ever "red flagged" or made the subject of scrutiny by RT Capital;

Copies of the Notice of Hearing, Statement of Allegations, Settlement Agreement and Reasons for Decision are available at www.osc.gov.on.ca or from the Commission, 19th floor, 20 Queen Street West, Toronto.

References:

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

Hugh Corbett
Litigation Counsel, Enforcement Branch
593-8074

Brian Butler
Manager, Enforcement Branch
(416) 593-8286

1.3.2 Thistle Mining Inc. - OSC Issues Notice of Hearing Relating toThistle Mining Inc. Take-over Bid for Eurasia Gold Corp.

July 24, 2000

OSC Issues Notice of Hearing Relating to Thistle Mining Inc. Take-over Bid for Eurasia Gold Corp.

TORONTO -- The Ontario Securities Commission has issued a Notice of Hearing in connection with the take-over bid by Thistle Mining Inc. for Eurasia Gold Corp. The purpose of the hearing, which may be conducted as a joint hearing with the Alberta Securities Commission, is to consider the complaints raised with the Commissions by Eurasia's board of directors and Thistle.

The hearing will commence at 10:00 a.m. (Toronto time) on July 27, 2000 in the large hearing room of the OSC located on the 17th floor, 20 Queen Street West, Toronto, Ontario.

Copies of the Notice of Hearing are available on the OSC website at www.osc.gov.on.ca or from the Commission, 19th floor, 20 Queen Street, Toronto, Ontario. It is anticipated that the Statement of Allegations referred to in the Notice of Hearing will be issued later this week prior to the hearing.

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

1.3.3 Thistle Mining Inc. - OSC to Adjourn Hearing Relating to Thistle Mining Inc. Take-over Bid for Eurasia Gold Corp.

July 26, 2000

OSC to Adjourn Hearing Relating to Thistle Mining Inc. Take-over Bid for Eurasia Gold Corp.

TORONTO -- On July 24, the Ontario Securities Commission announced that it would hold a hearing on July 27 in connection with the take-over bid by Thistle Mining Inc. for Eurasia Gold Corp. On consent of the parties and OSC staff, the hearing will be adjourned indefinitely.

Additional information regarding the status of Thistle's bid is set out in a joint press release to be issued by Eurasia and Thistle.

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

1.3.4. David Singh - Commission to hear Proposed Settlement with respect to David Singh

July 26, 2000

Re: Commission to hear Proposed Settlement with respect to David Singh

Toronto - A Hearing in the matter of Paul Tindall and David Singh is set to commence on July 31, 2000. The hearing is scheduled for 10:00 a.m. in the main hearing room of the Ontario Securities Commission (the "Commission"), located on the 17th Floor, 20 Queen Street West, Toronto, Ontario. On that day the Commission will first consider a proposed settlement agreement with respect to the allegations pertaining to David Singh, ("Singh"), the former President of Fortune Financial Corporation ("Fortune").

The allegations made by Staff of the Commission relate to, among other things, Singh's supervision of Paul Tindall, a former salesperson sponsored by Fortune. The Commission will consider whether the proposed Settlement Agreement is in the public interest and should be approved. Terms of the proposed settlement will only be released if and when the Commission approves the proposal.

Proceedings concerning Tindall's activities, which are the subject of a Notice of Hearing and Statement of Allegations issued by the Commission on October 14, 1999, will commence following the hearing with respect to Singh.

Copies of the Notice of Hearing and the Statement of Allegations can be obtained from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario and on the Commission's website at www.osc.gov.on.ca.

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

Brian Butler
Manager, Enforcement Branch
(416) 593-8156

1.3.5 CSA Releases Report on Fund Governance

July 27, 2000

CSA Releases Report on Fund Governance

Toronto - In a move that OSC Chairman David Brown defines as "a shift and a leap forward in our thinking about the regulatory framework for mutual funds and other investment funds," the Canadian Securities Administrators today released, ***Making It Mutual: Aligning the Interests of Investors and Managers - Recommendations for a Mutual Fund Governance Regime for Canada.***

Written for the CSA by Stephen Erlichman, a Senior Partner with the law firm of Fasken Martineau DuMoulin LLP, the report is expected to serve as a guide for Canadian regulators as they prepare to launch a project that will design and implement a governance regime for mutual funds in Canada.

"We share Mr. Erlichman's position that improvements in fund governance and the management of mutual funds are desirable," Mr. Brown went on to say, "not so much because there may be problems in the fund industry, but, rather, so that investors' expectations of high standards of conduct from the stewards of their money is not misplaced."

A backgrounder on the key recommendations contained in the report is attached. A copy of the report is available on the OSC website at www.osc.gov.on.ca.

Reference: Rebecca Cowdery
Manager, Investment Funds
(416) 593-8129

Stephen Erlichman
Senior Partner, Fasken Martineau DuMoulin LLP
(416) 865-4552

Rowena McDougall
Senior Communications Officer
(416) 593-8117

Background on Key Recommendations from the Erlichman Report on Mutual Fund Governance in Canada

- Each mutual fund complex should be required to establish a governance regime that has a governing body independent from the manager of the mutual funds.
- If the CSA decide to mandate one specific form of fund governance regime at this time, then each mutual fund should have a "corporate style" board (of directors, governors or trustees, as the case may be) of which at least a majority of the members should be independent of the mutual fund manager.
- Each mutual fund manager should be required to be registered with the CSA. Conditions of registration should include minimum proficiency requirements, minimum capital requirements; minimum insurance requirements, the establishment of an audit committee and implementation of various internal controls as well as controls to monitor external service providers.
- Each mutual fund should have a compliance plan which is filed with the CSA. The compliance plan, as well as the manager's compliance with the plan, should be reviewed periodically. The review should be conducted by the governance body and, if the governance body or the CSA wish, by an external auditor.
- In any jurisdiction where such duty is not already clearly legislated, laws should be enacted to create a statutory fiduciary duty of the governance body and of the manager similar to section 116 of the *Securities Act* (Ontario) in favour of the securityholders of the mutual fund.
- Laws should be enacted to ensure that securityholders of all mutual funds have uniformity in treatment on certain issues, including the percentage of securityholders required to call meetings of securityholders, quorum requirements for securityholder meetings and the percentage of votes required to take action at securityholder meetings.
- The CSA should encourage the development of a mutual fund investor compensation plan to protect securityholders against any losses that could result from the insolvency or fraud of a mutual fund manager. In addition, laws should be enacted to ensure that unitholders of mutual fund trusts have limited liability, similar to shareholders of mutual fund corporations.
- The CSA should have sufficient powers to inspect and discipline all actors in the mutual fund complex, including the mutual fund, its manager and, if applicable, its trustee. If current powers in any jurisdiction are not sufficient, laws should be enacted to provide such powers to the CSA. The CSA should

effect inspections on a regular basis and publicly report the results of problems encountered.

- Each mutual fund complex should be required to disclose:

  (a) the mutual fund complex's approach to fund governance, including: (i) the basis upon which the mutual fund organization has concluded that the independent governance body is independent; and (ii) a description of each mutual fund's compliance plan;

  (b) the guidelines that the manager or the portfolio adviser follows in determining whether and how to vote portfolio securities at shareholders' meetings of companies held in the portfolios of the mutual funds.

- Best practice guidelines relating to Canadian mutual fund governance should be developed from time to time by the CSA in conjunction with the mutual fund industry.

Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 RT Capital Management Inc. et al. - 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

ORDER
(Section 127)

WHEREAS on June 29, 2000, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsection 127(1) of the *Securities Act* (the "Act"), in respect of RT Capital Management Inc.("RT Capital"), K. Michael Edwards ("Edwards"), Timothy K. Griffin ("Griffin"), Donald E. Webster ("Webster"), Jennifer I. Lederman ("Lederman"), Peter B. Larkin ("Larkin"), Peter A. Rodrigues ("Rodrigues"), Gary N. Baker ("Baker"), Patrick Shea ("Shea") and Marion Gillespie ("Gillespie"), hereinafter referred to collectively as the "Respondents";

AND WHEREAS the Respondents entered into a settlement agreement dated July 18, 2000 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for the Respondents and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

(1) the Settlement Agreement, dated July 18, 2000, attached to this Order, is approved;

(2) pursuant to clause 6 of subsection 127(1) of the Act, RT Capital, Edwards, Griffin, Webster, Lederman and Rodrigues are reprimanded;

(3) RT Capital submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission, as more particularly provided for in the Settlement Agreement;

(4) pursuant to clause 1 of subsection 127(1) of the Act, RT Capital's registration is amended, effective as of the date of this Order, by suspending the approval of: i) Edwards, as a Non-Trading Officer, for a period of one month; ii) Lederman, as a Non-Trading Officer, for a period of three months; iii) Rodrigues, as a Non-Counselling Officer, for a period of six months; and iv) Griffin, as a Non-Trading Officer for a period of 18 months;

(5) pursuant to clause 1 of subsection 127(1) of the Act, Larkin's registration is terminated permanently, effective as of the date of this Order;

(6) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Larkin shall cease trading permanently in all securities, with the exception of securities within his RRSP. Commencing August 2, 2002, Larkin is permitted to resume trading in all securities for his personal account;

(7) pursuant to clause 1 of subsection 127(1) of the Act, Baker's registration is suspended for a period of three years, effective as of the date of this Order;

(8) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Baker shall cease trading in all securities for a period of three years, with the exception of securities within his RRSP. Commencing February 2, 2002, Baker is permitted to resume trading in all securities for his personal account;

(9) As a condition precedent to the reinstatement of his registration, Baker will successfully complete the second year of the Chartered Financial Analyst's Course and an ethics course agreed upon by Baker and Staff;

(10) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Shea shall cease trading in all securities for a period of two years, with the exception of securities within his RRSP. Commencing February 2, 2001, Shea is permitted to resume trading in all securities for his personal account;

(11) As a condition precedent to the resumption of trading by Shea in all securities on or after August 2, 2002, Shea shall attend and successfully complete the Canadian Securities Course, the Conduct and Practices Handbook Course, and an ethics course agreed upon by Shea and Staff;

(12) Shea shall be subject to close supervision for a total period of two years following his return to employment by any employer(s) who, after the expiration of the cease trading order referred to in paragraph (12) above, employs him to trade in securities, or to carry out any act in furtherance of a trade, as defined in the Act. Shea shall notify any such prospective employer of this term of the Order prior to commencing employment;

(13) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Gillespie shall cease trading in all securities for a period of one year, with the exception of securities within her RRSP. Commencing February 2, 2001, Gillespie is permitted to resume trading in all securities for her personal account;

(14) As a condition precedent to the resumption of trading by Gillespie in all securities on or after August 2, 2001, Gillespie shall attend and successfully complete the Canadian Securities Course, the Conduct and Practices Handbook Course, and an ethics course agreed upon by Gillespie and Staff;

(15) Gillespie shall be subject to close supervision for a total period of one year following her return to employment by any employer(s) who, after expiration of the cease trading order referred to in subparagraph (15) above, employs her to trade in securities, or to carry out any act in furtherance of a trade, as defined in the Act. Gillespie shall notify any such prospective employer of this term of the Order prior to commencing employment;

(16) pursuant to section 127.1 of the Act, Gillespie is ordered to pay $4,000 to the Commission.

(17) pursuant to section 127.1 of the Act, each of Edwards, Griffin, Webster, Lederman, Larkin, Rodrigues, Baker and Shea is ordered to pay $8,000 to the Commission;

(18) pursuant to section 127.1 of the Act, RT Capital is ordered to pay $75,000 to the Commission.

July 20th, 2000.

"J. A. Geller" "Howard I. Wetston"

"Robert W. Davis"

2.1.2 RT Capital Management Inc., et al. - Settlement Agreement

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

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing, dated June, 29, 2000 (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make an order that:

   (a) the registration of 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 RT Capital, Larkin and Baker;

   (c) 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) 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;

   and to consider such other matters as the Commission might consider appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding initiated in respect of the Respondents by the Notice of Hearing in accordance with the terms and conditions set out below. The Respondents consent to the making of an order against each of them in the form attached as Schedule "E" on the basis of the facts set out below in Part III.

III. STATEMENT OF FACTS

3. The Respondents agree, for the purposes of this proceeding, with the facts set out in this Part III.

4. RT Capital is an indirectly, wholly owned subsidiary of Royal Bank of Canada and was established in 1986. RT Capital is registered under the Act 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 $38 billion in assets under its management in both pooled and segregated funds, as well as cash funds.

5. 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. The Respondents in this proceeding, more particularly described in paragraphs 6 to 11 below, were directors of RT Capital at the times specified herein.

6. K. Michael Edwards ("Edwards") was appointed as a director and the Chairman of RT Capital on December 7, 1998. Edwards is approved as a Non-Trading Officer of RT Capital. During and after the material time, Edwards was also the President and CEO of RT Investment Management Holdings Inc. ("RTIM"), the sole common shareholder of RT Capital. RTIM is, indirectly, a wholly owned subsidiary of the Royal Bank of Canada and is not a market participant. RT Capital reported to RTIM.

7. Timothy K. Griffin ("Griffin") was appointed as a director of RT Capital on January 1, 1991. Griffin has been an employee of RT Capital or an RT Capital affiliate for approximately 15 years. Griffin was appointed President of RT Capital on January 17, 1996 and CEO on December 7, 1998. Prior to being appointed President, he held the position of Executive Vice-President and before that, Vice-President. Griffin is approved as a Non-Trading Officer of RT Capital.

8. Larkin has been an employee of RT Capital or its predecessor since its inception in 1986. Larkin was appointed as a director and officer of RT Capital on August 22, 1990. Larkin is the Senior Vice-President, Canadian Equities and in that capacity was responsible during the material time for approximately $13.5 billion in assets under management. Larkin was the senior portfolio manager in the Canadian Equities section to whom the six other portfolio managers in that section reported. Larkin is registered as a counselling officer of RT Capital. Larkin has been employed in the securities industry in one capacity or another in excess of thirty years.

9. Donald E. Webster ("Webster") was appointed as a director and officer of RT Capital 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 with the Commission as a counselling officer of RT Capital.

10. Peter A. Rodrigues ("Rodrigues") was appointed as a director and officer of RT Capital on August 22, 1990. Rodrigues is the Vice-President, Finance and Operations. Rodrigues has been an employee of RT Capital or its predecessor since its inception. Rodrigues was responsible for the operational aspects of RT Capital's business, including the taping system used to record calls to and from RT Capital's order executioners. Rodrigues is approved as a Non-Counselling Officer of RT Capital.

11. Jennifer I. Lederman ("Lederman") was appointed as a director and officer of RT Capital on August 30, 1994. During the material time, Lederman was Corporate Secretary and Senior Vice-President, Compliance. Lederman is approved as a Non-Trading Officer of RT Capital. Lederman is also an officer of RTIM.

12. During the material time, Baker was a Vice-President, Canadian Equities and in that capacity acted as a portfolio manager and analyst. Baker has been an employee of RT Capital for approximately ten years. Baker is registered as a counselling officer of RT Capital. Baker was solely responsible for managing RT Capital's Canadian Equity Small Capitalization pooled fund, in addition to managing approximately 16 to 17 pooled and segregated regular Canadian Equity portfolios. After Larkin, Baker was the second longest serving Canadian Equities portfolio manager at RT Capital. Baker has been employed in the securities industry either as an analyst or a portfolio manager in excess of twelve years.

13. During the material time, the Respondent Patrick Shea ("Shea") was an "order executioner" at RT Capital. Shea's job title was that of "Senior Equity Trader" but he was not a registrant. Shea has been an employee of RT Capital for approximately 13 years.

14. During the material time, the Respondent Marion Gillespie ("Gillespie") was an "order executioner" at RT Capital. Gillespie's job title was that of "Senior Equity Trader" but she was not a registrant. Gillespie has been an employee of RT Capital for approximately 12 years.

15. During the material time, 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.

16. During the material time, RT Capital engaged in trading activity 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 Toronto Stock Exchange (the "TSE"), were the subject of this high-closing activity on at least one occasion.

17. The high-closing activity occurred on 53 occasions over the following eight 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

18. 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).

19. Of the fifty-three occasions referred to above, 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.

20. 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 that created or maintained an uptick, or prevented or rectified a downtick, in the closing price of a security.

21. 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 instructing a broker to execute a trade, or a trading strategy, which created or maintained an uptick, or prevented or rectified a downtick, in the closing price of a security. On eight occasions, Larkin instructed Shea to carry out cross-trades of that nature involving RT Capital client accounts in order to effect the desired closing price.

22. The cumulative total increase in the value of the Canadian Equities component of RT Capital's portfolios as a result of the high-closings carried out on the eight dates identified above was $38,562,278, more or less.

23. The high-closing trading activities of Larkin and Baker are summarized in Schedules "A" ("Larkin") and "B" ("Baker") appended hereto.

24. The cumulative total increase in the market capitalization of the 26 issuers as a result of the high-closings was $412 million, more or less. This figure is arrived at by taking each of the incremental changes to the market capitalization of the issuers which resulted from the high-closings and adding them together, as set out in Schedule "C" attached hereto.

25. The high-closings carried out by Larkin by way of cross-trades involving RT Capital client accounts are summarized in Schedule "D" appended hereto.

26. During the material time, almost all of RT Capital's Canadian Equities funds, whether pooled or segregated, were run on the basis of a "model portfolio" comprised of approximately 75 securities selected from all sectors of the economy. Each security was assigned a specific weighting within the model portfolio. One of the investments included in the model portfolio was units of the Canadian Equities Small Capitalization pooled fund. As a result, every security in the Canadian Equities Small Capitalization pooled fund was also held indirectly in the model portfolio. There were approximately 80 securities held in that pooled fund. The Canadian Equities Small Capitalization Fund was managed exclusively by Baker and was not subject to the constraints of the model portfolio.

27. 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.

28. 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.

29. All of the securities which were the subject of the high-closings were either held in the model portfolio directly, or indirectly through the model portfolio's inclusion of units in the Canadian Equities Small Capitalization pooled fund. As a result, the high-closings affected all of RT Capital's Canadian Equities portfolios which followed the model portfolio. The performance of RT Capital's Canadian Equities Small Capitalization pooled fund itself was also affected by the high-closing of the securities included in it.

30. 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.

31. 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.

32. 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.

33. 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 standard 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.

34. 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 and Shea were allocated a certain number of "phantom equity" shares annually, which entitled each to a proportionate share of the company's profits. The allocation of phantom equity shares was based on, among other factors, the performance of each during the preceding year. Gillespie was not allocated "phantom equity" shares but received an annual bonus based on the company's profitability.

35. 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)

36. 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, Larkin, Baker, Shea and Gillespie, among others, each executed the consent form applicable to the material time.

37. While RT Capital had compliance procedures in place for certain matters, such as monitoring compliance with RT Capital's soft dollar policy and with the investment parameters set out in clients' "SIP& G's", as well as for monitoring employee personal trading, obtaining annual client consents, "early warning" filings and monitoring investments in pooled funds, RT Capital did not in fact monitor the practices of its Canadian Equities portfolio managers and order executioners to ensure high closing activities did not occur.

38. The investigation conducted by Staff did not disclose any evidence that Griffin, Rodrigues, Webster, Ledermen and Edwards were aware of the high-closing activities until they were brought to their attention by a TSE inquiry made of RT Capital in July of 1999.

39. Larkin, Baker, Shea and Gillespie were able to effect high-closings of securities on month-, quarter-, and year-end dates which affected the appearance of portfolio performance. The high closing activities described above were not detected by RT Capital because of a lack of procedures to monitor trading activities to check for high-closings. On no occasion did Larkin, Baker, Shea or Gillespie attempt to conceal, alter or destroy the internal records of their trading activity. Due to the failure to detect the high closings, none of the fifty-three high-closings was ever "red flagged" or made the subject of scrutiny by RT Capital.

40. During the portion of the material time specified above, the Board of Directors of RT Capital (the "Board") consisted of six members, namely, Edwards, Griffin, Larkin, Webster, Rodrigues and Lederman. The Board of Directors of RT Capital (the "Board") performed largely administrative functions, 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 formally in person as a group. 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 to ensure that high closings did not occur.

41. During the material time, Griffin, Larkin, Webster and Rodrigues sat on a "management committee". The management committee met approximately every two weeks, to deal with matters pertaining to the management, operation and performance of RT Capital. In addition, Griffin met with Edwards and Lederman once per month to review 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 to ensure that high closings did not occur.

42. 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. Attempts were made by some of the respondents to avoid detection by TSE Market Surveillance.

43. Shea and Gillespie had discussions with the brokers engaged by them to effect the high-closings. In some of those discussions, the brokers advised Shea and Gillespie that the broker 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.

44. Commencing October 2, 1998, as a matter of routine business practice, RT Capital recorded all telephone calls between its order executioners and the brokers engaged by them to carry out trades on behalf of RT Capital. Some of the respondents were not aware that the taping system also recorded all internal telephone calls of the portfolio managers to and from the order executioners. On June 30, 1999, the TSE made inquires of RT Capital concerning RT Capital trading activity on December 31, 1998. In August 1999, members of the Management Committee decided to reconfigure the taping system so that the telephone calls between the portfolio managers and the order executioners were no longer recorded. Due to delays in obtaining the necessary hardware, the internal lines to the order executioners could not be disconnected until November 4, 1999. Prior to that date, on October 5, 1999, the Commission formally requested that RT Capital produce copies of its trading records and telephone tapes relating to dates under investigation.

45. At no time did RT Capital stop recording telephone conversations between its order executioners and brokers. In July 1999, after receiving a request from the TSE for certain trading records, RT Capital took steps to secure the existing tapes relating to the dates under investigation.

Admission of all Respondents

46. By engaging in the conduct set out above, the Respondents admit that they acted in a manner contrary to the public interest.

Admission of RT Capital

47. RT Capital admits that it failed to establish written procedures for dealing with clients with respect to high-closings that conformed with prudent business practice and enabled RT Capital to serve its clients adequately, contrary to section 1.2 of Rule 31-505 under the Act.

IV. TERMS OF SETTLEMENT

48. The Respondents and Staff agree to the following terms of settlement:

RT Capital

(a) RT Capital will submit to a review of its trading practices and procedures, such review to be carried out by Deloitte & Touche (the "expert") at RT Capital's expense, and will implement such changes as are recommended by the expert, within reasonable time frames set out by the expert after consultation with RT Capital. RT Capital will provide Staff with a copy of the report and recommendations of the expert and with progress reports concerning the implementation of the expert's recommendations;

(b) RT Capital will submit to a review of its trading activities on the last and second to last trading day of the month during the period October 30, 1998 to March 31, 1999 inclusive. Such review is to be carried out by the expert at RT Capital's expense, and will determine the impact, if any, on RT Capital's clients of the high-closings trading activity of RT Capital during the aforementioned period. RT Capital will advise any clients so affected of the outcome of this review and will resolve discrepancies, including fee overpayments, to its clients' satisfaction. RT Capital will provide Staff with a copy of the review carried out by the expert.

(c) RT Capital will submit to a review of its trading activities on the last and second to last trading day of the month during the period of April 1, 1999 and May 31, 2000. Such review is to be carried out by the expert at RT Capital's expense, to determine whether the type of high-closings trading activities that form the basis of this proceeding were repeated during this time period. As a part of this review, RT Capital agrees to produce to the expert, at RT Capital's expense, all of the tapes of the telephone recording system at RT Capital for this period. If it is determined that RT Capital engaged in high-closings trading activity during this period, then the expert will determine the impact, if any, on RT Capital's clients as a result of the high-closings trading activities. RT Capital will advise any clients so affected of the outcome of this review and will resolve discrepancies, including fee overpayments, to its clients' satisfaction. RT Capital will provide Staff with a copy of the review carried out by the expert.

(d) if, as a result of the reviews set out in paragraphs (b) and (c), it is determined that the fund values and/or published results, communicated either to the public or to individual clients, were materially misstated, then RT Capital will restate such fund values and/or re-publish such results to the public or to the individual clients, as the case may be;

(e) as soon as practicable, RT Capital will configure its telephone taping system so that all calls between an RT Capital portfolio manager and an RT Capital order executioner are recorded and hereby undertakes to maintain this system, including copies of the tapes themselves, until such time as the Commission agrees to its modification;

(f) upon the approval of this settlement, RT Capital will make a payment of $3,000,000 to the Commission, to be allocated to such third parties as the Commission may determine for purposes that will benefit investors in Ontario;

(g) upon the approval of this settlement, RT Capital will make a payment of $75,000 to the Commission as its contribution to the Commission's costs with respect to the investigation of this matter and the costs of the hearing; and

(h) RT Capital's registration will be amended by suspending the approval of: i) Edwards as a Non-Trading Officer for a period of 1 month; ii) Lederman as a Non-Trading Officer for a period of 3 months; iii) Rodrigues as a Non-Counselling Officer for a period of 6 months; and (iii) Griffin as a Non-Trading Officer for a period of 18 months. All of the aforesaid suspensions are to be effective from the date of approval of this Settlement Agreement by the Commission; and

(i) RT Capital will be reprimanded.

Larkin

(a) Larkin consents to an Order pursuant to clause 1 of subsection 127(1) of the Act terminating his registration permanently effective from the date of approval of this Settlement Agreement by the Commission, and Larkin hereby agrees not to apply thereafter for registration in any capacity under the Act;

(b) Pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Larkin will cease trading permanently in all securities, with the exception of securities within his RRSP. Commencing August 2, 2002, Larkin will be permitted to resume trading in all securities for his personal account;

(c) Larkin will be permanently prohibited from becoming, acting as or holding the title of a director or officer of any market participant, effective from the date of Approval of this Settlement Agreement by the Commission;

(d) Upon the approval of this Settlement Agreement by the Commission, Larkin will make a payment of $8,000 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(e) Larkin will attend the hearing in person.

Baker

(a) Pursuant to clause 1 of subsection 127(1) of the Act, Baker's registration will be suspended for a period of three years, effective from the date of approval of this Settlement Agreement by the Commission;

(b) Pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Baker will cease trading in all securities for a period of 3 years, with the exception of securities within his RRSP. Commencing February 2, 2002, Baker will be permitted to resume trading in all securities for his personal account;

(c) Baker will be prohibited from becoming, acting as or holding the title of director or officer of any market participant for a period of three years, effective from the date of Approval of this Settlement Agreement by the Commission;

(d) As a condition precedent to the reinstatement of his registration, Baker will successfully complete the second year of the Chartered Financial Analyst's Course and an ethics course agreed upon by Baker and Staff;

(e) Upon the approval of this settlement, Baker will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(f) Baker will attend the hearing in person.

Shea

(a) Pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Shea will cease trading in all securities for a period of 2 years, with the exception of securities within his RRSP. Commencing February 2, 2001, Shea will be permitted to resume trading in all securities for his personal account;

(b) Upon the approval of this settlement, Shea will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter;

(c) As a condition precedent to the resumption of trading by Shea in all securities on or after August 2, 2002, Shea will attend and successfully complete the Canadian Securities Course, the Conduct and Practices Handbook Course, and an ethics course agreed upon by Shea and Staff; and

(d) Shea will be subject to close supervision for a total period of two years following his return to employment by any employer(s) who, after expiration of the cease trading order referred to in subparagraph (a) above, employs him to trade in securities, or to carry out any act in furtherance of a trade, as defined in the Act. Shea agrees to notify any such prospective employer of this term of the settlement prior to commencing his employment.

(e) Shea will attend the hearing in person.

Gillespie

(a) Pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Gillespie will cease trading in all securities for a period of 1 year, with the exception of securities within her RRSP. Commencing February 2, 2001, Gillespie will be permitted to resume trading in all securities for her personal account;

(b) Upon the approval of this settlement, Gillespie will make a payment of $4,000.00 to the

Commission in respect of a portion of the Commission's costs with respect to this matter; and

(c) As a condition precedent to the resumption of trading by Gillespie in all securities on or after August 2, 2001, Gillespie will attend and successfully complete the Canadian Securities Course, the Conduct and Practices Handbook Course, and an ethics course agreed upon by Gillespie and Staff; and

(d) Gillespie will be subject to close supervision for a total period of one year following her return to employment by any employer(s) who, after expiration of the cease trading order referred to in subparagraph (a) above, employs her to trade in securities, or to carry out any act in furtherance of a trade, as defined in the Act. Gillespie agrees to notify any such prospective employer of this term of the settlement prior to commencing her employment.

(e) Gillespie will attend the hearing in person.

Griffin

(a) Griffin will be prohibited from becoming, acting as, or holding the title of a director or officer of any market participant for a period of eighteen months, effective from the date of approval of this Settlement Agreement by the Commission;

(b) Upon the approval of this settlement, Griffin will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(c) Griffin will attend the hearing in person to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act.

Rodrigues

(a) Rodrigues will be prohibited from becoming, acting as, or holding the title of a director or officer of any market participant for a period of six months, effective from the date of approval of this Settlement Agreement by the Commission;

(b) Upon the approval of this settlement, Rodrigues will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(c) Rodrigues will attend the hearing in person to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act.

Lederman

(a) Lederman will be prohibited from becoming, acting as, or holding the title of a director or officer of any market participant for a period of three months, effective from the date of approval of this Settlement Agreement by the Commission;

(b) Upon the approval of this settlement, Lederman will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(c) Lederman will attend the hearing in person to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act.

Edwards

(a) Edwards will be prohibited from becoming, acting as, or holding the title of a director or officer of any market participant for a period of one month, effective from the date of approval of this Settlement Agreement by the Commission;

(b) Upon the approval of this settlement, Edwards will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(c) Edwards will attend the hearing in person to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act.

Webster

(a) Webster will be prohibited from becoming, acting as, or holding the title of a director or officer of any market participant for a period of six months, effective from the date of approval of this Settlement Agreement by the Commission;

(b) Upon the approval of this settlement, Webster will make a payment of $8,000.00 to the Commission in respect of a portion of the Commission's costs with respect to this matter; and

(c) Webster will attend the hearing in person to be reprimanded by the Commission under clause 6 of subsection 127(1) of the Act.

V. STAFF COMMITMENT

49. If this settlement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission hold a hearing or issue any other order in respect of any conduct or alleged conduct of the Respondents or any of them in relation to the facts set out in Part III of this agreement.

50. If this settlement is approved by the Commission, Staff will not initiate any other proceeding against the Respondents or any of them in relation to the facts set out in Part III of this agreement.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

51. Approval of the settlement set out in this agreement shall be sought at the public hearing of the Commission scheduled for Wednesday, July 19, 2000, or such other date as may be agreed to by Staff and the Respondents, in accordance with the procedures described in this agreement.

52. Staff and the Respondents agree that if this agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Respondents in this matter, and the Respondents agree to waive their right to a full hearing and appeal of the matter under the Act.

53. Staff and the Respondents agree that if this settlement is approved by the Commission, neither Staff nor any of the Respondents will make any public statement inconsistent with this agreement.

54. If, at the conclusion of the settlement hearing, and for any reason whatsoever, this settlement is not approved by the Commission, or an order in the form attached as Schedule "E" is not made by the Commission:

    (a) this Settlement Agreement including all discussions and negotiations leading up to its presentation at a hearing, and all negotiations between Staff and counsel for the Respondents concerning the matter of the penalty proposed for each of the Respondents, shall be without prejudice to Staff and to all of the Respondents. Staff and each of the Respondents will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this agreement or the settlement negotiations;

    (b) the terms of this agreement will not be referred to in any subsequent proceeding, or disclosed to any person, except with the written consent of Staff and the Respondents or as may be required by law; and

    (c) the Respondents agree that none of them will, in any proceeding, refer to or rely upon this agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

55. Counsel for Staff or for Respondents may refer to any part or all of this agreement in the course of the hearing convened to consider this agreement. Otherwise, this agreement and its terms will be treated as confidential by all parties to the agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission, except with the written consent of all parties or as may be required by law.

