

The Ontario Securities Commission

OSC Bulletin

October 27, 2000

Volume 23, Issue 43

(2000), 23 OSCB

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

The Ontario Securities Commission

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Suite 800, Box 55
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Published under the authority of the Commission by:

IHS/Micromedia Limited
20 Victoria Street
Toronto, Ontario
M5C 2N8

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The OSC Bulletin is published weekly by Micromedia, a division of IHS Canada, under the authority of the Ontario Securities Commission.

Subscriptions are available from Micromedia limited at the price of \$520 per year. Alternatively, weekly issues are available in microfiche form at a price of \$385 per year. Back volumes are also available on microfiche:

| | |
|------------|----------|
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| 1997-98 | \$400/yr |
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Subscription prices include first class postage to Canadian addresses. Outside Canada, these airmail postage charges apply on a current subscription:

| | |
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| U.S. | \$110 |
| Outside North America | \$220 |

Single issues of the printed Bulletin are available at \$33.00 per copy as long as supplies are available. OSC Bulletin Plus, a full text searchable CD-ROM containing OSC Bulletin material from January 1994 is available from Micromedia Limited. The sample issue of the OSC Bulletin is available on the internet at:

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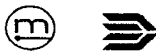


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ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little

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

Irvine James Dyck

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

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

S. B. McLaughlin

PROVINCIAL DIVISION PROCEEDINGS

Date to be announced

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

s. 122
Ms. M. Sopinka in attendance for staff.

Ottawa

Oct 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

Nov 14/2000
9:00 a.m.

Arnold Guettler, Neo-Form North America Corp. and Neo-Form Corporation

s. 122(1)(c)
Mr. D. Ferris in attendance for staff.

Court Room No. 111, Provincial Offences Court
Old City Hall, Toronto

Dec 4/2000
Dec 5/2000
Dec 6/2000
Dec 7/2000
9:00 a.m.
Courtroom N

1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod

s. 122
Mr. D. Ferris in attendance for staff.
Provincial Offences Court
Old City Hall, Toronto

Jan 29/2001 - Einar Bellfield
Feb 2/2001
Apr 30/2001 - s. 122
May 7/2001 - Ms. K. Manarin in attendance for staff.
9:00 a.m.
Courtroom C, Provincial
Offences Court
Old City Hall, Toronto

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

1.1.2 IDA By-Law 29 Regarding Valuation Disclosure Standards for Insider Bids, Issuer Bids, Going Private Transactions and Related Party Transactions - Notice of Ontario Securities Commission Approval of Amendments

**Amendments to IDA By-Law 29
Regarding Valuation Disclosure Standards for Insider Bids,
Issuer Bids, Going Private Transactions and
Related Party Transactions - Notice of Ontario
Securities Commission Approval of Amendments**

On October 24, 2000, the Commission approved the amendments to IDA By-Law 29 respecting disclosure requirements and recommendations for formal valuations and fairness opinions prepared by IDA members for use in connection with insider bids, issuer bids, going private transactions and related party transactions. A copy and description of the By-Law were published on December 10, 1999 at (1999) 22 OSCB 7902.

1.2 News Releases

October 18, 2000

1.2.1 CSA Proposals Will Ease Transition for Mutual Fund Industry

FOR IMMEDIATE RELEASE
Friday, October 20, 2000

CSA PROPOSALS WILL EASE TRANSITION FOR
MUTUAL FUND INDUSTRY

VANCOUVER -- Canada's securities regulators are supporting proposed amendments to the Mutual Fund Dealers' Association (MFDA) draft By-Laws which are designed to assist mutual fund salespersons in making a smooth transition to the new self-regulatory organization.

"We have listened to the industry's concerns, and we are responding with positive amendments to ensure that mutual fund salespersons can meet the MFDA's requirements without compromising investor protection," said Doug Hyndman, Chair of the Canadian Securities Administrators (CSA), the umbrella body representing the 13 provincial and territorial securities commissions.

The proposed amendments address a number of issues, including: commission payments to unregistered corporations, bulk transfers, financial planning activities, the use of trade names, capital requirements and Financial Institution Bond coverage.

The proposed amendments, which were developed following extensive consultations with industry associations and direct meetings with mutual fund salespeople, were transmitted to the MFDA in a letter from Mr. Hyndman (attached).

Contacts:

Frank Switzer
Director, Communications
Ontario Securities Commission
(416) 593-8120

Dean Pelkey
Media Relations Officer
B.C. Securities Commission
(604) 899-6880

Mr. Larry Waite
Chief Operating Officer
Mutual Fund Dealers Association of Canada
121 King Street West
Suite 1600
Toronto, Ontario
M5H 3T9

Dear Mr. Waite:

At our Fall Meeting on October 5, 2000, the Canadian Securities Administrators discussed some proposed amendments to the Mutual Fund Dealers Association of Canada's draft By-Laws and Rules. The amendments were proposed by staff of the Ontario Securities Commission to respond to comments that the rules related to distribution structures would negatively impact the businesses of many mutual fund salespersons. The concerns were expressed particularly on behalf of dually licensed salespersons.

The CSA agreed to support the proposed amendments on the basis that they will address many of these concerns without compromising investor protection. This letter summarizes the proposed amendments agreed to by CSA.

Commission Payments to Unregistered Corporations

In some jurisdictions, salespersons have established personal corporations through which they conduct their financial service business including trading in mutual fund securities, sales of insurance products and financial planning. These salespersons often direct their dealers to pay commissions earned from the sales of mutual fund securities directly to their personal corporations.

Draft MFDA Rule 2.4.1 would require all remuneration to "be paid by the [dealer] ... directly to and in the name of the Approved Person." An "Approved Person" is defined in By-law No. 1 as a natural person, which includes a salesperson and a branch manager of the dealer who are registered under appropriate securities legislation. The draft Rule, which is consistent with the CSA Distribution Structures Position Paper, does not contemplate payments of commissions to an unregistered corporation of a salesperson.

The CSA has agreed to allow salespersons to direct their dealers to pay a portion of their earned commissions directly to their unregistered personal corporations, provided that:

1. the portion of the commissions paid directly to a salesperson's corporation must be related to the provision by the corporation to the dealer of services for which registration is not required;
2. the services provided and the resulting remuneration must be reflected in an agreement between the dealer and the salesperson's corporation; and
3. all remaining remuneration, including all remuneration resulting from activities for which registration is required, must be paid directly by the dealers to the salespersons.

In order to ensure salespersons direct only a reasonable portion of their commissions to their personal corporations, the rule should provide that no more than 25% of the total commissions earned by a salesperson may be paid to the salesperson's corporation.

Bulk Transfer

The CSA recognizes that some salespersons would like to apply as level 1 introducers or level 2 dealers with the MFDA, and that draft MFDA Rule 2.12 would make it difficult for these salespersons to transfer their clients. MFDA Rule 2.12 requires a delivering dealer to obtain the written consent of each client prior to transferring the client's account to another dealer.

In order to accommodate salespersons who wish to become dealers in the early stage of the MFDA, the CSA will allow a transition period of two years, during which a salesperson may obtain negative affirmation of clients' consent to transfer, provided that:

1. the salesperson applies to become registered as a dealer; and
2. the new account at the receiving dealer is a client name account.

It should be emphasized that it is not the intention of the CSA to interfere with any commercial arrangement between a dealer and a salesperson where that relationship would not permit a salesperson to take his/her client accounts to a new dealer.

Financial Planning

The draft MFDA Rules would allow salespersons to continue to conduct financial planning activities through a business outside of the dealer, provided that the business is regulated by any governmental authority or statutory agency other than a securities commission. This differs from the position taken in the CSA Distribution Structures Position Paper, which states that financial planning activities must be conducted through and supervised by the mutual fund dealers.

The CSA agrees to support the MFDA position that salespersons can record income derived from their financial planning activities through businesses that are otherwise regulated; however, any part of financial planning that could be considered advice relating to trading in securities or acts in furtherance of a trade must be supervised by their dealers. This will require amendments to be made to the draft MFDA Rules to ensure that:

1. the dealers are notified of and approve the financial planning activities of their salespersons;
2. the dealers have access to the complete financial plans prepared by their salespersons that have resulted in advice or trades in securities;
3. the dealers have a system in place to review and monitor the financial planning activities of their salespersons, which includes a review of the whole financial plans, to ensure all conflicts of interest are addressed properly and all advice and trades in

4. securities for clients are suitable based on the clients investment objectives and needs;
4. the dealers have the ability to follow up and investigate any client complaints with respect to financial planning provided by their salespersons;
5. disclosure is provided to financial planning clients that clarifies the relationship between the salesperson and the dealer with respect to these activities and that provides guidance to clients with respect to complaint procedures; and
6. the MFDA and the securities regulators have access to and the ability to review the whole of these financial plans and have the ability to follow up complaints, and investigate and regulate those activities that result in trades and advice in securities.

In some provinces, salespersons who offer financial planning advice will be required to comply with Multi-Lateral Instrument 33-107 ("MI 33-107") when it becomes effective. The objectives of MI 33-107 are to reduce clients' exposure to unnecessary losses resulting from incomplete and incompetent financial planning advice, and to ensure that dealers supervise their salespersons to ensure they are not holding themselves out as financial planners without the required proficiency.

Trade Names

Draft MFDA Rule 1.1.7 would allow the use of trade names by salespersons or dealers only when these trade names are owned by and registered to the dealers and are used in conjunction with the full names of the dealers. The CSA agrees to amendments to the Rule that will permit salespersons to continue to own the trade names under which they conduct their mutual fund businesses provided that:

1. the dealer consents to the use of the trade names by the salespersons;
2. the securities regulators and the MFDA are notified in writing of all trade names that are used by the dealer and its salespersons in conducting the dealer's business;
3. the trade names are always used in conjunction with the full legal name of the dealer;
4. the full legal name of the dealer is given at least equal prominence as the trade name; and
5. the trade names should not be used to deceive or mislead clients.

Minimum Capital Requirement

The CSA understands that MFDA Draft Rule 3.1 would impose a higher capital requirement than current securities legislation due to a more stringent risk adjusted basis for calculating capital and a higher minimum required capital. The CSA will not object to a reduction in the minimum capital for level 2 dealers from \$75,000 to \$50,000 and for level 3 dealers from \$125,000 to \$75,000, based on the proposed restricted activities of these dealers.

Capital Transition Period

In light of the more stringent capital requirements, the CSA also accepts MFDA's proposal to provide all dealers with a transition period for them to accumulate the minimum capital

levels, as published with the draft MFDA Rules. The transition period for level 1 dealers is one year after the MFDA is recognized, and the transition period for dealers of other levels is three years after the MFDA is recognized.

Financial Institution Bond ("FIB") Coverage

Draft MFDA Rule 4.4 would require levels 1 and 2 dealers to maintain a minimum of \$200,000 for each of the required coverages under the FIB, and levels 3 and 4 dealers to maintain a minimum of \$500,000 for each coverage. Current securities legislation in a number of provinces requires mutual fund dealers to maintain insurance of \$50,000 for each salesperson up to a maximum of \$200,000. The CSA will not object to the lowering of minimum insurance requirements for level 1 introducers and levels 2 and 3 dealers, provided the minimum levels will be at or above the current statutory requirements.

If you have any questions or concerns, please do not hesitate to give me a call.

Yours truly,

Douglas M. Hyndman
Chair
Canadian Securities Administrators

cc: CSA Chairs

1.2.2 OSC To Host 6th Annual Industry Conference

October 24, 2000

OSC TO HOST 6TH ANNUAL INDUSTRY CONFERENCE

Toronto - On October 31, the Ontario Securities Commission will host the 6th Annual **Dialogue with the OSC** at the Sheraton Centre in Toronto. The agenda will focus on significant regulatory activities from the past year, including an update on enforcement activities, alternative trading systems, mutual fund initiatives, financial planning and accounting issues. The conference attracts market participants from across Ontario with nearly 400 delegates expected to attend.

For the first time, the morning program for **Dialogue with the OSC** will be broadcast via satellite to venues in London and Ottawa. Delegates in each region will have the opportunity to hear and ask questions of the panellists in Toronto.

The agenda also features an *Executive Panel* with Dina Palozzi, Chief Executive Officer and Superintendent of the Financial Services Commission of Ontario, and David Brown, Chair of the OSC. They will discuss the planned merger of the OSC and FSCO.

There will also be a *Panel of Chairs* with the Ontario, British Columbia, Alberta and Quebec Securities Commissions as participants.

Dialogue with the OSC will start at 8:30 am at the following locations:

| | |
|----------|------------------------------|
| Toronto: | Sheraton Center |
| Ottawa: | The Chateau Laurier |
| London: | The London Convention Centre |

The agenda for **Dialogue with the OSC** is available on the OSC website at www.osc.gov.on.ca.

Reference:

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

1.2.3 MSC and OSC Holding Hearings Relating to Aspen Properties Take-over Bid for Consolidated Properties

October 25, 2000

MSC and OSC Holding Hearings Relating to Aspen Properties Take-over Bid for Consolidated Properties

WINNIPEG and TORONTO -- The Manitoba Securities Commission and the Ontario Securities Commission will be considering applications made in connection with the take-over bid by Aspen Properties Ltd. for 30% of the common shares of Consolidated Properties Ltd.

On October 5, 2000 the Commissions received an application by Aspen Properties Ltd. for an order to cease trade the shareholders rights plan of Consolidated Properties Ltd. On October 12, 2000 the Commissions received an application by Consolidated Properties Ltd. for an order requiring Aspen Properties Ltd. to amend documents issued by Aspen Properties Ltd. in connection with its take-over bid for Consolidated Properties Ltd.

The hearings in connection with the applications will commence at 9:00 a.m. CDT on October 26, 2000 in the large board room of the MTS Video Conferencing Center located on the main floor of the Trizec Building, 360 Main Street, Winnipeg, Manitoba. The OSC will take part in the hearings by videoconference from the OSC's offices (17th floor, 20 Queen Street West, Toronto, Ontario).

The MSC and OSC are industry funded provincial agencies responsible for maintaining the efficiency and integrity of the capital markets by administering securities legislation in their respective jurisdictions. Together with other members of the Canadian Securities Administrators, the MSC and OSC develop and operate the Canadian Securities Regulatory System.

Copies of application are available from Manitoba Securities Commission, 1130-405 Broadway, Winnipeg, MB R3C 3L6, or from Ontario Securities Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

References:

Ainsley Cunningham
Educational Officer
Manitoba Securities Commission
(204) 945-4733

Frank Switzer
Director, Communications
Ontario Securities Commission
(416) 593-8120

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Brookfield Properties Corporation and CIBC World Markets Inc. - MRRS Decision

Headnote

Relief granted from ss. 224(1)(b) of the Regulation, as varied by the Rule cited below, to underwriters connected to the issuer - Issuer not in financial difficulty.

Regulations Cited

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

Rules Cited

In the Matter of the Limitations on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer, (1997) 20 OSCB 1217, as amended.

Proposed Multi-jurisdictional Instrument 33-105 - Underwriting Conflicts (1998) 21 OSCB 781.

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

AND

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

AND

**IN THE MATTER OF
BROOKFIELD PROPERTIES CORPORATION.**

AND

**IN THE MATTER OF
CIBC WORLD MARKETS INC.**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Quebec and Newfoundland (the "Jurisdictions") has received an application from CIBC World Markets Inc. (the "Applicant") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the restrictions contained in the Legislation which apply to underwriters in connection with a distribution of securities of a connected

issuer (the "Independent Underwriter Requirements") shall not apply to the Applicant in respect of a proposed secondary offering by the Applicant's parent, the Canadian Imperial Bank of Commerce (the "Selling Shareholder"), of 8,000,000 common shares of Brookfield Properties Corporation (the "Corporation");

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 Corporation is a corporation formed under the *Canada Business Corporations Act* on September 5, 1978.
2. The Corporation owns and manages a portfolio of premier North American office properties, operates real estate services businesses and develops master-planned communities.
3. The common shares of the Corporation are listed on The Toronto Stock Exchange and the New York Stock Exchange.
4. The Corporation has a market capitalization of approximately \$3.5 billion.
5. The Corporation is a reporting issuer under the Legislation and is not in default of any requirements of the Legislation.
6. The Selling Shareholder is the registered and beneficial owner of 8,000,000 common shares (the "Offered Shares") of the Corporation and is proposing to sell the Offered Shares by means of a secondary offering (the "Offering") made by way of short form prospectus.
7. The Offered Shares represent approximately five percent (5%) of the issued and outstanding common shares of the Corporation. The Selling Shareholder does not hold a sufficient number of any securities of the Corporation to affect materially the control of the Corporation.
8. The Applicant is a registrant under the Legislation and is not in default of any of its terms of registration. The Applicant is an indirect wholly-owned subsidiary of the Selling Shareholder.
9. The Applicant is proposing to act as lead underwriter in connection with the Offering of the Offered Shares.

10. The proportionate share of the Offering to be underwritten by each of the underwriters will be as follows:

| | |
|-------------------------------|-----|
| The Applicant | 50% |
| Merrill Lynch Canada Inc. | 45% |
| Trilon Securities Corporation | 5 % |

11. By virtue of the relationship between the Selling Shareholder and the Applicant, (i) the Selling Shareholder is a "related issuer" (or its equivalent) of the Applicant; and (ii) the Corporation is not a "related issuer" (or its equivalent) of the Applicant but may be considered a "connected issuer" (or its equivalent) of the Applicant.

12. As a consequence thereof, the Applicant is not entitled under the Legislation to act as an underwriter in connection with the Offering unless the Independent Underwriter Requirements are satisfied. The underwriting proportions set forth in paragraph 10 do not comply with the Independent Underwriter Requirements. Accordingly, the Applicant is making this application for exemptive relief.

13. The proportionate shares of the Offering referred to in paragraph 10 are in compliance with the requirements set forth in Proposed Multi-Jurisdictional Instrument 33-105 (the "Proposed Instrument").

14. The terms of the Offering were determined by negotiation between the Selling Shareholder and the underwriters, including Merrill Lynch Canada Inc. (the "Lead Independent Underwriter"). The Lead Independent Underwriter participated in the due diligence related to the Offering, the drafting of the preliminary prospectus and the prospectus and the pricing of the Offered Shares.

15. The Applicant will not benefit in any manner from the Offering other than the payment of its fees in connection with the Offering.

16. The nature of the relationship among the Corporation, the Selling Shareholder and the Applicant is described in the preliminary short form prospectus and will be described in the final short form prospectus relating to the Offering. The preliminary short form prospectus was filed on October 2, 2000.

17. The Prospectus will contain the information required by Appendix "C" to the Proposed Instrument.

18. Each of the underwriters will sign the prospectus certificate in accordance with the Legislation.

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

AND WHEREAS the Decision Makers are of the opinion that it would not be prejudicial to the public interest to make the Decision;

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

- (a) The Lead Independent Underwriter participates in the Offering as stated above;
- (b) the relationships between the Corporation and the Applicant and the Selling Shareholder and the Applicant are disclosed in the prospectus; and
- (c) the Offering is made in compliance with the Proposed Instrument.

October 6th, 2000.

"J. A. Geller"

"Robert W. Davis"

2.1.2 Canada Southern Petroleum Ltd. - MRRS Decision

Headnote

MRRS - Relief granted pursuant to Rule 56-501 to enable issuer to use the term "limited voting shares" to describe its restricted voting shares due to unique circumstances. Limited voting shares created in 1964 and Director's comment previously obtained under old restricted shares policy.

Applicable Ontario Statutory Provisions

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

Regulations Cited

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

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

AND

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

AND

IN THE MATTER OF CANADA SOUTHERN PETROLEUM LTD.

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Ontario and Quebec (the "Jurisdictions") has received an application from Canada Southern Petroleum Ltd. ("Canada Southern") for a decision under the securities legislation of the Jurisdictions (the "Legislation") permitting Canada Southern to use "limited voting shares" as the restricted share term describing certain of its securities;
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 Canada Southern has represented to the Decision Makers that:
 - 3.1 Canada Southern is a corporation continued under the laws of Nova Scotia, with its head office in Calgary, Alberta;
 - 3.2 Canada Southern is a reporting issuer or the equivalent in Alberta, Ontario, Quebec and Nova Scotia;

- 3.3 Canada Southern is subject to the reporting requirements of the *Securities Exchange Act of 1934* (the "1934 Act") in the United States of America;
- 3.4 Canada Southern is not in default of any requirement of the Legislation;
- 3.5 the authorized capital of Canada Southern consists of 100,000,000 limited voting shares (the "Shares"), of which 14,284,970 were issued and outstanding as of July 19, 2000;
- 3.6 the Shares are listed or quoted for trading on The Toronto Stock Exchange, the Boston Stock Exchange, the Pacific Exchange, Inc. and the National Association of Securities Dealers Automated Quotations System SmallCap Market ("NASDAQ SmallCap");
- 3.7 NASDAQ Small Cap is the principal market on which the Shares are traded;
- 3.8 each Share entitles the holder thereof to one vote at meetings of shareholders of Canada Southern, subject to the restriction that no holder may vote more than 1,000 Shares at any meeting;
- 3.9 due to the voting restrictions attached to the Shares, the Legislation requires that Canada Southern describe the Shares by a specified restricted share term in its offering and disclosure materials;
- 3.10 "limited voting shares" is not a specified restricted share term under the Legislation and Canada Southern would not be able to describe the Shares as "limited voting shares" in the absence of the relief provided herein;

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 Canada Southern is permitted to use "limited voting shares" as the restricted share term describing the Shares.

September 29th, 2000.

"Patricia Johnston"

2.1.3 Dayton Acquisitions Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer deemed to have ceased to be a reporting issuer following an amalgamation leaving only one shareholder.

Applicable Ontario Statutory Provisions

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

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

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

AND

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

AND

IN THE MATTER OF DAYTON ACQUISITIONS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta and Ontario (the "Jurisdictions") has received an application from Dayton Acquisitions Inc. ("DAI") for a decision under the securities legislation of each of the Jurisdictions (the "Legislation") that DAI 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 Executive Director of the British Columbia Securities Commission is the principal regulator for this application;

AND WHEREAS DAI has represented to the Decision Makers that:

1. DAI is a reporting issuer, or the equivalent thereof, under the Legislation;
2. DAI's head office is located in British Columbia;
3. as a result of an amalgamation (the "Amalgamation") between DAI and Mirage Resource Corporation ("Mirage"), all of the issued and outstanding securities of DAI are owned by Dayton Mining Corporation and accordingly, Dayton Mining Corporation is the sole securityholder of DAI;
4. DAI is not in default of any of its obligations as a reporting issuer under the Legislation, with the

exception of its obligation to file its annual audited financial statements for the year ended December 31, 1999, and interim financial statements for the quarters ended March 31 and June 30, 2000 (the "Financial Statements"); the Amalgamation was completed before the obligations of DAI to file the Financial Statements arose;

5. the common shares of DAI were delisted from the Toronto Stock Exchange on April 12, 2000 and no securities of DAI are traded on any stock exchange or other organized market; and
6. DAI does not intend to seek public financing by way of an offering of its securities.

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

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

THE DECISION of the Decision Makers under the Legislation is that DAI is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

August 30th, 2000.

"Margaret Sheehy"

2.1.4 Devtek Corporation - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only two security holders - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

**IN THE MATTER OF
DEVTEK CORPORATION**

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia, Newfoundland and Yukon (the "Jurisdictions") has received an application from Devtek Corporation ("Devtek") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Devtek be deemed to have ceased to be a reporting issuer or the 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 Devtek has represented to the Decision Makers that:

1. Devtek was incorporated under the *Ontario Business Corporations Act* on November 12, 1981 and its head office is located at 100 Allstate Parkway, Suite 500, Markham, Ontario, L3R 6H3;
2. Devtek is a reporting issuer or its equivalent under the Legislation;
3. On May 19, 2000, Héroux Inc. ("Héroux") and 1410740 Ontario Ltd. ("1410740 Ontario") made an offer to purchase (the "Offer") all of the issued and outstanding Devtek multiple voting shares ("Devtek MV Shares") and all of the issued and outstanding Devtek subordinated voting shares ("Devtek SV Shares") (collectively the "Shares") including all Devtek SV

Shares which may become outstanding on the exercise of currently outstanding stock options or on the exercise of any other rights;

4. As a result of the successful completion of the Offer by Héroux and 1410740 Ontario and the subsequent exercise of the compulsory acquisition provisions of the *Business Corporations Act* (Ontario), Héroux and 1410740 Ontario became the sole holders of all of the issued and outstanding securities of Devtek on August 28, 2000;
5. As of the date of the application, Héroux owns approximately 20.2% of the outstanding securities of Devtek and 1410740 Ontario owns approximately 79.8% of the outstanding securities of Devtek.
6. There are no issued and outstanding securities, including debt securities, of Devtek other than the securities held by Héroux and 1410740 Ontario;
7. The securities of Devtek were delisted from the TSE at the close of trading on September 12, 2000 and are not currently listed or quoted on any exchange or market in Canada;
8. Devtek does not intend to seek public financing by way of an offer of securities;
9. Devtek is not in default of any of the requirements of the Legislation;

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

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

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

October 2nd, 2000.