56. Any obligations of confidentiality concerning the terms of their settlement agreement shall terminate upon approval of this settlement by the Commission.

III. EXECUTION OF AGREEMENT

57. This agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

DATED this 20th day of July 2000.

RT CAPITAL MANAGEMENT INC.

Per:

"Christopher Wright"
Authorized Signing Officer

"Peter B. Larkin"

"Gary Baker"

"Patrick Shea"

"Marion Gillespie"

"Timothy K. Griffin"

"Peter A. Rodrigues"

"Jennifer I. Lederman"

"K. Michael Edwards"

"Donald E. Webster"

STAFF OF THE ONTARIO SECURITIES COMMISSION

Per:

"Brian Butler"
Acting For

"Michael Watson"
Director of Enforcement

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	PREVIOUS TRADE PRICE	NO OF SHARES RT OWNED BEFORE TRADE(S)	NO OF SHARES PURCHASED	NOTE	INCREASE IN RT CAPITAL PORTFOLIO VALUE
				(A)	(B)	(C)			(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
			Increase in RT Capital Portfolio Value on October 30, 1998						**4,314,100**
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
			Increase in RT Capital Portfolio Value on November 30, 1998						**3,453,822**
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
			Increase in RT Capital Portfolio Value on December 30, 1998						**3,606,912**
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
			Increase in RT Capital Portfolio Value on December 31, 1998						**5,244,973**
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	6	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
			Increase in RT Capital Portfolio Value on January 29, 1999						**3,376,092**
Feb 26/99	DIA MET A	DMM.A	Shea	15.50	15.00	1,357,000	500	7	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
			Increase in RT Capital Portfolio Value on February 26, 1999						**5,251,046**
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
			Increase in RT Capital Portfolio Value on March 30, 1999						**710,530**

Mar 31/99	DIA MET A	DMM.A	Shea	18.50	17.00	1,380,500	500	8	2,070,750
Mar 31/99	MULTIBANK	MIB	Shea	104.75	98.00	266,400	0	9	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	10	187,200
Mar 31/99	UNITED	UNC	Shea	45.25	44.00	138,035	6,100		172,544
			Increase in RT Capital Portfolio Value on March 31, 1999						**4,228,694**
			CUMULATIVE INCREASE IN RT CAPITAL PORTFOLIO VALUE						**30,186,168**

(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					**2,520,760**
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					**2,727,705**
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					**1,782,165**
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					**1,345,480**
				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
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 NT Financial	MIB	501,387	13.00	6,518,031
Oct 30/98	Paramount Resources	POU	53,203,600	0.85	45,223,060
Oct 30/98	Rigel Energy	RJL	56,313,134	0.00	0
	Increase in Market Capitalization on October 30, 1998				**78,046,775**
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 Class A	DMM.A	8,221,574	0.55	4,521,866
Nov 30/98	Multibanc NT Financial	MIB	501,387	6.80	3,409,432
Nov 30/98	Paramount Resources	POU	56,203,600	0.05	2,810,180
Nov 30/98	Rigel Energy	RJL	56,313,134	0.00	0
	Increase in Market Capitalization on November 30, 1998				**25,458,527**
Dec 30/98	Arbour	ABO.B	8,063,746	1.50	12,095,619
Dec 30/98	Dia Met Class A	DMM.A	8,221,574	0.50	4,110,787
Dec 30/98	Regional Cablesystems	REG	14,783,503	0.40	5,913,401
Dec 30/98	Rigel Energy	RJL	56,313,134	0.40	22,525,254
	Increase in Market Capitalization on December 30, 1998				**44,645,061**
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 Class A	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 NT Financial	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 Cablesystems	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-Learning Centre	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-The-Laser Centre	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
	Increase in Market Capitalization on December 31, 1998				**114,708,000**
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 NT Financial	MIB	501,387	9.00	4,512,483

Jan 29/99	Regional Cablesystems	REG	14,783,503	0.05	739,175
Jan 29/99	United Corp	UNC	9,263,327	1.00	9,263,327
	Increase in Market Capitalization on January 29, 1999				**32,968,064**
Feb 26/99	Dia Met Class A	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 NT Financial	MIB	501,387	12.00	6,016,644
Feb 26/99	Paramount Resources	POU	56,203,600	0.35	19,671,260
Feb 26/99	Regional Cablesystems	REG	14,783,503	1.00	14,783,503
Feb 26/99	Softkey Learning Centre	SSK	5,153,259	0.70	3,607,281
	Increase in Market Capitalization on February 26, 1999				**48,210,625**
Mar 30/99	Dia Met Class 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 Propane	SPF.UN	45,763,361	0.10	4,576,336
	Increase in Market Capitalization on March 30, 1999				**11,981,905**
Mar 31/99	Dia Met Class A	DMM.A	8,263,874	1.50	12,395,811
Mar 31/99	Multibanc NT Financial	MIB	501,387	6.75	3,384,362
Mar 31/99	Pacifica	PPP.UN	26,698,000	0.00	0
Mar 31/99	Paramount Resources	POU	56,203,600	0.40	22,481,440
Mar 31/99	Regional Cablesystems	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
	Increase in Market Capitalization on March 31, 1999				**56,752,881**
	CUMULATIVE INCREASE IN MARKET CAPITALIZATION				**412,771,837**

RT CAPITAL MANAGEMENT INC
SCHEDULE "D"
CROSS TRADES MADE

DATE	STOCK	STOCK SYMBOL	NO. OF SHARES	RT CAPITAL PURCHASER	RT CAPITAL SELLER
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 Protection Association
Mar 31/99	Multibanc NT Financial	MIB	1,200	Noranda Inc Pension Cdn Eq	Diversified Fund Mgt

SCHEDULE "E"

RT Capital Management Inc. et al. - 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

ORDER
(Section 127)

WHEREAS on June 29, 2000, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsection 127(1) of the *Securities Act* (the "Act"), in respect of RT Capital Management Inc.("RT Capital"), K. Michael Edwards ("Edwards"), Timothy K. Griffin ("Griffin"), Donald E. Webster ("Webster"), Jennifer I. Lederman ("Lederman"), Peter B. Larkin ("Larkin"), Peter A. Rodrigues ("Rodrigues"), Gary N. Baker ("Baker"), Patrick Shea ("Shea") and Marion Gillespie ("Gillespie"), hereinafter referred to collectively as the "Respondents";

AND WHEREAS the Respondents entered into a settlement agreement dated July 18, 2000 (the "Settlement Agreement") in which they agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for the Respondents and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT:

(1) the Settlement Agreement, dated July 18, 2000, attached to this Order, is approved;

(2) pursuant to clause 6 of subsection 127(1) of the Act, RT Capital, Edwards, Griffin, Webster, Lederman and Rodrigues are reprimanded;

(3) RT Capital submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission, as more particularly provided for in the Settlement Agreement;

(4) pursuant to clause 1 of subsection 127(1) of the Act, RT Capital's registration is amended, effective as of the date of this Order, by suspending the approval of: i) Edwards, as a Non-Trading Officer, for a period of one month; ii) Lederman, as a Non-Trading Officer, for a period of three months; iii) Rodrigues, as a Non-Counselling Officer, for a period of six months; and iv) Griffin, as a Non-Trading Officer for a period of 18 months;

(5) pursuant to clause 1 of subsection 127(1) of the Act, Larkin's registration is terminated permanently, effective as of the date of this Order;

(6) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Larkin shall cease trading permanently in all securities, with the exception of securities within his RRSP. Commencing August 2, 2002, Larkin is permitted to resume trading in all securities for his personal account;

(7) pursuant to clause 1 of subsection 127(1) of the Act, Baker's registration is suspended for a period of three years, effective as of the date of this Order;

(8) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Baker shall cease trading in all securities for a period of three years, with the exception of securities within his RRSP. Commencing February 2, 2002, Baker is permitted to resume trading in all securities for his personal account;

(9) As a condition precedent to the reinstatement of his registration, Baker will successfully complete the second year of the Chartered Financial Analyst's Course and an ethics course agreed upon by Baker and Staff;

(10) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Shea shall cease trading in all securities for a period of two years, with the exception of securities within his RRSP. Commencing February 2, 2001, Shea is permitted to resume trading in all securities for his personal account;

(11) As a condition precedent to the resumption of trading by Shea in all securities on or after August 2, 2002, Shea shall attend and successfully complete the Canadian Securities Course, the Conduct and Practices Handbook Course, and an ethics course agreed upon by Shea and Staff;

(12) Shea shall be subject to close supervision for a total period of two years following his return to employment by any employer(s) who, after the expiration of the cease trading order referred to in paragraph (12) above, employs him to trade in securities, or to carry out any act in furtherance of a trade, as defined in the Act. Shea shall notify any such prospective employer of this term of the Order prior to commencing employment;

(13) pursuant to clause 2 of subsection 127(1) of the Act, commencing August 2, 2000, Gillespie shall cease trading in all securities for a period of one year, with the exception of securities within her RRSP. Commencing February 2, 2001, Gillespie is permitted to resume trading in all securities for her personal account;

(14) As a condition precedent to the resumption of trading by Gillespie in all securities on or after August 2, 2001, Gillespie shall attend and successfully complete the

Canadian Securities Course, the Conduct and Practices Handbook Course, and an ethics course agreed upon by Gillespie and Staff;

(15) Gillespie shall be subject to close supervision for a total period of one year following her return to employment by any employer(s) who, after expiration of the cease trading order referred to in subparagraph (15) above, employs her to trade in securities, or to carry out any act in furtherance of a trade, as defined in the Act. Gillespie shall notify any such prospective employer of this term of the Order prior to commencing employment;

(16) pursuant to section 127.1 of the Act, Gillespie is ordered to pay $4,000 to the Commission.

(17) pursuant to section 127.1 of the Act, each of Edwards, Griffin, Webster, Lederman, Larkin, Rodrigues, Baker and Shea is ordered to pay $8,000 to the Commission;

(18) pursuant to section 127.1 of the Act, RT Capital is ordered to pay $75,000 to the Commission.

July 20th, 2000.

"J. A. Geller" "Howard I. Wetston"

"Robert W. Davis"

2.1.3 Altamira et al - MRRS Decision

Headnote

MRRS Exemptive Relief Application-Extension of lapse date.

Statutes Cited

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

Rules Cited

National Policy 43-201 entitled: Mutual Reliance Review System for Prospectus and AIF's.
National Instrument 81-101 entitled: Mutual Fund Prospectus Disclosure.
National Instrument 81-102 entitled: Mutual Funds.

**BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, QUEBEC, NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD ISLAND and NEWFOUNDLAND
AND
IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS
AND
IN THE MATTER OF
ALTAMIRA T-BILL FUND, ALTAMIRA SHORT TERM CANADIAN INCOME FUND, ALTAMIRA SHORT TERM GOVERNMENT BOND FUND, ALTAMIRA INCOME FUND, ALTAMIRA BOND FUND, ALTAMIRA HIGH YIELD BOND FUND, ALTAMIRA SHORT TERM GLOBAL INCOME FUND, ALTAMIRA GLOBAL BOND FUND, ALTAMIRA BALANCED FUND, ALTAMIRA GROWTH & INCOME FUND, ALTAMIRA DIVIDEND FUND INC., ALTAMIRA GLOBAL DIVERSIFIED FUND, ALTAMIRA CAPITAL GROWTH FUND LIMITED, ALTAMIRA EQUITY FUND, ALTAFUND INVESTMENT CORP., ALTAMIRA SPECIAL GROWTH FUND, ALTAMIRA NORTH AMERICAN RECOVERY FUND, ALTAMIRA US LARGER COMPANY FUND, ALTAMIRA EUROPEAN EQUITY FUND, ALTAMIRA SELECT AMERICAN FUND, ALTAMIRA GLOBAL SMALL COMPANY FUND, ALTAMIRA ASIA PACIFIC FUND, ALTAMIRA JAPANESE OPPORTUNITY FUND, ALTAMIRA GLOBAL DISCOVERY FUND, ALTAMIRA PRECISION CANADIAN INDEX FUND, ALTAMIRA PRECISION U.S. RSP INDEX FUND, ALTAMIRA PRECISION INTERNATIONAL RSP INDEX FUND, ALTAMIRA PRECISION EUROPEAN RSP INDEX FUND, ALTAMIRA PRECISION PACIFIC INDEX FUND, ALTAMIRA PRECISION U.S. MIDCAP INDEX FUND, ALTAMIRA PRECISION EUROPEAN INDEX FUND, ALTAMIRA PRECISION DOW 30 INDEX FUND, ALTAMIRA RESOURCE FUND, ALTAMIRA PRECIOUS AND STRATEGIC METAL FUND, ALTAMIRA SCIENCE AND TECHNOLOGY FUND, ALTAMIRA *E-BUSINESS* FUND, ALTAMIRA GLOBAL FINANCIAL SERVICES FUND, ALTAMIRA LEISURE AND RECREATION FUND AND ALTAMIRA HEALTH SCIENCES FUND
(individually a "Fund" and collectively, the "Funds")**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Altamira Investment Services Inc. ("Altamira") in its capacity as manager of the Funds for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of securities under the simplified prospectus and annual information form (collectively, the "July 1999 Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the July 1999 Prospectus was September 16, 2000;

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

AND WHEREAS Altamira has represented to the Decision Makers that:

1. Each of the Funds is an open-end mutual fund trust established under the laws of Ontario, except for AltaFund Investment Corp. and Altamira Dividend Fund Inc., each of which is a mutual fund corporation continued under the laws of Canada, and Altamira Capital Growth Fund Limited, which is a mutual fund corporation established under the laws of Ontario.
2. The Funds are qualified for distribution in the Jurisdictions by means of the July 1999 Prospectus that was amended as follows:

a. Amendment No. 1 dated September 27, 1999 to the July 1999 Prospectus of Altamira European Equity Fund;

b. Amendment No. 2 dated January 14, 2000 to the July 1999 Prospectus of Altamira Japanese Opportunity Fund, Altamira Science and Technology Fund and Altamira *e-business* Fund;

c. Amendment No. 3 dated March 7, 2000 to the July 1999 Prospectus of Altamira Precision Canadian Index Fund; and

d. Amendment No.4 dated June5, 2000 to the July 1999 Prospectus of Altamira Asia Pacific Fund,

all of which were prepared and filed in accordance with the Legislation;

3. A combined pro forma and preliminary simplified prospectus and annual information form for the Funds, the Altamira RSP Japanese Opportunity Fund, Altamira RSP Science and Technology Fund, Altamira RSP *e-commerce* Fund (collectively, the " Pro Forma Renewal Documents"), Altamira Global 20 Fund, Altamira Global Value Fund, Altamira Global Telecommunications Fund and Altamira Biotechnology Fund were filed on June 15, 2000 in each of the provinces and territories of Canada;
4. Pursuant to the Legislation, the earliest lapse date for the securities of the Funds qualified under the July 1999 Prospectus is July16, 2000 (the "Lapse Date");
5. Without an extension to the Lapse Date, there may not be sufficient time for Altamira to properly address and resolve the extensive comments received from the Principal Jurisdiction in respect of the Pro Forma Renewal Documents and to revise the Pro Forma Renewal Documents prior to the expiration of the Lapse Date;
6. Each Fund is a reporting issuer in each of the Jurisdictions and is not in default of any of the requirements of the securities laws of such Jurisdictions;
7. There have been no material changes in the affairs of the Funds since the date of the July 1999 Prospectus in respect of which an amendment to the July 1999 Prospectus has not been prepared and filed in accordance with the Legislation. Accordingly, the July 1999 Prospectus as amended represents up to date information regarding each of the Funds offered. The extension requested will not affect the currency or accuracy of the information contained in the July 1999 Prospectus as amended and accordingly will not be prejudicial to the public interest;

AND WHEREAS Altamira has represented to the Decision Makers that the filing of the Final Renewal Documents for the Funds will be delayed due to the comments received in respect of the Pro Forma Renewal Documents;

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 Decision Makers with the Jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by the Legislation for the filing of the Final Renewal Documents of the Funds and the receipting thereof, in connection with the distribution of securities of the Funds are hereby extended to the times that would be applicable if the lapse date for the distribution of securities under the July 1999 Prospectus was September 16, 2000.

July 21st, 2000.
"Rebecca Cowdery"

2.1.4 Amvescap Plc, Amvescap Inc., AVZ Callco Inc. and Trimark Financial Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the registration and prospectus requirements in respect of certain trades made in connection with a merger involving a Canadian reporting issuer and a U.K. company where exemptions not available for technical reasons - reporting issuer history of Canadian issuer considered in calculating restrictions on resale - time period control block held shares of Canadian issuer pre-merger considered in calculating 12 month hold period for resale from control block - first trade in shares of U.K. issuer shall be a distribution unless executed on a stock exchange outside of Canada.

Continuous Disclosure - reporting issuer exempted from continuous disclosure in respect of exchangeable shares subject to certain conditions

Insider Reporting - reporting issuer exempted from insider reporting requirements subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., 25, 53, 72(5), 74(1), 75, 77, 78, 79, 80(b)(iii), 81, 85, 86, 88(2), 107, 108, 109 and 121(2).

Regulations Cited

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

Applicable Ontario Rules

Rule 45-501 - *Exempt Distributions* (1998) 21 O.S.C.B. 6548.

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

AND

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

AND

IN THE MATTER OF AMVESCAP PLC, AMVESCAP INC., AVZ CALLCO INC. AND TRIMARK FINANCIAL 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, New Brunswick, Newfoundland, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application from AMVESCAP PLC ("AMVESCAP"), AMVESCAP Inc. ("Exchangeco") and AVZ Callco Inc. ("Callco") (collectively, the "Applicant") for a decision under the securities legislation, regulations, rules and/or policies of the Jurisdictions (the "Legislation") that:

(i) certain trades in securities made in connection with or resulting from the proposed merger of AMVESCAP and Trimark Financial Corporation ("Trimark"), to be effected by way of a plan of arrangement (the "Arrangement") under section 182 of the *Business Corporations Act* (Ontario) shall be exempt from the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirements") and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Prospectus Requirements");

(ii) Exchangeco be exempt from the requirements of the Legislation to issue press releases and file reports regarding material changes (the "Material Change Reporting Requirements"), to deliver and file annual reports and interim and comparative financial statements (the "Financial Reporting Requirements") and to file and deliver information circulars (the "Proxy Requirements"); and

(iii) insiders of Exchangeco be exempt from the requirement contained in the Legislation to file reports disclosing the insider's direct or indirect beneficial ownership of, or control or direction over, securities of Exchangeco (the "Insider Reporting 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 this application;

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

1. AMVESCAP is a public company in England, the ordinary shares of which are listed on the London Stock Exchange Limited (the "LSE"), the SBF – Paris Bourse, and the Frankfurt Stock Exchange. In addition, American Depositary Shares of AMVESCAP, each representing five AMVESCAP ordinary shares are traded on the New York Stock Exchange.

2. AMVESCAP is subject to the reporting requirements of the LSE and the United States *Securities Exchange Act of 1934* (the "U.S. 1934 Act") but is not a reporting issuer (or equivalent) in any of the Jurisdictions.

3. AMVESCAP's authorized capital consists of 850,800,000 ordinary shares, 25 pence par value ("AMVESCAP Ordinary Shares"), of which 676,276,000 AMVESCAP Ordinary Shares were issued and outstanding at March 31, 2000.

4. Callco is a direct wholly-owned subsidiary of AMVESCAP. Callco was incorporated under the

Companies Act (Nova Scotia) on June 6, 2000 to hold the various call rights related to the Exchangeable Shares.

5. The authorized capital of Callco consists of 999,999,999,999,999 common shares. Upon completion of the Arrangement, all of the issued and outstanding common shares of Callco will be held directly by AMVESCAP.

6. Exchangeco is a direct wholly-owned subsidiary of Callco and an indirect wholly-owned subsidiary of AMVESCAP. Exchangeco was incorporated under the *Companies Act* (Nova Scotia) on June 9, 2000 for the purpose of implementing the Arrangement. Exchangeco is not a reporting issuer (or equivalent) in any of the Jurisdictions but following completion of the Arrangement, expects to become a reporting issuer (or equivalent) in each of the Jurisdictions.

7. The authorized capital of Exchangeco consists of one billion common shares, one billion preference shares and one billion exchangeable shares ("Exchangeable Shares"). Upon completion of the Arrangement, all outstanding common shares of Exchangeco will be held by Callco and all outstanding Exchangeable Shares (if any) will be held by former holders of common shares of Trimark who elect or are deemed to have elected to receive Exchangeable Shares under the Arrangement. Subject to adjustments, each Exchangeable Share will be exchangeable by the holder at any time for one AMVESCAP Ordinary Share and will be required to be exchanged on the occurrence of certain events.

8. Trimark is a reporting issuer (or equivalent) in each of the Jurisdictions and its common shares are listed and posted for trading on the Toronto Stock Exchange (the "TSE").

9. Trimark is authorized to issue an unlimited number of common shares ("Trimark Common Shares"), of which, as at May 9, 2000, 94,275,450 Trimark Common Shares were issued and outstanding. Options (the "Trimark Options") to acquire 7,280,150 Trimark Common Shares are outstanding.

10. On May 9, 2000, AMVESCAP and Trimark entered into a merger agreement (the "Merger Agreement"). The Merger Agreement provides that AMVESCAP, through Exchangeco, will acquire all of the issued and outstanding Trimark Common Shares and Trimark Options by way of the Arrangement.

11. Pursuant to the terms of an interim order issued on June 16, 2000 by the Superior Court of Justice (Ontario), the approval required for the Arrangement is 66 2/3% of the votes cast at the meeting (the "Trimark Meeting") of the holders of Trimark Common Shares ("Trimark Shareholders") and the holders of Trimark Options ("Trimark Optionholders") (Trimark Shareholders and Trimark Optionholders collectively referred to as the "Trimark Securityholders") voting together.

12. In connection with the Arrangement, Trimark has sent to the Trimark Securityholders a management proxy circular (the "Circular"). The Circular contains prospectus-level disclosure of the business and affairs of each of AMVESCAP and Exchangeco, the particulars of the Arrangement and the securities to be issued in connection therewith.

13. Under the Arrangement, each Trimark Shareholder (other than AMVESCAP and its affiliates and any holder who exercises its right of dissent) will be entitled to elect to receive, at its option, subject to proration:

(a) CDN$27.00 cash for each Trimark Common Share;

(b) such number of fully paid AMVESCAP Ordinary Shares as determined in accordance with an exchange ratio (the "Exchange Ratio") set out in the Merger Agreement;

(c) such number of fully paid and non-assessable Exchangeable Shares as determined by the Exchange Ratio;

(d) CDN$27.00 of principal amount of 6% equity debentures (the "Debentures") issued by Exchangeco; or

(e) a combination of the foregoing.

14. Upon the completion of the Arrangement and in the event that Exchangeable Shares or Debentures are issued pursuant to the Arrangement, the Exchangeable Shares and Debentures are intended to be listed and posted for trading on the TSE.

15. Persons who hold Trimark Common Shares indirectly through a holding company (each, a "Holding Company") that comply with certain conditions will be entitled to have Exchangeco acquire all of the outstanding shares (the "Holdco Shares") of the Holding Company pursuant to the Arrangement and will be entitled to elect to receive the same consideration as such holders would otherwise be entitled to receive had they elected in respect of the Trimark Common Shares held by such Holding Company.

16. Under the Arrangement, Trimark Options which are not conditionally exercised prior to the effective time of the Arrangement will become options to purchase AMVESCAP Ordinary Shares ("Replacement Options").

17. The provisions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions"), together with various rights provided in a voting and exchange trust agreement (the "Voting and Exchange Trust Agreement") to be entered into among AMVESCAP, Exchangeco and CIBC Mellon Trust Company and a support agreement (the "Support Agreement") to be entered into among AMVESCAP, Exchangeco and Callco, will provide holders of Exchangeable Shares with a security of a Canadian issuer having economic and voting rights which are, in all material respects, equivalent to those of an AMVESCAP Ordinary Share. Each Exchangeable Share will entitle the holder to

dividends from Exchangeco payable at the same time as, and equivalent to, each dividend paid by AMVESCAP on an AMVESCAP Ordinary Share.

18. Each Debenture will be issued with a certificate of entitlement (a "Certificate of Entitlement") which will entitle the holder thereof, upon conversion of a Debenture, to the same rights as a holder of Exchangeable Shares. The Debentures will be subordinated to all other indebtedness and obligations of Exchangeco and of AMVESCAP. The Debentures will be issued by Exchangeco under a trust indenture (the "Trust Indenture") of which AMVESCAP will be a party. In it, AMVESCAP will fully and unconditionally guarantee the obligations of Exchangeco under the Trust Indenture. The Debentures will be convertible at any time, at the option of the holder, for Exchangeable Shares. Exchangeco has the option of paying cash for the Debentures in lieu of issuing Exchangeable Shares. The Debentures may be redeemed, at any time, by Exchangeco for cash at a price of CDN$1,200 plus accrued and unpaid interest (the "Redemption Amount"). Subject to certain restrictions, Exchangeco may also satisfy the Redemption Amount by delivering Exchangeable Shares equal to the Redemption Amount divided by 95% of the then current market price.

19. The Arrangement involves, or may involve, a number of trades (the "Trades") including: (i) the issuance of the Exchangeable Shares, Replacement Options, Debentures, Certificates of Entitlement and AMVESCAP Ordinary Shares; (ii) the issuance of Exchangeable Shares in accordance with the terms of the Debentures, the issuance of AMVESCAP Ordinary Shares upon the exchange of the Exchangeable Shares, the issuance of AMVESCAP Ordinary Shares upon exercise of a Replacement Option; and (iii) the creation and exercise of all the various rights under the Voting and Exchange Trust Agreement, Support Agreement, and Exchangeable Share Provisions.

20. The fundamental investment decision to be made by a holder of Trimark Common Shares, Trimark Options or Holdco Shares is made at the time of the Trimark Meeting when such holder votes in respect of the Arrangement. As a result of this decision, any Trimark Options which have not been conditionally exercised become Replacement Options and any holder of Trimark Common Shares or Holdco Shares (other than AMVESCAP and its affiliates and a holder who exercises its right of dissent) receives Exchangeable Shares, AMVESCAP Ordinary Shares, Debentures, cash or a combination thereof in exchange for such Trimark Common Shares or Holdco Shares. The Exchangeable Shares will be the economic and voting equivalent in all material respects of AMVESCAP Ordinary Shares. All subsequent exchanges of Exchangeable Shares will be in furtherance of the holder's initial investment decision to approve the Arrangement. The same is true for the Debentures which are convertible at any time into Exchangeable Shares and are redeemable by Exchangeco, at its option for Exchangeable Shares.

21. The initial investment decision will be made on the basis of the Circular, which contains prospectus-level disclosure of the business and affairs of each of AMVESCAP and Exchangeco, on the particulars of the Arrangement and on the securities to be issued in connection therewith.

22. AMVESCAP will send concurrently to all holders of Exchangeable Shares, Debentures and AMVESCAP Ordinary Shares resident in Canada, all disclosure material furnished to holders of AMVESCAP Ordinary Shares resident in England, including, without limitation, copies of its annual and semiannual financial statements (except that holders of Debentures will not be sent proxy solicitation materials).

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:

1. to the extent that there is no exemption available from the Registration and Prospectus Requirements in respect of any of the Trades, the Trades are not subject to the Registration and Prospectus Requirements;

2. the first trade in Exchangeable Shares and Debentures acquired under the Arrangement, and in Exchangeable Shares acquired upon conversion or redemption of the Debentures shall be deemed a distribution, unless:

(a) Exchangeco is a reporting issuer (or equivalent) under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") or where the Applicable Legislation does not recognize the status of a reporting issuer, the requirements described in paragraph 4 below are met;

(b) if the seller is in a "special relationship" with or is an "insider" of Exchangeco (where such term is defined in the Legislation) the seller has reasonable grounds to believe that Exchangeco is not in default of any requirement of the Applicable Legislation;

(c) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares or Debentures, and no extraordinary commission or consideration is paid in respect of such first trade;

(d) disclosure of the exempt trade is made to the Decision Maker(s) (the Decision Makers hereby confirming that the filing of the Circular with the Decision Makers constitutes disclosure to the Decision Makers of the exempt trade); and

(e) such first trade is not made from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities

of AMVESCAP (with Exchangeable Shares counted as securities of AMVESCAP) to affect materially the control of AMVESCAP (with any holding of any person, company or combination of persons or companies exceeding 20% of the outstanding voting securities of Exchangeco and AMVESCAP on a consolidated basis deemed to affect materially the control of AMVESCAP in the absence of evidence to the contrary), unless:

(i) Exchangeco is a reporting issuer (or equivalent) under the Applicable Legislation, if applicable, and is not in default of any requirement of the Applicable Legislation;

(ii) the seller files with the applicable Decision Maker(s) and any other stock exchange recognized by such Decision Maker(s) for this purpose on which the Exchangeable Shares and the Debentures are listed at least seven days and not more than fourteen days prior to such first trade;

(A) a notice of intention to sell in the form prescribed by the Applicable Legislation for control block distributions (the "Control Block Rules") disclosing particulars of the control position known to the seller, the number of Exchangeable Shares and Debentures to be sold and the method of distribution; and

(B) a declaration signed by the seller as at a date not more than twenty-four hours prior to its filing and prepared and executed in accordance with the Control Block Rules and certified as follows:

"the seller for whose account the securities to which this certificate relates are to be sold hereby represents that the seller has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the [name of securities regulatory authority in the Jurisdiction where the trade takes place], nor has the seller any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed";

provided that the notice required to be filed under section 2(e)(ii)(A) and the declaration required to be filed under the section 2(e)(ii)(B) shall be renewed and filed at the end of sixty days after the original date of filing and thereafter at the end of each twenty-eight day period so long as any of the Exchangeable Shares and Debentures specified under the original notice have not been sold or until notice has been filed that the Exchangeable Shares and Debentures so specified or any part thereof are no longer for sale;

(iii) the seller files with the applicable Decision Maker(s) within three days after the completion of any such first trade, a report of the trade in the form prescribed by the Applicable Legislation;

(iv) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares and Debentures and no extraordinary commission or other consideration is paid in respect of such first trade; and

(v) the seller (or affiliated entity) has held the Exchangeable Shares and Debentures and/or the Trimark Common Shares, in the aggregate, for a period of at least six months provided that if:

(A) the Applicable Legislation provides that, upon a seller to whom the Control Block Rules apply, acquiring additional securities of a class pursuant to certain prescribed exemptions from prospectus requirements under such legislation, all securities of such class are subject to a hold period commencing the date the last security of the class was acquired under such prescribed exemptions; and

(B) the seller acquires Exchangeable Shares and Debentures pursuant to any such prescribed exemptions;all Exchangeable Shares and Debentures held by the seller will be subject to such hold period commencing on the date any such subsequent Exchangeable Shares and Debentures are acquired;

3. the first trade in any AMVESCAP Ordinary Shares acquired under the Arrangement, upon exchange of an Exchangeable Share or upon the exercise of a Replacement Option, shall be deemed a distribution, unless such trade is executed through the facilities of a stock exchange or market outside of Canada in accordance with all laws and rules applicable to such stock exchange or market; and

4. the Material Change Reporting Requirements, Financial Reporting Requirements and Proxy Requirements shall not apply to Exchangeco and the Insider Reporting Requirements shall not apply to any insider of Exchangeco who is not otherwise an insider of AMVESCAP, for so long as:

(a) AMVESCAP sends to all holders of Exchangeable Shares and Debentures resident in Canada contemporaneously, all disclosure material furnished to holders of AMVESCAP Ordinary Shares resident in England, including without limitation, copies of its annual financial statements and semi-annual financial statements (except that holders of Debentures will not be sent proxy solicitation materials);

(b) AMVESCAP files with each Decision Maker copies of all documents required to be filed by it with the United States Securities and Exchange Commission under the U.S. 1934 Act including, without limitation, copies of any Form 20-F, Form 6-K and proxy solicitation material;

(c) AMVESCAP complies with the requirements of the United States Securities and Exchange Commission in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in AMVESCAP's affairs;

(d) Exchangeco complies with the Material Change Reporting Requirements in respect of material changes in the affairs of Exchangeco that would be material to holders of Exchangeable Shares and Debentures but would not be material to holders of AMVESCAP Ordinary Shares;

(e) AMVESCAP includes in all mailings of proxy solicitation materials (if any) to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to AMVESCAP and not in relation to Exchangeco, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the AMVESCAP Ordinary Shares and the right to direct voting at AMVESCAP's shareholders' meetings pursuant to the Voting and Exchange Trust Agreement (without taking into account tax effects);

(f) AMVESCAP remains the direct or indirect beneficial owner of all the issued and outstanding common shares of Exchangeco;

(g) AMVESCAP's annual audited financial statements are reconciled to U.S. GAAP (or international GAAP, if this becomes acceptable in Canada) in its Form 20-F or equivalent documents and such reconciliation is audited; and

(h) Exchangeco has not issued any securities to the public other than the Exchangeable Shares and Debentures.