"J. Hughes"

**2.1.5 Dynamic RSP Health Sciences Fund and
Dynamic RSP Global Technology Fund -
MRRS Decision**

Headnote

Investment for specified purpose by mutual funds in securities of another mutual fund that is under common management exempted from the requirements of clause 111(2)(b), subsection 111(3), clauses 117(1)(a), and 117(1)(d) subject to certain specified conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am. ss. 111(2)(b), 111(3), 113, 117(1)(a), 117(1)(d), 117(2), and 121(2)(a)(ii).

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

AND

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

AND

**IN THE MATTER OF
DYNAMIC RSP HEALTH SCIENCES FUND
DYNAMIC RSP GLOBAL TECHNOLOGY FUND**

MRRS DECISION DOCUMENT

WHEREAS the regulator or securities regulatory authority (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Dynamic Mutual Funds Ltd. ("Dynamic") in its own capacity and on behalf of Dynamic RSP Health Sciences Fund, Dynamic RSP Global Technology Fund (collectively, the "Funds") and other mutual funds managed by Dynamic after the date of this Decision (defined herein) having an investment objective or strategy that is linked to the returns or portfolio of another specified Dynamic mutual fund while remaining 100% eligible for registered plans (together with the Funds, the "RSP Funds") for a decision by each Decision Maker (the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following prohibitions or requirements under the Legislation (the "Requirements") shall not apply in respect of certain investments to be made by the Funds and by other RSP Funds in the Dynamic Health Sciences Fund, the Dynamic Global Technology Fund, and other corresponding Dynamic mutual fund from time to time (collectively, the "Underlying Funds"):

A. the prohibition against a mutual fund knowingly making and holding an investment in a person or company in

which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and

B. the requirement that a management company of a mutual fund file a report relating to the purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies.

AND WHEREAS 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 Dynamic has represented to the Decision Makers that:

1. Dynamic is a corporation established under the laws of Ontario with its head office in Toronto, Ontario. Dynamic is the manager, trustee and promoter of the Funds and the Underlying Funds.
2. The RSP Funds will be open-end mutual fund trusts established under the laws of Ontario and their units are or will be qualified for distribution in all Jurisdictions under a simplified prospectus and annual information form (the "Prospectus").
3. The Underlying Funds are or will be open-end mutual fund trusts established under the laws of Ontario and their units are or will be qualified for distribution in all Jurisdictions by means of a simplified prospectus and annual information form.
4. The RSP Funds and the Underlying Funds are or will be reporting issuers under the securities laws of each of the provinces and territories of Canada. None of the RSP Funds or Underlying Funds is in default of any requirements of the Legislation.
5. Each of the RSP Funds seeks to achieve its investment objective while ensuring that securities of the RSP Fund do not constitute "foreign property for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and similar plans ("Registered Plans").
6. To achieve its investment objective, each of the RSP Funds invests its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, be "qualified investments" for Registered Plans and will not constitute foreign property in a Registered Plan. This will primarily be achieved through the implementation of a derivative strategy. However, the RSP Funds also intend to invest a portion of their assets in securities of the Underlying Funds. This investment by the RSP Funds will at all times be below the maximum foreign property limit prescribed for Registered Plans (the "Permitted Limit").

7. The investment objective of the Underlying Funds are achieved through investment primarily in foreign securities.
8. The direct investments by the RSP Funds in the Underlying Funds will be within the Permitted Limit. Dynamic and the RSP Funds will comply with the conditions of this Decision in respect of such investments. The amount of direct investment by each RSP Fund in its corresponding Underlying Fund will be adjusted from time to time so that, except for transitional cash, the aggregate of derivative exposure to, and direct investment in; the Underlying Fund will equal 100% of the assets of the RSP Fund.
9. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 Mutual Funds ("NI 81-102"), the investments by the RSP Funds in the Underlying Funds have been or will be structured to comply with the investment restrictions of the Legislation and NI 81-102.
10. In the absence of this Decision, pursuant to the Legislation, each of the RSP Funds is prohibited from
 - (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder; and
 - (b) knowingly holding an investment referred to in subsection (a) hereof. As a result, in the absence of this Decision, an RSP Fund would be required to divest itself of any investments referred to in subsection (a) herein.
11. In the absence of this Decision, the Legislation requires Dynamic, as the management company of the Funds, to file a report on every purchase or sale of securities of the Underlying Funds by the RSP Funds.
12. The purchase and sale of units of the Underlying Funds by the Funds represents the business judgment of responsible persons, uninfluenced by considerations other than the best interests of the RSP Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Requirements do not apply to the purchase and sale by the Funds of units of the Underlying Funds;

PROVIDED THAT:

1. this Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that

Decision Maker dealing with the matters in subsection 2.5 of NI 81-102; and

2. the Decision shall only apply in respect of investments in, or transactions with, the Underlying Funds that are made by the RSP Funds in compliance with the following conditions:
 - a) the investment by each RSP Fund in its Underlying Fund is compatible with the fundamental investment objective of the RSP Fund;
 - b) the RSP Funds and the Underlying Funds are under common management and the Underlying Funds' securities are offered and will continue to be offered for sale in the Jurisdiction of the Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;
 - c) each RSP Fund restricts its aggregate direct investment in its Underlying Fund to a percentage of its assets that is within the Permitted Limit;
 - d) the Prospectus of the RSP Funds describes the intent of the RSP Funds to invest in their Underlying Funds;
 - e) each RSP Fund may change the Permitted RSP Fund Investment if it changes its fundamental investment objective in accordance with NI 81-102;
 - f) there are compatible dates for the calculation of the net asset value of the RSP Funds and their Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
 - g) in the event of the provision of any notice to securityholders of an Underlying Fund, as required by the constating documents of the Underlying Fund or by the applicable laws, such notice will also be delivered to the securityholders of its RSP Fund; all voting rights attached to the securities of the Underlying Fund which are owned by its RSP Fund will be passed through to the securityholders of the RSP Fund;
 - h) in the event that a meeting of securityholders' of an Underlying Fund is called, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of its RSP Fund; such securityholders will be entitled to direct a representative of the RSP Fund to vote the RSP Fund's holding in the Underlying Fund in accordance with their direction; and the representative of the RSP Fund will not be permitted to vote the RSP Fund's holding in the Underlying Fund except to the extent the securityholders of the RSP Fund so direct;

- i) no sales charges are payable by each of the RSP Funds in relation to its purchases of securities of its Underlying Fund;
- j) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the RSP Funds of securities of the Underlying Funds owned by the RSP Funds;
- k) no fees and charges of any sort are paid by each RSP Fund, its Underlying Fund, the manager or principal distributor of the RSP Funds or the Underlying Funds, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of each RSP Fund's purchase, holding or redemption of the securities of its Underlying Fund;
- l) the arrangements between or in respect of the RSP Funds and the Underlying Funds are such as to avoid the duplication of management fees;
- m) in addition to receiving the annual and, upon request, the semi-annual financial statements of the RSP Funds, securityholders of the RSP Funds will receive the annual and, upon request, the semi-annual financial statements of the Underlying Funds either in a combined report containing both the RSP Funds' and Underlying Funds' financial statements, or in a separate report containing the Underlying Funds' financial statements; and
- n) to the extent that the RSP Funds and the Underlying Funds do not use a combined simplified prospectus, annual information form and financial statements containing disclosure about the RSP Funds and the Underlying Funds, copies of the simplified prospectus, annual information form and financial statements relating to the Underlying Funds may be obtained upon request by a securityholder of the RSP Funds.

October 17th, 2000.

"J. A. Geller"

"J. F. Howard"

2.1.6 Mutual Fund Securities of Industrial American Fund 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

**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
SECURITIES REGISTRIES,
NUNAVUT SECURITIES REGISTRIES AND
YUKON TERRITORY REGISTRAR OF SECURITIES**

AND

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

AND

**IN THE MATTER OF
MUTUAL FUND SECURITIES OF
Industrial American Fund, Industrial Balanced Fund,
Industrial Bond Fund, Industrial Dividend Growth Fund,
Industrial Growth Fund, Industrial Horizon Fund,
Industrial Pension Fund, Industrial Yield Advantage
Fund, Industrial Cash Management Fund, Industrial
Income Fund, Industrial Mortgage Securities Fund,
Industrial Short-Term Fund, Cundill Canadian Balanced
Fund, Cundill Canadian Security Fund, Cundill Global
Balanced Fund, Cundill Recovery Fund, Cundill Value
Fund, Ivy Canadian Fund, Ivy Enterprise Fund, Ivy
Foreign Equity Fund, Ivy Growth and Income Fund, Ivy
Mortgage Fund, Universal Americas Fund, Universal
Canadian Balanced Fund, Universal Canadian Growth
Fund, Universal Canadian Resource Fund, Universal
European Opportunities Fund, Universal Far East Fund,
Universal Future Fund, Universal International Stock
Fund, Universal Japan Fund, Universal Precious Metals
Fund, Universal Select Managers Fund, Universal U.S.
Blue Chip Fund, Universal U.S. Emerging Growth Fund,
Universal World Asset Allocation Fund, Universal World
Balanced RRSP Fund, Universal World Emerging
Growth Fund, Universal World Growth RRSP Fund,**

Universal World High Yield Fund, Universal World Income RRSP Fund, Universal World Real Estate Fund, Universal World Resource Fund, Universal World Science and Technology Fund, Universal World Tactical Bond Fund, Universal world Value Fund and Universal U.S. Money Market 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 and Yukon Territory (the "Jurisdictions") has received an application (the "Application") from Mackenzie Financial Corporation (the "Manager"), Industrial American Fund, Industrial Balanced Fund, Industrial Bond Fund, Industrial Dividend Growth Fund, Industrial Growth Fund, Industrial Horizon Fund, Industrial Pension Fund, Industrial Yield Advantage Fund, Industrial Cash Management Fund, Industrial Income Fund, Industrial Mortgage Securities Fund, Industrial Short-Term Fund, Cundill Canadian Balanced Fund, Cundill Canadian Security Fund, Cundill Global Balanced Fund, Cundill Recovery Fund, Cundill Value Fund, Ivy Canadian Fund, Ivy Enterprise Fund, Ivy Foreign Equity Fund, Ivy Growth and Income Fund, Ivy Mortgage Fund, Universal Americas Fund, Universal Canadian Balanced Fund, Universal Canadian Growth Fund, Universal Canadian Resource Fund, Universal European Opportunities Fund, Universal Far East Fund, Universal Future Fund, Universal International Stock Fund, Universal Japan Fund, Universal Precious Metals Fund, Universal Select Managers Fund, Universal U.S. Blue Chip Fund, Universal U.S. Emerging Growth Fund, Universal World Asset Allocation Fund, Universal World Balanced RRSP Fund, Universal World Emerging Growth Fund, Universal World Growth RRSP Fund, Universal World High Yield Fund, Universal World Income RRSP Fund, Universal World Real Estate Fund, Universal World Resource Fund, Universal World Science and Technology Fund, Universal World Tactical Bond Fund, Universal world Value Fund and Universal U.S. Money Market Fund. (together, 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 (the "Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was December 19, 2000.

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

AND WHEREAS 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. The Funds are open-ended mutual funds established by the Manager under the laws of Ontario.

- (b) The Funds are reporting issuers under the Legislation and are not in default of any requirements of the Legislation or the Regulations made thereunder.
- (c) The Funds are presently offered for sale on a continuous basis in each of the Jurisdictions through the Prospectus.
- (d) Pursuant to the Legislation, the earliest lapse date (the "Lapse Date") for distribution of securities of the Funds is October 19, 2000.
- (e) Since the date of the Prospectus, there have been three amendments: (i) Amendment No. 1 dated April 1, 2000 amended the Prospectus to provide that Mackenzie Financial Corporation and Cundill Funds Inc. amalgamated. The amalgamated company, continuing under the name of Mackenzie Financial Corporation, is now the manager of the Cundill Funds; (b) Amendment No. 2 dated August 18, 2000 amended the investment objective of Cundill Recovery Fund; and (iii) Amendment No. 3 provided for the proposed fund mergers of Industrial American Fund into Universal U.S. Blue Chip Fund, and Industrial Mortgage Securities Fund into Industrial Yield Advantage Fund which is to be renamed Mackenzie Yield Advantage Fund (a unitholder meeting asking for the approval of the mergers is scheduled to be held on October 17, 2000. If approved, the mergers will take effect on or about November 6, 2000). The Prospectus (as amended) represents up to date information regarding each of the Funds offered therein.
- (f) *Pro forma* simplified prospectuses and annual information forms for the Funds were filed with the Jurisdictions on September 11, 2000 under Sedar project numbers 297064 and 297091.
- (g) The Manager requires additional time for the assembling of further information. In addition, the Manager has experienced several technical computer difficulties trying to integrate the charts required in the past performance section of the simplified prospectuses into the *pro forma* simplified prospectuses for the Funds which are text only documents. These problems have caused delays and placed an additional strain on the final filing process.

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 December 19, 2000.

October 19th, 2000.

"Paul Dempsey"

2.1.7 National Bank Securities Inc. et al. - MRRS Decision

Headnote

Investment by mutual funds of all assets (excluding cash and cash equivalents held to meet redemptions and to pay management fees) in other mutual funds that are not under the same management to implement a "passive" fund-of-fund structure exempted from the requirements of clause 111(2)(b) and subsection 111(3), clauses 117(1)(a) and 117(1)(d), subject to certain specified conditions under which a "passive" investment structure may be used.

Statutes Cited

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

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

AND

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

AND

**IN THE MATTER OF
NATIONAL BANK SECURITIES INC.**

AND

**NATIONAL BANK/FIDELITY CANADIAN ASSET
ALLOCATION FUND
NATIONAL BANK/FIDELITY GLOBAL ASSET
ALLOCATION FUND
NATIONAL BANK/FIDELITY INTERNATIONAL
PORTFOLIO FUND
NATIONAL BANK/FIDELITY GROWTH AMERICA FUND
NATIONAL BANK/FIDELITY FOCUS FINANCIAL
SERVICES FUND**

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Makers") in each of the provinces of British Columbia, Alberta, Ontario and Nova Scotia (the "Jurisdictions") has received an application (the "Application") from National Bank Securities Inc. ("NBSI"), the manager and principal distributor of the National Bank/Fidelity Canadian Asset Allocation Fund, National Bank/Fidelity Global Asset Allocation Fund, National Bank/Fidelity International Portfolio Fund, National Bank/Fidelity Growth America Fund, National Bank/Fidelity Focus Financial Services Fund and other mutual funds managed by NBSI after the date of this Decision (defined herein) having an investment objective that is to replicate the return of a specified third party managed fund (individually, the "Fund" and collectively, the "Funds") for a decision by each Decision Maker (collectively, the "Decision") pursuant to the securities legislation of the Jurisdictions (the "Legislation") that, if applicable in a particular Jurisdiction, the

following requirements and restrictions contained in the Legislation (the "Applicable Requirements") shall not apply to the Funds, or NBSI, as the case may be, in respect of certain investments to be made by the Funds in the Fidelity Canadian Asset Allocation Fund, Fidelity Global Asset Allocation Fund, Fidelity International Portfolio Fund, Fidelity Growth America Fund, Fidelity Focus Financial Services Fund and such other specified third party managed funds which the Funds may invest in from time to time (individually, the "Underlying Fund" and collectively, the "Underlying Funds"):

- A. the requirement contained in the Legislation prohibiting the Funds from knowingly making or holding an investment in a person or company in which each Fund, alone or together with one or more related mutual funds, is a substantial security holder;
- B. the requirement contained in the Legislation requiring NBSI to file a report of the following:
 - i. every transaction of purchase or sale of securities between a Fund and any related person or company; and
 - ii. any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, a Fund is a joint participant with one or more of its related persons or companies, in respect of each Fund to which it provides services or advice, within 30 days after the end of the month in which it occurs.

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 NBSI to the Decision Makers that:

- 1. Each of the Funds will be an open-ended mutual fund trust established under the laws of the Province of Ontario and will be qualified under a simplified prospectus and a preliminary annual information form (the "Prospectus") which will be filed in the Jurisdictions, as well as in Québec, New Brunswick and Prince Edward Island. After the date of this Decision, the Funds may also be offered for sale in the remaining provinces and territories of Canada.
- 2. NBSI will serve as the manager, principal distributor and registrar and transfer agent of each of the Funds. The head office of NBSI is in Montreal, Québec.
- 3. The investment objective of each of the Funds will be to replicate the return of an Underlying Fund by investing all of the net assets of each Fund (excluding cash or cash equivalents to the extent necessary to meet redemptions and to pay the management fee charged at the Fund level) in the securities of a single Underlying Fund.
- 4. The Underlying Fund in which each of the Funds invests will at all times be a prospectus-qualified mutual

fund and will be disclosed in the Prospectus of the Funds.

- 5. The investment objectives of each of the Funds and its corresponding Underlying Fund will be described in the Prospectus. The Underlying Fund in which each of the Funds invests will not be changed unless the prior approval of the unitholders of the Fund has been obtained. A new prospectus or an amended prospectus will be filed with the Decision Makers forthwith disclosing the change in the Underlying Fund.
- 6. The managers of the Underlying Funds will deal at arms length with NBSI and will be chosen by NBSI on the basis of their management style, their choice of sub-advisers and other consultants, their efficiency of administration, the calibre of their reporting procedures and the historic performance of their mutual funds.
- 7. The arrangements between the Funds and Underlying Funds will avoid the duplication of management fees and operating expenses. The management fee charged by the Underlying Fund's manager will be reduced through the payment of a management fee distribution or the use of a class of securities with a lower management fee than is available to the general investing public, with the result that, except as described below, the aggregate of the management fees payable by the Fund at the Underlying Fund level and the management fee payable at the Fund level will not exceed the management fee which is otherwise charged indirectly to the general investing public at the Underlying Fund level.
- 8. If, having initially negotiated a fee structure with the manager of an Underlying Fund under which the aggregate of the management fees charged indirectly at the Underlying Fund level and directly at the Fund level does not exceed the management fee which is otherwise charged by the manager of the Underlying Fund to the general investing public at the Underlying Fund level, NBSI is, after arms-length negotiations with the manager of the Underlying Fund, forced to accept an increase in the management fee charged to the Fund by the manager of the Underlying Fund, NBSI may increase the aggregate of the management fees charged at the Underlying Fund and Fund levels by a corresponding amount or percentage, provided it discloses in the notice of such increase to the Fund's unitholders which is required under National Instrument 81-102 Mutual Funds ("NI 81-102") the extent of the increase in the management fee being charged to the Fund by the manager of the Underlying Fund.
- 9. Except to the extent evidenced by this Decision Document and the anticipated specific approvals to be granted by securities regulatory authorities pursuant to NI 81-102, the investments by the Funds in securities of Underlying Funds will comply in all respects with the investment restrictions in the Legislation and in NI 81-102.

10. Unless the requested relief is granted,
- i. each of the Funds would be prohibited from knowingly making and holding an investment in securities of an Underlying Fund to the extent that each of the Funds, either alone or in combination with other NBSI managed funds, is a substantial security holder of the Underlying Fund; and
 - ii. NBSI would be required to file reports respecting every purchase or sale of securities of an Underlying Fund by the Funds.
11. Each investment by the Funds in the Underlying Funds will be in the best interests of the Funds and will represent the business judgment of responsible persons uninfluenced by considerations other than the best interests of the Funds and the Underlying Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Requirements shall not apply to the Funds or NBSI, as the case may be, in respect of the investments to be made by the Funds in securities of the Underlying Funds;

PROVIDED THAT IN RESPECT OF the investment by the Funds in units of the Underlying Funds:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the publication in final form of any legislation or rule of that Decision Maker dealing with the matters in section 2.5 of National Instrument 81-102; and mutual funds investing in other mutual funds; and
2. the Decision shall apply only to investments in, or transactions with, the Underlying Funds that are made by the Funds in compliance with the following conditions:
 - (a) the investment by each of the Funds in securities of an Underlying Fund will be compatible with the fundamental investment objective of the Funds;
 - (b) the Underlying Funds' securities will be offered for sale in the jurisdiction of the Decision Maker pursuant to a Prospectus which has been filed with and accepted by the Decision Maker;
 - (c) the Prospectus of a Fund will describe the intent of the Fund to invest in a specified Underlying Fund, disclose the manager of the specified Underlying Fund, and include all of the disclosure in respect of such Underlying Fund

- (d) that the Underlying Fund will be required to include in its own simplified prospectus in accordance with the disclosure requirements of Part B of Form 81-101F1 Contents of Simplified Prospectus ("Form 81-101F1");
- (d) an Underlying Fund will not include investing in other mutual funds in its investment objective;
- (e) the particular Underlying Fund in which each Fund will invest, and which will be disclosed in the Prospectus, may not be changed unless the prior approval of the unitholders of the relevant Fund has been obtained and a new prospectus or an amended prospectus reflecting the proposed change is filed forthwith with the Decision Makers;
- (f) the notice received by unitholders of a Fund with respect to a change in an Underlying Fund will specifically disclose any change in management fee rebate if such change would result in an increase in management fees for the Fund.
- (g) any management fee rebates negotiated by NBSI with the managers of the Underlying Funds will be distributed to the relevant Fund. Any management fee rebates will be reflected in the financial statements of the Fund;
- (h) there will be compatible dates for the calculation of the net asset value of each of the Funds and the corresponding Underlying Funds for the purpose of the issue and redemption of the securities thereof;
- (i) no sales charges will be payable to NBSI by a purchaser of the units of a Fund;
- (j) no sales charges will be payable by a Fund in relation to its purchase of the securities of an Underlying Fund;
- (k) no redemption fees or other charges will be charged by an Underlying Fund in respect of the redemption by a Fund of the securities of the Underlying Fund owned by the Fund;
- (l) no redemption fees or other charges will be charged by a Fund in respect of the redemption by a unitholder of a Fund of units of the Fund;
- (m) no trailing fees will be payable in respect of a Fund's investments in a specified Underlying Fund;
- (n) the arrangements between or in respect of the Funds and the Underlying Funds will be such as to avoid the duplication of management fees and operating expenses;
- (o) in the event of the provision of any notice to securityholders of an Underlying Fund as required by the constating documents of the Underlying Fund or by the laws applicable to the Underlying Fund, such notice will also be

delivered to the unitholders of the corresponding Fund. All voting rights attached to the securities of the Underlying Fund which are owned by the Fund will be passed through to the unitholders of the Fund;

- (p) in the event that a securityholders' meeting is called for an Underlying Fund, all of the disclosure and notice material prepared in connection with such meeting will be provided to the unitholders of the Fund that holds securities of the Underlying Fund. Each unitholder will be entitled to direct a representative of the Fund to vote the Fund's holdings in the Underlying Fund in accordance with his or her direction. The representative of the Fund will not be permitted to vote the Fund's holdings in the Underlying Fund except to the extent the unitholders of the Fund so direct;
- (q) as part of receiving the annual and, upon request, the semi-annual financial statements of the Funds, unitholders of a Fund will receive appropriate summary disclosure in the financial statements of the Funds in respect of the Funds' holdings of securities of their corresponding Underlying Funds;
- (r) copies of the simplified prospectus and annual information form, as well as the annual and semi-annual financial statements relating to each Underlying Fund may be obtained by a unitholder of the Funds upon request and without charge to the unitholder, and this fact will be disclosed in the Prospectus of the Funds.

October 12th, 2000.

"Morley P. Carscallen"

"Robert W. Korthals"

2.1.8 RBC Dominion Securities Inc. et al. - MRRS Decision

Headnote

MRRS - Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a "connected issuer" but not a "related issuer" of registrants that are to act as underwriters in a proposed distribution of securities of the Issuer - Issuer is not a "specified party" as defined in Draft Multi-Jurisdictional Instrument 33-105 Underwriter Conflicts - Registrants underwriters exempted from independent-underwriter requirements, provided that, at the time of the distribution, the issuer is not a "specified party" as defined in the Instrument, and, in the case of each registrant, is not a related issuer.