July 21st, 2000.

"J.A. Geller" "Robert W. Davis"

2.1.5 Braegan Engery Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF BRAEGAN ENERGY LTD.

MRRS DECISION DOCUMENT

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

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

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

3.1 Braegan is a corporation incorporated under the *Business Corporations Act* (Alberta)(the "ABCA");

3.2 the authorized capital of Braegan consists of an unlimited number of common shares (the "Common Shares"), of which 8,117,972 are currently issued and outstanding;

3.3 Braegan is a reporting issuer in each of the Jurisdictions;

3.4 under an offer to purchase dated February 18, 2000 and a subsequent compulsory acquisition under the provisions of the ABCA, Sunfire Acquisitions Ltd.

("Sunfire") became the holder of all of the issued and outstanding Common Shares;

3.5 Braegan is not in default of any of its obligations as a reporting issuer under the Legislation, with the exception of its obligation to file annual audited financial statements for the year ended December 31, 1999 and interim financial statements for the quarter ended March 31, 2000 (the "Financial Statements"). Sunfire had completed it acquisition of all of the issued and outstanding Common Shares before the obligations of Braegan to file the Financial Statements arose;

3.6 Sunfire is the sole registered security holder of Braegan and there are no securities, including debt obligations, currently issued and outstanding other than the Common Shares;

3.7 the Common Shares were delisted from the Canadian Venture Exchange on May 17, 2000 and there are no securities of Braegan listed on any stock exchange or traded over the counter in Canada or elsewhere;

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

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

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

6. **THE DECISION** of the Decision Makers under the Legislation is that Braegan is deemed to have ceased to be a reporting issuer under the Legislation.

DATED at Calgary, Alberta this 13th day of July, 2000.

"Original signed by"
Patricia Johnston
Director, Legal Services & Policy Development

2.1.6 CAE Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief for officers and directors of reporting issuer and its subsidiaries from the insiders reporting requirements with respect to the acquisition of securities under an automatic share purchase plan, subject to certain conditions including annual reporting.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c.S.5, as am. ss.1(1), 107, 108, 121(2)(a)(iii)

Applicable Ontario Regulations

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

Applicable Ontario Policies

Ontario Securities Commission Policy Statement No. 10.1.

Instruments Cited

Proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (1999), 22 OSCB 5161.

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ONTARIO AND BRITISH COLUMBIA

AND

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

AND

IN THE MATTER OF
CAE INC.

DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authorities or regulators (the "Decision Makers") in Ontario and British Columbia (the "Jurisdictions") have received an application from CAE Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirements") shall not apply to the senior officers of the Applicant and its subsidiaries ("Senior Officers") with respect to their acquisition of common shares pursuant to the Applicant's Employee Stock Purchase Plan (the "Plan"), 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 Applicant has represented to the Decision Makers that:

1. The Applicant is a Canadian company governed by the Canada Business Corporations Act and is a diversified global aerospace, electronics and industrial company with operations throughout the world. The Applicant is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any of the requirements under the Legislation.

2. The authorized share capital of the Applicant consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares issuable in series, without par value (the "Preferred Shares"). As at March 31, 2000, 107,579,165 Common Shares were issued and outstanding.

3. The Common Shares are listed and posted for trading on The Toronto Stock Exchange (the "TSE").

4. The Plan was adopted by the Applicant on February 1, 2000 and became effective on April 1, 2000.

5. The Applicant has appointed Standard Life Trust Company (the "Trustee") as trustee for the purposes of the Plan and the Trustee is responsible for purchasing Common Shares under the Plan on behalf of participating employees ("Participants").

6. All permanent full-time or permanent part-time employees of the Applicant and its affiliates are eligible to participate in the Plan.

7. Under the Plan, each Participant is entitled to contribute not less than 1% or more than 10% of such Participant's salary. Participants may make an initial one-time lump sum contribution of $500 to the Plan (an "Initial Contribution") following which contributions shall be made by way of regular payroll deduction ("Ordinary Participant Contributions").

8. A Participant may modify the amount of his or her Ordinary Participant Contributions to the Plan up to twice in any calendar year and in the event a Participant's salary varies at any time, the Ordinary Participant Contributions of such Participant are automatically adjusted.

9. The Applicant or the relevant affiliate of the Applicant will make contributions to the Plan on behalf of each Participant equal to (i) 100% of the amount of any Initial Contribution and (ii) 33 1/3% of the amount of the relevant Ordinary Participant Contributions up to 6% of a Participant's salary, less any amount described in (i).

10. Pursuant to the Plan, the Common Shares shall be purchased by the Trustee on the TSE or on any other exchange on which the Common Shares are listed and posted for trading.

11. The Trustee will use employee and employer Plan contributions to purchase Common Shares as soon as reasonably practicable after receipt of such contributions.

12. Except for making elections with respect to contributions to the Plan, a Participant has no authority to determine the prices or times at which Common Shares are purchased on his or her behalf under the Plan.

13. The Plan is an "automatic securities purchase plan" as such term is defined in proposed National Instrument 55-101 - Exemption From Certain Insider Reporting Requirements (2000), 23 OSCB 4212. Once a Participant elects with respect to contributions to the Plan, the timing of acquisition, the number of Common Shares acquired and the price paid for such acquisitions are all determined by the criteria set out in the Plan.

14. Unless the decision sought is granted, and failing any other exemptive relief, each Senior Officer who is a Participant would be subject to the Insider Reporting Requirement each time Common Shares are acquired on his or her behalf under the Plan.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Insider Reporting Requirements shall not apply to the acquisition by a Senior Officer of Common Shares pursuant to the Plan, provided that:

1. Each Senior Officer who is a Participant shall file, in the form prescribed for the Insider Reporting Requirements, a report disclosing all acquisitions of Common Shares under the Plan that have not been previously reported by or on behalf of the Participant:

(i) for any Common Shares acquired under the Plan which have been disposed of or transferred, within the time required by the Legislation for reporting the disposition or transfer; and

(ii) for any Common Shares acquired under the Plan during a calendar year which have not been disposed of or transferred, within 90 days of the end of the calendar year.

2. Such exemption is not available to a Participant who beneficially owns, directly or indirectly, voting securities of the Applicant, or exercises control or direction over voting securities of the Applicant, or a combination of both, that carry more than 10% of the voting rights attaching to all of the Applicant's outstanding voting securities.

July 7th, 2000.

"Iva Vranic"

2.1.7 Calahoo Petroleum Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

Applicable Alberta Statutory Provisions

Securities Act, S.A., 1981, c.S-6.1, as amended, s.125.

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

AND

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

AND

IN THE MATTER OF CALAHOO PETROLEUM LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan and Ontario (the "Jurisdictions") has received an application from Calahoo Petroleum Ltd. ("Calahoo") for a decision pursuant to the securities legislation of each of the Jurisdictions (the "Legislation") declaring that Calahoo has ceased to be a reporting issuer or equivalent thereof under the Legislation;

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

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

3.1 Calahoo is a corporation continued under the *Business Corporations Act* (Alberta) and is a reporting issuer, or the equivalent thereof, under the Legislation;

3.2 Calahoo is not in default of any of requirements under the Legislation;

3.3 The authorized capital of Calahoo consists of an unlimited number of common shares ("Common Shares"), Class B non-voting shares and Class C preferred shares ("Preferred Shares") of which 548,766 Common Shares and 41,219 Preferred Shares are issued and outstanding;

3.4 as a result of a take-over bid by Samson Canada, Ltd for all the issued and outstanding Common Shares and Preferred Shares of Calahoo, and a subsequent compulsory acquisition, Samson Canada, Ltd. became the sole shareholder of Calahoo on June 14, 2000;

3.5 there are no securities, including debt obligations, currently issued and outstanding other than the Common Shares and the Preferred Shares;

3.6 Calahoo's Common Shares were delisted from The Toronto Stock Exchange on June 15, 2000 and there are no securities of Calahoo listed on any stock exchange or traded over the counter in Canada or elsewhere;

3.7 Calahoo does not intend to seek public financing by way of an issue of securities;

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

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

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

DATED this 13th day of July, 2000.

"Original signed by"
Patricia Johnston
Director, Legal Services & Policy Development

2.1.8 CW Shareholdings Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
CW SHAREHOLDINGS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (the "Jurisdictions") has received an application from CW Shareholdings Inc. ("CW Shareholdings") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that CW Shareholdings cease to be a reporting issuer or the equivalent thereof under the Legislation;

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

AND WHEREAS CW Shareholdings has represented to the Decision Makers that:

1. CW Shareholdings Inc. was incorporated as 3098133 Canada Ltd. on December 8, 1994 under the *Canada Business Corporations Act*. Pursuant to articles of amendment effective November 8, 1995 and July 31, 1997, respectively, it changed its name to CW Acquisition Inc. and subsequently to CW Shareholdings Inc.

2. The authorized capital of CW Shareholdings consists of an unlimited number of Class A common shares, and unlimited number of Class B common shares, an unlimited number of Class A preferred Shares and an unlimited number of Class B preferred shares. There are issued and outstanding 100 Class A common shares.

3. CW Shareholdings is a reporting issuer, or the equivalent thereof, under the Legislation;

4. the registered office of CW Shareholdings is located in Winnipeg, Manitoba;

5. Global Television Network Inc. is the only security holder of CW Shareholdings and, accordingly, CW Shareholdings has fewer than 15 security holders whose latest address, as shown on its books, is in each of the Jurisdictions;

6. CW Shareholdings does not intend to seek public financing by way of an issue of securities; and

7. CW Shareholdings is not in default of any of the requirements of the Legislation or any other applicable securities or corporate legislation;

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 confers on the Decision Maker the jurisdiction to make the Decision has been met;

The Decision of the Decision Makers under the Legislation is that CW Shareholdings is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

Dated this 10th day of July, 2000

"Doug R. Brown"
Director - Legal

2.1.9 Fidelity Investments Canada Ltd. - MRRS Decision

Headnote

Fidelity Investments Canada Limited - MRRS Decision

Mutual Reliance Review System for Exemptive Relief Applications - relief from the requirement to be registered to trade a security in connection with certain trades conducted by a mutual fund dealer in its capacity as a group plan administrator.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF FIDELITY INVESTMENTS CANADA LIMITED

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, the Northwest Territories, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Fidelity Investments Canada Limited ("Fidelity") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain trades to be conducted by Fidelity in its capacity as a group plan administrator are not subject to the registration requirements in the Legislation;

2. **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;

3. **AND WHEREAS** Fidelity has represented to the Decision Maker that:

a. Fidelity is registered in the Jurisdictions as a mutual fund dealer;

b. Superior Propane Inc. ("Superior") is a corporation incorporated under the provisions of Part 1 of the *Companies Act, 1934* by letters patent dated July 24, 1951 and was continued under the *Canada Business Corporations Act* on June 30, 1998;

c. Superior Propane Income Fund (the "Fund") is an unincorporated mutual fund trust established under the laws of the Province of Alberta. All of the outstanding common shares and shareholder notes of Superior are owned by the Fund;

d. Fidelity will be the administrator of the Superior Elements Pension and Savings Program (the "Program"). One of the component plans of the Program is the Superior Propane Elements Savings Plan (the "Plan");

e. Under the Plan, participating employees of Superior or its affiliates are permitted to invest contributions in units of one or more mutual funds managed by Fidelity, units of one or more mutual funds managed by other Canadian mutual fund managers and/or trust units of the Fund; ("Trust Units");

f. There are persons resident in each of the Jurisdictions who are eligible to participate in the Plan;

g. Contributions to the Plan are voluntary and no participant will be induced to contribute by expectation of employment or continued employment;

h. The Fund is an issuer in Ontario. The Trust Units are listed and posted for trading on The Toronto Stock Exchange (the "Exchange");

i. Fidelity will conduct the following activities under the Plan:

   i. receive instructions from participants to buy or sell Trust Units;

   ii. "cross" Trust Units by book entries on the accounts of participants to be maintained by Fidelity;

   iii to the extent purchases and sales of Trust Units cannot be processed through "crosses", transmit orders to purchase or sell Trust Units to dealers registered to trade in securities under the laws applicable to the jurisdiction where those purchases and sales are to be made;

   iv. keep records in respect of the foregoing transactions, including handling all payments, receipts, account entries and adjustments as a result of the trades;

j. With the exception of "crosses" conducted by Fidelity, all purchases and sales of Trust Units under the Plan will be made through the facilities of the Exchange or such other stock exchange where those securities may be listed from time to time;

k. Trust Units purchased by employees and by matching contributions will immediately vest in the employees. The Trust Units will be held for participants in accounts maintained by Fidelity;

l. Some of the trades described above are not exempt from the registration requirements of the Legislation in all of the Jurisdictions;

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

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

6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that the intended trades by Fidelity in Trust Units on behalf of participants under the Plan are exempt from the registration requirements of the Legislation, provided that:

i. with the exception of "crosses" conducted by Fidelity, all purchases and sales of Trust Units made by Fidelity on behalf of participants under the Program will be made on the secondary market through dealers registered to trade in securities under the laws applicable to the jurisdiction where those purchases and sales are to be made; and

ii. information documents such as plan booklets describing the Program will be available in French for participating employees resident in the Province of Quebec.

July 21st, 2000

"J.A. Geller" "K. D. Adams"

2.1.10 Fidelity Investments Canada Ltd. - MRRS Decision

Headnote

Fidelity Investments Canada Limited - MRRS Decision

Mutual Reliance Review System for Exemptive Relief Applications - relief from the requirement to be registered to trade a security in connection with certain trades conducted by a mutual fund dealer in its capacity as a group plan administrator.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF FIDELITY INVESTMENTS CANADA LIMITED

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick and Newfoundland (the "Jurisdictions") has received an application from Fidelity Investments Canada Limited ("Fidelity") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that certain trades to be conducted by Fidelity in its capacity as a group plan administrator are not subject to the registration requirements in the Legislation;

2. **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;

3. **AND WHEREAS** Fidelity has represented to the Decision Maker that:

3.1 Fidelity is registered in the Jurisdictions as a mutual fund dealer;

3.2 Equifax Canada Inc. ("Equifax") is a corporation incorporated under the laws of Canada;

3.3 Equifax Inc. ("Equifax U.S.") is a corporation incorporated pursuant to the laws of the State of Georgia. Equifax is a wholly-owned subsidiary of Equifax U.S.

3.4 Fidelity is currently the administrator of The Equifax Canada Retirement Savings Program for Salaried Employees (the "Program"), comprised of an RRSP, a Spousal RRSP, an Employee Profit Sharing Plan and a Deferred Profit Sharing Plan;

3.5 Under the Program, participating employees of Equifax (or their spouses in the case of the Spousal RRSP) are permitted to invest contributions in units of one or more mutual funds managed by Fidelity (collectively, the "Fidelity Funds"). One of the Fidelity Funds currently available is the Equifax Stock Fund, a single stock mutual fund, the sole purpose of which is to hold common stock of Equifax U.S. ("Common Stock"). Participants in the Program may invest in the future of Equifax and Equifax U.S. by purchasing units of the Equifax Stock Fund;

3.6 Effective June, 2000, employees participating in the Program will be able to invest in Common Stock directly rather than through the Equifax Stock Fund or another single purpose mutual fund;

3.7 There are persons resident in each of the Jurisdictions who are eligible to participate in the Program;

3.8 Participation in the Program is voluntary and no participant will be induced to participate by expectation of employment or continued employment;

3.9 Equifax U.S. is not a reporting issuer in any of the Jurisdictions. The Common Stock is registered with the Securities and Exchange Commission in the United States of America under the *Securities Exchange Act, 1934* and Equifax U.S. is not exempt from the reporting requirements of that act pursuant to Rule 12G 3-2 made thereunder;

3.10 The Common Stock is listed and posted for trading on the New York Stock Exchange (the "Exchange");

3.11 Fidelity will conduct the following activities under the Program:

(a) receive instructions from participants to purchase or sell Common Stock;

(b) "cross" Common Stock by book entries on the accounts of participants to be maintained by Fidelity;

(c) to the extent purchases and sales of Common Stock cannot be processed through "crosses", transmit orders to purchase or sell Common Stock to dealers registered to trade in securities under the laws applicable to the jurisdiction where those purchases and sales are to be made;

(d) keep records in respect of the foregoing transactions, including handling all payments, receipts, account entries and adjustments as a result of the trades;

3.12 With the exception of "crosses" conducted by Fidelity, all purchases and sales of Common Stock under the Program will be made through the facilities of the Exchange or such other stock exchange where those shares may be listed from time to time;

3.13 Common Stock purchased by employees will immediately vest in the employees. Equifax matching contributions will vest after two years of membership in the Program or immediately upon the retirement, disability or death of an employee. In all cases, the Common Stock will be held for participants in accounts maintained by Fidelity;

3.14 Some of the trades described above are not exempt from the registration requirements of the Legislation in all of the Jurisdictions;

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

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

6. **THE DECISION** of the Decision Makers pursuant to the Legislation is that the intended trades by Fidelity in Common Stock on behalf of participants under the Program are exempt from the registration requirements of the Legislation, provided that:

(i) with the exception of "crosses" conducted by Fidelity, all purchases and sales of Common Stock made by Fidelity on behalf of participants under the Program will be made on the secondary market through dealers registered to trade in securities under the laws applicable to the jurisdiction where those purchases and sales are to be made; and

(ii) information documents such as plan booklets describing the Program will be available in French for participating employees resident in the Province of Quebec.

July 21st, 2000

"J.A. Geller" "K. D. Adams"

2.1.11 Merrill Lynch Investment Management Canada Inc. - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications - trades by mutual fund of additional shares to existing shareholders holding shares of such fund having an aggregate acquisition cost or net asset value of not less than $150,000 exempted from prospectus requirement - trades in units of pooled funds exempt from requirement to file a report of such trades within ten days of the trade provided that reports filed and fees paid yearly.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53, 72(1), 72(3), 72(4), 147

Applicable Ontario Regulations

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

Applicable Ontario Rules

Rule 45-501 *Exempt Distributions* (1998) 21 OSCB 6548

IN THE MATTER OF THE SECURITIES LEGISLATION OF ONTARIO, MANITOBA, NEW BRUNSWICK, PRINCE EDWARD ISLAND, QUÉBEC, NEWFOUNDLAND, AND YUKON TERRITORY

AND

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

AND

IN THE MATTER OF MERRILL LYNCH INVESTMENT MANAGEMENT CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of Ontario, Manitoba, Québec, New Brunswick, Prince Edward Island, Newfoundland and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from Merrill Lynch Investment Management Canada Inc. (the"Applicant") for a decision pursuant to the securities legislation and securities directions of the Jurisdictions (the "Legislation") that the distribution of class A non-voting participating shares (the "Class A Shares") and class B non-voting participating shares (the "Class B Shares", with the Class A Shares, collectively the "Shares") of the Merrill Lynch Equity Arbitrage Portfolio (the "Portfolio") by Merrill Lynch Canada Inc. (the "Agent") on behalf of the Applicant not be subject to the prospectus requirement, subject to certain conditions, and that the requirement contained in the Legislation to file a report of an exempt trade within 10 days of such trade shall not apply to the Portfolio in connection with certain trades of Shares, subject to certain conditions;

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

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

1. The Portfolio is a limited liability company incorporated under the laws of the Cayman Islands on December 10, 1999.

2. The Portfolio is a mutual fund regulated by the Cayman Islands Monetary Authority under *The Mutual Fund Law (1999 revision)* (Cayman Islands).

3. The Applicant is a corporation organized under the laws of Canada.

4. The Applicant is registered in Ontario as an advisor under the category of Portfolio Manager/Investment Counsel.

5. The Agent is a corporation organized under the laws of Canada.

6. The Agent is a fully registered dealer in all jurisdictions of Canada.

7. The Portfolio has an authorized share capital of 245,000,000 Class A Shares, par value U.S.$.0001 per share, 245,000,000 Class B Shares, par value U.S.$.0001 per share, and 1,000 voting shares (the "Voting Shares"), par value U.S.$1.00 per share. The Class A Shares and Class B Shares differ only as to the quantum and timing of sales charges and exchange fees levied in connection with their purchase and disposition.

8. The Shares do not have any voting rights, except as required by Cayman Islands law or disclosed in the offering memorandum provided to prospective purchasers.

9. One thousand (1,000) Voting Shares were issued to, and were purchased at par value U.S.$1.00 per share by, MeesPierson (Cayman) Limited, a Cayman Islands company, which holds the Voting Shares in trust for various charities.

10. The Voting Shares are not entitled to any dividends and do not have preemptive redemption or conversion rights.

11. Starting on the date that is the three-month anniversary of a shareholder's effective purchase date of Shares, a holder of Shares will have the right to redeem its Shares at a price equal to the net asset value calculated on the next valuation date following receipt of written

redemption request from the shareholder by the transfer agent.

12. The Shares may not be assigned or otherwise transferred (except by operation of law) in whole or in part, without the consent of the investment advisor to the Portfolio, which consent will be conditioned upon receipt by the transfer agent of an application from the proposed transferee and any attempt to sell or transfer Shares without the prior approval of the investment adviser may cause the Shares to be redeemed by the Portfolio.

13. The Portfolio has the right to redeem any Shares sold to anyone other than eligible investors or if, in the Portfolio's sole opinion, continued ownership of the Shares by an investor would require the Portfolio to register under any securities laws or would subject the Portfolio to adverse tax or other consequences.

14. No partial redemption of the Shares will be permitted that would have the effect of reducing the aggregate net asset value of the Shares held by an shareholder below the greater of Cdn.$150,000 and U.S.$100,000, unless such minimum is waived by the Portfolio.

15. Shares of the Portfolio will be sold to purchasers on behalf of the Applicant by the Agent, a registered dealer in all jurisdictions of Canada as part of a global offering of the Shares.

16. The minimum initial investment in either class of the Shares by an investor in Canada is not less than the greater of Cdn.$150,000 and U.S.$100,000 (the "Initial Investment"), and the Initial Investment will be made in reliance upon applicable prospectus exemptions contained in the Legislation.

17. Following the Initial Investment, it is proposed that existing Shareholders in the Portfolio be permitted to subscribe for further Shares by:

(a) automatically reinvesting distributions otherwise receivable by the Shareholder which are attributable to outstanding Shares, unless otherwise requested by a shareholder, or

(b) subscribing and paying for additional Shares (the "Additional Shares") in amounts greater than Cdn.$50,000.

18. No Shareholder will be permitted to acquire Additional Shares of a class at an acquisition cost of less than the greater of Cdn.$150,000 and U.S.$100,000 unless, at the time of such subsequent acquisition, the shareholder holds Shares which have either an aggregate acquisition cost or an aggregate net asset value of at least the greater of Cdn.$150,000 and U.S.$100,000.

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 are 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:

A. the prospectus requirements of the Legislation do not apply to the purchase of Additional Shares provided that:

(a) this decision will cease to be effective in a Jurisdiction 90 days after the coming into force in such Jurisdiction of legislation or a rule governing the distribution of additional securities of pooled funds;

(b) at the time of acquisition of Additional Shares, the Shareholder then owns Shares having either an aggregate acquisition cost or net asset value of not less than the minimum Initial Investment amount;

(c) in accordance with the Legislation, the Applicant files with the applicable Decision Maker a report in respect of all trades in Additional Shares made by the Portfolio as if the trades in Additional Shares were trades in Shares and pays to the applicable Decision Maker the fees relating to such filing prescribed by the Legislation; and

(d) the first trade in Additional Shares is deemed to be a distribution under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation"), unless otherwise exempt thereunder or unless such first trade is made in the following circumstances:

(i) the Portfolio is a reporting issuer or the equivalent under the Applicable Legislation;

(ii) if the seller of the Additional Shares is in a special relationship (where such expression is defined in the Applicable Legislation) with the Portfolio, the seller has reasonable grounds to believe that the Portfolio is not in default of any requirement of the Applicable Legislation;

(iii) no unusual effort is made to prepare the market or to create a demand for the Additional Shares and no extraordinary commission or consideration is paid in respect of such trade; and

(iv) the Additional Shares have been held for a period of at least eighteen months from the later of the date they were acquired by the seller of the Additional Shares or the date the Portfolio became a reporting issuer or the equivalent in the applicable Jurisdiction.

B. the requirement contained in the Legislation to file a report of an Initial Investment or subscription for Additional Shares (the "Exempt Trades") within 10 days of such trade shall not apply, except in Manitoba, in

connection with the Exempt Trades, provided that within 30 days after each financial year end of the Portfolio:

(a) the Applicant files with the applicable Decision Maker a report in respect of all trades in Shares and Additional Shares by the Applicant during that financial year, in the form prescribed by the Applicable Legislation; and

(b) the Applicant remits the fee prescribed by the Legislation to the Decision Makers of the applicable Jurisdictions.

July 18th, 2000.

"J.A. Geller" "K.D. Adams"

2.1.12 NPS Allelix Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to have ceased being a reporting issuer - issuer has, in effect, only one securityholder.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
NPS ALLELIX CORP.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from NPS Allelix Inc. ("Exchangeco") for a decision, pursuant to the securities legislation of each of the Jurisdictions (the "Legislation"), that NPS Allelix Corp. ("Allelix") be deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation;

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 Exchangeco has represented to the Decision Makers that:

1. Allelix was formed under the *Canada Business Corporations Act* (the "CBCA") on August 21, 1981 and was continued under the Ontario *Business Corporations Act* (the "OBCA") on December 17, 1999;

2. pursuant to Articles of Arrangement filed December 23, 1999, Allelix changed its name from Allelix Biopharmaceuticals Inc. to NPS Allelix Corp.;

3. the head office of Allelix is in Mississauga, Ontario;

4. Allelix is a reporting issuer, or the equivalent thereof, under the Legislation;

5. pursuant to an order dated December 21, 1999 by the Decision Maker in Quebec (the "Quebec Order"), and an MRRS Decision Document dated December 22, 1999 by the Decision Maker in each of the Jurisdictions other than Quebec (the "Prior Decision"), Allelix is exempt from the requirement contained in the Legislation to issue a press release and file a report regarding material changes, to file and deliver interim and annual financial statements, and to file an information circular and, where applicable, to file an annual information form (including management's discussion and analysis of the financial condition and results of operation), subject to certain conditions;

6. Allelix is in compliance with the terms and conditions of the Quebec Order and the Prior Decision, and is not in default of any requirement of the Legislation;

7. as a result of a plan of arrangement (the "Arrangement") under section 182 of the OBCA, NPS Pharmaceuticals, Inc. ("NPS"), through Exchangeco, acquired all of the issued and outstanding common shares of Allelix on December 23, 1999;

8. pursuant to the Arrangement, holders of outstanding options and warrants of Allelix will be entitled to receive NPS common shares or the exchangeable shares of Exchangeco upon the exercise of such options or warrants, but in no case will any option or warrant holder be entitled to receive securities of Allelix upon the exercise of such options and warrants, as the case may be;

9. the outstanding options and warrants of Allelix no longer represent an interest in Allelix;

10. as a result of the Arrangement, with the exception of the outstanding options and warrants of Allelix, Allelix has only one securityholder;

11. the common shares of Allelix were delisted from The Toronto Stock Exchange on December 29, 1999, and from the Montreal Exchange on December 6, 1999, and Allelix no longer has any of its securities listed or quoted on any exchange or organized market; and

12. Allelix does not intend to seek public financing by way of an offer of securities.

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 Allelix is deemed to have ceased to be a reporting issuer, or its equivalent, under the Legislation.

July 26th, 2000.

"Iva Vranic"

2.1.13 RBC Dominion Securities Inc., TD Securities Inc., CIBC World Markets Inc., Scotia Capital Inc. and MacDonald, Dettwiler and Associates Ltd. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer and selling shareholder are connected parties, but not related parties, in respect of registrants that are underwriters in proposed distributions of common shares of the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided issuer and selling shareholder are not specified parties as defined in proposed multi-jurisdictional instrument 33-105.

Applicable Ontario Statute

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

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 BRITISH COLUMBIA, ALBERTA, ONTARIO, QUEBEC AND NEWFOUNDLAND

AND

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

AND

IN THE MATTER OF MACDONALD, DETTWILER AND ASSOCIATES LTD.