Applicable Ontario Statutes

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

Applicable Ontario Regulations

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

Applicable Ontario Rules

In the Matter of the Limitations on a Registrant Underwriting Securities of Related Issuer or Connected Issuer of the Registrant, (1997) 20 OSCB 1217, as varied by (1999) 22 OSCB 6295

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

AND

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

AND

IN THE MATTER OF RBC DOMINION SECURITIES INC., BMO NESBITT BURNS INC., CIBC WORLD MARKETS INC., MERRILL LYNCH CANADA INC., SCOTIA CAPITAL INC., NATIONAL BANK FINANCIAL INC., TD SECURITIES INC., GOEPEL McDERMID INC. AND ARC ENERGY TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Newfoundland, Ontario and Québec (the "Jurisdictions") have received an application from RBC Dominion Securities Inc. ("RBC DS") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation for:

- (i) at least 50% of an offering of securities to be underwritten by independent underwriters; and

- (ii) the largest portion of an offering of securities underwritten by an independent underwriter to be not less than the largest portion of the offering underwritten by any non-independent underwriter,

where the offering is otherwise being underwritten by underwriters in respect of which the issuer is a "connected issuer" (the "Proportional Independent Underwriter Requirements"), or the equivalent, shall not apply to a proposed distribution of trust units (the "Trust Units") of ARC Energy Trust (the "Issuer") to be made by way of a short form prospectus (the "Offering");

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 Corporation has represented to the Decision Makers that:

1. The Issuer is an open-end investment trust created on May 7, 1996 under the laws of the Province of Alberta pursuant to a trust indenture between ARC Resources Ltd. and Montreal Trust Company of Canada, as trustee.
2. The Issuer is a reporting issuer under the securities laws of the Province of Ontario and is a reporting issuer, or the equivalent thereof, in each of the other provinces of Canada. It is not in default of any of the requirements of the Legislation.
3. The Trust Units are listed and posted for trading on The Toronto Stock Exchange.
4. The Issuer has agreed to issue 6,500,000 Trust Units on a bought deal basis (for aggregate gross proceeds of \$75,725,000) pursuant to an underwriting agreement dated September 20, 2000 (the "Underwriting Agreement") among the issuer and RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., Merrill Lynch Canada Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc. and Goepel McDermid Inc. (collectively, the "Underwriters"), and has agreed to grant to the Underwriters an option for up to an additional 2,200,000 Trust Units (such option to be exercised prior to the closing of the Offering).
5. The Underwriting Agreement provides, among other things, for the payment of a commission to the Underwriters equal to 5.0% of the gross proceeds of the Offering. Subject to a work fee payable to the lead underwriter (RBC Dominion Securities Inc.), the commission will be paid on a pro rata basis to the Underwriters based upon the amount of Trust Units that the Underwriters have each agreed to undertake to sell on behalf of the Issuer.

6. The proportion of the Offering to be sold on behalf of the Issuer by the Underwriters (the "Syndicate Composition") pursuant to the Underwriting Agreement is as follows:

| | |
|----------------------------------|-------|
| (a) RBC Dominion Securities Inc. | - 33% |
| (b) BMO Nesbitt Burns Inc. | - 14% |
| (c) CIBC World Markets Inc. | - 14% |
| (d) Merrill Lynch Canada Inc. | - 14% |
| (e) Scotia Capital Inc. | - 14% |
| (f) National Bank Financial Inc. | - 5% |
| (g) TD Securities Inc. | - 4% |
| (h) Goepel McDermid Inc. | - 2% |

7. The Issuer has undertaken in the Underwriting Agreement to file a preliminary short form prospectus and a short form prospectus (collectively, the "Prospectuses") with the securities regulatory authorities in each of the provinces of Canada and to obtain a receipt therefor in order to qualify the Trust Units for distribution in those provinces. Alberta will be designated as the prime jurisdiction for filing of the Prospectuses.
8. The Underwriters will not benefit in any manner from the Offering other than the payment of the commissions described in paragraph 5 above. However, it is currently intended that the net proceeds of the Offering will be used to repay bank indebtedness, thereby making additional funds available for capital expenditures under the Credit Facility (as hereinafter defined), as set out in paragraph 12 of this MRRS Decision Document.
9. The Issuer has a \$270 million credit facility (the "Credit Facility") currently established with three Canadian chartered banks (the "Banks"). Each of RBC Dominion Securities Inc., CIBC World Markets Inc. and Scotia Capital Inc. (collectively, the "Bank-Affiliated Underwriters") are affiliated with one of the Banks. The Issuer currently owes the Banks approximately \$188,000,000 under the Credit Facility.
10. The nature of the relationship among the Issuer and each of the Bank-Affiliated Underwriters and the Banks will be described in the Prospectuses.
11. The Prospectuses will contain a certificate signed by each Underwriter in accordance with Item 20 of Appendix B of National Policy 47.
12. The net proceeds of the Offering will be used to finance the Issuer's 2000 capital expenditure program of \$200 million by funding the remaining capital expenditures to be spent during 2000 and to repay outstanding indebtedness incurred to finance capital expenditures to date.
13. The Issuer is not, in connection with the Offering, a "related issuer" of any of the Underwriters for the purposes of the Legislation or Proposed Multi-

Jurisdictional Instrument 33-105 (the "Proposed Instrument"). However, by virtue of the relationships described above, the Issuer may, in connection with the Offering, be a "connected issuer" of the Bank-Affiliated Underwriters for the purposes of the Legislation and the Proposed Instrument.

14. The decision to undertake the Offering, including the determination of the terms of the distribution, was made through negotiation between the Issuer and the Underwriters, without involvement of the Banks.
15. Merrill Lynch Canada Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., TD Securities Inc. and Goepel McDermid Inc., each of which are independent registrants, have participated in the due diligence carried out prior to the filing of the Prospectuses and the negotiation of the price of the Trust Units.
16. The Underwriters, in connection with the Offering, will not comply with the proportional requirements of the Legislation.
17. The Prospectuses will comply with the Proposed Instrument. The Issuer is not in financial difficulty and the Issuer is not a "specified party" as defined in the Proposed Instrument.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Bank-Affiliated Underwriters shall be exempted from the Proportional Independent Underwriter Requirements contained in the Legislation in respect of the Offering.

September 29th, 2000.

"J. A. Geller"

"Howard I. Wetston"

2.1.9 Renata Resources 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 ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
ONTARIO, QUÉBEC,
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
RENATA RESOURCES INC.**

MRRS DECISION DOCUMENT

1. WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Saskatchewan, Ontario, Québec, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Renata Resources Inc. ("Renata") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that Renata be deemed to have ceased to be a reporting issuer or the equivalent 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 Renata has represented to the Decision Makers that:
 - 3.1 Renata was formed on May 31, 1997 by means of an amalgamation under the *Business Corporations Act* (Alberta);
 - 3.2 the authorized capital of Renata consists of an unlimited number of common shares (the "Common Shares") and an unlimited number of preferred shares, of which 130,236,040 Common Shares are currently issued and outstanding;

- 3.3 Renata is a reporting issuer or the equivalent in each of the Jurisdictions;
 - 3.4 Renata is not in default of any of its obligations as a reporting issuer or the equivalent under the Legislation;
 - 3.5 pursuant to an offer to purchase dated May 19, 2000 and a subsequent compulsory acquisition under the provisions of the *Business Corporations Act* (Alberta), Rio Alto Exploration Ltd. ("Rio Alto") became the holder of all of the issued and outstanding Common Shares;
 - 3.6 Rio Alto is the sole registered security holder of Renata 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 Toronto Stock Exchange on June 21, 2000 and there are no securities of Renata listed on any stock exchange or traded over the counter in Canada or elsewhere;
 - 3.8 Renata 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 Renata is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation.

August 31st, 2000.

"Patricia M. Johnston"

2.1.10 Talvest Fund Management Inc. et al. - MRRS Decision

Headnote

Investment by RSP funds in securities of another mutual fund that is under common management for specified purpose exempted from the reporting requirements and self-dealing prohibitions of clauses 111(2)(b), 111(3), 117(1)(a) and 117(1)(d).

Investment by RSP funds in forward contracts issued by related counterparty exempted from the requirements of clause 111(2)(a) and 118(2)(a), subject to specified conditions.

Statutes Cited

Securities Act (Ontario), R.S.O. 1990 c.S.5, as am., ss.111(2)(a), 111(2)(b), 111(3), 117(1)(a), 117(1)(d) and 118(2)(a).

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

AND

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

AND

IN THE MATTER OF TALVEST FUND MANAGEMENT INC. TALVEST JAPANESE EQUITY RSP FUND TALVEST ASIAN RSP FUND TALVEST EUROPEAN RSP FUND TALVEST VALUE LINE U.S. EQUITY RSP FUND TALVEST INTERNATIONAL EQUITY RSP FUND

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Ontario, Québec, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application from Talvest Fund Management Inc. ("Talvest") as manager and promoter of Talvest Japanese RSP Fund, Talvest Asian RSP Fund, Talvest European RSP Fund, Talvest Value Line U.S. Equity RSP Fund and Talvest International Equity RSP Fund and other mutual funds managed by Talvest after the date of this Decision having an investment objective or strategy that is linked to the returns or portfolio of another specified Talvest mutual fund (collectively referred to as the "RSP Funds") for a decision by each Decision Maker (collectively, the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") that the following prohibitions or requirements under the Legislation (the "Applicable Requirements") shall not apply to the RSP Funds or

Talvest, as the case may be, in respect of certain investments to be made by Talvest Japanese Equity RSP Fund in Talvest Japanese Equity Fund, by Talvest Asian RSP Fund in Talvest Asian Fund, by Talvest European RSP Fund in Talvest European Fund, by Talvest Value Line U.S. Equity RSP Fund in Talvest Value Line U.S. Equity Fund, by Talvest International Equity RSP Fund in Talvest International Equity Fund, and by other RSP Funds in their applicable corresponding Talvest mutual fund from time to time (the funds in which such investments are to be made being collectively referred to as the "Underlying Funds"):

1. the provisions prohibiting a mutual fund from knowingly making and holding an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder;
2. the provisions requiring the management company of a mutual fund to file a report relating to a purchase or sale of securities between the mutual fund and any related person or company, or any transaction in which, by arrangement other than an arrangement relating to insider trading in portfolio securities, the mutual fund is a joint participant with one or more of its related persons or companies;
3. the provision prohibiting a mutual fund knowingly making and holding an investment in an issuer which is a substantial securityholder of the mutual fund, its management company or distribution company; and
4. the provision prohibiting a portfolio manager or, in British Columbia, the mutual fund, from knowingly causing an investment portfolio managed by it to invest in any issuer in which a "responsible person" (as that term is defined in the Legislation) is an officer or director, unless the specific fact is disclosed to the client and, if applicable, and the written consent of the client to the investment is obtained before the purchase.

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief

Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application.

AND WHEREAS Talvest has represented to the Decision Makers as follows:

1. Each of the RSP Funds and the Underlying Funds (collectively, the "Funds") is, or will be, open-end mutual fund trusts established under the laws of the Province of Ontario.
2. Talvest is a corporation established under the laws of Canada and for each of the RSP Funds and Underlying Funds is or will be the manager, trustee and promoter. The head office of Talvest is in Montreal, Québec.
3. Each of the RSP Funds and the Underlying Funds is, or will be, a reporting issuer.

4. The securities of each of the RSP Funds and Underlying Funds are, or will be, qualified under simplified prospectuses and annual information forms (such documents when filed in final form hereinafter referred to together as "Prospectus") in all of the provinces and territories of Canada.
5. The Prospectus will contain disclosure with respect to the investment objective, investment practices and restrictions of the Funds. The investment objective of the RSP Funds is generally to provide returns similar to those of the corresponding Underlying Funds through investment in forward contracts or other specified derivatives that are linked to the returns of the Underlying Funds.
6. To achieve its investment objective, each of the RSP Funds invests, or will invest, its assets in securities such that its units will, in the opinion of tax counsel to the RSP Funds, be "qualified investments" for registered retirement savings plans, registered retirement income funds, and deferred profit sharing plans (collectively, "Registered Plans") and will not constitute "foreign property" under the *Income Tax Act* (Canada) (the "Tax Act"). This will primarily be achieved by the RSP Funds entering into derivative contracts with one or more financial institutions (the "Counterparties") that link the returns to the Underlying Funds.
7. The RSP Funds may enter into forward contracts with Canadian Imperial Bank of Commerce or its affiliates ("CIBC"), an affiliate of Talvest, ("Related Counterparty") as counterparty.
8. A Counterparty may hedge its obligations under a derivative contract by investing in securities of the applicable Underlying Fund.
9. The investment objectives of the Underlying Funds are, or will be, achieved through investment primarily in foreign securities.
10. Each RSP Fund also intends to invest a portion of its assets directly in securities of the corresponding Underlying Fund. Such investment will at all times be below the maximum foreign property limit prescribed for Registered Plans (the "Permitted Limit").
11. The direct investments by the RSP Funds in the Underlying Funds will be within the Permitted Limit (the "Permitted RSP Fund Investment"). Talvest and the RSP Funds will comply with the conditions of this Decision Document in respect of such investments. The amount of direct investment by each RSP Fund in its corresponding Underlying Fund will be adjusted from time to time so that, except for the transitional cash, the aggregate of the derivative exposure to, and direct investment in, the Underlying Fund will equal 100% of the assets of that RSP Fund.
12. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102 ("NI 81-102"), the investment by the RSP Funds in the

Underlying Funds will be structured to comply with the investment restrictions of the Legislation and NI 81-102.