AND

IN THE MATTER OF RBC DOMINION SECURITIES INC., TD SECURITIES INC., CIBC WORLD MARKETS INC. AND SCOTIA CAPITAL INC.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Quebec and Newfoundland (the "Jurisdictions") has received an application from RBC Dominion Securities Inc. ("RBC"), TD Securities Inc. ("TD"), CIBC World Markets Inc. ("CIBC") and Scotia Capital Inc. ("Scotia") (the "Underwriters"), MacDonald, Dettwiler and Associates Ltd. (the "Issuer") and Orbital Sciences Corporation

("Orbital"), for a decision, under the securities legislation of the Jurisdictions (the "Legislation"), that the restriction (the "Independent Underwriter Requirement") contained in the Legislation which applies to underwriters or agents in connection with a distribution of securities of a connected issuer or a connected selling shareholder (or their equivalent) shall not apply to the Underwriters in respect of a proposed distribution (the "Distribution") of common shares of the Issuer ("Common Shares") to be made under a prospectus to be filed with the Decision Maker in each of the Jurisdictions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Executive Director of the British Columbia Securities Commission (the "BCSC") is the principal regulator for this application;

AND WHEREAS the Underwriters and the Issuer have represented to the Decision Makers that:

1. the Issuer was incorporated under the laws of Canada and continued under the *Canada Business Corporations Act*;

2. the corporate head office of the Issuer is located in Richmond, British Columbia;

3. the authorized capital of the Issuer is comprised of an unlimited number of Common Shares, an unlimited number of special shares and an unlimited number of preferred shares issuable in series; as at June 4, 2000, 30,000,001 Common Shares, no special shares and no preferred shares were issued and outstanding; at the time of completion of the Distribution, the authorized capital will be comprised of an unlimited number of Common Shares and an unlimited number of preferred shares;

4. the Issuer is not a "reporting issuer" in any of the Jurisdictions;

5. on May 19, 2000 the Issuer filed a preliminary prospectus (the "Preliminary Prospectus") in connection with the Distribution; on May 23, 2000, a preliminary mutual reliance review system decision document was issued by the BCSC, as principal regulator under National Policy 43-201, evidencing the issuance of receipts for the Preliminary Prospectus by the Decision Maker in each of the Jurisdictions and other Provinces of Canada;

6. the underwriting syndicate for the Distribution is comprised of the Underwriters and Goepel McDermid Inc. (the "Underwriting Syndicate"); the Common Shares to be offered under the Distribution are expected to be allocated to the Underwriting Syndicate in the following proportions:

RBC	40%
Scotia	30%
TD	15%
CIBC	10%
Goepel McDermid Inc.	5%

7. RBC is a direct wholly-owned subsidiary of the Royal Bank which provides credit facilities to the Issuer under a syndicated credit agreement entered into dated March 31, 2000 for $190 million; consequently, the Issuer may be considered a "connected party" (or equivalent) in respect of RBC under the Legislation of the Jurisdictions; as at March 31, 2000, the Issuer and its subsidiaries had approximately $26.0 million of debt, including letters of credit, outstanding under the credit facility;

8. RBC has been arranging for the syndication of the credit facility and Canadian chartered bank affiliates of each of the other Underwriters have agreed to join the lending syndicate which provides credit facilities to the Issuer; the proposed allocation under the credit facility is as follows:

The Royal Bank	$40 million
Toronto Dominion Bank	$35 million
Bank of Nova Scotia	$35 million
Canadian Imperial Bank of Commerce	$20 million
Other banks unaffiliated with any underwriters	$60 million

based on this, the Issuer may be considered a "connected issuer" (or equivalent) of all of the Underwriters;

9. the Issuer is not a "specified party" as defined in Multi-Jurisdictional Instrument 33-105 (the "Proposed Rule") or a "related issuer", as defined in the Proposed Rule, of any member of the Underwriting Syndicate;

10. the nature and details of the relationship between the Issuer, RBC and The Royal Bank are disclosed in the Preliminary Prospectus and will be disclosed in the Final Prospectus; and the Final Prospectus will disclose the nature and details of the relationship between the Issuer, the Underwriters and the other affiliated banks, as well as the information specified in Appendix "C" of the Proposed Rule;

11. 1% of the Distribution will be comprised of a secondary offering of Common Shares by certain Common Share shareholders, one of which is Orbital;

12. Scotia is a wholly-owned subsidiary of The Bank of Nova Scotia which provides 14.5% of a US $165 million credit facility to Orbital; consequently, Orbital may be considered a "connected party" (or equivalent) in respect of Scotia; as at March 31, 2000, Orbital had approximately US $23.925 million of debt outstanding with Scotia Bank; Orbital is required to use 40% of the proceeds from the sale of its Common Shares to pay down this credit facility and after payment of Underwriter's fees the balance of the $12.8 million will be used to pay an amount owing by Orbital to the Issuer;

13. Orbital is not a "specified party", as defined in the Proposed Rule, or a "related issuer", as defined in the Proposed Rule, of any member of the Underwriting Syndicate;

14. the nature and details of the relationship between Orbital and the Underwriters was not disclosed in the Preliminary Prospectus as Orbital had not been identified at the time of the completion of the Preliminary Prospectus; the Final Prospectus will disclose the nature and details of the relationship between Orbital, Scotia and the Scotia Bank, as well as the information specified in Appendix "C" of the Proposed Rule;

15. Orbital is independent of all of the Underwriters, other than Scotia; and

16. the certificate in the Preliminary Prospectus has been signed and the certificate in the Final Prospectus will be signed by each of the Underwriting Syndicate as required by the Legislation;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Independent Underwriter Requirement shall not apply to the Underwriters in respect of the Distribution.

DATED June 27, 2000.

"Margaret Sheehy"
Margaret Sheehy
Director

2.1.14 Raider Resources Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF RAIDER RESOURCES LTD.

MRRS DECISION DOCUMENT

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

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

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

3.1 Raider is a corporation incorporated under the *Business Corporations Act* (Alberta) (the "ABCA")

3.2 Raider's principal office and registered office are located in Calgary, Alberta; the authorized capital of Raider consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares, issuable in series, of which 28,891,732 Common Shares and no preferred shares are currently issued and outstanding;

3.3 Raider is a reporting issuer, or the equivalent thereof, in each of the Jurisdictions;

3.4 apart from an inadvertent failure to file its first quarter interim report for the period ending March 31, 2000 due to be filed on May 30, 2000, Raider is not in default of any of its obligations as a reporting issuer, or the equivalent thereof, under the Legislation;

3.5 Raider mailed its first quarter interim report for the period ending March 31, 2000 on May 30, 2000 to each of its registered holders of Common Shares;

3.6 pursuant to an offer to purchase dated May 10, 2000 of Shiningbank Energy Income Fund ("Shiningbank"), a subsequent compulsory acquisition under the provisions of the ABCA and the subsequent transfer by Shiningbank to Shiningbank Energy Acquisitions Ltd. ("SEAL"), a wholly-owned subsidiary of Shiningbank, SEAL became the holder of all of the issued and outstanding Common Shares;

3.7 SEAL is the sole security holder of Raider and there are no securities, including debt securities, currently issued and outstanding other than the Common Shares;

3.8 the Common Shares were delisted from The Toronto Stock Exchange on June 12, 2000 and there are no securities of Raider listed on any stock exchange or traded over the counter in Canada or elsewhere;

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

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

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

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

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

"Original signed by"
Glenda A. Campbell, Vice-Chair

2.1.15 Scotia Capital Inc., RBC Dominion Securities Inc., TD Securities Inc. and Royal Group Technologies Ltd.

Headnote

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

Applicable Ontario Regulations

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

Rules Cited

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

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

AND

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

AND

IN THE MATTER OF SCOTIA CAPITAL INC., RBC DOMINION SECURITIES INC. AND TD SECURITIES INC.

AND

IN THE MATTER OF ROYAL GROUP TECHNOLOGIES LIMITED

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Quebec and Newfoundland (the "Jurisdictions") has received an application from Scotia Capital Inc. ("Scotia Capital"), RBC Dominion Securities Inc. ("RBC DS") and TD Securities Inc. ("TD Securities") (collectively, the "Filers") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant in acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant, shall not apply to the Filers in respect of a proposed distribution (the "Share Offering") of 4,500,000 subordinate voting shares (the "Shares") of Royal Group Technologies Limited (the "Issuer"), pursuant to a short form prospectus (the "Prospectus")

expected to be filed with the Decision Maker in each of the provinces and territories of Canada;

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

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

1. Each of the Filers is registered as a dealer under the Legislation of each of the Jurisdictions.

2. The Issuer, a corporation amalgamated under the laws of Canada, is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirements of the Legislation.

3. The Issuer is a vertically integrated manufacturer and marketer of innovative, polymer-based home improvement, consumer and construction products.

4. The subordinate voting shares of the Issuer are listed on The Toronto Stock Exchange and the New York Stock Exchange, Inc.

5. The Issuer filed a preliminary short form prospectus dated July 10, 2000 (the "Preliminary Prospectus") in the Jurisdictions.

6. The Filers and other underwriters are proposing to act as underwriters in connection with the distribution of Shares by way of the Prospectus.

7. The Issuer has an agreement, originally made as of October 24, 1995 and amended from time to time, with a syndicate of financial institutions, which include The Bank of Nova Scotia, Royal Bank of Canada and The Toronto-Dominion Bank (collectively, the "Lenders"), for a committed revolving term facility of $250 million, maturing October 31, 2002, and a revolving 364-day operating line facility of $350 million, maturing July 26, 2000 and subject to renewal at that date (collectively, the "Bank Facility").

8. As at May 31, 2000, there was approximately $490 million outstanding under the Bank Facility. As of that date, the total funded debt of the Issuer was approximately $1.009 billion, of which approximately $387 million or 38 percent was indebtedness to the Lenders under the Bank Facility. The Issuer is in compliance with the terms of the Bank Facility. The net proceeds from the Share Offering will be used to repay temporarily a portion of the indebtedness outstanding under the Bank Facility to all members of the syndicate of financial institutions, including the Lenders, on a pro rata basis.

9. Scotia Capital is an indirect wholly-owned subsidiary of The Bank of Nova Scotia. RBC DS is an indirect wholly-owned subsidiary of Royal Bank of Canada. TD Securities is a wholly-owned subsidiary of The Toronto-Dominion Bank.

10. The nature of the relationship among the Issuer, the Lenders and the Filers has been described in the Preliminary Prospectus and will be described in the Prospectus relating to the Share Offering.

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

12. The Filers will not benefit in any manner from the Share Offering other than the payment of their underwriting fees in connection with the Share Offering, which, in each case, will be a specified percentage of the dollar value of the Shares.

13. By virtue of the Bank Facility, the Issuer may, in connection with the Share Offering, be considered a connected issuer (or the equivalent) of each of the Filers.

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

15. The Prospectus will contain the information specified in Appendix "C" of draft Multi-Jurisdictional Instrument 33-105 Underwriting Conflicts (the "MJ Instrument"), on the basis that the Issuer is a connected issuer of the Filer as such term is defined in the MJ Instrument.

16. The Issuer is in good financial condition and is not under any immediate financial pressure to proceed with the Share Offering and has not been requested or required by the Lenders to repay the amounts owing under the Bank Facility. The Issuer is not a specified party as defined in the MJ Instrument.

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 Independent Underwriter Requirement shall not apply to any of the Filers in connection with the Share Offering provided the Issuer is not a specified party, as defined in the MJ Instrument, at the time of the Share Offering.

July 17th, 2000.

"J.A. Geller" "Howard I. Wetston"

2.1.16 SMTC Corporation, SMTC Manufacturing Corporation of Canada and SMTC Nova Scotia Company - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - prospectus and registration relief for trades in securities made in connection with distribution of exchangeable shares under a prospectus - exchangeable share issuer granted relief from certain continuous disclosure requirements provided U.S. parent filed its U.S. continuous disclosure documents in Canada - certain insiders of exchangeable share issuer granted relief from insider reporting requirements - exchangeable share issuer permitted to use PREP Procedures and certain information permitted to be treated as PREP information.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 74(1)-s.25 & s. 53, 77, 78, 79, 80(b)(iii), 107, 121(2)(a)(ii), & 147.

Relevant Regulations

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

Relevant Policies

National Policy Statement No. 44.

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

AND

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

AND

IN THE MATTER OF

SMTC CORPORATION,
SMTC MANUFACTURING CORPORATION OF CANADA AND SMTC NOVA SCOTIA COMPANY

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from SMTC Corporation ("SMTC"), SMTC Manufacturing Corporation of Canada ("SMTC Canada") and SMTC Nova Scotia Company ("SMTC Nova Scotia") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

(a) the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Registration and Prospectus Requirements") shall not apply to certain trades or possible trades in securities to be made in connection with the distribution and exchange from time to time of non-voting exchangeable shares of SMTC Canada (the "Exchangeable Shares") having the attributes provided in the Exchangable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement (each as defined below);

(b) SMTC Canada be exempt from the requirements contained in the Legislation to issue a press release and report material changes, to file with the Decision Makers and deliver to shareholders interim and audited annual financial statements, to prepare and send to shareholders proxies and information circulars, to file an information circular or make an annual filing with the Decision Makers in lieu of filing an information circular, to file annual information forms and to file and deliver to shareholders management's discussion and analysis of the financial condition and results of operation of SMTC Canada (the "Continuous Disclosure Requirements");

(c) each "insider" (as such term is defined in the Legislation) of SMTC Canada be exempt from the insider reporting requirements contained in the Legislation (the "Insider Reporting Requirements"); and

(d) SMTC Canada be exempt from the requirement to file and obtain a receipt for a prospectus (the "Prospectus Requirement") in order to permit the use by SMTC Canada of the PREP Procedures as defined in National Policy Statement No. 44 - Rules for Shelf Prospectus Offerings and for Pricing Offerings after the Final Prospectus is Receipted ("NP 44") in connection with the proposed concurrent initial public offering of Exchangeable Shares by SMTC Canada and shares of common stock of SMTC ("SMTC Common Stock") by SMTC (the "Offering"), as more fully described below;

all subject to certain conditions, as described below;

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

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

1. The SMTC group of companies is a leading provider of advanced electronics manufacturing services to electronics industry original equipment manufacturers worldwide. The business is focused on the communications, networking and computing sectors.

2. SMTC is a Delaware corporation and is not currently subject to the informational requirements of the United States *Securities Exchange Act of 1934*, as amended (the "1934 Act") and is not a reporting issuer or the equivalent under the Legislation. SMTC's principal executive office is located in Markham, Ontario.

3. The authorized capital of SMTC currently consists of 11,720,000 shares of Class A-1 voting common stock and 1,100,000 shares of Class A-2 voting common stock (together, the "Class A Common Stock"), 300,000 shares of Class L voting common stock, 125,000 shares of Class N voting common stock and 5,000 shares of Class S voting common stock. As at March 24, 2000, there were issued and outstanding 2,447,782 shares of Class A Common Stock, 154,168 shares of Class L voting common stock, 113,408 shares of Class N voting common stock and no shares of Class S voting common stock.

4. SMTC Canada was incorporated under the federal laws of Canada in 1985 and was amalgamated under the *Business Corporations Act* (Ontario) on August 31, 1994. SMTC Canada is an indirect subsidiary of SMTC and a direct subsidiary of SMTC Nova Scotia. SMTC Canada's registered and principal executive office is located in Markham, Ontario.

5. The authorized capital of SMTC Canada currently consists of an unlimited number of Class C preferred shares, Class L exchangeable shares (the "Class L Exchangeable Shares"), Class Y shares (the "Class Y Shares") and common shares. As at March 24, 2000, there were issued and outstanding 6,331,517 Class C preferred shares, 90,315 Class L Exchangeable Shares, 23,092 Class Y Shares and 9,477,847 common shares. All of the common shares and Class C preferred shares of SMTC Canada are, and will following completion of the Offering be, owned by SMTC Nova Scotia. The Class L Exchangeable Shares are held by Canadian-resident founders of SMTC and the Class Y Shares are held by a U.S.-resident founder of SMTC.

6. Each of SMTC, SMTC Canada and SMTC Nova Scotia is currently a "private company" as that term is defined in the Legislation. Prior to the completion of the Offering, the constating documents of SMTC and SMTC Canada will be amended to remove the private company restrictions. Upon obtaining a receipt for the final prospectus to be filed in connection with the Offering (the "Final Prospectus"), SMTC Canada will become a reporting issuer or the equivalent under the Legislation.

7. SMTC Nova Scotia is a direct wholly-owned subsidiary of SMTC. SMTC Nova Scotia was formed on July 23, 1999 as an unlimited liability company under the laws of Nova Scotia. SMTC Nova Scotia will hold the various call rights related to the Exchangeable Shares (described below).

8. The authorized capital of SMTC Nova Scotia consists of 20,000,000 common shares. As at March 24, 2000, there were issued and outstanding 10,398,379 common shares, all of which were held directly by SMTC.

9. Immediately prior to the completion of the Offering:

(a) SMTC Nova Scotia will purchase the outstanding Class Y Shares in exchange for shares of SMTC Class L voting common stock;

(b) SMTC will convert each of the outstanding shares of Class L voting common stock into one share of Class A Common Stock, plus an additional number of shares of Class A Common Stock determined by dividing the preference amount by the value of a share of Class A Common Stock based on the offering price of the SMTC Common Stock in the Offering;

(c) SMTC will convert each share of Class A Common Stock into a number of shares of SMTC Common Stock to be determined on pricing of the Offering;

(d) SMTC will repurchase all outstanding shares of Class N voting common stock and will create one share of special voting stock (the "Special Voting Share") that will be issued to CIBC Mellon Trust Company (the "Trustee") as trustee for the benefit of the holders from time to time of Exchangeable Shares in accordance with the voting and exchange trust agreement to be entered into by SMTC, SMTC Nova Scotia and the Trustee (the "Voting and Exchange Trust Agreement"); and

(e) SMTC Canada will convert each Class L Exchangeable Share into Exchangeable Shares in the same ratio as shares of SMTC Class L voting common stock are converted to shares of SMTC Common Stock.

The transactions described above are collectively referred to as the "Reclassification".

10. Immediately following completion of the Reclassification and the Offering, SMTC Canada will have issued and outstanding (i) common shares, held by SMTC Nova Scotia, (ii) Exchangeable Shares, held by the Canadian-resident founders of SMTC and the public investors in the Offering, (iii) Class C preferred shares, held by SMTC Nova Scotia, and (iv) Class Y Shares, held by SMTC Nova Scotia, and SMTC will have issued and outstanding (i) shares of SMTC Common Stock, held by certain founders of SMTC and the public investors in the Offering, and (ii) the Special Voting Share.

11. SMTC has determined that the Offering will be most successful if it comprises a concurrent offering of shares of SMTC Common Stock in the United States by SMTC and of Exchangeable Shares in Canada by SMTC Canada. SMTC believes that this structure will enable it to develop a public shareholder base in Canada while providing investors with an opportunity to participate in the performance and growth of the SMTC group of companies through the acquisition of RRSP-eligible Exchangeable Shares that are not "foreign property" for the purposes of the *Income Tax Act* (Canada) (the "Tax Act").

12. The Offering will be made through a single underwriting syndicate led by RBC Dominion Securities Inc. and Lehman Brothers Inc. The allocation of the Offering between the prospectus-qualified offering of Exchangeable Shares in Canada and the registered offering of SMTC Common Stock in the United States is expected to be approximately equal, although the final allocation, which will be disclosed in the Final Prospectus (or a pricing supplement), will depend on market demand for the relevant securities. The underwriting agreement between SMTC, SMTC Canada and the underwriters will allow underwriting syndicate members to sell either Exchangeable Shares or SMTC Common Stock directly or through affiliates that are appropriately registered with the applicable Decision Makers.

13. SMTC Canada and SMTC will grant to the underwriters an over-allotment option equal to 15% of the aggregate offering size. A combination of Exchangeable Shares and shares of SMTC Common Stock may be issued to the underwriters under this option, in proportions which may not necessarily approximate the final allocation of the Offering between Exchangeable Shares and shares of SMTC Common Stock.

14. On March 24, 2000, SMTC filed a Form S-1 registration statement (the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") to register the shares of SMTC Common Stock to be distributed in the Offering. SMTC will also file a registration statement with the SEC to register the shares of SMTC Common Stock issuable on the exercise of exchange rights attached to the Exchangeable Shares.

15. On March 29, 2000, SMTC Canada filed a preliminary prospectus with the securities regulatory authorities of each of the provinces of Canada (each, a "SRA" and, collectively, the "SRAs") to qualify for distribution in Canada the Exchangeable Shares to be distributed in the Offering and the Exchangeable Shares to be issued on the exchange of the outstanding Class L Exchangeable Shares in the Reclassification.

16. On May 23, 2000 and June 19, 2000, SMTC and SMTC Canada filed amendments to the Registration Statement with the SEC and amended and restated preliminary prospectuses with the SRAs. SMTC Canada anticipates filing the Final Prospectus with the SRAs on or about July 19, 2000 and filing a prospectus supplement (the "Supplemented Prospectus") on or about July 21, 2000.

17. The Final Prospectus will include the disclosure provided in the Registration Statement in respect of SMTC, supplemented by information prescribed by the Legislation, including a description of SMTC Canada and the Exchangeable Shares, the Canadian underwriting arrangements, purchasers' statutory rights under the Legislation and prescribed legends and certificates of SMTC Canada and the Canadian underwriters. The Final Prospectus will also include the audited consolidated financial statements of SMTC, presented in U.S. dollars and prepared in accordance with U.S. GAAP with a reconciliation to Canadian GAAP, and pro forma financial statements of SMTC with a compilation report of the auditors.

18. In connection with the distribution of shares of SMTC Common Stock in the United States, SMTC plans to use the procedures permitted by Rule 430A under the United States *Securities Act of 1933*, as amended, which will permit SMTC to omit certain pricing information from the Registration Statement, as amended by amendments filed with the SEC, until after it has been declared effective by the SEC.

19. There is presently no public market for the Exchangeable Shares and the shares of SMTC Common Stock; however, The Toronto Stock Exchange (the "TSE") has conditionally approved the listing of the Exchangeable Shares under the symbol "SMX" subject to SMTC Canada fulfilling all of the requirements of the TSE on or before August 30, 2000 and SMTC has applied to The Nasdaq Stock Market, Inc. to have the shares of SMTC Common Stock quoted on the Nasdaq National Market ("Nasdaq").

20. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement, will provide holders thereof with a security that, by virtue of its voting rights and entitlements on exchanges and otherwise, is functionally and economically equivalent to the shares of SMTC Common Stock. The Exchangeable Shares will be exchangeable by a holder thereof for shares of SMTC Common Stock on a one-for-one basis at any time at the option of such holder and will be required to be exchanged upon the occurrence of certain events. The Exchangeable Shares are subject to adjustment or modification in the event of a stock split or other change to the capital structure of SMTC so as to maintain at all times the initial one-to-one relationship between the Exchangeable Shares and the shares of SMTC Common Stock.

21. Subject to applicable law and in accordance with the rights, privileges, restrictions and conditions attached to the Exchangeable Shares (the "Exchangeable Share Provisions"), dividends will be payable on the Exchangeable Shares by SMTC Canada, contemporaneously and in the equivalent amount of cash, Exchangeable Shares or other property per share as dividends on the shares of SMTC Common Stock.

22. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding retraction call right of SMTC Nova Scotia, upon retraction the holder will be entitled to receive from SMTC Canada for each Exchangeable Share retracted an amount equal to the current market price of a share of SMTC Common Stock on the last business day prior to the retraction date, to be satisfied by the delivery of one share of SMTC Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (such aggregate amount,

the "Retraction Price"). Upon being notified by SMTC Canada of a proposed retraction of the Exchangeable Shares, SMTC Nova Scotia will have an overriding retraction call right to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

23. Subject to applicable law and the overriding redemption call right of SMTC Nova Scotia, SMTC Canada will redeem all of the then-outstanding Exchangeable Shares on a date no earlier than the fifteenth anniversary of the closing of the Offering (the "Redemption Date"). In certain circumstances, the board of directors of SMTC Canada may accelerate the Redemption Date. Upon such redemption, a holder will be entitled to receive from SMTC Canada for each Exchangeable Share redeemed an amount equal to the current market price of a share of SMTC Common Stock on the last business day prior to the Redemption Date, to be satisfied by the delivery of one share of SMTC Common Stock, together with, on the designated payment date therefor, all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the Redemption Date (such aggregate amount, the "Redemption Price"). Upon being notified by SMTC Canada of a proposed redemption of the Exchangeable Shares, SMTC Nova Scotia will have an overriding redemption call right to purchase on the Redemption Date all of the then-outstanding Exchangeable Shares (other than Exchangeable Shares held by SMTC and its affiliates) for a price per share equal to the Redemption Price. Upon the exercise of the overriding redemption call right by SMTC Nova Scotia, holders will be obligated to sell their Exchangeable Shares to SMTC Nova Scotia. If SMTC Nova Scotia exercises its overriding redemption call right, SMTC Canada's right and obligation to redeem the Exchangeable Shares on the Redemption Date will terminate.

24. Subject to the overriding liquidation call right of SMTC Nova Scotia, in the event of the liquidation, dissolution or winding-up of SMTC Canada, holders of Exchangeable Shares will be entitled to put their shares to SMTC in exchange for shares of SMTC Common Stock pursuant to the Voting and Exchange Trust Agreement. Upon a proposed liquidation, dissolution or winding-up of SMTC Canada, SMTC Nova Scotia will have an overriding liquidation call right to purchase from all of the holders of the Exchangeable Shares (other than the Exchangeable Shares held by SMTC and its affiliates) on the effective date of such liquidation, dissolution or winding-up (the "Liquidation Date") all of the Exchangeable Shares held by each such holder for a price per share equal to the current market price of a share of SMTC Common Stock on the last business day prior to the Liquidation Date, to be satisfied by the delivery of one share of SMTC Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by each such holder on any dividend record date prior to the date of purchase by SMTC Nova Scotia.

25. The Special Voting Share will be authorized for issuance in connection with the Reclassification and will be issued to and held by the Trustee appointed under the Voting and Exchange Trust Agreement. Except as otherwise required by applicable law or the SMTC constating documents, the Special Voting Share will be entitled to the number of votes, exercisable at any meeting of the holders of the shares to SMTC Common Stock, equal to the number of Exchangeable Shares outstanding from time to time not owned by SMTC and its affiliates. Each voting right attached to the Special Voting Share must be voted by the Trustee pursuant to the instructions of a holder of an Exchangeable Share. In the absence of any such instructions from a holder as to voting, the Trustee will not be entitled to exercise the related voting rights. Upon the exchange of all of a holder's Exchangeable Shares for shares of SMTC Common Stock, all rights of such holder of Exchangeable Shares to instruct the Trustee to exercise votes attached to the Special Voting Share will cease.

26. Under the Voting and Exchange Trust Agreement, SMTC will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a right (the "Exchange Right"), exercisable upon the insolvency of SMTC Canada, to require SMTC to purchase from a holder of Exchangeable Shares all or any part of the Exchangeable Shares held by the holder. The purchase price for each Exchangeable Share purchased by SMTC under the Exchange Right will be an amount equal to the current market price of a share of SMTC Common Stock on the last business day prior to the day of closing the purchase and sale of such Exchangeable Share under the Exchange Right, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one share of SMTC Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by the holder on any dividend record date prior to the closing of the purchase and sale.

27. Upon the liquidation, dissolution or winding-up of SMTC, all Exchangeable Shares held by holders (other than Exchangeable Shares held by SMTC and its affiliates) will be automatically exchanged for shares of SMTC Common Stock pursuant to the Voting and Exchange Trust Agreement, in order that holders of the Exchangeable Shares will be able to participate in the dissolution of SMTC on a *pro rata* basis with the holders of the shares of SMTC Common Stock. SMTC will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell the Exchangeable Shares held by that holder (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right"), for a purchase price per share equal to the current market price of a share of SMTC Common Stock on the fifth business day prior to the effective date of the liquidation, dissolution or winding-up of SMTC, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one share of SMTC Common Stock, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such

Exchangeable Share held by the holder on any dividend record date prior to the date of the exchange.

28. Contemporaneously with the completion of the Offering, SMTC, SMTC Canada and SMTC Nova Scotia will enter into an exchangeable share support agreement (the "Exchangeable Share Support Agreement") which will provide that: (i) SMTC will not declare or pay any dividends on the shares of SMTC Common Stock unless SMTC Canada is able to declare and pay, and simultaneously declares and pays, as the case may be, an equivalent dividend on the Exchangeable Shares (provided that, in the case of a stock dividend declaration on the shares of SMTC Common Stock, SMTC Canada may effect an equivalent subdivision of each issued and unissued Exchangeable Share in lieu of declaring a corresponding stock dividend on the Exchangeable Shares); (ii) SMTC will ensure that SMTC Canada and SMTC Nova Scotia will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights; and (iii) SMTC will cause SMTC Nova Scotia to exercise its overriding retraction call right if required to do so by a holder of the Exchangeable Shares in the event that SMTC becomes a "specified financial institution" (as such term is defined in the Tax Act) or does not deal at arm's length with such a person.

29. The attributes of the Exchangeable Shares contained in the Exchangeable Share Provisions, the Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement involve or may involve a number of trades or possible trades in securities, including trades related to the issuance of the Exchangeable Shares and upon the issuance of shares of SMTC Common Stock in exchange for Exchangeable Shares. These trades and possible trades are:

(i) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Nova Scotia to deliver shares of SMTC Common Stock required in connection with the operation of the Exchangeable Share Provisions or the Voting and Exchange Trust Agreement;

(ii) the issuance by SMTC, pursuant to the Voting and Exchange Trust Agreement, of the Special Voting Share to the Trustee for the benefit of the holders of the Exchangeable Shares;

(iii) the grant by SMTC to the Trustee for the benefit of the holders of the Exchangeable Shares, pursuant to the Voting and Exchange Trust Agreement, of the Exchange Right, the Automatic Exchange Right and the voting rights pursuant to the Special Voting Share;

(iv) the creation of the redemption, retraction and liquidation call rights in favour of SMTC Nova Scotia referred to above;

(v) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Canada to deliver shares of SMTC Common Stock to a holder of Exchangeable Shares upon a retraction of the Exchangeable Shares held by such holder, and the subsequent delivery thereof by SMTC Canada upon such retraction;

(vi) the transfer of the Exchangeable Shares by a holder to SMTC Canada upon the holder's retraction of the Exchangeable Shares;

(vii) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Nova Scotia to deliver shares of SMTC Common Stock to a holder of Exchangeable Shares in connection with SMTC Nova Scotia's exercise of its overriding retraction call right, and the subsequent delivery thereof by SMTC Nova Scotia upon the exercise of such overriding retraction call right;

(viii) the transfer of the Exchangeable Shares by a holder to SMTC Nova Scotia upon SMTC Nova Scotia exercising its overriding retraction call right;

(ix) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Canada to deliver shares of SMTC Common Stock to holders of Exchangeable Shares upon the redemption of the Exchangeable Shares, and the subsequent delivery thereof by SMTC Canada upon such redemption;

(x) the transfer of Exchangeable Shares by holders to SMTC Canada upon the redemption of the Exchangeable Shares;

(xi) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Nova Scotia to deliver shares of SMTC Common Stock to holders of Exchangeable Shares in connection with SMTC Nova Scotia's exercise of its overriding redemption call right, and the subsequent delivery thereof by SMTC Nova Scotia upon the exercise of such overriding redemption call right;

(xii) the transfer of Exchangeable Shares by holders to SMTC Nova Scotia upon SMTC Nova Scotia exercising its overriding redemption call right;

(xiii) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances

of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Canada to deliver shares of SMTC Common Stock to holders of Exchangeable Shares on the liquidation, dissolution or winding-up of SMTC Canada and the subsequent delivery thereof by SMTC Canada upon such liquidation, dissolution or winding-up;

(xiv) the transfer of Exchangeable Shares by holders to SMTC Canada on the liquidation, dissolution or winding-up of SMTC Canada;

(xv) the issuance and intra-group transfers of shares of SMTC Common Stock and related issuances of shares of SMTC affiliates in consideration therefor, all by and between SMTC and its affiliates, to enable SMTC Nova Scotia to deliver shares of SMTC Common Stock to holders of Exchangeable Shares in connection with SMTC Nova Scotia's exercise of its overriding liquidation call right, and the subsequent delivery thereof by SMTC Nova Scotia upon the exercise of such overriding liquidation call right;

(xvi) the transfer of Exchangeable Shares by holders to SMTC Nova Scotia upon SMTC Nova Scotia exercising its overriding liquidation call right;

(xvii) the issuance and delivery of shares of SMTC Common Stock by SMTC to a holder of Exchangeable Shares upon the exercise of the Exchange Right by the Trustee on behalf of such holder;

(xviii) the transfer of Exchangeable Shares by a holder to SMTC upon the exercise of the Exchange Right by the Trustee on behalf of such holder;

(xix) the issuance and delivery of shares of SMTC Common Stock by SMTC to holders of Exchangeable Shares pursuant to the Automatic Exchange Right; and

(xx) the transfer of the Exchangeable Shares by a holder to SMTC pursuant to the Automatic Exchange Right;

(collectively, the "Trades").

30. The fundamental investment decision to be made by prospective holders of the Exchangeable Shares is made at the time of purchase of the Exchangeable Shares pursuant to the Final Prospectus. Relative to the SMTC Common Stock, the Exchangeable Shares will be advantageous investments, from a Canadian tax perspective, to Canadian holders but will otherwise be, as nearly as practicable, the economic and voting equivalent of the shares of SMTC Common Stock and, as such, all subsequent exchanges of Exchangeable Shares are in furtherance of the holder's initial investment decision.

31. As a result of the economic and voting equivalency between the Exchangeable Shares and the shares of SMTC Common Stock, holders of the Exchangeable Shares will have a participating interest determined by reference to SMTC, rather than SMTC Canada; dividend and dissolution entitlements will be determined by reference to the financial performance and condition of SMTC, not SMTC Canada. Only SMTC, as indirect sole holder of all of SMTC Canada's common shares, will have a participating interest determined by reference to SMTC Canada. Accordingly, it is the information relating to SMTC not SMTC Canada, that will be relevant to holders of both the shares of SMTC Common Stock and the Exchangeable Shares. Certain information required to be provided in respect of SMTC Canada as a reporting issuer under the Legislation or the equivalent under the Legislation would not be relevant to holders of the Exchangeable Shares.

32. SMTC will send concurrently to all holders of Exchangeable Shares and shares of SMTC Common Stock resident in the Jurisdictions all disclosure materials furnished to holders of shares of SMTC Common Stock resident in the United States including, without limitation, copies of its annual financial statements and all proxy solicitation materials.

33. The Final Prospectus will disclose that, in connection with the Offering, applications have been made for prospectus, registration and resale exemptions and exemptions from disclosure and insider reporting obligations. The Final Prospectus will specify the disclosure requirements from which SMTC Canada has applied to be exempted and will identify the disclosure that will be made in substitution therefor if such exemptions are granted.

34. Neither SMTC Canada nor the Exchangeable Shares meet the eligibility criteria set forth in NP 44 which would otherwise enable SMTC Canada to use the PREP Procedures in connection with the Offering.

35. Use of the PREP Procedures would permit SMTC Canada and its underwriters to better coordinate the pricing, prospectus delivery, confirmation of purchase, closing and settlement processes in Canada with those anticipated to be employed in the distribution of the shares of SMTC Common Stock in the United States.

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

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

THE DECISION of the Decision Makers under the Legislation is that:

1. the Registration and Prospectus Requirements shall not apply to any Trades made in connection with the Offering, the Exchangeable Share Provisions, the

Voting and Exchange Trust Agreement and the Exchangeable Share Support Agreement;

2. the first trade in the Exchangeable Shares shall be deemed to be a distribution under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") if it is a trade made from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of SMTC Canada to affect materially the control of SMTC Canada (any holding of any person, company or combination of persons or companies holding more than 20% of the outstanding voting securities of SMTC Canada or SMTC shall, in the absence of evidence to the contrary, be deemed to affect materially the control of SMTC Canada) but any such distribution shall not be subject to the prospectus requirements of the Applicable Legislation if:

(a) the distribution is exempted under the Applicable Legislation; or

(b) SMTC Canada is a reporting issuer or the equivalent under the Applicable Legislation, has been a reporting issuer or the equivalent for at least 18 months and is not in default of any requirement of the Applicable Legislation;

(i) the seller files with the applicable Decision Maker(s) and any other stock exchange recognized by such Decision Maker(s) for this purpose on which the Exchangeable Shares are listed at least seven days and not more than 14 days prior to the first trade made to carry out the distribution:

(A) a notice of intention to sell in the form prescribed by the Applicable Legislation for control block distributions (the "Control Block Rules") disclosing particulars of the control position known to the seller, the number of Exchangeable Shares to be sold and the method of distribution; and

(B) a declaration signed by the seller as at a date not more than 24 hours prior to its filing and prepared and executed in accordance with the Control Block Rules and certified as follows:

"the seller for whose account the securities to which this certificate relates are to be sold hereby represents that the seller has no knowledge of any material change which has occurred in the affairs of the issuer of the securities which has not been generally disclosed and reported to the [name of the securities regulatory authority in the jurisdiction where the trade takes place], nor has the seller any knowledge of any other material adverse information in regard to the current and prospective operations of the issuer which have not been generally disclosed";

provided that the notice required to be filed under paragraph (i)(A) and the declaration required to be filed under paragraph (i)(B) shall be renewed and filed at the end of 60 days after the original date of filing and thereafter at the end of each 28 day period so long as any of the Exchangeable Shares specified under the original notice have not been sold or until notice has been filed that the Exchangeable Shares so specified or any part thereof are no longer for sale;

(ii) the seller files with the applicable Decision Maker(s) within three days after the completion of any first such trade, a report of the trade in the form prescribed by the Applicable Legislation;

(iii) no unusual effort is made to prepare the market or to create a demand for the Exchangeable Shares and no extraordinary commission or other consideration is paid in respect of such first trade; and

(iv) the seller (or an affiliated entity) has held the Exchangeable Shares and/or the shares of Common Stock in the aggregate for a period of at least six months (or such longer period prescribed by the Control Block Rules of the Jurisdiction in which the trade takes place), provided that if:

(A) the Applicable Legislation provides that, upon a seller to whom the Control Block Rules apply acquiring additional securities of a class pursuant to certain prescribed exemptions from prospectus requirements under such legislation, all securities of such class are subject to a hold period commencing the date the last security of the class was acquired under such prescribed exemptions; and

(B) the seller acquires the Exchangeable Shares pursuant to any such prescribed exemptions;

all the Exchangeable Shares held by the seller will be subject to a six month (or longer as provided in this paragraph) hold period commencing on the date any such subsequent Exchangeable Shares are acquired;

3. the first trade in shares of SMTC Common Stock acquired by a holder of Exchangeable Shares upon the retraction or redemption of the Exchangeable Shares, in connection with the liquidation, dissolution or winding-up of SMTC Canada or the exercise of the various call rights by SMTC Nova Scotia, the Exchange Right of the Automatic Exchange Rights, as the case may be, shall be a distribution under the Legislation unless such trade is executed through the facilities of a stock exchange or market outside of Canada in accordance with all laws applicable to such stock exchange or market;

4. the Continuous Disclosure Requirements shall not apply to SMTC Canada, provided that, at the time that any such requirements would otherwise apply:

(a) SMTC has sent to all holders of the Exchangeable Shares resident in the Jurisdictions all disclosure material furnished, up to such time, to holders of shares of SMTC Common Stock resident in the United States and in Canada, including, without limitation, copies of its annual reports, annual financial statements and all proxy solicitation materials;

(b) SMTC has filed with the Decision Makers copies of all documents required to be filed, up to such time, by it with the United States Securities and Exchange Commission under the *United States Securities Exchange Act of* 1934, including, without limitation, copies of any Form 10-K, Form 10-Q, Form 8-K and proxy statements prepared in connection with SMTC stockholders' meetings;

(c) SMTC complies with the requirements of Nasdaq in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with the Decision Makers any press release that discloses a material change in SMTC's affairs and SMTC Canada complies with the requirements of the Legislation in respect of making public disclosure of material information on a timely basis in respect of material changes in the affairs of SMTC Canada that are not material changes in the affairs of SMTC;

(d) prior to or coincident with the distribution of the Exchangeable Shares, SMTC causes SMTC Canada to provide to each recipient or proposed recipient of the Exchangeable Shares resident in Canada a statement that, as a consequence of this Decision, SMTC Canada and certain of its insiders will be exempt from certain disclosure requirements in Canada applicable to reporting issuers and their insiders and specifying those requirements SMTC Canada and certain of its insiders have been exempted from and identifying the disclosure that will be made in substitution therefor (which may be satisfied by the inclusion of such a statement in the Final Prospectus);

(e) SMTC includes in all future mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement explaining the reason for the mailed material being solely in relation to SMTC and not in relation to SMTC Canada, such statement to include a reference to the economic equivalency between the Exchangeable Shares and the shares of SMTC Common Stock and the right to direct voting at SMTC stockholders' meetings pursuant to the Voting and Exchange Trust Agreement;

(f) in the event that SMTC Canada delivers an information circular to holders of Exchangeable Shares in connection with an SMTC Canada shareholder meeting, SMTC Canada may omit from the information circular disclosure otherwise required by the Legislation in respect of SMTC Canada, as a reporting issuer, provided that comparable disclosure in respect of SMTC is included in the information circular;

(g) SMTC remains the direct or indirect beneficial owner of all the issued and outstanding voting securities of SMTC Canada; and

(h) SMTC Canada has not issued any securities, other than securities where, in connection with the issuance thereof, SMTC Canada has received relief from the Continuous Disclosure Requirements from the applicable Jurisdictions and other than the Exchangeable Shares and the shares of SMTC Canada held by SMTC Nova Scotia; and

5. the Insider Reporting Requirements shall not apply to any insider of SMTC Canada other than an insider who, if SMTC were a reporting issuer or the equivalent under the Legislation, would also be, under the Legislation, an insider of SMTC.

6. SMTC Canada be and is hereby exempted from the Prospectus Requirements of the Legislation in connection with the distribution of the Exchangeable Shares in the Offering effected in compliance with the PREP Procedures insofar as such requirements concern:

(a) the form and content of a prospectus, including the form of prospectus certificates, filed under the Legislation; and

(b) the filing of an amendment or supplement to a prospectus filed under the Legislation:

provided that:

(c) a prospectus complying with NP 44 is filed under the Legislation pursuant to and in accordance with the requirements and procedures set forth in NP 44, as if SMTC Canada was eligible to use the PREP Procedures; and

(d) such prospectus is supplemented and amended pursuant to and in accordance with the requirements and procedures set forth in NP 44, including the filing of amendments complying with the requirements of the Legislation.

July 20th, 2000.

"Howard I. Wetston" "Morley P. Carscallen"

THE FURTHER DECISION of the Decision Makers under the Legislation is that, in connection with the relief granted in paragraph 6 of this Decision Document, such relief shall also be subject to the following conditions:

(a) the prospectus referred to in paragraph 6(c) of this Decision Document shall be permitted to omit, and the PREP Changes (as defined in NP 44) which will be made in the supplemented prospectus referred to in paragraph 6(d) of this Decision Document shall be permitted to include, the following information:

(i) the aggregate number of Exchangeable Shares included in the Offering;

(ii) the numerical basis on which the Reclassification will be effected;

(iii) the actual number of shares of SMTC Common Stock (including Exchangeable Shares that are assumed to be converted into shares of SMTC Common Stock) issued and outstanding immediately prior to the completion of the Offering as a result of the Reclassification;

(iv) the actual number of shares of SMTC Common Stock to be issued to current shareholders of Pensar Corporation in connection with the acquisition by SMTC of Pensar Corporation;

(v) information as to currency exchange rates between the Canadian dollar and the U.S. dollar; and

(vi) any information (including *pro forma* financial information based on actual offering price) that is dependent on the offering price for the Offering, the aggregate number of Exchangeable Shares included in the Offering, the numerical basis on which the Reclassification will be effected, the actual number of shares of SMTC Common Stock (including Exchangeable Shares that are assumed to be converted into shares of SMTC Common Stock) issued and outstanding immediately prior to the completion of the Offering as a result of the Reclassification, the actual number of shares of SMTC Common Stock to be issued to current shareholders of Pensar Corporation in connection with the Pensar Acquisition, or information as to currency exchange rates between the Canadian dollar and the U.S. dollar.

July 20, 2000.

"Iva Vranic"

2.1.18 Ford Motor Company and Visteon Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - distribution of shares of a foreign company which is not a reporting issuer as a dividend in kind is not subject registration and prospectus requirement - de minimus Ontario holders - first trade is a distribution unless such first trade is conducted through a stock exchange outside of Canada.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25, 53, 35(1)13, 72(1)(g).

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

AND

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

AND

IN THE MATTER OF FORD MOTOR COMPANY

AND

VISTEON CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from Ford Motor Company ("Ford") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to the proposed distribution by Ford of all of its interest in Visteon Corporation ("Visteon") to holders of common stock and class B common stock of Ford as a dividend in kind;

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

AND WHEREAS Ford has represented to the Decision Makers that:

1. Ford is a corporation incorporated under the laws of the State of Delaware in the United States of America (the "U.S.") and is not a reporting issuer in any of the Jurisdictions;

2. as at May 5, 2000, 1,134,402,064 shares of Ford's common stock (the "Common Shares") and 70,852,076 shares of Ford's class B common stock (the "Class B Shares") were outstanding which were held by approximately 394,907 shareholders of record (the Common Shares and Class B Shares are hereinafter collectively referred to as the "Shares"). Of these shareholders, the following have a registered address in each Jurisdiction as indicated: British Columbia - 132 shareholders holding 47,964 Shares (approximately 0.00398% of the outstanding Shares); Alberta - 76 shareholders holding 28,527 Shares (approximately 0.00237% of the outstanding Shares); Saskatchewan - 19 shareholders holding 6,284 Shares (approximately 0.00052% of the outstanding Shares); Manitoba - 33 shareholders holding 7,204 Shares (approximately 0.0006% of the outstanding Shares); Ontario: 1,223 shareholders holding 1,281,338 Shares (approximately 0.1063% of the outstanding Shares); Quebec - 168 shareholders holding 53,796 Shares (approximately 0.00446% of the outstanding Shares); Nova Scotia – 27 shareholders holding 15,223 Shares (approximately 0.00126% of the outstanding Shares); New Brunswick – 15 shareholders holding 12,088 Shares (approximately 0.001% of the outstanding Shares); Prince Edward Island - 2 shareholders holding 168 Shares (approximately 0.00001% of the outstanding Shares); Yukon Territory - 1 shareholder holding 245 Shares (approximately 0.00002% of the outstanding Shares);

3. the Ford Shares are listed and posted for trading on the New York Stock Exchange and are not listed for trading on any Canadian stock exchange and no published market exists for them in Canada;

4. Visteon, based in Dearborn, Michigan is the world's third largest supplier of automotive systems, modules and components and has been the largest supplier of automotive parts to Ford for most of Ford's history. Visteon is presently a wholly-owned subsidiary of Ford;

5. Visteon will file a Form 10 or Form 8-A with the U.S. Securities and Exchange Commission in connection with the registration of its common stock, and at the time the Distribution referred to in Paragraph 6 below is effected, Visteon's common stock will trade on the New York Stock Exchange under the ticker symbol "VC";

6. Ford plans to spin off its 100% interest in Visteon to the holders of its Shares. The spin off would be accomplished by Ford distributing its 130,000,000[1] shares of common stock of Visteon to the holders of the Shares (the "Distribution");

7. In the opinion of U.S. counsel to Ford, the Distribution will be effected in compliance with Delaware law and the U.S. Securities Act of 1933 and the Regulations made thereunder;

8. Residents in the Jurisdictions holding Ford Shares will have the same rights at law, if any, in respect of Visteon's shares and will receive, in connection with the Distribution, the same disclosure documentation received by Ford shareholders with addresses in the U.S.;

9. Visteon will generally have the same disclosure obligations regarding residents in the Jurisdictions holding shares of Visteon as it does regarding Visteon shareholders with addresses in the U.S.; and

10. Ford cannot rely upon the registration and prospectus exemptions contained in the Legislation to effect the Distribution.

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 Registration Requirement and the Prospectus Requirement shall not apply to the Distribution provided that:

A. the Distribution is effected in accordance with Applicable U.S. law;

B. all material relating to the Distribution sent by or on behalf of Ford to holders of Ford Shares outside of Canada is sent to holders of Ford Shares resident in the Jurisdictions and, with the exception of the share certificates representing Visteon's common stock, a copy thereof is filed with each of the Decision Makers in the Jurisdictions; and

C. the first trade of shares of Visteon acquired pursuant to this decision shall be a distribution or primary distribution to the public under the Legislation unless such trade is executed through the facilities of a stock exchange outside of Canada in accordance with all laws and rules applicable to such stock exchange.

June 29th, 2000.

"J. A. Geller" "Stephen N. Adams"

1 A final determination of the number of Visteon shares which will be outstanding on the date of the Distribution has not yet been made. Consequently, this number is subject to change.

2.1.19 Westcoast Energy Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief for senior officers of an issuer and its subsidiaries from insider reporting requirements with respect to acquisitions of securities under automatic share purchase plans, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 1(1), 107,108, 121(2)(a)(ii).

Applicable Ontario Regulations

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

Policies Cited

Proposed National Instrument 55-101 Exemption From Certain Insider Reporting Requirements (2000) 23 OSCB 4212.

IN THE MATTER OF THE CANADIAN SECURITIES LEGISLATION OF THE PROVINCES OF BRITISH COLUMBIA, ALBERTA, ONTARIO, NEWFOUNDLAND AND NOVA SCOTIA

AND

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

AND

IN THE MATTER OF WESTCOAST ENERGY INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Westcoast Energy Inc. ("Westcoast") for
a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation for an insider of a reporting issuer to file insider reports (the "Insider Reporting Requirement") shall not apply to certain senior officers of Westcoast or its subsidiaries (the "Senior Officers") with respect to their acquisition of common shares of Westcoast under its Executive Share Purchase Plan (the "ESPP") as well as the Employee Savings Plan (the "ESP") of Westcoast and its wholly owned subsidiary, ICG Utilities (Canada) Ltd. ("ICG") and the Employee Share Ownership Plan (the "Union ESOP") of Union Gas Limited ("Union"), a subsidiary of Westcoast;

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

AND WHEREAS Westcoast has represented to the Decision Makers that:

1. Westcoast was incorporated by Special Act of the Parliament of Canada in 1949 and was continued under the *Canada Business Corporations Act* in 1976;

2. Westcoast is a reporting issuer or the equivalent in each of the Jurisdictions and is not in default of any of the requirements of the Legislation;

3. the head office of Westcoast is located in Vancouver, British Columbia;

4. the authorized share capital of Westcoast consists of an unlimited number of common shares without par value and preferred shares without par value in two classes of which 115,395,523 common shares (the "Common Shares"), 34,605,687 first preferred shares (the "First Preferred Shares") and no second preferred shares were issued and outstanding as of March 10, 2000;

5. the Common Shares and First Preferred Shares are listed and posted for trading on The Toronto Stock Exchange and New York Stock Exchange;

6. under the ESPP:

(a) participants are officers of Westcoast or any associated corporation or entity who are invited to participate in the ESPP by the Chief Executive Officer;

(b) participants may contribute from 0% to 10% of their eligible compensation to the ESPP by payroll deductions and Westcoast or the relevant employer will contribute an amount equal to the amount contributed by a participant to the ESPP;

(c) participants may also contribute, once in a calendar year, a lump sum contribution to the ESPP which, together with all other contributions, may not exceed 10% of their eligible compensation (the "Lump Sum Contributions");

(d) funds in the ESPP are invested within a specified time period after each month by the trustee under the ESPP in the purchase of Common Shares in the market; the Common Shares are purchased in the open market with all brokerage fees being paid by Westcoast and the participants on a pro-rata basis;

(e) the investment date for the purchase by the trustee of Common Shares is within 5 business days of each month;

(f) Common Shares purchased with contributions of Westcoast or the relevant employer are subject to a two-year hold period, and, in any event, cannot be sold unless the participant's holdings exceed his/her stock option guideline as prescribed by the Human Resources and Compensation Committee of the Board of Directors of Westcoast; and

(g) funds invested and held under the ESPP will be invested in full, which may result in the purchase of fractions of a Common Share;

7. the ESPP was approved by the Westcoast board of directors on April 28, 1999;

8. the number of Common Shares that may be purchased under the ESPP is only limited by the salaries of the participants, but will be minimal in relation to the total number of Common Shares outstanding;

9. under the ESP:

(a) participants are employees of Westcoast or its subsidiaries, associated corporations or entities invited to participate in the ESP;

(b) participants may contribute from 2% to 10% of their eligible compensation to the ESP by payroll deductions and Westcoast or the relevant employer will contribute between 50% to 100% of the amount contributed by a participant (depending on the length of the participant's service) to the ESP, or to a group registered retirement savings plan (employer contributions only), up to a specified maximum percentage (5%) of an employees eligible compensation;

(c) the participant may direct the trustee of the ESP to invest the participant's contributions in a savings account or Common Shares, and to invest Westcoast's contributions in a savings account or Common Shares;

(d) funds in the ESP, including dividends on Common Shares held in the ESP, are invested at least monthly by the trustee under the ESP in the purchase of Common Shares in the market, from private securities or from treasury;

(e) all brokerage fees are added to the cost of the Common Shares, except that there are no brokerage fees payable on purchases of Common Shares from Westcoast; and

(f) funds invested and held under the ESP will be invested in full, which may result in the purchase of fractions of a Common Share;

10. the ESP has been approved by the board of directors for Westcoast and ICG;

11. under the Union ESOP:

(a) participants are employees of Union, or a subsidiary or affiliated corporation designated by Union to participate in the Union ESOP;

(b) participants may contribute at least 1% (minimum $300 per year) of their eligible compensation to the Union ESOP by payroll deductions and Union or the relevant employer will contribute an amount equal to 33 1/3% of the amount contributed by a participant to the Union ESOP up to a maximum of 3 1/3% of an employees eligible compensation;

(c) funds in the Union ESOP, including any interest on investments held in the Union ESOP, are invested at least monthly by the trustee under the Union ESOP in the purchase of Common Shares in the market, from private securities or from treasury;

(d) all brokerage fees are paid by Union;

(e) all contributions by a participating employee are vested in the employee at all times and all contributions by Union or the appropriate employer are vested in the employee one year after the employee joined the Union ESOP; and

(f) funds invested and held under the Union ESOP will be invested in full, which may result in the purchase of fractions of a Common Share;

12. the ESOP was approved by the Union board of directors on April 1, 1964;

13. Senior Officers have no authority to determine the prices or times at which the Common Shares are purchased on his or her behalf under the ESPP, ESP or Union ESOP (the "Plans");

14. each of the Plans is an "automatic share purchase plan" as such term is defined in proposed National Instrument 55-101 - Exemption from Certain Insider Reporting Requirements (2000), 23 BCSC 54; once a Senior Officer elects what, if any, to contribute under a Plan, the timing of the acquisition, the number of Common Shares acquired and the price paid for such acquisition are all determined by the criteria set out in the Plan; and

15. unless this order is granted, each Senior Officer who elects to acquire Common Shares under a Plan would be subject to the Insider Reporting Requirement each time he or she acquires Common Shares under the Plan;

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 Insider Reporting Requirement shall not apply to the acquisition by a Senior Officer of Common Shares under any of the Plans, other than acquisitions under a Lump Sum Contribution, provided that:

1. the Senior Officer files, in the form prescribed for the Insider Reporting Requirement, all acquisitions of Common Shares under the Plan that have not previously been reported by or on behalf of the Senior Officer:

(a) for any Common Shares acquired under the Plan which have been disposed of or transferred, within the time

required by the Legislation for reporting the disposition or transfer; and

(b) for any Common Shares acquired under the Plan during a calendar year, which have not been disposed of or transferred, within 90 days of the end of the calendar year;

2. the Senior Officer does not beneficially own, directly or indirectly, voting securities of Westcoast, or exercise control or direction over voting securities of Westcoast, or a combination of both, that carry more than 10 percent of the voting rights attaching to all outstanding voting securities of Westcoast; and

3. this decision terminates on the effective date of proposed National Instrument 55-101 or any legislation or rule dealing with the similar exemptions from the Insider Reporting Requirement.

July 21, 2000.

"Margaret Sheehy"
Margaret Sheehy
Director

2.1.20 WIC Amalco Inc. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF
WIC AMALCO INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from WIC Amalco Inc. ("WIC Amalco") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that WIC Amalco, as successor to WIC Western International Communications Ltd. ("WIC") by amalgamation, cease to be a reporting issuer or the equivalent thereof under the Legislation;

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

AND WHEREAS WIC Amalco has represented to the Decision Maker that:

1. WIC was a reporting issuer, or the equivalent thereof, under the Legislation;

2. On March 31, 2000 WIC was amalgamated (the "Amalgamation") with CW Newco Inc. to be continued as WIC Amalco and, as a result, WIC Amalco is a reporting issuer, or the equivalent thereof, under the Legislation;

3. The authorized capital of WIC Amalco consists of an unlimited number of WIC Amalco Common Shares and an unlimited number of WIC Amalco Preferred Shares.

There are 973,045,490 WIC Common Shares issued and outstanding, all of which are held by CW Sharehloldings Inc. and no WIC Amalco Preferred Shares outstanding. The securities of WIC Amalco were delisted from the Toronto Stock Exchange April 13, 2000.

4. As of March 31, 2000, WIC Amalco was not in default of its obligations as a reporting issuer, or the equivalent thereof, under the Legislation;

5. As a result of the Amalgamation, CW Shareholdings Inc., the sole shareholder of CW Newco Inc. prior to the Amalgamation, received WIC Amalco Common Shares and the remaining shareholders of WIC (other than those who exercised their right to dissent to the Amalgamation, whose shares were cancelled) received WIC Amalco Preferred Shares;

6. Immediately following the Amalgamation, the WIC Amalco Preferred Shares were redeemed for cash. As a result, CW Shareholdings Inc. is the sole shareholder of WIC Amalco;

7. The shares of WIC Amalco are not listed on any stock exchange;

8. The head office of WIC Amalco is located in Winnipeg, Manitoba;

9. CW Shareholdings Inc. is the only security holder of WIC Amalco and, accordingly, WIC Amalco has fewer than 15 security holders whose latest address, as shown on its books, is in each of the Jurisdictions; and

10. WIC Amalco does not intend to seek public financing by way of an issue of securities.

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

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

The Decision of the Decision Makers under the Legislation is that WIC Amalco, as the successor to WIC, is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

Dated this 11th day of July, 2000

"Doug R. Brown"
Director - Legal

2.1.21 MD Balanced Fund et al - MRRS DecisionHeadnote

MRRS for Exemptive Relief Applications - Extension of lapse date to permit a number of funds sufficient time to conform their renewal prospectuses to the new disclosure requirements of NI 81-101.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF

MD BALANCED FUND
MD BOND FUND
MD BOND AND MORTGAGE FUND
MD DIVIDEND FUND
MD EQUITY FUND
MD GLOBAL BOND FUND
MD GROWTH INVESTMENTS LIMITED
MD MONEY FUND
MD SELECT FUND
MD US EQUITY FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces and territories of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Northwest Territories, Nunavut Territory and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from MD Funds Management Inc. (the "Manager"), MD Balanced Fund, MD Bond Fund, MD Bond and Mortgage Fund, MD Dividend Fund, MD Equity Fund, MD Global Bond Fund, MD Growth Investments Limited, MD Money Fund, MD Select Fund, and MD US Equity Fund (the "Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of securities under the simplified prospectus (the "Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was August 9, 2000.

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

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

(a) The Manager is a corporation incorporated under the laws of Canada. The Manager is the manager and promoter of the Funds.

(b) Other than MD Growth Investments Limited which is a mutual fund corporation, the Funds are open-ended mutual fund trusts established by the Manager under the laws of Ontario. Each of the Funds is qualified for distribution in each of the provinces and territories of Canada by means of a simplified prospectus and annual information form dated June 30, 1999.

(c) Each Fund is a reporting issuer in each of the provinces and territories of Canada and is not in default of any requirements of the Legislation or the rules or regulations made thereunder.

(d) Pursuant to the Legislation, the earliest lapse date in the Jurisdictions for the distribution of securities of the Funds under the Prospectus was June 30, 2000 (the "Lapse Date"). The lapse date for the distribution of securities of the Funds under the Prospectus in Ontario was July 2, 2000.

(e) There has been no material change to the affairs of the Funds since the date of the Prospectus, except as have been reflected in amendments filed to the Prospectus. Accordingly, the Prospectus represents up to date information regarding each of the Funds offered. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus of the Funds and accordingly will not be prejudicial to the public interest.

(f) A *pro forma* simplified prospectus and *pro forma* annual information form for the Funds was filed with each of the Jurisdictions under National Policy 43-201 Mutual Reliance Review System for Prospectuses and Annual Information Forms on May 15, 2000 (the "Renewal Prospectus"). The Renewal Prospectus also includes preliminary simplified prospectuses and annual information forms for the proposed distribution of securities of other mutual funds forming part of the MD family of funds.

(g) The Renewal Prospectus was required to be filed in accordance with National Instrument 81-101 Mutual Fund Prospectus Disclosure ("NI 81-101"), Form NI 81-101F1, Form NI 81-101F2 and Companion Policy 81-101CP, which collectively implement a new regulatory regime governing the required disclosure provided by mutual funds under securities legislation in Canada.

(h) The Manager has received extensive comments from the principal regulator in order to conform the Renewal Prospectus to the disclosure requirements of NI 81-101 and requires additional time to consider these comments and revise the disclosure documents accordingly.

(i) Without an extension of the Lapse Date, there would not be sufficient time for the Manager to properly address and resolve the comments raised by the principal regulator.

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 are satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the time limits provided by Legislation as they apply to a distribution of securities under a prospectus are hereby extended to the time limits that would be applicable if the Lapse Date for the distribution of securities under the Prospectus of the Funds was August 9, 2000.

July 7th, 2000.

"Rebecca Cowdery"

2.2 Orders

2.2.1 Anglo-Canadian Telephone Company - s.83

Headnote

Section 83 of the Ontario Securities Act-Reporting issuer with one remaining security holder deemed to have ceased to be a reporting issuer.

Ontario Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 1(1) 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 ANGLO-CANADIAN TELEPHONE COMPANY

ORDER
(Section 83)

WHEREAS Anglo-Canadian Telephone Company (the "Issuer") has applied to the Ontario Securities Commission (the "Commission") for an order pursuant to section 83 of the Act that it shall be deemed to have ceased to be a reporting issuer;

AND UPON it being represented to the Commission that:

1. The Issuer is a corporation incorporated under the laws of Quebec.

2. The Issuer is a reporting issuer under the Act and is not in default of any of the requirements of the Act or the rules or regulations made thereunder.

3. The authorized capital of the Issuer consists of an unlimited number of common shares (the "Common Shares") and 1,000,000 preferred shares (the "Preferred Shares"). GTE Corporation is the sole holder of the Common Shares.

4. Effective July 15, 2000, all of the Preferred Shares were redeemed and thereby GTE Corporation became the sole security holder of the Issuer.

5. The Preferred Shares were delisted from the Toronto Stock Exchange effective July 15, 2000. No other securities of the Issuer are listed or quoted on any exchange or organized market. There is no public debt of the Issuer outstanding.