13. In the absence of this Decision, each of the RSP Funds is, or would be, prohibited from (a) knowingly making an investment in a person or company in which the mutual fund, alone or together with one or more related mutual funds, is a substantial securityholder or in an issuer in which any person or company is a substantial securityholder of the mutual fund or its management company; (b) knowingly holding an investment referred to in subsection (a) hereof; and (c) for greater certainty, knowingly making and holding an investment in securities of CIBC. As a result, in the absence of this Decision, a RSP Fund would be required to divest itself of any investments referred to in subsections (a) and (c) herein.
14. In the absence of this Decision, the Legislation requires Talvest to file a report on every purchase or sale of securities of the Underlying Funds by the RSP Funds.
15. By virtue of Talvest being the manager and promoter of the RSP Funds and the Underlying Funds and, therefore, an "associate" of each such mutual fund, and because certain of the officers and directors of Talvest are also, or will also be, also officers of the RSP Funds and the Underlying Funds and, as such, "responsible persons" pursuant to the Legislation, in the absence of this Decision, Talvest would be prohibited from causing the RSP Funds to invest in the Underlying Funds unless the specific fact is disclosed to investors and, if applicable, the written consent of investors is obtained before the purchase.
16. The RSP Funds' investment in or redemption of securities in the Underlying Funds or investment in forward contracts issued by CIBC or any of its affiliates represents the business judgement of responsible persons, uninfluenced by considerations other than the best interests of the RSP Funds.

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

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 Applicable Requirements shall not apply to the RSP Funds, Talvest, or a portfolio sub-adviser, as the case may be, in respect of the investments to be made by the RSP Funds in securities of the Underlying Funds, or in forward contracts issued by CIBC or any one of its affiliates;

PROVIDED THAT IN RESPECT OF the investment by the RSP Funds in securities of the Underlying Funds:

1. the Decision, as it relates to the jurisdiction of a Decision Maker, will terminate one year after the

publication in final form of any legislation or rule of that Decision Maker dealing with matters in section 2.5 of NI 81-102; and

2. the Decision shall only apply in respect of investments in, or transactions with, the Underlying Funds that are made by the RSP Funds in compliance with the following conditions:
 - a) the RSP Funds and the Underlying Funds are under common management and the securities of both are offered for sale in the jurisdiction of each Decision Maker pursuant to a prospectus which has been filed with and accepted by the Decision Maker;
 - b) the RSP Funds restrict their aggregate direct investment in securities of the Underlying Funds to a percentage of their assets that is within the Permitted Limit;
 - c) the investment by the RSP Funds in securities of the Underlying Funds is compatible with the fundamental investment objectives of the RSP Funds;
 - d) the Prospectus discloses the intent of the RSP Funds to invest in securities of the Underlying Funds;
 - e) the RSP Funds may change the Permitted RSP Fund investment only if they change their fundamental investment objectives in accordance with the Legislation;
 - f) no sales charges are payable by the RSP Funds in relation to their purchases of securities of the Underlying Funds;
 - g) there are compatible dates for the calculation of the net asset values of the RSP Funds and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;
 - h) no redemption fees or other charges are charged by the Underlying Funds in respect of the redemption by the RSP Funds of securities of the Underlying Funds owned by the RSP Funds;
 - i) the arrangements between or in respect of the RSP Funds and the Underlying Funds are such as to avoid the duplication of management fees;
 - j) no fees and charges of any sort are paid by the RSP Funds, the Underlying Funds, the manager or principal distributor of the RSP Funds or the Underlying Funds, or by any affiliate or associate of any of the foregoing entities to anyone in respect of the RSP Funds' purchases, holdings or redemptions of the securities of the Underlying Funds;

- k) in the event of the provision of any notice to securityholders of the Underlying Funds as required by applicable laws or the constating documents of the Underlying Funds, such notice will also be delivered to the securityholders of the RSP Funds; all voting rights attached to the securities of the Underlying Funds which are owned by the RSP Funds will be passed through to the securityholders of the RSP Fund;
- l) in the event that a meeting of the securityholders of the Underlying Funds is called, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the RSP Funds; each securityholder will be entitled to direct a representative of the RSP Funds to vote that securityholders' proportion of the RSP Funds' holdings in the Underlying Funds in accordance with his or her direction; and the representative of the RSP Funds will not be permitted to vote the RSP Funds' holdings in the Underlying Funds except to the extent the securityholders of the RSP Funds so direct;
- m) in addition to receiving the annual and, upon request, the semi-annual financial statements of the RSP Funds, securityholders of the RSP Funds will receive the annual and, upon request, the semi-annual financial statements of the Underlying Funds, either in a combined report containing the financial statements of both the RSP Funds and Underlying Funds, or in a separate report containing the financial statements of the Underlying Funds; and
- n) to the extent that the RSP Funds and the Underlying Funds do not use a combined simplified prospectus, annual information form and financial statements containing disclosure about the RSP Funds and the Underlying Funds, copies of the simplified prospectus, annual information form and financial statements relating to the Underlying Funds may be obtained upon request by a securityholder of the RSP Funds.

AND PROVIDED THAT IN RESPECT OF the investment by the RSP Funds in the forward contracts, the Decision applies to the investments in forward contracts of CIBC as counterparty that are made in compliance with the following conditions:

1. the pricing terms offered by the Related Counterparty to the RSP Funds under the forward contracts are at least as favourable as the terms committed by the Related Counterparty to other third parties, which are of similar size as the RSP Funds;
2. prior to the RSP Funds entering into a forward contract transaction with a Related Counterparty, the independent auditors of the RSP Funds will review the pricing offered by the Related Counterparty to the RSP Funds against the pricing offered by the Related Counterparty to other fund groups offering RSP Funds

of similar size, to ensure that the pricing is at least as favourable;

3. the review by the independent auditors will be undertaken not less frequently than on a quarterly basis and, in addition, on every renewal or pricing amendment to each forward contract, during the term of such contract;
4. the RSP Funds' Prospectus (and each renewal thereof) discloses the independent auditors' role and their review of the forward contracts, as well as the involvement of the Related Counterparty; and
5. the RSP Funds will enter into forward contracts with a Related Counterparty only once confirmation of favourable pricing is received from the independent auditors of the RSP Funds.

October 13th, 2000.

"J.A. Geller"

"R. Stephen Paddon"

2.1.11 UPM-Kymmene Corporation and Repap Enterprises Inc. - MRRS Decision

Headnote

MRRS Decision – Acquiror corporation to acquire common shares of reporting issuer corporation by way of amalgamation - Common shares to be converted into special shares of corporation to be formed by the amalgamation of acquiring corporation with acquired corporation – Terms of special shares to provide for transfer of special shares to parent (or a wholly-owned subsidiary) of acquiror upon “call” notice by acquiror - Transfer by holders of special shares to acquiror (or a wholly-owned subsidiary) exempted from registration requirement.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am, s. 25, 35(1) 17, 74(1).

Applicable Ontario Rules

Ontario Securities Commission Rule 45-501: Exempt Distributions

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

AND

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

AND

IN THE MATTER OF
UPM-KYMMENE CORPORATION
AND REPAP ENTERPRISES INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (collectively, the “Decision Makers”) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Yukon Territory, the Northwest Territories and Nunavut (collectively, the “Jurisdictions”) has received an application from UPM-Kymmene Corporation (“UPM-Kymmene”) for a decision, pursuant to the securities legislation (the “Legislation”) of each of the Jurisdictions, that the registration requirement (the “Registration Requirement”), as such term is defined in National Instrument 14-101, shall not apply to certain trades in securities made by the holders in connection with the acquisition by UPM-Kymmene of Repap Enterprises Inc. (“Repap”);

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 UPM-Kymmene has represented to the Decision Makers that:

1. Repap, a corporation incorporated under the laws of Canada, is a reporting issuer (or the equivalent) in each of the provinces of Canada. Common shares of Repap are listed on The Toronto Stock Exchange. The principal executive offices of Repap are located in Stamford, Connecticut, U.S.A.
2. UPM-Kymmene is a corporation incorporated under the laws of Finland and has its principal executive offices located in Helsinki, Finland.
3. UPM-Kymmene and Repap have entered into an acquisition agreement (the “Acquisition Agreement”) pursuant to which UPM-Kymmene will acquire Repap in a transaction to be effected by way of an amalgamation (the “Amalgamation”) between 3796477 Canada Inc. (“Acquireco”), a wholly-owned subsidiary of UPM-Kymmene, and Repap.
4. The Amalgamation requires the approval of 66 2/3 per cent of the votes cast by shareholders of Repap, for which a meeting of shareholders is scheduled to be held on October 16, 2000. Upon completion of the Amalgamation, among other things, each issued and outstanding common share of Repap (other than those held by dissenting shareholders and other than those held by Acquireco, if any) will be converted into one special share (collectively, the “Amalco Special Shares”) of the corporation (“Amalco”) formed by the amalgamation of Acquireco and Repap.
5. The terms of the Amalco Special Shares require holders of the Amalco Special Shares to transfer the Amalco Special Shares to UPM-Kymmene, or its wholly-owned subsidiary, upon notice being delivered by Amalco to those holders. Holders of Amalco Special Shares will be paid \$0.20 for each such Amalco Special Share transferred.
6. The Acquisition Agreement provides that, on the effective date of the Amalgamation and following completion of the Amalgamation, UPM-Kymmene will acquire the Amalco Special Shares pursuant to their terms at \$0.20 per share.
7. Following completion of the Amalgamation, the acquisition by UPM-Kymmene of the Special Shares and other transactions in connection therewith, Amalco will be a wholly-owned subsidiary of UPM-Kymmene.

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each of Decision Makers (collectively, the “Decision”);

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the transfer by holders of their Amalco Special Shares to UPM Kymmene, or its wholly-owned subsidiary, pursuant to their terms, as described above, shall not be subject to the Registration Requirement of the Legislation.

October 16th, 2000.

"Morley P. Carscallen"

"Robin W. Korthals"

2.1.12 YFMC Healthcare Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer has only one security holder - issuer deemed to have ceased being a reporting issuer.

Applicable Ontario Statutory Provisions

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

IN THE MATTER OF THE SECURITIES LEGISLATION OF ALBERTA AND ONTARIO

AND

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

AND

IN THE MATTER OF YFMC HEALTHCARE INC.

MRRS DECISION DOCUMENT

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

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

AND WHEREAS YFMC has represented to the Decision Maker that:

1. YFMC was formed by articles of incorporation under the laws of Alberta on February 28, 1996 as Transpacific Minerals Inc., changed its name to YFMC on June 12, 1998 and continued into Ontario pursuant to articles of continuance on November 4, 1998. YFMC is a reporting issuer under the Legislation and its head office is located in Ontario.
2. YFMC's authorized capital consists of an unlimited number of common shares, an unlimited number of first preferred shares issuable in series and an unlimited number of second preferred shares issuable in series. As of September 8, 2000, 11,399,012 common shares, 1,000,000 first preferred shares and no second preferred shares were issued and outstanding.
3. Pursuant to a take-over bid, Med-Emerg International Inc. ("MEI") acquired approximately 94% of the outstanding common shares and first preferred shares

(the "Shares") of YFMC and subsequently acquired on January 21, 2000, after using the compulsory acquisition provisions of the *Business Corporations Act* (Ontario), the remaining Shares of YFMC not tendered under the take-over bid, and became the sole holder of the securities of YFMC.