AND UPON the Commission 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 the Issuer is deemed to have ceased to be a reporting issuer for the purposes of the Act.

July 18th, 2000.

"Heidi Franken"

2.2.2 Westfield Minerals Ltd. - 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 WESTFIELD MINERALS LIMITED

ORDER
(Section 83)

WHEREAS Westfield Minerals Limited, a corporation continued under the laws of Canada, has applied for an order pursuant to section 83 of the Act;

AND UPON it being represented that Westfield Minerals Limited 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 Westfield Minerals Limited is deemed to have ceased to be a reporting issuer for the purposes of the Act.

July 11th, 2000.

"Heidi Franken"

2.2.3 Greenock Financial Corp. - s.144

Headnote

Section 144 - revocation of cease trade order upon remedying of default, updating of public disclosure record and mailing of disclosure information, together with outstanding financial statements, to shareholders.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5 as am., ss. 127(1), 127(5), 144.

Notices Cited

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

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

AND

IN THE MATTER OF GREENOCK FINANCIAL CORP.

ORDER
(Section 144)

UPON the application (the "Application") of Greenock Financial Corp. (the "Applicant") to the Director of the Ontario Securities Commission (the "Commission") for an order pursuant to section 144 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, (the "Act") to revoke the Cease Trade Order (as defined below);

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

AND UPON it being represented by the Applicant that:

1. The Applicant is a corporation incorporated under the federal laws of Canada pursuant to Articles of Incorporation dated September 3, 1992;

2. The Applicant became a reporting issuer in the Province of Ontario on November 16, 1995;

3. The authorized share capital of the Applicant consists of an unlimited number of common shares, of which 12,860,773 shares are issued and outstanding as of the date hereof;

4. The common shares of the Applicant are quoted but suspended from trading on the Canadian Dealing Network;

5. The securities of the Applicant are the subject of a cease trade order (the "Cease Trade Order") issued by the Commission on April 28,1999 as an extension of a temporary cease trade order made on April 15, 1999 as a result of the Applicant's failure to file audited annual financial statements for the year ended October 31,

1998 and interim financial statements for the three month period ended January 31, 1999 (collectively, the Financial Statements), due to financial difficulties;

6. The audited annual financial statements for the financial years ended October 31, 1998 and October 31, 1999 and the unaudited interim financial statements for the periods ended January 31, 1999, April 30, 1999, July 31, 1999 and January 31, 2000 were mailed to the shareholders of the Applicant on June 8, 2000 and filed with the Commission on May 29, 2000;

7. Unaudited interim financial statements for the period ended April 30, 2000 were mailed to shareholders of the Applicant and filed with the Commission on June 23, 2000.

8. The Applicant is not considering, nor is it involved in any discussions relating to, a reverse takeover or similar transaction;

9. Except for an order issued by the Commission on April 28, 1998 to cease trade the securities of the Applicant for failure to file audited financial statements for the year ended October 31, 1997 and interim financial statements for the three months ended January 31, 1998, which was revoked on November 28, 1998, the Applicant has not been subject to any previous cease trade orders issued by the Commission;

10. Except for the current Cease Trade Order, the Applicant is not in default of any requirement of the Act or the regulations made thereunder;

11. The Applicant is not a "shell issuer" as that term is defined in the Staff Notice on Revocation of Cease Trade Orders, (1995) 18 OSCB.

AND UPON the Director being satisfied that the Applicant has now complied with the continuous disclosure requirements under Part XVIII of the Act and has remedied its default in respect of such requirements;

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Cease Trade Order is hereby revoked;

July 13th, 2000.

"I. Vranic"

2.3 Rulings

2.3.1 Conexant Systems, Inc. and Philsar and Semiconductor Inc. - ss. 74(1)

Headnote

Subsection 74(1) - Registration and prospectus relief granted for trades in exchangeable securities of non-reporting Canadian issuer and common shares of non-reporting U.S. issuer made in connection with a cross-border acquisition, subject to certain conditions including first trade restrictions on the exchangeable shares and the underlying common shares.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 53, 72(5) and 74(1).

Rules Cited

Rule 45-501 - *Exempt Distributions*, (1998), 21 OSCB 6548.

Rule 72-501 - *Prospectus Exemption for First Trade over a Market Outside Ontario*, (1998) 21 OSCB 3873.

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

AND

IN THE MATTER OF CONEXANT SYSTEMS, INC. AND PHILSAR SEMICONDUCTOR INC.

RULING (Subsection 74(1))

UPON the application of Conexant Systems, Inc. ("Conexant"), on its own behalf and on behalf of Philsar Semiconductor Inc. ("Philsar") to the Ontario Securities Commission (the "Commission") for a ruling, pursuant to subsection 74(1) of the Act, that certain trades in securities made in connection with the acquisition of control (the "Transaction") of Philsar by Conexant pursuant to a reorganization agreement entered into on April 11, 2000 between Philsar and Conexant (the "Reorganization Agreement"), shall not be subject to section 25 or 53 of the Act;

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

AND UPON Philsar and Conexant having represented to the Commission as follows:

1. Conexant was incorporated under the laws of the State of Delaware on September 16, 1996.

2. Conexant is the world's largest independent company focussed exclusively on providing semiconductor products for communications electronics. With more than 30 years of experience in developing communications products, first as a subsidiary of Rockwell International Corporation and then as an independent company following its spin-off, Conexant draws upon its expertise in mixed-signal processing technology to deliver semiconductor integrated circuit products and system-level solutions for a broad range of communications applications.

3. The shares of common stock of Conexant (the "Conexant Shares") are quoted on NASDAQ and, as at May 26, 2000, Conexant's market capitalization was approximately U.S. $7,489,165,517.

4. Conexant is currently subject to the informational requirements of the United States *Securities Exchange Act of 1934*, as amended (the "Exchange Act"). Conexant is not and has no intention of becoming a "reporting issuer" under the Act or under the securities legislation of any other province or territory of Canada.

5. Conexant will file with NASDAQ the required form of application for the quotation of all additional Conexant Shares issuable in connection with the Transaction, including pursuant to the exchange of all issuable exchangeable shares of Philsar (the "Exchangeable Shares").

6. Conexant will file with the United States Securities and Exchange Commission (the "SEC") a Registration Statement on Form S-3 to register the Conexant Shares issuable in respect of the Exchangeable Shares, convertible debenture options of Philsar (the "Convertible Debenture Options") and warrants of Philsar (the "Warrants") and will also file with the SEC a Registration Statement on Form S-8 to register the Conexant Shares issuable upon exercise of options granted by Philsar to its employees, directors, officers and consultants (the Employee Stock Options").

7. As of May 26, 2000, the authorized capital stock of Conexant consisted of 1,000,000,000 Conexant Shares of which 217,471,231 Conexant Shares were issued and outstanding, and 25,000,000 shares of preferred stock, without par value, issuable in series, of which none was issued and outstanding.

8. Conexant's principal executive offices are located at 4311 Jamboree Road, Newport Beach, California, U.S.A.

9. Philsar was incorporated under the laws of Canada on August 25, 1993.

10. Philsar is a company dedicated to the development of semiconductor solutions for personal wireless connectivity using radio technology.

11. Philsar is not a "reporting issuer" (or the equivalent) under the Act or under the securities legislation of any other province or territory of Canada.

12. As of April 10, 2000 the authorized capital of Philsar consisted of an unlimited number of Class A Preferred Shares, Class B Preferred Shares and common shares (collectively, the "Philsar Shares"), of which 11,616,666

Class A Preferred Shares, 3,320,042 Class B Preferred Shares and 11, 317,381 common shares were issued and outstanding. Of the 9 holders of Class A Preferred Shares, 1 is resident in Ontario, 1 is resident in Japan and 9 are resident in the United States. Of the 47 holders of Class B Preferred Shares, 36 are resident in Ontario, 2 are resident in Quebec, 1 is resident in Japan and 8 are resident in the United States. Of the 59 holders of common shares, 35 are resident in Ontario, 10 are resident in Quebec, 1 is resident in Nova Scotia, 1 is resident in Barbados, 1 is resident in England and 11 are resident in the United States.

13. Philsar's principal executive offices are located at 146 Colonnade Road South, Nepean, Ontario, Canada.

14. If required to effect the Transaction on a more tax-effective basis, Conexant will incorporate a new wholly-owned subsidiary ("Holdco") under the *Canada Business Corporations Act* (the "CBCA") as a private company. Holdco will have the right to perform certain of Conexant's obligations to deliver Conexant Shares for Exchangeable Shares, as described below, thus permitting Conexant to acquire a higher cost base in the Exchangeable Shares which it acquires from shareholders of Philsar.

15. The amendments to Philsar's articles of incorporation creating :(a) the Class C Non-Voting Preferred Shares; (b) an unlimited number of Exchangeable Shares; and (c) an unlimited number of Class A Common Shares have been approved by way of resolutions in writing signed by all of the shareholders of Philsar pursuant to section 142 of the CBCA. In connection with obtaining the written approval of its shareholders for the Amendments and the Transaction, Philsar provided its shareholders with a confidential information memorandum dated April 11, 2000 (the "Information Memorandum") prepared by Philsar and Conexant, a copy of which accompanies this application. The Information Memorandum includes a description of the Transaction and the attributes of the Exchangeable Shares and contains prospectus-level disclosure relating to the business and affairs of Conexant as required pursuant to the Exchange Act and related rules of the SEC for reports on Form 10-K and Form 10-Q.

16. Pursuant to the Reorganization Agreement, each Philsar Share became a fraction of an Exchangeable Share. The amount of the fraction was determined immediately prior to the closing of the Transaction, with reference to the market price of the Conexant Shares.

17. Philsar issued 60,000 Class A Common Shares to Conexant in consideration for the transfer to Philsar by Conexant of 100 Class C Non-Voting Preferred Shares of Philsar, which shares were then cancelled by Philsar.

18. The Exchangeable Shares, together with the Voting and Exchange Trust Agreement and Support Agreement described below, provide holders of the Exchangeable Shares with a security of a Canadian issuer having economic and voting rights which are, as nearly as practicable, equivalent to those of a Conexant Share. Exchangeable Shares will be received by certain holders of Philsar Shares on a Canadian tax-deferred rollover basis. The Exchangeable Shares will be exchangeable by a holder thereof for Conexant Shares on a one-for-one basis at any time at the option of the holder and will be required to be exchanged upon the occurrence of certain events, as described below. Subject to applicable law, dividends will be payable on the Exchangeable Shares contemporaneously and in the equivalent amount per share as dividends on the Conexant Shares, although currently no dividends are anticipated to be paid on the Conexant Shares. The number of Exchangeable Shares exchangeable for the Conexant Shares is subject to adjustment or modification in the event of a stock split or other change to the capital structure of Conexant so as to maintain at all times the initial one-to-one relationship between the Exchangeable Shares and the Conexant Shares.

19. As a result of the Transaction:

(a) Philsar became a subsidiary of Conexant;

(b) Conexant owns approximately 95% of the votes attaching to all of Philsar's voting securities (through Conexant's ownership of the 60,000 Class A Common Shares); and

(c) holders of the Exchangeable Shares own approximately 5% of the votes attaching to all of Philsar's voting securities.

20. The Exchangeable Shares have preference over the Class A Common Shares and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of property or assets in the event of the liquidation, dissolution or winding-up of Philsar, whether voluntary or involuntary, or any other distribution of property or assets of Philsar among its shareholders for the purpose of winding-up its affairs. The preference of the Exchangeable Shares over the Class A Common Shares in respect of the payment of dividends is solely to the extent of any cash or non-cash dividends declared on Conexant Shares but not yet declared and paid on Exchangeable Shares.

21. Holders of Exchangeable Shares are entitled to receive:

(a) in the case of a cash dividend declared on the Conexant Shares, for each Exchangeable Share, an amount in cash equal to the Canadian dollar equivalent of the cash dividend declared on each Conexant Share;

(b) in the case of a share dividend declared on Conexant Shares to be paid in Conexant Shares, for each Exchangeable Share, a number of Exchangeable Shares equal to the number of Conexant Shares to be paid on each Conexant Share; and

(c) in the case of a dividend declared on the Conexant Shares to be paid in property (other than cash or Conexant Shares), for each Exchangeable Share, a type and amount of property which is the same as or economically equivalent to the type and amount of property declared as a dividend on each Conexant Share.

Any dividends will be paid out of money, assets or property of Philsar properly applicable to the payment of dividends.

22. So long as any of the Exchangeable Shares are outstanding, Philsar will not without, but may at any time with, the approval of the holders of the Exchangeable Shares, given as specified in the Exchangeable Share provisions:

(a) amend the constating documents of Philsar in a manner which would prejudicially affect the holders of the Exchangeable Shares in any material respect; or

(b) amalgamate with any other corporation, initiate voluntary liquidation, dissolution or winding-up of Philsar nor take any action designed to result in the liquidation, dissolution or winding-up of Philsar.

23. So long as any of the Exchangeable Shares are outstanding and any dividends required to have been declared and paid on the outstanding Exchangeable Shares pursuant to the Exchangeable Share provisions have not been declared and paid in full, Philsar will not without, but may at any time with, the approval of the holders of the Exchangeable Shares given as specified in the Exchangeable Share provisions:

(a) pay any dividends on the Class A Common Shares or any other shares ranking junior to the Exchangeable Shares, other than share dividends payable in any other shares ranking junior to the Exchangeable Shares;

(b) redeem or purchase or make any capital distribution in respect of the Class A Common Shares, or any other shares ranking junior to the Exchangeable Shares, with respect to the payment of dividends or on any liquidation distribution; or

(c) redeem or purchase any other shares of Philsar ranking equally with the Exchangeable Shares with respect to the payment of dividends or any liquidation distribution.

24. On the liquidation of Philsar, each holder of Exchangeable Shares has the right (the "Liquidation Right") to receive an amount per share (the "Exchangeable Share Price") equal to:

(a) the average of the closing bid and ask prices of Conexant Shares during the ten consecutive trading days before the liquidation date; plus

(b) an additional amount representing any declared and unpaid dividends on the Exchangeable Shares; plus

(c) an additional amount representing any dividends declared on Conexant Shares but which have not been declared on the Exchangeable Shares; plus

(d) an additional amount representing the value of non-cash dividends declared and unpaid on the Exchangeable Shares;

subject to Conexant's (or Holdco's) overriding call right (the "Liquidation Call Right") to acquire the Exchangeable Shares in consideration for:

(e) one Conexant Share; plus

(f) an amount equal to the sum of clauses (b), (c) and (d) above; (collectively, the "Exchangeable Share Consideration").

25. On the liquidation of Conexant, each Exchangeable Shares will be automatically exchanged for a Conexant Share.

26. Exchangeable Shares may be retracted by the holder (the "Retraction Right") at any time for a retraction price per share equal to the Exchangeable Share Price, subject to Conexant's (or Holdco's) overriding call right (the "Retraction Call Right") to acquire the Exchangeable Shares in consideration for the Exchangeable Share Consideration.

27. Conexant shall have the overriding right (the "Redemption Call Right") to purchase from all, but not less than all, of the holders of the Exchangeable Shares on or after the earlier of May 30, 2005 and the date which is 150 days after the date on which fewer than 150,000 Exchangeable Shares remain outstanding (the "Automatic Redemption Date") all but not less than all of the Exchangeable Shares held by each holder on payment to such holder of the Exchangeable Share Price which shall be fully paid and satisfied by delivery of the Exchangeable Share Consideration.

28. A holder of Exchangeable Shares has the right (the "Exchange Put Right") at any time to require Conexant to purchase all or any part of the Exchangeable Shares of the holder on payment of the Exchangeable Share Price, which shall be fully paid and satisfied upon delivery of the Exchangeable Share Consideration.

29. Subject to applicable law, and provided that if neither Conexant nor Holdco exercise the Redemption Call Right, Philsar shall on the Automatic Redemption Date redeem all of the outstanding Exchangeable Shares for an amount for each Exchangeable Share equal to the Exchangeable Share Price which shall be fully paid and satisfied by the Exchangeable Share Consideration.

30. Each Exchangeable Shares entitles the holder to one vote.

31. Contemporaneously with the closing of the Transaction, Conexant and Philsar entered into a Support Agreement which provides, among other things:

(a) that Conexant will not declare or pay any dividends or make any distributions on the Conexant Shares unless Philsar is able to declare and pay, and simultaneously declares or pays or makes, as the case may be, an equivalent dividend or distribution on the Exchangeable Shares; and

(b) that Conexant will do all things necessary or desirable to ensure that (i) Philsar is able to perform its

obligations with respect to the satisfaction of the Exchangeable Share Price upon exercise of the Liquidation Right or the Retraction Right, (ii) Conexant is able to deliver to holders of Exchangeable Shares the Exchangeable Share Consideration upon exercise of the Redemption Call Right or the Exchange Put Right, (iii) holders of Exchangeable Shares will be able to participate in certain types of take-over bids proposed or approved by Conexant, without being required to exchange their Exchangeable Shares for Conexant Shares and (iv) Philsar will be able to satisfy its obligations to deliver Conexant Shares upon the exercise of the Warrants, Employee Stock Options and Convertible Debenture Options.

32. Contemporaneously with the closing of the Transaction, Conexant and CIBC Mellon Trust Company (the "Trustee") entered into a Voting and Exchange Trust Agreement, pursuant to which, among other things:

(a) Conexant issued to the Trustee one Series B Preferred Voting Stock (the "Conexant Preferred Share") entitling the Trustee to that number of votes equal to the number of Exchangeable Shares from time to time issued and outstanding (excluding any Exchangeable Shares held by Conexant or Holdco); and

(b) each holder of an Exchangeable Shares will be able to instruct the Trustee to vote at meetings of holders of Conexant Shares.

33. In connection with the Transaction, the Convertible Debenture Options , the Warrant and the Employee Stock Options were amended to provide that, among other things, upon due exercise thereof, the holder will receive Conexant Shares in lieu of Philsar Shares.

34. Certain trades or potential trades in Exchangeable Shares and/or Conexant Shares will or may take place in connection with the various exchange and call rights created under the Exchangeable Share provisions, the Voting and Exchange Trust Agreement and the Support Agreement and pursuant to the exercise of the Convertible Debenture Options, Warrants and Employee Stock Options, as amended. To the extent that there are no exemptions from sections 25 and 53 of the Act available for such trades (the "Non-Exempt Trades"), exemptive relief is required.

35. If the current Ontario shareholders of Philsar acquired the maximum number of Conexant Shares to which they are entitled pursuant to the Exchangeable Share provisions, persons or companies who were in Ontario and who beneficially owned Conexant shares would constitute less than 10% of the total number of beneficial holders of Conexant Shares, holding less than 10% of the total issued and outstanding Conexant Shares.

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

IT IS RULED pursuant to subsection 74(1) of the Act that the Non-Exempt Trades shall not be subject to sections 25 or 53 of the Act, provided that the first trade in Exchangeable Shares or Conexant Shares acquired pursuant to this ruling shall be a distribution unless:

(a) such trade is made in compliance with section 72(5) of the Act and section 2.18(3) of Ontario Securities Commission Rule 45-501 *Exempt Distributions* as if the securities had been issued pursuant to one of the exemptions referenced in section 72(5) of the Act; or

(b) such trade is made in accordance with Rule 72-501 *Prospectus Exemption for First Trade Over a Market Outside Ontario* as if the security were a restricted security as defined in the Rule.

July 7th, 2000.

"Howard I. Wetston" "Morley P. Carscallen"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 RT Capital Management Inc. et al.

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

Hearing:	July 20, 2000		
Panel:	John A. Geller, Q.C.	-	Vice-Chair
	Howard I. Wetston, Q.C.	-	Vice-Chair
	Robert W. Davis, F.C.A.	-	Commissioner
Counsel:	Hugh Corbett	-	For the Staff of the Ontario Securities Commission
	Paul Steep Rene Sorell Jeremy Devereux	-	For R.T. Capital Management Inc.
	Paul Steep Rene Sorell Jeremy Devereux	-	For K. Michael Edwards
	Jeffrey Leon	-	For Timothy K. Griffin
	Nancy J. Spies	-	For Donald E. Webster
	Benjamin Zarnett	-	For Jennifer I. Lederman
	Sandra Forbes	-	For Peter A. Rodrigues
	Linda Fuerst	-	For Peter B. Larkin
	James C. Tory	-	For Gary N. Baker
	Nigel Campbell Robert Brush	-	For Patrick Shea
	Joel Wiesenfeld	-	For Marion Gillespie

DECISION AND REASONS

We have carefully considered the Settlement Agreement dated July 18, 2000 in this matter, and have concluded that it is in the public interest for us to make the order requested approving it. In doing so, we accept that this is a comprehensive settlement reflecting various roles of the Respondents in connection with RT's high closing activities.

The Settlement Agreement and sanctions are in keeping with the purposes of the Act and the principles through which those purposes are to be achieved, as set out in sections 1.1 and 2.1 of the Act. The sanctions provide both specific and general deterrence; redress to any RT clients who may have been adversely affected by the high-closing activity; and some assurance that this type of conduct cannot recur at RT.

It may be that the additional fees collected by RT Capital Management Inc. ("RT") were not large when measured against its total revenues, but to focus on this would be to entirely misunderstand the serious nature of RT's actions, and those of the individual Respondents.

Some financial harm resulted from those actions to investors who overpaid for securities as a result of the high closings and to clients of RT who overpaid fees as a result of them. Whether or not the overpayments are now refunded, such harm would itself justify the imposition of sanctions under subsection 127(1) of the Securities Act.

Even greater harm has been caused to the capital markets by the actions of the Respondents. Investors and clients of a registrant have the right to be fairly dealt with by the registrant to whom they have entrusted their investments. Clients who entrust their investment funds to an advisor have the right to assume that purchases and sales will be made for their accounts only for their benefit, and not for the benefit of the advisor. They have the right to assume that the fees which they pay the advisor will not be inflated as a result of improper actions of the advisor. Pension funds and other investors, in deciding which advisor to retain, have the right to assume that "rankings" will not be falsified by such actions. In short, they all have the right to assume that registrants will act ethically.

Actions of the sort alleged by Staff of the Commission, and admitted by the Respondents, by a significant market participant such as RT raise questions as to whether a corporate culture exists which encourages or permits such actions to occur. At the very least, there appears to have been inadequate corporate governance and procedures at RT, resulting in little or no attempt by its directors and senior officers to ensure that there was an adequate compliance system in place, and enforced, to protect against such actions. In either case, the credibility of the capital markets must be adversely impacted.

It is necessary for us to make it clear that such actions will not be countenanced or taken lightly. We expect compliance plans to be in place at dealers and advisors, including portfolio managers, which make actions of this sort difficult if not impossible to carry out without immediate detection. We expect that the directors and senior officers of dealers and advisors will ensure that such plans are in place, and that they are enforced. We expect dealers and advisors to ensure that their corporate cultures do not encourage such actions, and that their employees who engage in them, no matter how senior or important to the business, will be appropriately dealt with. Anything less is not acceptable for a dealer and advisor.

The sanctions imposed on for the officers and directors of RT will also send a message to senior management of companies involved in the capital markets that a strong culture of compliance must be fostered at the highest levels of an organization and diligently enforced throughout. The investing public, and clients in particular, are entitled to depend on these officers and directors to establish and enforce practices to protect their interests. Those officers and directors who fail to do so will be held personally accountable. In this case, all of the respondents who were officers and directors of RT will be removed from their positions of trust and authority for an appropriate period of time.

RT will pay the sum of $3 million to the Commission and these funds will be used for the benefit of investors in Ontario. As a registrant, the highest standards of compliance are expected of RT. RT must accept responsibility for its conduct and it has done so in this case. This financial sanction sends a message to RT and to the investment industry that the cost of non-compliance exceeds the cost of compliance. In addition, the costs of the investigation and hearing, in the sum of approximately $150,000 will be paid by the Respondents, so that they will not have to be borne by other market participants.

We have considered the Settlement Agreement against this background, and have concluded that the sanctions imposed are adequate to signal the Commission's view of the seriousness of the breaches by the Respondents, and to protect investors and the marketplace against similar further actions by them. In reaching this conclusion, we have also taken into account Commission decisions which make it clear that general deterrence may properly be taken into account in assessing what sanctions are appropriate to discourage similar conduct by others.

July 20th, 2000.

"J. A. Geller" "Howard I. Wetston"

"Robert W. Davis"

Chapter 4

Cease Trading Orders

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Chapter 5

Rules and Policies

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Chapter 6

Request for Comments

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IN THIS ISSUE

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date	Security	Price ($)	Amount
06Jul00	1426163 Ontario Inc. - Floating Rate Exchangeable Debentures, Series 2000	112,500,000	112,500,000
04Jul00	AIG Canada Small Companies Fund - Units	6,500,000	650,00
13Jun00	Alliance Atlantis Communications Inc. - Senior Subordinated Notes due 2009	US,4,000,000	$4,000,000
12Jul00	Ascendant Limited Partnership - Limited Partnership Units	400,000	400
13Jul00	Autobranch Technologies Inc. - Common Shares	150,500	215,000
12Apr00 to 31May00	Bank of Montreal Mortgage Corporation - Common Shares	650,000,000	650,000,000
23Jun00	BPI American Opportunities Fund - Units	3,175,578	21,481
16Jun00	BPI American Opportunities Fund - Units	1,429,206	9,621
04Jul00	Canada Payphone Corporation - Special Warrants	164,160	136,000
07Jul00	Classwave Wireless Inc. - Class B Preferred Shares	7,405,500	10,479,380
30Jun00	CMS Private Equity Partners XIV-Q, L.P. - Limited Partnership Unit	5,180,000	1
30Jun00	CMS Technology Partners, L.P. - Limited Partnership Unit	1,702,000	1
30Jun00	CMS Technology Partners Q, L.P. - Limited Partnership Units	740,000	1,480,000
04Jul00	Communities.com Inc. - Class C Preferred Shares	216,000	400,000
13Jul00	East West Resource Corporation - Common Shares	8,250	50,000
04Jul00	Electrofuel Inc. - Special Warrants	165,927	7,100
06Jul00	Escher-Grad Technologies Inc. - Units	700,000	70
04Jul00	Evolution B Corp. - Special Warrants	162,500	65,000
04Jul00	Ezenet Corporation - Special Warrants	237,600	24,000
30Jun00	Global Railway Industries Ltd. - Common Shares	1,000,000	400,000
30Jun00	Grosvenor Services 2000 Limited Partnership - Limited Partnership Units	24,561,721	159
30Jun00	GS Dark Angel Limited Partnership - Class A Units	33,580,600	33,580
29Jun00	GT Group Telecom Inc. - Units	US$275,000	500
10Jul00	Gtl V, Limited Partnership - "A" Units in Limited Partnership	13,900,000	13,900

Trans. Date	Security	Price ($)	Amount
01Jul00	Hillery & Associates, L.P. - Units	750,000	756
04Jul00	International Sales and Information Systems Inc. - Special Warrants	207,207	128,700
04Jul00	Intrinsyc Software Inc. - Special Warrants	222,650	73,000
07Jul00	Laketon American Fund - Units	2,400,000	9,224
29Jun00	Master Credit Card Trust - 6.15% Credit Card Receivables-Backed Notes	9,928,300	101,000
29Jun00	Master Credit Card Trust - 6.15% Credit Receivable-Backed Notes	294,900	3,000
07Jul00	Messina Diamond Corporation - Common Shares	1,019,312	5,096,562
26Jun00	Neomar, Inc. - Series C Preferred Stock	US$3,499,998	2,991,452
04Jul00	NetActive Inc. - Special Warrants	217,875	58,100
30Jun00	North American Metals Corp. - Flow-Through Common Shares	183,300	1,833,000
04Jul00	Patriot Computer Corporation - Special Warrants	150,450	51,000
04Jul00	Pixstream Incorporated - Special Warrants	152,000	19,000
06Apr00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	1,042,988	39,507
31May00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	3,461,000	128,805
31May00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	201,576	7,501
01May00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	589,610	22,504
07Mar00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	570,385	22,039
23Feb00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	410	15
06Apr00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	426,061	16,138
15Feb00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	35,000	1,368
13Jan00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	613	22
15Feb00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	320,000	12,514
01May00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	648,000	24,732
07Mar00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	6,234,000	240,880
15Feb00	Sandford C. Bernstein International Equity (Cap-weight, Unhedge) Fund - Units	781,851	30,576
28Feb00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	735	29
19Jun00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	287	10
23May00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	2,825	96
24May00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	1,814	61
24May00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Unit	46	1
01Feb00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	21,867	820
05Jul00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	6,021	210
05Jun00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	5,928	200
07Mar00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	17,295	701
15Feb00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	2,100,000	80,893
15Feb00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	800,000	30,816

Trans. Date	Security	Price ($)	Amount
23Mar00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	80	2
17Apr00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	7,847	280
20Mar00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	17,563	642
19Jun00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	4,858	169
04Apr00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	1,080	38
08May00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	593	20
15Feb00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	140,000	5,392
05Jan00	Sanford C. Burnstein U.S. Diversified Value Equity Fund - Units	6,504	234
27Jun00	Sentinel Hill Alliance Atlantis Equicap Millennium Limited Partnership - Limited Partnership Interest	10,210,544	638
01Jul00	Stone & Co. Limited - Series I Preferred Convertible Shares	150,000	15,000
18Jul00	Support.com, Inc. - Common Shares	20,676	1,000
12Jun00	Ursa Major Minerals Incorporated - Flow Through Special Warrants	60,000	240,000
30Jun00	Vertex Fund Limited Partnership - Limited Partnership Units	150,000	6,469
04Jul00	Zero-Knowledge Systems Inc. - Special Warrants	165,200	112,000
14Jul00	ZTEST Electronics Inc. - Units	464,000	290,000

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
25Feb00	26Nov99	MRF 1998 II Limited Partnership	Avid Oil & Gas - Common Shares	39,270	18,200
13Jan00	22Oct98	MRF 1998 II Limited Partnership	Berkley Petroleum Corporation - Common Shares	2,347,475	195,200
09May00	14Dec98	MRF 1998 II Limited Partnership	Burlington Resources Canada Inc. - Common Shares	315,500	5,000
19Oct99	07Jul98	MRF 1998 II Limited Partnership	Canadian 88 Energy Corporation - Common Shares	441,600	115,000
29Feb00	30Dec98	MRF 1998 II Limited Partnership	Compton Petroleum Corporation - Common Shares	30,000	20,000
07Mar00	03Nov98	MRF 1998 II Limited Partnership	Merit Energy Limited - Common Shares	9,300	30,000
08Mar00	28Oct98	MRF 1998 II Limited Partnership	Tri Link Resources Limited - Common Shares	31,620	5,100

Reports Made under Subsection 5 of Subsection 72 of the Act with Respect to Outstanding Securities of a Private Company That Has Ceased to Be a Private Company -- (Form 22)

Name of Company	Date the Company Ceased to be a Private Company
Redcorp Ventures Ltd.	05Jul00

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

Seller	Security	Amount
Paros Enterprises Limited	Acktion Corporation - Common Shares	2,000,000
Saxena, Rakesh	Armac Capital Corporation	3,100,000
1286917 Ontario Inc.	CPI Plastics Group Limited - Common Shares and Stock Options	5,722,726, 54,000 Resp.
SLMsoft.com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	1,575,000
Saxena, Rakesh	Millennium Equities Limited - Common Shares	3,000,000
Brister, Matthew J., Clark, Stuart G., Wierzba, P. Grant and Lindskog, Thomas N.	Storm Energy Inc. - Common Shares	460,000, 460,000, 460,000, & 120,000 Resp.

Chapter 9

Legislation

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:
@rgentum Canadian L/S Equity Portfolio
@rgentum U.S. Market Neutral Portfolio
Type and Date:
Amendment #1 dated July 19th, 2000 to Simplified Prospectus and Annual Information Form dated May 9th, 2000
Received July 24th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
@rgentum Management and Research Corporation
Project #206314

Issuer Name:
@rgentum International Master RSP Portfolio
Type and Date:
Amendment #1 dated July 19th, 2000 to Simplified Prospectus and Annual Information Form dated January 25th, 2000

Received July 24th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
@rgentum Management and Research Corporation
Project #215988

Issuer Name:
C-MAC Industries Inc.
Type and Date:
Preliminary Short Form PREP Prospectus date July 19th, 2000
Mutual Reliance Review System Receipt dated July 20th, 2000
Offering Price and Description:
$ * - 10,000,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
CIBC World Markets Inc.
J. P. Morgan Securities Canada Inc.
Promoter(s):
N/A
Project #284049

Issuer Name:
GT Group Telecom Inc.
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated July 24th, 2000 to Preliminary Prospectus dated June 28th, 2000
Mutual Reliance Review System Decision Document dated July 25th, 2000
Offering Price and Description:
3,407,196 Class B Non-Voting Shares
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #279820

Issuer Name:
ING Canadian Money Market Fund
ING Canadian Bond Fund
ING Canadian Equity Fund
ING Canadian Small Cap Equity Fund
ING US Equity Fund
ING US Equity RSP Fund
ING Europe Equity Fund
ING Europe Equity RSP Fund
ING Austral-Asia Equity Fund
ING Austral-Asia Equity RSP Fund
ING Japan Equity Fund
ING Japan Equity RSP Fund
ING Emerging Markets Equity Fund
ING Canadian Communications Fund
ING Canadian Financial Services Fund
ING Canadian Resources Fund
ING Global Technology Fund
ING Global Communications Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 20th, 2000
Mutual Reliance Review System Receipt dated July 21st, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
ING Investment Management, Inc.
Project #284277

Issuer Name:
Integra Analytic U.S. Large Cap Equity Fund
Integra EuroPacific Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 19th, 2000
Mutual Reliance Review System Receipt dated July 20th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Integra Capital Corporation
Promoter(s):
N/A
Project #283844

Issuer Name:
Keystone Premier Global Elite 100 Fund
Keystone Premier RSP Global Elite 100 Fund
Keystone Premier Euro Elite 100 Fund
Keystone Premier RSP Euro Elite 100 Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 21st, 2000
Mutual Reliance Review System Receipt dated July 24th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Mackenzie Financial Corporation
Project #284511

Issuer Name:
Legacy Hotels Real Estate Investment Trust
Principal Regulator - Alberta
Type and Date:
Preliminary Short Form Prospectus dated July 26th, 2000
Mutual Reliance Review System Receipt dated July 26th, 2000
Offering Price and Description:
$55,040,000 - 6,4000,000 Units
Underwriter(s), Agent(s) or Distributor(s):
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Newcrest Capital Inc.
TD Securities Inc.
Promoter(s):
N\A
Project #285272

Issuer Name:
Mediagrif Interactive Technologies Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated July 21st, 2000
Mutual Reliance Review System Receipt dated July 24th, 2000
Offering Price and Description:
$ * - * Common Shares
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Promoter(s):
N\A
Project #284560

Issuer Name:
Pacific Rim Mining Corp.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated July 20th, 2000
Mutual Reliance Review System Receipt dated July 21st, 2000
Offering Price and Description:
$7,329,492 - 1,707,530 Units issuable upon exercise of 1,707,530 previously issued Special Warrants. Each unit Consists of one common shares of the issuer and one half of a non-transferable share purchase warrant
Underwriter(s), Agent(s) or Distributor(s):
Haywood Securities Inc.
Canaccord Capital Corporation
Loewen, Ondaatje, McCutcheon Limited
Promoter(s):
N\A
Project #284371

Issuer Name:
Universal RSP U.S. Blue Chip Fund
Universal RSP U.S. Emerging Growth Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 21st, 2000
Mutual Reliance Review System Receipted July 24th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Mackenzie Financial Corporation
Project #284639

Issuer Name:
TD Emerging Markets RSP Fund
TD Health Sciences RSP Fund
TD Entertainment & Communications RSP Fund
Canada Trust Canadian Bond Index Fund
Canada Trust Balanced Index Fund
Canada Trust International Equity Index Fund
Green Line Canadian Money Market Fund
Green Line Canadian Bond Fund
Green Line Short Term Income Fund
Canada Trust Mortgage Fund
Green Line Global RSP Bond Fund
Green Line Balanced Growth Fund
Green Line Balanced Income Fund
Green Line Blue Chip Equity Fund
Green Line Canadian Equity Fund
Green Line Dividend Fund
Canada Trust Dividend Income Fund
Green Line U.S. Blue Chip Equity Fund
Green Line U.S. Blue Chip Equity RSP Fund
Green Line U.S. Mid-Cap Growth Fund
Green Line Resource Fund
TD Health Sciences RSP Fund
Green Line Health Sciences Fund
Green Line Science & Technology RSP Fund
Green Line Science & Technology Fund
Green Line Entertainment & Communications Fund
TD Entertainment & Communications RSP Fund
Green Line Emerging Markets Fund
TD Emerging Markets RSP Fund
Green Line Global Select Fund
Green Line Global Select RSP Fund
Green Line International Equity Fund
Canada Trust International Equity Fund
Green Line Canadian Government Bond Index Fund
Canada Trust Canadian Bond Index Fund
Green Line Canadian Index Fund
Green Line Dow Jones Industrial Average Index Fund
Green Line U.S. Index Fund
Green Line U.S. RSP Index Fund
Green Line Nasdaq RSP Index Fund
Green Line European Index Fund
Green Line International RSP Index Fund
Canada Trust International Equity Index Fund
Green Line Japanese Index Fund

Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated July 14th, 2000
Mutual Reliance Review System Receipt dated July 24th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
TD Asset Management Inc.
Promoter(s):
N/A
Project #282971

Issuer Name:
Internetsecure Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated April 3rd, 2000
Closed 30th day of June, 2000
Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
RBC Dominion Securities Inc.
Bunting Warburg Dillon Read Inc.
Promoter(s):
Frederick J. Nugent
Project #252298

Issuer Name:
Canada Dominion Resources Limited Partnership V
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 20th, 2000
Mutual Reliance Review System Receipt dated 21st day of July, 2000
Offering Price and Description:
$40,000,000(Maximum Offering; $8,000,000 (Minimum Offering) A maximum of 1,600,000 and a minimum of 320,000 Limited Partnership Units
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
ScotiaMcLeod Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Goepel McDermid Inc.
Trilon Securities Corporation
Promoter(s):
Canada Dominion Resources V Corporation
Nova Bancorp Specialty Investment Products Ltd.
Hutton Capital Corporation
Project #275876

Issuer Name:
Creststreet 2000 Limited Partnership &
Creststreet Resource Fund Limited
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 19th, 2000
Mutual Reliance Review System Receipt dated 20th day of July, 2000
Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #269171 & 269184

Issuer Name:
Multi-Glass International Inc.
Type and Date:
Final Prospectus dated June 30th, 2000
Receipted 10th day of July, 2000
Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
Keith F. Eaman
Shawn T. Tilson
Project #262262

Issuer Name:
Nortran Pharmaceuticals Inc.
Principal Regulator - British Columbia
Type and Date:
Final Prospectus dated June 19th, 2000
Mutual Reliance Review System Receipt dated 19th day of June, 2000
Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
Dlouhy Investments Inc.
Goepel McDermid Inc.
HSBC Securities (Canada) Inc.
Promoter(s):
N\A
Project #265613

Issuer Name:
Procyon BioPharma Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated July 19th, 2000
Mutual Reliance Review System Receipt dated 24th day of July, 2000
Offering Price and Description:
$20,408,647.00 - 7,789,560 Common Shares and 3,894,780 Common Share Purchase Warrants (Upon the Exercise of 7,789,560 previously issued Special Warrants)
Underwriter(s), Agent(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
N\A
Project #274732

Issuer Name:
RBC Capital Trust
Royal Bank Of Canada
Principal Regulator - Ontario
Type and Date:
Final Prospectus dated July 17th, 2000
Mutual Reliance Review System dated 18th day of July, 2000
Offering Price and Description:

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.
Promoter(s):
Royal Bank
Project# 278452 & 280897

Issuer Name:
407 International Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 19th, 2000
Mutual Reliance Review System Receipt dated 20th day of July, 2000
Offering Price and Description:
$165,000,000.00 - 7.00 % Junior Bonds, Series 00-B1 Due June 26, 2010 Extendible to July 26, 2040
Underwriter(s), Agent(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
TD Securities Inc.
Promoter(s):
Cintra Concesiones De Infraestructuras de Transporte, S.A.
SNC-Lavalin Inc.
Project #282088

Issuer Name:
ATS Automation Toolings Systems Inc.
Principal Regulator - Ontario
Type and Date:
Final Short Form Prospectus dated July 24th, 2000
Mutual Reliance Review System Receipt dated 24th day of July, 2000
Offering Price and Description:
$105,750,000.00 - 3,000,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
BMO Nesbitt Burns Inc.
Credit Suuisse First Boston
Griffiths McBurney & Partners
Promoter(s):
N\A
Project #283024

Issuer Name:

- C.I. Sector Fund Limited - BPI American Equity Sector A Shares (formerly, BPI American Equity Value Sector A Shares)
C.I. Sector Fund Limited - BPI Global Equity Sector A Shares (formerly, BPI Global Equity Value Sector A Shares)
C.I. Sector Fund Limited - BPI International Equity Sector A Shares (formerly, BPI International Equity Value Sector A Shares)
C.I. Sector Fund Limited - C.I. American Managers Sector A Shares
C.I. Sector Fund Limited - C.I. American Sector A Shares
C.I. Sector Fund Limited - C.I. Canadian Sector A Shares
C.I. Sector Fund Limited - C.I. Emerging Markets Sector A Shares
C.I. Sector Fund Limited - C.I. European Sector A Shares (formerly, Hansberger European Sector A Shares)
C.I. Sector Fund Limited - C.I. Global Biotechnology Sector A Shares
C.I. Sector Fund Limited - C.I. Global Business-to-Business(B2B) Sector A Shares
C.I. Sector Fund Limited - C.I. Global Consumer Products Sector A Shares
C.I. Sector Fund Limited - C.I. Global Energy Sector A Shares
C.I. Sector Fund Limited - C.I. Global Financial Services Sector A Shares
C.I. Sector Fund Limited - C.I. Global Health Sciences Sector A Shares
C.I. Sector Fund Limited - C.I. Global Managers Sector A Shares
C.I. Sector Fund Limited - C.I. Global Sector A Shares
C.I. Sector Fund Limited - C.I. Global Technology Sector A Shares
C.I. Sector Fund Limited - C.I. Global Telecommunications Sector A Shares
C.I. Sector Fund Limited - C.I. Global Value Sector A Shares (formerly, Hansberger Value Sector A Shares)
C.I. Sector Fund Limited - C.I. International Value Sector A Shares (formerly, Hansberger International Sector A Shares)
C.I. Sector Fund Limited - C.I. Japanese Sector A Shares
C.I. Sector Fund Limited - C.I. Latin American Sector A Shares
C.I. Sector Fund Limited - C.I. Pacific Sector A Shares
C.I. Sector Fund Limited - C.I. Harbour Sector A Shares
C.I. Sector Fund Limited - Landmark Global Sector A Shares (formerly, C.I. Global Equity Sector A Shares)
C.I. Sector Fund Limited - Signature American Small Companies Sector A Shares
C.I. Sector Fund Limited - Signature Canadian Sector A Shares
C.I. Sector Fund Limited - Signature Explorer Sector A Shares
C.I. Sector Fund Limited - Signature Global Small Companies Sector A Shares
C.I. Sector Fund Limited - C.I. Global Boomernomics Sector A Shares
C.I. Sector Fund Limited - C.I. Short-Term Sector A Shares
C.I. Sector Fund Limited - BPI American Equity Sector F Shares (formerly, BPI American Equity Value Sector F Shares)
C.I. Sector Fund Limited - BPI Global Equity Sector F Shares (formerly, BPI Global Equity Value Sector F Shares)
C.I. Sector Fund Limited - BPI International Equity Sector F Shares (formerly, BPI International Equity Value Sector F Shares)
C.I. Sector Fund Limited - C.I. American Managers Sector F Shares
C.I. Sector Fund Limited - C.I. American Sector F Shares
C.I. Sector Fund Limited - C.I. Canadian Sector F Shares
C.I. Sector Fund Limited - C.I. Emerging Markets Sector F Shares
C.I. Sector Fund Limited - C.I. Global Biotechnology Sector F Shares
C.I. Sector Fund Limited - C.I. Global Business-to-Business (B2B) Sector F Shares
C.I. Sector Fund Limited - C.I. Global Consumer Products Sector F Shares
C.I. Sector Fund Limited - C.I. Global Financial Services Sector F Shares
C.I. Sector Fund Limited - C.I. Global Health Sciences Sector F Shares
C.I. Sector Fund Limited - C.I. Global Managers Sector F Shares
C.I. Sector Fund Limited - C.I. Global Sector F Shares
C.I. Sector Fund Limited - C.I. Global Technology Sector F Shares
C.I. Sector Fund Limited - C.I. Global Telecommunications Sector F Shares
C.I. Sector Fund Limited - C.I. Global Value Sector F Shares (formerly, Hansberger Value Sector F Shares)
C.I. Sector Fund Limited - C.I Japanese Sector F Shares
C.I. Sector Fund Limited - C.I. Pacific Sector F Shares
C.I. Sector Fund Limited - Harbour Sector F Shares
C.I. Sector Fund Limited - Landmark Global Sector F Shares (formerly, C.I. global Equity Sector F Shares)
C.I. Sector Fund Limited - Signature American Small Companies Sector F Shares
C.I. Sector Fund Limited - Signature Canadian Sector F Shares
C.I. Sector Fund Limited - Signature Explorer Sector F Shares
C.I. Sector Fund Limited - Signature Global Small Companies Sector F Shares
C.I. Sector Fund Limited - C.I. Global Boomernomics Sector F Shares
C.I. Sector Fund Limited - C.I. Short - Term Sector F Shares

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated July 17th, 2000

Mutual Reliance Review System Receipt dated 20th day of July, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Registered Dealers

Promoter(s):

C.I, Mutual Funds Inc.

Project #275181

Issuer Name:
Harbour Fund (Class A and F units)
Harbour Growth & Income Fund (Class A Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 17th, 2000
Mutual Reliance Review System Receipt dated 20th day of July, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealers
Promoter(s):
C.I, Mutual Funds Inc.
Project #275181

Issuer Name:
Signature American Small Companies Fund
Signature American Small Companies RSP Fund
Signature Canadian Fund
Signature Dividend Equity Fund
Signature Explorer Fund
Signature Global Small Companies Fund
Signature Global Small Companies RSP Fund
Signature Canadian Balanced Fund
(Class A and F Units)
Signature Canadian Resource Fund
Signature Corporate Bond Fund
Signature Dividend Fund
Signature Dividend Income Fund
Signature High Income Fund
(Class A Units)
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 17th, 2000
Mutual Reliance Review System dated 19th day of July, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
C.I. Mutual Funds Inc.
Project #275102

Issuer Name:
The Capstone Balanced Trust
The Capstone International Trust
The Capstone Cash Management Fund
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated July 20th, 2000
Mutual Reliance Review System Receipt dated 25th day of July, 2000
Offering Price and Description:
Mutual Funds Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Capstone Consultants Limited
Promoter(s):
MMA Investment Managers Limited
Project #275997

Issuer Name:
AutoSkill International Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Prospectus dated March 27th, 2000
Withdrawn 15th day of June, 2000
Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
National Bank Financial Inc.
TD Securities Inc.
Yorkton Securities Inc.
Promoter(s):
N/A
Project #250593

Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
Change of Name	Investec Investment Managers International Limited Attention: Samantha G. Horn c/o 152928 Canada Inc. Commerce Court W., Suite 5500 Toronto, ON M5L 1B9	From: Investec Guiness Flight Investment Managers International Limited To: Investec Investment Managers International Limited	June 30/00
New Registration	Henley Capital Corporation Attention: Christopher Michael Henley 351 Chartwell Road Oakville, ON L6J 4A2	Limited Market Dealer	July 24/00
Change of Name	Progressive Financial Strategy Capital Group Corp. Attention: Harpal Singh Dharna 5170 Dixie Road Suite 203 Mississauga, ON L4W 1E3	From: Financial Strategy Capital Group Corp. To: Progressive Financial Strategy Capital Group Corp.	May 4/00
New Registration	Langmaids Assets Management Inc. Attention: Brian Robert Gibbings 181 Bay Street Suite 4600 Toronto, ON M5J 2T3	Limited Market Dealer Investment Counsel & Portfolio Manager	July 19/00
New Registration	Rice Hall James & Associates Attention: Laurie J. Cook 40 King Street West, Suite 4400 Borden & Elliott Toronto, ON M5H 3Y4	International Adviser Investment Counsel & Portfolio Manager	July 19/00

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Disciplinary Decisions

13.1.1 Marc Guillemette - Discipline Penalties Imposed

BULLETIN #2749
July 17, 2000

Discipline Penalties Imposed on Marc Guillemette - Violation of By-law 29.1

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed discipline penalties on Marc Guillemette, at the relevant time a Registered Representative with Merit Investment Corporation (now Rampart Securities Inc.) a Member of the Association.

By-laws, Regulations, Policies Violated

On May 25, 2000 the District Council concluded a discipline proceeding concerning allegations made by Enforcement staff that Mr. Guillemette violated Association By-laws. The District Council found that Mr. Guillemette contravened Association By-laws as follows:

1. In or about July to September 1997, Mr. Guillemette misappropriated five share certificates from his client, contrary to Association By-law 29.1; and

2. In or about spring to summer of 1998, Mr. Guillemette conducted personal financial dealings with his client, contrary to Association By-law 29.1.

Penalty Assessed

The discipline penalties assessed against Mr. Guillemette are a permanent prohibition from receiving approval of the Association in any capacity and a fine in the sum of $110,000.

Summary of Facts

In July 1997, Mr. Guillemette received six share certificates totalling 151,000 shares from his client. Over the course of the next three months Mr. Guillemette misappropriated five of the share certificates, totalling 96,000 shares, and diverted them to the accounts of his mother, his father, an unrelated client and a corporation of which his mother was the principal.

In addition, Mr. Guillemette engaged in personal financial dealings with his client when he agreed to, and paid, the interest on a loan taken out by his client.

Mr. Guillemette is no longer employed in the securities industry.

Suzanne Barrett
Association Secretary

APPENDIX "A"

IN THE MATTER OF A DISCIPLINE HEARING PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

RE: MARC GUILLEMETTE

NOTICE OF HEARING

NOTICE is hereby given that a hearing will be held before the Ontario District Council ("the District Council") of the **Investment Dealers Association of Canada** ("the Association"), on Thursday, May 25, 2000 at 121 King St. West, XCHANGE Conference Centre, Boardroom B, 17th floor, Toronto, Ontario, at 1:30 PM., or so soon thereafter as the hearing can be held, regarding a disciplinary action brought by the Association concerning **Marc Guillemette** ("the Respondent").

NOTICE is further given that the staff of the Association allege the following violations of the By-laws, Regulations or Policies of the Association:

Count #1

In or about July 24, 1997 to September 30, 1997, **Marc Guillemette**, an approved person employed at the relevant time by Merit Investment Corporation (now Rampart Securities Inc.), a Member of the Association, engaged in business conduct which is unbecoming or detrimental to the public interest, in that he obtained a total of six share certificates representing 151,000 shares from his client Donald Smith and misappropriated 96,000 of those shares, contrary to the Association's By-law 29.1.

Count #2

In or about Spring to August, 1998, **Marc Guillemette**, an approved person employed at the relevant time by Merit Investment Corporation (now Rampart Securities Inc.), a Member of the Association, engaged in business conduct which is unbecoming or detrimental to the public interest, in that he conducted personal financial dealings with his client Donald Smith by making interest payments on Mr. Smith's loan, contrary to the Association's By-law 29.1.

PARTICULARS

NOTICE is further given that the following is a summary of the facts alleged and intended to be relied upon and the conclusions drawn by the Association at the said hearing:

1. The Respondent first joined the securities industry on November 29, 1993 when he joined Moss Lawson & Co. Limited (now HSBC Securities Canada Inc.) ("Moss Lawson"), in the Timmins, Ontario branch, in the capacity of a registered representative. On January 20,1997 he was terminated by Moss Lawson for personal credit problems and unsatisfactory work performance. On February 4, 1997 the Respondent joined Merit Investment Corporation (now Rampart Securities Inc.) ("Merit") in the Toronto office. On July 30, 1998 he was terminated for cause by Merit as a result of poor credit practices and conduct unbecoming. The Respondent then joined C.M. Oliver & Company Limited on August 10, 1998 but was terminated for cause on September 17, 1998 for discretionary trading. The Respondent joined Buckingham Securities Corporation on November 9, 1998, and was terminated on January 6, 2000. The Respondent is currently not employed by a Member firm.

2. At all times material to the within settlement, the Respondent carried on business at the Merit office located in Toronto, Ontario.

b) Donald Smith

3. At all material times, Donald Smith ("Smith") was a client of the Respondent.

4. Smith initially met the Respondent while the latter was working at Moss Lawson in Timmins, though the Respondent was not Smith's registered representative at that time. The Respondent subsequently relocated to Toronto and initiated contact with Smith seeking to acquire Smith as a client.

c) Trading History

5. On or about July 11, 1997 the Respondent contacted Smith suggesting that, in light of the fact that Smith owned a large block of shares in Cross Lake Minerals Ltd. ("Cross Lake"), Smith might be interested in purchasing some additional shares at $0.75-$0.80 per share.

6. When Smith advised the Respondent that he could not afford to make such a purchase at the time, the Respondent advised Smith that he could purchase the stock without paying for it immediately. The Respondent advised Smith that he could purchase the stock and then resell it at a profit, based on the assumption that the price would move upward, prior to the settlement date.

7. Smith agreed to open an account with Merit and purchase 50,000 shares of Cross Lake. The shares subsequently declined in value and as a result a debit balance of approximately $9,100 was created in Smith's account.

8. In order to margin the debit balance in the account, the Respondent asked Smith to deposit a block of his pre-existing holdings of Cross Lake into his account. On July 19, 1997 Smith gave the Respondent six share certificates, comprising a total of 151,000 shares of Cross Lake as follows:

Certificate Number	Number of Shares	Registered Holder on Certificate
01208	10,000	Meridian Securities International Ltd.
01209	10,000	Meridian Securities International Ltd.
01210	10,000	Meridian Securities International Ltd.
(Subtotal):	*(30,000)*	
01185	15,000	Meridian Securities International Ltd.
01391	55,000	CT Securities Services Inc.
01415	51,000	CT Securities Services Inc.
(Subtotal):	*(121,000)*	
Total:	151,000	

9. Smith instructed the Respondent to deposit these shares into his account in order to cover the debit balance and to await further instructions from him in respect of the additional shares deposited.

10. Of the total shares deposited with the Respondent, 121,000, represented by certificates 01185, 01391 and 01415, were purchased by Smith through his account at Moss Lawson in Timmins. The remaining 30,000 shares, represented by certificates 01208, 01209 and 01210, were received from an individual named Michael Caron and were received as compensation for advancing funds toward claim staking programs in Timmins.

d) Disposition of Share Certificates

11. On October 16, 1997 the Respondent deposited share certificate 01391, representing 55,000 shares, into Smith's account at Merit. The deposit of these shares was offset by subsequent trading losses sustained in the normal course of trading within the account.

12. It was the practice at Merit to utilize two transit accounts for all RRSP account transactions. These accounts were the RRSP Cash Contra Account ("Cash Contra") and RRSP Securities Contra Account ("Securities Contra"). These accounts were used for cash and securities, respectively, deposits and/or withdrawals. Before any cash or securities were deposited to or withdrawn from an RRSP account, the cash or securities were temporarily lodged in the corresponding contra account. The purpose for these contra accounts was to facilitate the issuance of proper tax receipts to the account holder.

13. The 35,000 shares represented by certificates 01208, 01210 and 01185 were not deposited into Smith's account but were put into an RRSP account held by the Respondent's father, Gaston Guillemette. A swap was then completed whereby a cheque for $18,900 was issued to Gaston Guillemette. The Respondent wrote an account instruction memo, dated July 24, 1997, and trade ticket requesting that the 35,000 shares be swapped into the account of Gaston Guillemette for $0.54/share and that a cheque for $18,900 be issued to his father. These transactions are shown as follows:

Date	Account Number	Account Holder	Details
July24/97	8830887	Securities Contra	Deposit of 35,000 shares
July24/97	8823007	Cash Contra	A cheque for $18,900 is issued to Gaston Guillemette in exchange for 35,000 shares, at $0.54/share, being delivered into his account 622109S. This leaves account 8823007 short 35,000 shares of Cross Lake. The cheque issued was endorsed by both Gaston and Marc Guillemette.
July24/97	622109S	Gaston Guillemette	35,000 shares received into account for $18,910 ($10 swap fee)
July25/97	8830887	Securities Contra	35,000 shares of Cross Lake transferred to account 8823007 to balance out contra accounts.
			Note: sequence of transactions and corresponding dates are not chronological but do reflect records of firm

14. The 10,000 shares represented by certificate number 01209 were not deposited into Smith's account but were deposited into the Securities Contra Account. These shares were broken up and 8000 shares were transferred to the cash account of Rejane Guillemette, the Respondent's mother, where they were subsequently sold. The balance of 2000 shares was deposited into the Securities Contra account and then swapped for a cheque for $1,508.76, paid to Rejane Guillemette. The Respondent wrote an account instruction memo, dated September 10, 1997, and a trade ticket, dated September 11, 1997, indicating that 2,000 shares be swapped into the account of Rejane Guillemette in exchange for $1,500 and that 8,000 shares were to be contributed to her account at $0.75/share. These original instructions do not accurately reflect what transpired in the accounts. These transactions as they were executed and recorded are shown to be as follows:

Date	Account Number	Account Holder	Details
Sept10/97	8830887	Securities Contra	Cheque for $1,508.76 issued to Rejane Guillemette in exchange for 2286 shares of Cross Lake at $0.66/share. Cheque is not endorsed before deposit.
Sept11/97	622111S	Rejane Guillemette	2,000 shares received from account 8830887 at $0.75/share in exchange for $1,500. The $8.76 price difference was created by a change in the share price from Sept. 10, 1997 the date the cheque was requested in the Instruction Memo ($0.66/share) to Sept. 11, 1997 the date the shares were transferred into the account ($0.75/share).
Sept15/97	8830887	Securities Contra	Deposit of 10,000 shares
Sept16/97	622111A	Rejane Guillemette	Transfer of 8,000 shares from account 8830887
Sept30/97	622111A	Rejane Guillemette	8,000 shares sold at $0.66/share. (Commission $92.50)

15. The 51,000 shares represented by certificate number 01415 were not transferred to Smith's account, they were split up and deposited into the accounts of Gaston Guillemette, Stephane Chartrand, another of the Respondent's clients, and Gestion Rejane Malette Inc., a holding company of which Rejane Guillemette is the principal owner. The Respondent wrote an account instruction memo and trade ticket, dated September 18, 1997, requesting that 7,143 shares be swapped into the account of Gaston Guillemette at $0.75/share for a cheque for $5000. These transactions are shown as follows:

Date	Account Number	Account Holder	Details
Sept18/97	8830887	Securities Contra	Deposit of 7,143 shares
Sept18/97	622109S	Gaston Guillemette	Receipt of 7,143 shares from account 8830887 in exchange for $5,000.
Sept18/97	8830887	Securities Contra	Cheque for $5,000 issued to Gaston Guillemette. Cheque not endorsed before deposit.
Sept18/97	620867E	Stephane Chartrand	43,857 shares received in account (not an RRSP account so no contra accounts used)
Sept26/97	620867E	Stephane Chartrand	Cheque for $8,000 issued to Stephane Chartrand. Cheque not endorsed before deposit.
Sept29/97	620867E	Stephane Chartrand	Cheque for $4,500 issued to Stephane Chartrand.
Sept29/97	621850E	Gestion Rejane Malette Inc.	Deposit of 29,857 shares from account 620867E
Sept30,97	622109S	Gaston Guillemette.	26,064 shares purchased in account 622109E and transferred to 621850E NOTE : this purchase from another vendor of shares brings total of shares to (29,857 + 26,064=55,921)
Sept30/97	621850E	Gestion Rejane Malette Inc.	15,000 shares sold at $0.80/share and 50,000 shares sold at $0.82/share. Commission of $312.50. This leaves account 621850E short 9,079 shares of Cross Lake.
Oct9/97	621850E	Gestion Rejane Malette Inc.	10,000 shares purchased of Cross Lake leaving account 621850E long 921 shares of Cross Lake.
Oct28/97	621850E	Gestion Rejane Malette Inc.	921 shares of Cross Lake sold leaving account 621850E flat in Cross Lake.

16. Smith sold 435,800 shares of previously held Cross Lake stock through his account at Hong Kong Bank of Canada Discount Brokerage in November and December, 1997 for total proceeds of $1,540,331.00. This equates to an average share price of $3.53.

17. By spring of 1998 Smith had incurred large losses in the market and required additional funds. However, he was not able to obtain the 151,000 shares of Cross Lake from the Respondent. In an effort to assist Smith financially, the Respondent made an arrangement with Smith to pay the interest on a $50,000 loan that Smith had taken out at this time. This arrangement was not evidenced in writing. The Respondent made several of the interest payments over the course of the next months, however the payments ceased in or about August of 1998.

NOTICE is further given that the Respondent shall be entitled to appear and be heard and be accompanied by counsel or agent at the hearing and to call, examine and cross-examine witnesses.

NOTICE is further given that Association By-laws provide that if, in the opinion of the District Council, the Respondent has failed to comply with or carry out the provisions of any applicable federal or provincial statute relating to trading or advising in respect of securities or commodities or of any regulation or policy made pursuant thereto; has failed to comply with or carry out the provisions of any By-law, Regulation, Ruling or Policy of the Association; has engaged in any business conduct or practice which such District Council in its discretion considers unbecoming or not in the public interest; or is otherwise not qualified whether by integrity, solvency, training or experience, the District Council has the power to impose any one or more of the following penalties:

(a) a reprimand;
(b) a fine not exceeding the greater of:
  (1) $1,000,000.00 per offence; and
  (2) an amount equal to three times the pecuniary benefit which accrued to such person as a result of committing the violation;
(c) suspension of approval of the person for such specific period and upon such terms as such District Council may determine;
(d) revocation of approval of such person;
(e) prohibition of approval of the person in any capacity for any period of time;
(f) such conditions of approval or continued approval as may be considered appropriate by the District Council.

NOTICE is further given that the District Council may, in its discretion, require that the Respondent pay the whole or part of the costs of the proceedings before the District Council and any investigation relating thereto.