4. YFMC has no securities outstanding other than the Shares. The common shares of YFMC were delisted from the Canadian Venture Exchange at the close of trading on December 22, 1999 and the securities of YFMC are not listed or quoted on any exchange or organized market.
5. YFMC does not currently intend to seek public financing by way of an issue of securities.
6. Other than a failure to file its December 31, 1999 annual financial statements and annual information form (which were due May 19, 2000), its March 31, 2000 interim financial statements (which were due May 30, 2000) and its June 30, 2000 interim financial statements (which were due August 29, 2000), YFMC is not in default of the Legislation in any of the Jurisdictions.

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 YFMC is deemed to have ceased to be a reporting issuer under the Legislation.

October 17th, 2000.

"J. Hughes"

- 2.2 Orders

2.2.1 Canadian Pacific Limited - scl. 121(2)(a)(ii)

Headnote

Relief for issuer conducting announced normal course issuer bid from insider reporting requirements with respect to becoming an insider of itself and acquisitions of securities pursuant to the normal course issuer bid, subject to certain conditions including monthly reporting within 10 days of the end of each month in which acquisitions were made.

Statutes Cited

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

Regulations Cited

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

Policies Cited

National Instrument 55-101 - *Exemption from Certain Insider Reporting Requirements* (2000), 23 OSCB 4212

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

AND

IN THE MATTER OF
CANADIAN PACIFIC LIMITED

ORDER

(Subclause 121(2)(a)(ii) of the Act)

UPON the application of Canadian Pacific Limited ("CPL") to the Ontario Securities Commission (the "Commission") for an order pursuant to subclause 121(2)(a)(ii) of the Act exempting CPL from the insider reporting requirements in subsection 107(1) and subsection 107(2) of the Act in connection with certain purchases by CPL of its common shares (the "Common Shares") pursuant to a normal course issuer bid;

AND UPON considering the application and the recommendation of staff;

AND UPON CPL having represented to the Commission that:

1. CPL is a corporation incorporated under the *Canada Business Corporations Act* (the "CBCA") on November 27, 1989 as 170834 Canada Inc. and was formerly named "Canadian Pacific Holdings Limited".
2. CPL participated in a Plan of Arrangement pursuant to the CBCA (the "Arrangement"), implemented effective July 4, 1996, pursuant to which CPL became the sole shareholder of the entity currently named "Canadian

Pacific Railway Company" ("CPR"), which was formerly named "Canadian Pacific Limited" ("Old CPL").

3. The Arrangement was part of a reorganization the purpose of which was to place Old CPL's railway division on the same footing as its other subsidiaries by organizing it as a separate incorporated entity.
4. CPL is a reporting issuer under the Act and applicable securities legislation of other provinces of Canada.
5. As at August 11, 2000, the authorized capital of CPL consisted of an unlimited number of Common Shares, of which approximately 314,944,202 shares were issued and outstanding, and an unlimited number of two classes of Preferred Shares, each issuable in series.
6. As at August 11, 2000, there were 8,800,000,000 Preferred Shares, Series A (the "Preferred Shares") issued and outstanding, and no other series of Preferred Shares was issued and outstanding.
7. The Common Shares are listed for trading in Canada on the Toronto Stock Exchange (the "TSE"), and are also listed on the New York Stock Exchange (the "NYSE").
8. CPL intends to purchase for cancellation up to 15,735,000 Common Shares, representing approximately 5% of the public float of 314,700,270 Common Shares as of August 11, 2000, pursuant to a "normal course issuer bid" (the "Bid") as the term is defined in the Part 6 of the Rules of the TSE - *Exchange Take-Over Bids and Exchange Issuer Bids*.
9. CPL filed a formal "Notice of Intention to Make a Normal Course Issuer Bid" (the "Notice") with the TSE on August 14, 2000, in which CPL indicated that purchases of Common Shares pursuant to the Bid are to be effected through the facilities of the TSE, and also may be effected through the facilities of the NYSE.
10. The TSE has accepted CPL's Notice, and such acceptance was effective as of August 16, 2000.
11. In accordance with the Rules of the TSE, the Bid will continue until the earlier of: (i) the date that 15,735,000 Common Shares are purchased pursuant to the Bid; (ii) the date that CPL terminates the Bid; and (iii) August 18, 2001.
12. CPL issued a press release on August 14, 2000, announcing its intention to acquire 15,735,000 of its Common Shares pursuant to the Bid.
13. CPL is an insider of itself by virtue of its acquisition of Common Shares pursuant to the Bid, and is required by section 107 of the Act to file an insider report within 10 days of becoming an insider by reason of its initial purchase of Common Shares pursuant to the Bid, and within 10 days of each further purchase of Common Shares pursuant to the Bid.

AND UPON the Commission being satisfied that to do so would be appropriate in the circumstances and that there is adequate justification to do so;

NOW THEREFORE IT IS ORDERED by the Commission that, pursuant to subclause 121(2)(a)(ii) of the Act, CPL is exempt from insider reporting requirements in subsection 107(1) and subsection 107(2) of the Act in connection with CPL's purchase of Common Shares pursuant to the Bid, provided that:

- (a) CPL files an insider report in the form prescribed by the Act within 10 days after the end of each month in which Common Shares have been purchased pursuant to the Bid; and
- (b) CPL complies with the reporting requirements of Part 8 of Policy 6-501 of the TSE - *Normal Course Issuer Bids*.

October 20th, 2000.

"Robert W. Davis"

"J. F. Howard"

2.2.2 Capital Alliance Ventures Inc. - ss. 62(5)

Headnote

Extension of Lapse Date

Statutes Cited

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

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

AND

**IN THE MATTER OF
CAPITAL ALLIANCE VENTURES INC.
(the "Fund")**

**ORDER
(Subsection 62(5))**

UPON an application (the "Application") from Capital Alliance Ventures Inc. (the "Fund") for an order pursuant to subsection 62(5) of the Act that the time limits pertaining to the distribution of qualified securities ("Securities") under the current prospectus (the "Prospectus") of the Fund be extended to those time limits that would be applicable if the lapse date of the Prospectus was October 27, 2000;

AND UPON considering the application and the recommendations of the staff of the Commission;

AND UPON the Fund having represented to the Commission that:

1. the Fund is a labour sponsored investment fund incorporated under the *Canada Business Corporations Act*;
2. the fund is a reporting issuer as defined in the Act and is not in default of any of the requirements of the Act or the Regulation made thereunder;
3. the lapse date for the distribution of Securities of the Fund pursuant to its Prospectus was October 1, 2000;
4. the Fund filed a pro forma prospectus with the Commission on August 29, 2000, within the time specified by subsection 62(2)(a) of the Act;
5. in connection with the refiling, discussions between staff of the Commission and the Fund are currently ongoing with respect to the reporting of performance fees on financial statements and the unavailability of the solicitor for the Fund during the week of October 9, 2000;
6. the Fund wishes to extend the time for filing the Fund's prospectus under subsection 62(2)(b) of the Act to on or

before October 27, 2000 and the time for issuance of a receipt therefor to on or before November 6, 2000, and wishes to continue distribution of the Securities under its current prospectus dated September 29, 1999 pending a receipt for the renewal prospectus.

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

IT IS ORDERED pursuant to subsection 62(5) of the Act that the time limits provided by the Act as they apply to the distribution of Securities pursuant to the 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 Fund was October 27, 2000.

October 11th, 2000.

"William Gazzard"

2.2.3 Dynacare Inc. - s. 147

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

AND

**IN THE MATTER OF
DYNACARE INC.**

**ORDER
(Section 147)**

UPON the application of Dynacare Inc. ("Dynacare" or the "Company") to the Ontario Securities Commission (the "Commission") for an order under section 147 of the Act exempting the Company from the eligibility criteria set out in section 4.1 of National Policy Statement No. 44 ("NP 44"), thereby permitting the use of PREP Procedures (as such term is defined in NP 44) in connection with the distribution in Ontario of the Company's common shares as part of a proposed international offering (the "Offering") by the Company;

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

AND UPON the Company having represented to the Commission that:

1. Dynacare was incorporated under the laws of the Province of Ontario on September 8, 1981. The head office of Dynacare is located at Suite 1600, 20 Eglinton Avenue West, Toronto, Ontario M4R 2H1.
2. Dynacare is not a reporting issuer under the Act. Dynacare was formerly a reporting issuer in the jurisdictions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland until the Company was taken private by way of a "going private" transaction in May, 1997.
3. The Offering will consist of a concurrent initial public offering of common shares of the Company (the "Common Shares") in Ontario and the United States.
4. The Company estimates that approximately 7,000,000 Common Shares will be sold in the Offering and that the aggregate net proceeds to the Company upon completion of the Offering will be approximately U.S.\$100 million.
5. Concurrently with the filing of this application, Dynacare filed a preliminary long form prospectus dated September 29, 2000 with the Commission. On October 11, 2000 Dynacare filed an amended preliminary long form prospectus (the "Preliminary Prospectus").
6. The final prospectus will qualify the distribution in Ontario of the Common Shares to be issued at the closing of the Offering and the Common Shares to be

sold by certain selling shareholders pursuant to an over-allotment option.

7. Concurrently with the filing of the Preliminary Prospectus, Dynacare filed with the United States Securities and Exchange Commission (the "SEC") a registration statement on Form F-1 in respect of the Offering (the "U.S. Preliminary Prospectus").
8. Concurrently with the filing of the Preliminary Prospectus, Dynacare made an application to i) the Nasdaq National Market, to have the Common Shares approved for quotation on the Nasdaq National Market in the United States; and ii) The Toronto Stock Exchange (the "TSE"), to have the Common Shares approved for listing on the TSE in Ontario.
9. The Offering will be underwritten in Ontario by UBS Bunting Warburg Inc., and in the United States by underwriters represented by UBS Warburg LLC, Banc of America Securities LLC, PaineWebber Incorporated and U.S. Bancorp Piper Jaffray Inc.
10. In connection with the Offering of the Common Shares in the United States, the Company plans to use the procedures permitted by Rule 430A under the *Securities Act of 1933* (the "1933 Act") to file a form of prospectus containing previously omitted pricing information after the registration statement relating to the Offering of the Common Shares has been declared effective.
11. Use of the PREP Procedures (as such term is defined in NP 44) would permit the Company and the underwriters to better coordinate the pricing, prospectus delivery, confirmation of purchase and closing processes in Canada with those being used in connection with the Offering being made in the United States.
12. Neither the Company nor the Common Shares meet the eligibility criteria which otherwise would enable the Company to use the PREP Procedures set forth in NP 44.

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

IT IS ORDERED THAT pursuant to section 147 of the Act:

1. Dynacare be and is hereby exempted from the eligibility criteria set out in Section 4.1 of NP 44 and is permitted the use of the PREP Procedures in connection with the Offering in Ontario.

October 20th, 2000.

"Robert W. Davis"

"J. F. Howard"

**2.2.4 Futureline Communications Co. Ltd.
- s. 144**

Headnote

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

**IN THE MATTER OF
FUTURELINE COMMUNICATIONS CO. LTD.**

**ORDER
(Section 144)**

WHEREAS the securities of

FUTURELINE COMMUNICATIONS CO. LTD. (the "Reporting Issuer")

currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on the 21st day of July, 2000, as extended by a further order (the "Extension Order") of a Director, made on the 2nd day of August, 2000, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Reporting Issuer cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

AND WHEREAS the Temporary Order and Extension Order were each made on the basis that the Reporting Issuer was in default of certain filing requirements;

AND WHEREAS the undersigned Manager is satisfied that the Reporting Issuer has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

NOW THEREFORE, IT IS ORDERED, pursuant to section 144 of the Act, that the Temporary Order and Extension Order be and they are hereby revoked.

September 27th, 2000.

"J. Hughes"

2.2.5 Jet Drill Canada Inc. (formerly Ridgepoint Mineral Corporation) - ss. 83.1(1)

Headnote

Subsection 83.1 - issuer deemed to be a reporting issuer in Ontario - issuer had been a reporting issuer in Quebec for more than 12 months - issuer's continuous disclosure record reviewed and material change report was required.