NOTICE is further given that the District Council may accept as having been proven any facts alleged or conclusions drawn by the Association in the Notice of Hearing and Particulars that are not specifically denied, with a summary of the facts alleged and conclusions drawn based on those alleged facts, in a **Reply**.

NOTICE is further given that the Respondent has ten (10) days from the date on which this Notice of Hearing and Particulars was served, to serve a **Reply** upon:

Investment Dealers Association of Canada
Suite 1600
121 King St. West,
Toronto, Ontario
M5H 3T9
Attention: Natalija Popovic, Enforcement Counsel

A **Reply** may either:

(i) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on all the alleged facts) any or all of the facts alleged or the conclusions drawn by the Association in the Notice of Hearing and Particulars; or

(ii) admit the facts alleged and conclusions drawn by the Association in the Notice of Hearing and Particulars and plead circumstances in mitigation of any penalty to be assessed.

NOTICE is further given that if the Respondent fails to serve a **Reply** or attend at the hearing, notwithstanding that a **Reply** may have been served, the District Council may proceed with the hearing of the matter on the date and at the time and place set out in this notice, or on any subsequent date, at any time and place, without further notice to and in the absence of the Respondent, and the District Council may accept the facts alleged or the conclusions drawn by the Association in this notice as having been proven and may impose any of the penalties prescribed by the By-laws of the Association.

DATED at Toronto this 30th day of March, 2000.

"FREDRIC L. MAEFS"
Vice-President
Enforcement Division

INVESTMENT DEALERS ASSOCIATION OF CANADA
121 King St. W., Ste 1600
Toronto, ON M5H 3T9

IN THE MATTER OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA AND MARC GUILLEMETTE

DECISION OF THE ONTARIO DISTRICT COUNCIL

District Council: The Honourable Robert Reid, Q. C. Chair
Brigitte Geisler
Charles Caty

Appearances: Natalija Popovic,
for the Investment Dealers Association of Canada

No one for the Respondent, Marc Guillemette.

Richard Dakin, for Rampart Securities Inc. (formerly Merit Investment Corporation), attending for observation only.

Reasons for Decision

The hearing in this matter was convened on May 25, 2000 pursuant to a Notice of Hearing dated May 11, 2000. We were satisfied that Mr. Guillemette had been properly served with Notice. Counsel for the Association informed us that no reply had been served by or on behalf of the Respondent. The Respondent did not appear at the hearing.

The Notice of Hearing is attached as Appendix 'A' and contained the following charges:

Count #1

In or about July 24, 1997 to September 30, 1997, Marc Guillemette, an approved person employed at the relevant time by Merit Investment Corporation (now Rampart Securities Inc.), a Member of the Association, engaged in business conduct which is unbecoming or detrimental to the public interest, in that he obtained a total of six share certificates representing 151,000 shares from his client Donald Smith and misappropriated 96,000 of those shares, contrary to the Association's By-law 29.1.

Count #2

In or about Spring to August, 1998, Marc Guillemette, an approved person employed at the relevant time by Merit Investment Corporation (now Rampart Securities Inc.), a Member of the Association, engaged in business conduct which is unbecoming or detrimental to the public interest, in that he conducted personal financial dealings with his client Donald Smith by making interest payments on Mr. Smith's loan, contrary to the Association's By-law 29.1.

Evidence was called which amply supported the charges.

Having considered Ms. Popovic's submissions, the panel was satisfied that the Association had established both count one

and count two. Thus, we found Mr. Guillemette guilty as charged.

With respect to count number one we imposed a permanent bar, i.e., a prohibition of approval of the person in any capacity for any period of time, and a fine of $100,000.00. With respect to count number two we imposed a fine of $10,000.00.

In addition, costs were awarded to the Association in the amount of $8,200 consisting of the investigator's time of 134 hours at $50 per hour for $6,700 and counsel's time of 15 hours at $100 per hour for $1,500.

These reasons are supplementary to our decision rendered at the conclusion of the hearing on May 25, 2000. Our decision was effective from its pronouncement.

Dated this "14th" day of July 2000.

"Robert Reid", Chair

"Brigitte Geisler," Member

"Charles Caty", Member

13.1.2 HSBC James Capel Canada Inc. - Discipline Penalties Imposed

BULLETIN # 2748
July 17, 2000

Discipline Penalties Imposed on HSBC James Capel Canada Inc. (now HSBC Securities (Canada) Inc.) - Violation of By-laws 17.1 and 17.2

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed a discipline penalty on HSBC James Capel Canada Inc. (now HSBC Securities (Canada) Inc.) a Member of the Association.

By-laws, Regulations, Policies Violated

On July 13, 2000, the Ontario District Council considered, reviewed and accepted a settlement agreement that had been negotiated by Association Enforcement Division staff with HSBC Securities (Canada) Inc.. Pursuant to the settlement agreement, HSBC Securities (Canada) Inc. admitted that during the period between mid-December 1998 through January 31, 1999 HSBC Securities (Canada) Inc. failed to maintain risk-adjusted capital greater than zero and to maintain a proper system of books and records, contrary to By-laws 17.1 and 17.2, respectively.

Penalty Assessed

The discipline penalty assessed against HSBC Securities (Canada) Inc. is a fine in the amount of $60,000. In addition, HSBC Securities (Canada) Inc. is required to pay $10,710 toward the Association's costs of investigation of this matter.

Summary of Facts

In July and December 1998 HSBC Securities (Canada) Inc. acquired Moss Lawson & Company Ltd. and Gordon Capital Corporation (GCC), respectively. Due to differences in information systems platforms between HSBC Securities (Canada) Inc. and GCC, an interface system, or bridge, was developed to facilitate the processing of transactions. Notwithstanding testing of the bridge, problems of reconciliation resulted in an accumulation of unreconciled items in HSBC Securities (Canada) Inc. internal control accounts. In January 1999 HSBC Securities (Canada) Inc. notified the Association of the reconciliation problems.

Due to the reconciliation problem, on its Monthly Financial Report, HSBC Securities (Canada) Inc. reported a risk-adjusted capital (RAC) deficiency of CDN$21.289 million for the month ended December 31, 1998 and, for the period ending January 31, 1999, reported a RAC deficiency of CDN$82.340 million. On February 4, 1999 an injection of previously committed US$100 million by HSBC Securities (Canada) Inc.'s shareholder rectified the firm's RAC deficiency.

Responses to questions on the Joint Regulatory and Financial Questionnaire and Report for the period ending Decemeber 31, 1998 indicated that HSBC Securities (Canada) Inc. did not maintain adequate books and records as prescribed by the

joint regulatory body for the relevant time period because it did not accurately reflect the status of certain accounts for internal reconciliation purposes.

The technology and reconciliation issues were resolved. No client funds were put at risk and HSBC Securities (Canada) Inc. allocated numerous resources, recruited experience staff and put new procedures in place to correct the problems.

Suzanne Barrett
Association Secretary

IN THE MATTER OF DISCIPLINE PURSUANT TO BY-LAW 20 OF THE INVESTMENT DEALERS ASSOCIATION OF CANADA

RE: HSBC JAMES CAPEL CANADA INC. (NOW HSBC SECURITIES (CANADA) INC.)

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of HSBC James Capel Canada Inc. ("the Respondent"). The Investigation concerning the Respondent was initiated due to a capital deficiency reported on the December 1998 and January 1999 Monthly Financial Reports filed by the Respondent.

2. The Investigation discloses matters for which the District Council of the Association (the "District Council") may penalize the Respondent by imposing discipline penalties.

II. JOINT SETTLEMENT RECOMMENDATION

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. STATEMENT OF FACTS

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) **Factual Background**

a) **The Respondent**

8. The Respondent was at all material times a Member of the Association.

9. The Respondent uses an information system platform provided by Information Systems Management Corporation ("ISM").

10. On July 6, 1998 the Respondent acquired Moss Lawson & Company Ltd.

11. On January 4, 1999 the Respondent acquired Gordon Capital Corporation ("GCC"). GCC used a different information system platform called Multipath, provided by Star Data Inc.

12. On December 11, 1998, the Respondent entered into an introducing/carrying agreement with GCC. In or about November 1998, in preparation for the acquisition of GCC, the Respondent decided it would build a system interface, or "bridge", between Multipath and ISM that would allow front end processing of GCC transactions to remain on Multipath while allowing for settlement to occur only on ISM.

13. The bridge was tested with good results prior to implementation.

14. The bridge was implemented on the weekend of December 12 and 13, 1998. Within a short time frame a large number of transactions processed via the bridge were rejected resulting in problems of reconciliation. A large number of unreconciled items were accumulated in internal control or suspense accounts.

15. In January 1999 the Respondent notified the Association of an internal reconciliation problem and reported a capital deficiency on its December 1998 Monthly Financial Report ("MFR") filed by the Respondent on February 4, 1999.

16. In March 1999 the Association opened an investigation.

b) **Monthly Financial Reports and Joint Regulatory and Financial Questionnaire and Report "JRFQ & R"**

17. The Respondent reported on its MFR for December 31, 1998, a Risk-Adjusted Capital ("RAC") deficiency of $21.289 million.

18. The Respondent's December 31, 1998 JRFQ & R reported a RAC deficiency of $79.801 million.

19. The Respondent's MFR as at January 31, 1999 reported a RAC deficiency of $82.340 million.

20. On February 4, 1999, HSBC Bank Canada, the Respondent's shareholder, injected previously committed US $100 million into the Respondent and thus rectified the firm's RAC deficiency.

21. In response to questions posed in the certificate of Partners or Directors dated March 1, 1999 within the JRFQ & R, the Respondent indicated that the firm did not have adequate internal controls in accordance with the rules and regulations prescribed by the Joint Regulatory Body. It also indicated that the firm did not maintain adequate books and records in accordance with the rules and regulations prescribed by the appropriate Joint Regulatory Body.

c) **Unresolved Differences**

22. The unresolved differences, or amounts that could not be accounted for and which therefore required a 100% margin provision, on the MFR for December 1998 were $48 million. The unresolved differences rose to a peak of $110 million during March of 1999 ending the month at $89.65 million and thereafter declined to $9.04 million by October 1999 and to $3.9 million by December 31, 1999.

d) **The Bridge**

23. Little formal or documentary process for instructions or signoff surrounding the bridge building project existed. The process was almost entirely conducted through meetings and telephone discussions.

24. The testing protocol included repeated tests with transactions that were rejected. However, previously successful transactions were not always routinely re-tested.

25. The Respondent eventually obtained a clean test of the bridge system prior to the conversion.

26. The Respondent's Board of Directors was advised on December 15, 1998 that the conversion was successful and up and running.

e) **Real Time Trade Calculation**

27. A significant number of unreconciled items were attributed to the implementation of the Real Time Trade Calculation ("RTTC"), a feature that was a part of ISM's product but had been inadequately tested by ISM and the Respondent prior to implementation.

28. This feature was excluded from bridge testing as it was expected to be seamless and have no impact on the interface between ISM and Multipath. When the bridge was implemented on December 14, 1998 it turned out that the RTTC feature was responsible for many of the failed transactions.

f) **Roles and Responsibilities**

29. The Respondent's Group Financial Services also identified deficiencies with internal controls in its March 1999 audit. Specifically, the problems with the bridge were exacerbated by increased trade volumes from the amalgamation with GCC. Due to the amalgamation, certain experienced staff had been made redundant and responsibilities and reporting lines were not clear. In addition, responsibilities for reconciliation,

preparation, review and clearance were not clearly defined and there was poor overall management of the process.

30. The Respondent acknowledged that its internal controls, policies and procedures had not been updated from 1997 to 1998, the year in which the Moss Lawson and GCC amalgamations were completed and new personnel joined the Respondent in key roles.

g) Corrective Action Taken

31. Once the severity of the problem was identified by the Respondent in early January 1999 the Association was immediately notified. The injection of previously committed US$100 million into the Respondent brought the Respondent's risk adjusted capital levels to an acceptable position.

32. No client funds were put at risk as a result of the problems described.

33. In addition, the Respondent allocated numerous resources to the reconciliation of bridge problems. Experienced staff was recruited to correct the problems and move the business forward. More staff has been added on a permanent basis and new procedures have been put in place in both the operations and financial controls sections. The technology and reconciliation issues have been resolved.

IV. CONTRAVENTIONS

34. As at mid-December 1998, through to January 31, 1999, the Respondent, while a member of the Association, failed to maintain its Risk-Adjusted Capital as greater than zero, contrary to By-law 17.1.

35. As at mid-December 1998, through to September 30, 1999, the Respondent, while a member of the Association, failed to maintain a proper system of books and records, in that it did not accurately reflect the status of certain accounts for internal reconciliation purposes, contrary to By-law 17.2.

V. ADMISSION OF CONTRAVENTIONS

36. The Respondent admits the contravention of the By-laws of the Association noted in Section IV of this Settlement Agreement.

VI. DISCIPLINE PENALTIES

37. The Respondent accepts the discipline penalties imposed by the Association pursuant to this Settlement Agreement as follows:

(a) for the Contraventions, set out in Section IV, paragraphs 34 and 35, a fine in the amount of $60,000 payable to the Association within one (1) month of the effective date of this Settlement Agreement; and

(b) a condition that in the event the Respondent fails to comply with any of these discipline penalties within the time prescribed, the District Council may upon application by the Senior Vice President, Member Regulation and without further notice to the Respondent suspend the approval of the Respondent until the penalties are complied with.

VII. ASSOCIATION COSTS

38. Pursuant to By-law 20.12 the Respondent shall pay the Association's costs of this proceeding in the amount of $10,710, payable to the Association within one (1) month of the effective date of this Settlement Agreement.

VIII. EFFECTIVE DATE

39. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms upon:

(a) its acceptance; or

(b) the imposition of a lesser penalty or less onerous terms; or

(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

IX. WAIVER

40. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives its right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available pursuant to such By-laws or any applicable legislation.

X. STAFF COMMITMENT

41. If this Settlement Agreement becomes effective and binding, Staff will not proceed with any disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. PUBLIC NOTICE OF DISCIPLINE PENALTY

42. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized pursuant to By-law 20.10 for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements;

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. EFFECT OF REJECTION OF SETTLEMENT AGREEMENT

43. If the District Council rejects this Settlement Agreement:

(a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

AGREED TO by the Respondent at the "City" of "Toronto", in the Province of Ontario, this "10th" day of "July", 2000.

HSBC SECURITIES (CANADA) INC.

"Francois du Plessis"
President & Chief Executive Officer

AGREED TO by Staff at the City of Toronto, in the Province of Ontario, this "11th" day of "July", 2000.

"GILLIAN ROBERTS"	**"NATALIJA POPOVIC"**
Witness	Enforcement Counsel, on behalf of the Staff of the Investment Dealers Association of Canada

ACCEPTED by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto", in the Province of Ontario, this "13th" day of "July", 2000.

INVESTMENT DEALERS ASSOCIATION OF CANADA
(Ontario District Council)

Per: "Fred Kaufman" - Chairperson

Per: "George Dunn" - panel member

Per: "Charles Caty" - panel member

13.1.3 Derivative Services Inc. and Malcolm Robert Bruce Kyle - Ruling of the Ontario District Council

IN THE MATTERS OF
THE INVESTMENT DEALERS ASSOCIATION OF CANADA

AND

DERIVATIVE SERVICES INC. and
MALCOLM ROBERT BRUCE KYLE

RULING OF THE ONTARIO DISTRICT COUNCIL

The District Council rendered its penalty decision in this matter, including an award of costs, on June 29, 2000. On July 13, 2000 a request to re-open the proceeding with respect to costs was received from Ms. Biggar. Mr. Awad responded in a letter dated July 14, 2000.

Ms. Biggar's request is based on an assertion that "the usual practice" is to request submissions with respect to costs after a decision has been made. Her letter indicates that she intends to make submissions based on the fact that the Association's staff sent proposed settlement agreements to the respondents in October 1998. She states that these agreements are important evidence on the issue of why the respondents decided to proceed to a hearing and that they are also important for additional reasons "which it is not appropriate to elaborate on at this stage." She suggests that the proposed settlement agreements should be treated as offers to settle and that the District Council, analogizing to Rule 49.13 of Ontario's *Rules of Civil Procedure*, should take them into account when determining costs.

While acknowledging that the District Council "likely has a discretion to re-open the issue of quantum of costs," Mr. Awad submits that the District Council should not grant the request because the respondents were aware that costs could be ordered and would be requested on behalf of the Association and had an opportunity to make submissions on the issue and because there is little prejudice to the respondents in view of the "modest" costs that were ordered. He states that if the request is granted, he will ask for a higher amount of costs "that is fully reflective of the time and effort of Association staff in this case, and the results."

The District Council has determined not to grant the request to re-open the hearing to reconsider its costs order. The practice in Association disciplinary proceedings has been to address costs at the same time as the penalty; see, e.g., *In the Matter of James Hill*, (2000) 23 O.S.C.B. 3348 (May 5); *In the Matter of Edward Richard Milewski*, (1999) 22 O.S.C.B. 5404 (August 27). The practice before securities commissions in Canada varies. The British Columbia Securities Commission tends to direct its staff to apply for costs after it has rendered a decision on penalty; see, e.g., *In the Matter of The Loma Trust*, [2000] B.C.S.C. Weekly Summary 112 (March 24). The Alberta Securities Commission tends to address both sanction and costs at the same time; see, e.g., *In the Matter of World Stock Exchange*, (2000) 9 A.S.C.S. 1240 (April 7).

In the District Council's view the Association's past practice is preferable where the facts are not contested or where, as here, the District Council issues its decision on the merits and then convenes a subsequent hearing to consider the appropriate penalty. This follows from the fact that an award of costs may be viewed as an element of the sanction and also from the function of a settlement agreement in the self-regulatory disciplinary process.

The Association's enforcement staff usually signals its intention to initiate proceedings by serving a proposed settlement agreement and informing the respondent that if a settlement has not been reached by a specified date, a notice of hearing will be issued. While settlement agreements are contemplated by the Association's By-laws (paras. 20.25-20.28) and provide a means for an expeditious and economical resolution of a disciplinary matter, they are not the same as settlement offers in civil actions in the courts. As they relate to Association disciplinary proceedings, they are not intended to encourage resolution of matters between private parties outside of the courts; this is clear from the requirement that a settlement agreement be accepted by a District Council (By-laws, para. 20.26).

Settlement agreements under the By-laws are also not intended to have the costs consequences that may follow an offer to settle in civil litigation. Such consequences are not available under the Association's By-laws, which authorize the District Council to require a respondent to pay costs to the Association, but not the reverse (By-laws, para. 20.12). As the District Council's authority to grant costs is limited, costs based on the terms of a proposed settlement agreement cannot serve the same function as under the *Rules of Civil Procedure*.

Moreover, treating the terms of a proposed settlement agreement as relevant to costs to be awarded to the Association in light of the sanction imposed in a disciplinary proceeding would add complexities and pressures to the settlement and disciplinary process that would be inappropriate in the context of a proceeding intended to achieve a "public interest" resolution rather than to resolve a dispute between private parties.

Nor can a proposed settlement agreement be used in the manner suggested in Ms. Biggar's requesting letter. Paragraph 20.28 of the Association's By-laws provides that all negotiations of a settlement agreement are without prejudice and may not be used as evidence or referred to in a hearing. Thus the settlement agreements sent to the respondents in this proceeding cannot constitute evidence of the reason for their determination to proceed to a hearing, an issue that was addressed in other terms in the penalty hearing.

Apart from these structural issues, the District Council can see no reason to exercise a discretion to re-open the hearing with respect to costs. The respondents had notice that costs would be addressed in the penalty hearing; counsel for the Association provided a written submission containing a request for costs, a draft of which was sent to counsel for the respondents prior to the penalty hearing, as both counsel acknowledged at that hearing. The respondents thus were aware that costs would be addressed at the penalty hearing and had an opportunity to make submissions on them. That they did not do so does not provide a reason to re-open, especially in view of the relatively nominal award of costs for proceedings of the length and complexity of this one. Indeed, had the Association requested a greater amount of costs, the District Council would have seriously considered a larger award.

For all of these reasons, the District Council has determined not to grant the respondents' request to re-open the hearing to reconsider costs.

Dated this 18th day of July, 2000

"Philip Anisman", Chair

"Sandra L. Rosch", Member

"Bruce S. Schwenger", Member

13.1.4 Taurus Capital Markets Limited

Press Release

July 25, 2000

RE: IN THE MATTER OF TAURUS CAPITAL MARKETS LIMITED

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement between the Association Member Regulation staff and Taurus Capital Markets Limited is in respect of the conduct of Taurus Capital Markets Limited, a Member of the Association, for which it may be disciplined by the Association.

The hearing is scheduled to commence at **9:00 a.m.** or thereafter on **Thursday, August 10, 2000,** at the Offices of the Investment Dealers Association of Canada, 121 King Street West, 16th Floor, Main Boardroom, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters.

If the Settlement Agreement is accepted by the Ontario District Council, the Association will issue an Association Bulletin setting out terms of settlement, including violation(s) committed, a summary of the agreed facts, and the discipline penalty imposed. If the Ontario District Council accepts the Settlement Agreement, copies of the Association Bulletin and Settlement will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

13.1.5 Jeffrey Neil Turcotte

Press Release

July 25, 2000

RE: IN THE MATTER OF JEFFREY NEIL TURCOTTE

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for a discipline proceeding before the Ontario District Council of the Association.

The proceeding is in respect of matters alleged by the Member Regulation staff of the Association to have occurred while Mr. Jeffrey Neil Turcotte was employed and registered at the Ottawa, Ontario branch office of Moss, Lawson & Co., Limited, (now HSBC Securities (Canada) Inc.), a member of the Association. Mr. Turcotte is not currently employed or registered with a Member of the Association.

The hearing is scheduled to commence at **9:00 a.m.** or thereafter on **Thursday, August 10, 2000,** at the Offices of the Investment Dealers Association of Canada, Suite 1600, 121 King Street West, Main Boardroom, Toronto, Ontario. The hearing is open to the public except as may be required for the protection of confidential matters.

If the Ontario District Council determines that discipline penalties are to be imposed upon Mr. Turcotte, the Association will issue an Association Bulletin giving notice of the discipline penalties assessed, the regulatory violation(s) committed by Mr. Turcotte, and a summary of the facts. Once the District council has issued its Decision, copies of the Association Bulletin and the Decision will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

13.1.6 Stephen Parke

Press Release

July 27, 2000

RE: IN THE MATTER OF STEPHEN PARKE

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement between the Association Member Regulation staff and Mr. Stephen Parke is in respect of matters that occurred while Mr. Parke was employed as a Registered Representative at Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.), a Member of the Association, for which he may be disciplined by the Association.

The hearing is scheduled to commence at **9:00 a.m.** on **August 10, 2000,** at the Association's offices located at 1600 – 121 King Street West, Toronto, Ontario. The hearing may be conducted *in camera* as necessary for the presentation, review and consideration of the settlement proposal, and where required for the protection of confidential matters.

If the Settlement Agreement is accepted by the Ontario District Council, the Association will issue an Association Bulletin setting out terms of settlement, including the violation(s) committed by Mr. Parke, a summary of the agreed facts and the discipline penalty imposed. If the Ontario District Council accepts the Settlement Agreement, copies of the Association Bulletin and the Settlement Agreement will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

13.1.7 M.R.S. Securities Services Inc. - Discipline Penalties Imposed

BULLETIN # 2752
July 20, 2000

Discipline Penalties Imposed on M.R.S. Securities Services Inc. – Violation of By-law 17.2A

Person Disciplined

The Ontario District Council of the Investment Dealers Association of Canada has imposed a discipline penalty on **M.R.S. Securities Services Inc.**, a Member of the Association ("the Member").

By-laws, Regulations, Policies Violated

On July 13, 2000, the District Council considered, reviewed and accepted a settlement agreement negotiated between the Member and staff of the Enforcement Division of the Association. The Member has admitted that, from October 1997 to February 1999, it failed to maintain adequate internal controls in accordance with Policy No. 3 of the Association, contrary to By-law 17.2A of the Association.

Penalty Assessed

The discipline penalty assessed against the Member is a fine of $35,000.00. The Member is also required to pay $4,150.00 towards the Association's costs of investigating this matter.

Summary of Facts

In mid-1999, as a result of an examination by the CIPF, Association staff determined that, since October 1997, the Member had been depositing its business receipts into a bank account of a related company before transferring the funds to the Member's own account, usually within a day. The related company was a registered loan and trust company, but not an "acceptable institution", as defined by the *Joint Regulatory Financial Questionnaire and Report* ("*JRFQR*"). As a result, this practice had an adverse effect on the Member's "risk-adjusted capital" ("RAC"), as defined by the *JRFQR*. The Member also deposited client cash with the same related company. As there was no written custodial agreement in existence between the Member and the related company, this practice also had an adverse effect on the Member's RAC.

The existence of both practices indicates that a flaw existed in the Member's internal controls. The Member has taken corrective action: it now deposits its receipts directly to its own account; and the Member and the related company now have in place a written custodial agreement.

Suzanne M. Barrett
Association Secretary

In the Matter of Discipline Pursuant to By-law 20 of the Investment Dealers Association of Canada

Re: MRS Securities Services Inc.

Settlement Agreement

I. Introduction

1. The staff ("Staff") of the Investment Dealers Association of Canada ("the Association") has conducted an investigation (the "Investigation") into the conduct of MRS Securities Services Inc.("the Respondent").

2. The Investigation discloses matters for which the District Council of the Association ("the District Council") may penalize the Respondent by imposing discipline penalties.

II. Joint Settlement Recommendation

3. Staff and the Respondent consent and agree to the settlement of these matters by way of this Settlement Agreement in accordance with By-law 20.25.

4. This Settlement Agreement is subject to its acceptance, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council in accordance with By-law 20.26.

5. Staff and the Respondent jointly recommend that the District Council accept this Settlement Agreement.

6. If at any time prior to the acceptance of this Settlement Agreement, or the imposition of a lesser penalty or less onerous terms, or the imposition, with the consent of the Respondent, of a penalty or terms more onerous, by the District Council, there are new facts or issues of substantial concern in the view of Staff regarding the facts or issues set out in Section III of this Settlement Agreement, Staff will be entitled to withdraw this Settlement Agreement from consideration by the District Council.

III. Statement of Facts

(i) Acknowledgment

7. Staff and the Respondent agree with the facts set out in this Section III and acknowledge that the terms of the settlement contained in this Settlement Agreement are based upon those specific facts.

(ii) Factual Background

8. From October 27, 1997 to February 28, 1999 MRS Securities Services Inc. deposited each day its business receipts into the bank account of MRS Trust, another MRS corporate entity. At the material time, MRS Trust was not an "acceptable institution" according to the definition section of the JRFQ and R of Policy 3.

9. On February 25th and 26th, 1999 MRS Securities Services Inc. deposited its funds into the account of MRS Trust as usual but the funds were not transferred back into the account of MRS Securities Services Inc. until the beginning of March, 1999. In the calculation of RAC, MRS Securities Services Inc. included the February deposit as "allowable assets" and as a result, the February RAC was overstated by this amount.

10. This deposit procedure was detected by a CIPF examination of the February 28, 1999 to May 1999 Statements of Allowable Assets and Risk Adjusted Capital. This situation was corrected the next day by the direct deposit by MRS Securities Services Inc. of funds into its own bank account.

11. The CIPF examination also revealed that as of February 28, 1999, MRS Securities Services Inc. held non-certified client Money Maximizer funds on deposit with MRS Trust which was not an acceptable securities location. The effect of this deposit caused the Risk Adjusted Capital to be overstated by the market value of the Money Maximizer funds, because there was no written custodial agreement in place between MRS Securities Services Inc. and MRS Trust.

12. This was corrected on September 27, 1999 when a written custodial agreement came into existence.

IV. Contraventions

13. From October 27, 1997 to February 28, 1999, **MRS Securities Services Inc.**, while a Member of the Association, failed to establish and maintain adequate internal controls in accordance with the internal control policy statements in Policy No. 3 contrary to By-law 17.2A.

V. Admission of Contraventions and Future Compliance

14. The Respondent admits the contravention of the Statutes or Regulations thereto, By-laws, Regulations, Rulings or Policies of the Association noted in Section IV of this Settlement Agreement. In the future, the Respondent shall comply with these and all By-laws, Regulations, Rulings and Policies of the Association.

VI. Discipline Penalties

15. The Respondent accepts the imposition of discipline penalties by the Association pursuant to this Settlement Agreement as follows:

(a) a fine in the amount indicated below, payable to the Association within one (1) month of the effective date of this Settlement Agreement:

Contravention as set out in Section IV, paragraph 12: $ 35,000.00

VII. Association Costs

16. The Respondent shall pay the Association's costs of this proceeding in the amount of $ 4,150.00, payable to the Association within one (1) month of the effective date of this Settlement Agreement.

VIII. Effective Date

17. This Settlement Agreement shall become effective and binding upon the Respondent and Staff in accordance with its terms as of the date of:

(a) its acceptance; or
(b) the imposition of a lesser penalty or less onerous terms; or
(c) the imposition, with the consent of the Respondent, of a penalty or terms more onerous,

by the District Council.

IX. Waiver

18. If this Settlement Agreement becomes effective and binding, the Respondent hereby waives its right to a hearing under the Association By-laws in respect of the matters described herein and further waives any right of appeal or review which may be available under such By-laws or any applicable legislation.

X. Staff Commitment

19. If this Settlement Agreement becomes effective and binding, Staff will not proceed with disciplinary proceedings under Association By-laws in relation to the facts set out in Section III of the Settlement Agreement.

XI. Public Notice of Discipline Penalty

20. If this Settlement Agreement becomes effective and binding:

(a) the Respondent shall be deemed to have been penalized by the District Council for the purpose of giving written notice to the public thereof by publication in an Association Bulletin and by delivery of the notice to the media, the securities regulators and such other persons, organizations or corporations, as required by Association By-laws and any applicable Securities Commission requirements; and

(b) the Settlement Agreement and the Association Bulletin shall remain on file and shall be disclosed to members of the public upon request.

XII. Effect of Rejection of Settlement Agreement

21. If the District Council rejects this Settlement Agreement:

(a) the provisions of By-laws 20.10 to 20.24, inclusive, shall apply, provided that no member of the District Council rejecting this Settlement Agreement shall participate in any hearing conducted by the District Council with respect to the same matters which are the subject of the Settlement Agreement; and

(b) the negotiations relating thereto shall be without prejudice and may not be used as evidence or referred to in any hearing.

Agreed to by Staff at the City of Toronto, in the Province of Ontario, this "17th" day of "April" , 1999. "2000"

"Grace Hession"
Witness

"Fredric L. Maefs"
Fredric L. Maefs
Vice President, Enforcement
of behalf of Staff of the
Investment Dealers Association of Canada

Agreed to by the Respondent at the "City" of "Toronto" , in the Province of Ontario, this "14th" day of "April" , 1999.

" < not legible > "
Witness

"W. Sian B. Brown"
Respondent

Accepted by the Ontario District Council of the Investment Dealers Association of Canada, at the City of "Toronto" , in the Province of Ontario, this "13th" day of "July", 1999. "2000"

Investment Dealers Association of Canada
(Ontario District Council)

Per: "Fred Kaufman"

Per: "George Dunn"

Per: "Charles Caty"

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Chapter 25

Other Information

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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