Statutes Cited

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

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

AND

**IN THE MATTER OF
JET DRILL CANADA INC.
(FORMERLY RIDGEPOINT MINERAL CORPORATION)**

**ORDER
(subsection 83.1(1))**

UPON the application of Jet Drill Canada Inc. ("Jet Drill Canada" or the "Corporation"), formerly Ridgepoint Mineral Corporation, for an order pursuant to subsection 83.1(1) of the Act deeming Jet Drill Canada to be a reporting issuer for the purposes of Ontario securities laws;

AND UPON considering the application and the recommendation of the staff of the commission:

AND UPON Jet Drill Canada representing to the Commission as follows:

1. Jet Drill Canada was incorporated pursuant to the laws of the province of Quebec on February 4, 1958 under the name Bando Oil & Minerals Corporation. It subsequently changed its name to Vanguard Explorations Limited on March 2, 1958, to Guardian Mines Limited on September 20, 1965, to Green Coast Resources Limited on September 27, 1986, to Ridgepoint Resources Ltd. on January 20, 1994, to Ridgepoint Mineral Corporation on February 20, 1994 and to its current name, Jet Drill Canada Inc., in September, 2000.
2. The Corporation has been a reporting issuer under the *Securities Act* (Quebec) (the "Quebec Act") since before 1979 and is not in default of the requirements of the Quebec Act. Jet Drill Canada is not a reporting issuer or the equivalent under the securities legislation of any other jurisdiction in Canada.
3. The continuous disclosure requirements of the Quebec Act are substantially the same as the requirements under the Act.
4. The continuous disclosure materials filed by Jet Drill Canada under the Quebec Act since October 31, 1997

are available on the System for Electronic Document Analysis and Review.

5. The authorized share capital of the Corporation consists of an unlimited number of Common Shares of which 332,065 Common Shares were issued and outstanding as at August 1, 2000.
6. The Common Shares of the Corporation are not currently listed on any stock exchange or quoted on any quotation system.
7. The Corporation has not been subject to any enforcement action by any securities regulatory authority other than the issuance by the Commission des Valeurs Mobilières du Québec of a cease trade order on November 11, 1997 for failure to file interim financial statements. The cease trade order was lifted on December 2, 1997.
8. In connection with the acquisition (the "Acquisition") by Jet Drill Canada of all of the shares of HTL Canada, Inc. ("HTL"), Jet Drill Canada prepared and sent to its shareholders, and filed with the appropriate securities regulatory authorities, a management proxy circular (the "Circular") with respect to the business and affairs of Jet Drill Canada and HTL. The Circular was supplemented and updated by a material change report filed by Jet Drill Canada with the appropriate securities regulatory authorities. Jet Drill Canada will advise the Continuous Disclosure Branch of the Commission of the completion of the Acquisition immediately upon the occurrence thereof.
9. Certain shares issued in connection with the Acquisition will be subject to an escrow agreement.

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

IT IS HEREBY ORDERED under subsection 83.1(1) of the Act, that Jet Drill Canada be deemed to be a reporting issuer for the purposes of Ontario securities laws effective as of the date of the completion of the Acquisition.

October 6th, 2000.

"Morley P. Carscallen"

"Robert W. Korthals"

2.2.6 Link Mineral Ventures Ltd. - s. 144

Headnote

Cease-trade order revoked where the issuer has remedied its default in respect of disclosure requirements under the Act.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 127(1)2, 127(5), 127(8), 144.

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

AND

**IN THE MATTER OF
LINK MINERAL VENTURES LTD.**

**ORDER
(Section 144)**

WHEREAS the securities of

LINK MINERAL VENTURES LTD. (the "Reporting Issuer")

currently are subject to a Temporary Order (the "Temporary Order") made by a Director on behalf of the Ontario Securities Commission (the "Commission"), pursuant to paragraph 2 of subsection 127(1) and subsection 127(5) of the Act, on the 21st day of July, 2000, as extended by a further order (the "Extension Order") of a Director, made on the 2nd day of August, 2000, on behalf of the Commission pursuant to subsection 127(8) of the Act, that trading in the securities of the Reporting Issuer cease until the Temporary Order, as extended by the Extension Order, is revoked by a further Order of Revocation;

AND WHEREAS the Temporary Order and Extension Order were each made on the basis that the Reporting Issuer was in default of certain filing requirements;

AND WHEREAS the undersigned Manager is satisfied that the Reporting Issuer has remedied its default in respect of the filing requirements and is of the opinion that it would not be prejudicial to the public interest to revoke the Temporary Order as extended by the Extension Order;

NOW THEREFORE, IT IS ORDERED, pursuant to section 144 of the Act, that the Temporary Order and Extension Order be and they are hereby revoked.

September 27th, 2000.

"J. Hughes"

2.2.7 Med Net (Bermuda) Ltd. ("MNB") - 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
Med Net (Bermuda) Ltd. ("MNB")**

**ORDER
(Section 83)**

1. **WHEREAS** MNB has made an application to the Ontario Securities Commission (the "Commission") for an order pursuant to section 83 of the Act to be deemed to have ceased to be a reporting issuer under the Act;

2. **AND WHEREAS** it was represented by MNB to the Commission that:

2.1 MNB was formed effective July 31, 2000 by means of an amalgamation (the "Amalgamation") between Conqueror Holdings Ltd. ("Conqueror") and a wholly-owned subsidiary of Med Net International Ltd. ("Med Net") under *The Companies Act, 1981* (Bermuda), as amended;

2.2 MNB has authorized share capital of U.S.\$12,000, divided into 12,000 common shares at U.S.\$1.00 each, of which 12,000 ordinary shares (the "Shares") are currently issued and outstanding;

2.3 Under the Amalgamation, each holder of Conqueror ordinary shares received 0.085 fully paid and non-assessable Med Net ordinary share for each Conqueror ordinary share held, following which all such Conqueror ordinary shares were cancelled;

2.4 As a result of the Amalgamation, Med Net owns all of the Shares of MNB and MNB is a wholly-owned subsidiary of Med Net;

2.5 There are no securities of MNB currently issued other than the Shares;

2.6 Prior to the Amalgamation, Conqueror was a reporting issuer in Ontario and Alberta, and, as a result of the Amalgamation, MNB is a reporting issuer in Ontario and Alberta;

- 2.7 Med Net is a reporting issuer in Ontario and Nova Scotia and its ordinary shares are listed for trading on The Toronto Stock Exchange and are quoted on the OTC Bulletin Board in the United States;
 - 2.8 The ordinary shares of Conqueror have been discontinued from quotation on the Canadian Dealing Network-OTC; and
 - 2.9 MNB does not intend to make an offering of its ordinary shares to the public and none of its ordinary shares are listed or quoted on any stock exchange or quotation system in Canada or elsewhere.
3. AND WHEREAS the Commission is satisfied that to do so would not be prejudicial to the public interest;
 4. IT IS HEREBY ORDERED pursuant to section 83 of the Act that MNB be deemed to have ceased to be a reporting issuer under the Act effective the date of this Order.

September 29th, 2000.

"J. Hughes"

2.2.8 Motion International Inc. - s. 83

Headnote

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

Statutes Cited

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

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

AND

**IN THE MATTER OF
MOTION INTERNATIONAL INC.
(now TVA INTERNATIONAL INC.)**

**ORDER
(Section 83)**

WHEREAS Motion International Inc. (now TVA International Inc.) ("Motion"), a corporation incorporated under the laws of British Columbia has applied for an order pursuant to section 83 of the Act;

AND UPON it being represented that all the issued and outstanding shares of Motion are held by TVA Acquisition Inc. and that Motion now has no security holders whose latest address as shown on its books is in Ontario;

AND UPON the undersigned Manager being satisfied that to grant this order would not be prejudicial to the public interest;

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

October 16th, 2000.

"J. Hughes"

2.2.9 Sheffield Pharmaceuticals Inc. - s. 83

Headnote

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

Statutes Cited

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

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

AND

**IN THE MATTER OF
SHEFFIELD PHARMACEUTICALS INC.**

**ORDER
(Section 83)**

WHEREAS Sheffield Pharmaceuticals Inc., a corporation organized under the laws of the State of Delaware, has applied for an Order pursuant to Section 83 of the Act;

AND UPON it being represented that Sheffield Pharmaceuticals Inc. has only three (3) security holders residing in Ontario;

AND UPON it being represented that the three (3) security holders residing in Ontario own an aggregate of only 1,750 shares of approximately 28 million shares of Sheffield Pharmaceuticals Inc. issued and outstanding;

AND UPON it being represented that Sheffield Pharmaceuticals Inc. is and will remain a reporting issuer in Nova Scotia and in the United States;

AND UPON it being represented that the security holders of Sheffield residing in Canada receive directly from the Corporation the annual report of the Corporation which contains audited financial statements from the previous financial year;

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

IT IS HEREBY ORDERED pursuant to Section 83 of the Act that Sheffield Pharmaceuticals Inc. is deemed to have ceased to be a reporting issuer for the purposed of the Act.

September 29th, 2000.

"J. Hughes"

2.2.10 Citibank, N.A. - ss 38(1), CFA & ss 74(1)

Headnote

Subsection 38(1) - Relief, for a period of three years, from the requirements of paragraph 22(1)(b) of the CFA in respect of advising certain Funds in respect of trades in commodity futures contracts traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada, subject to certain terms and conditions, AND

Subsection 74(1) - Relief, for a period of three years, from the requirements of paragraph 25(1)(c) of the OSA in respect of advising certain Funds in respect of trades in securities, subject to certain terms and conditions.

Applicable Ontario Statutory Provisions

Commodity Futures Act, R.S.O. 1990. c C20, as am., s.38(1)

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

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

AND

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

AND

**IN THE MATTER OF
CITIBANK, N.A.**

**ORDER AND RULING
(Subsection 38(1) of the CFA and
Subsection 74(1) of the OSA)**

UPON the application of Citibank, N.A. ("Citibank") on its own behalf and on behalf of its current and future affiliates (the "Applicants") to the Ontario Securities Commission (the "Commission") for: (i) an order pursuant to subsection 38(1) of the CFA to exempt the Applicants and their directors, officers, and employees from the requirements of paragraph 22(1)(b) of the CFA in respect of advising certain mutual funds, non-redeemable investment funds and similar investment vehicles ("Funds"), the securities of which may be privately placed in Ontario, in respect of trades in commodity futures contracts traded on commodity futures exchanges outside Canada and cleared through clearing corporations outside Canada, subject to certain terms and conditions; and (ii) a ruling pursuant to Subsection 74(1) of the OSA to exempt the Applicants and their directors, officers and employees from the requirements of paragraph 25(1)(c) of the OSA in respect of advising the Funds in respect of trades in securities, subject to certain terms and conditions;

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

AND UPON Citibank having represented to the Commission that:

1. The Applicants include Citibank and any of its affiliates that provide investment advice to mutual funds, non-redeemable investment funds or similar investment vehicles the securities of which are offered primarily outside of Canada. Citibank is a subsidiary of Citigroup Inc., a bank holding company, the common stock of which is listed on the New York Stock Exchange. Citibank is a national banking association organized under the laws of the United States. The Applicants include the following affiliates of Citibank:
 - (a) Citicorp Trust NA (California), a national banking association, organized under the laws of the United States;
 - (b) Citibank International plc, a company organized under the laws of England; and
 - (c) Travelers Asset Management International Company LLC, a limited liability company organized under the laws of the State of New York.
 2. The Applicants currently provide or will in the future provide advice with respect to commodity futures contracts or securities to the Funds.
 3. Each of the Applicants is or will be registered or licensed under applicable legislation of its principal jurisdiction to provide advice to the Funds, or is or will be entitled to rely on appropriate exemptions from such registrations or licences pursuant to the applicable legislation of its principal jurisdiction. In particular:
 - (a) As national banking associations, both Citibank and Citicorp Trust NA (California) are subject to regulatory supervision by the Office of the Comptroller of the Currency. As national banking associations, Citibank and Citicorp Trust NA (California) are exempt from the requirement to register under the Investment Advisers Act of 1940. Citicorp Trust NA (California), is registered as a commodity pool operator with the Commodity Futures Trading Commission in the United States;
 - (b) Citibank International plc is a member of the Investment Management Regulatory Organization Limited in the United Kingdom and is regulated by the Securities and Futures Authority Limited in the United Kingdom; and
 - (c) Travelers Asset Management International Company LLC is a registered investment adviser under the Investment Advisers Act of 1940.
 4. None of the Applicants is registered in any capacity under the CFA or the OSA.
 5. The Funds may invest in futures and options contracts traded on organized exchanges outside of Canada and cleared through clearing corporations located outside of Canada and/or may invest in securities.
 6. None of the Funds is, and none has a current intention of becoming, a reporting issuer in Ontario or in any other Canadian jurisdiction.
 7. Securities of the Funds are offered primarily outside of Canada to institutional investors and high net worth individuals. It is anticipated that securities of the Funds will be offered to a small number of Ontario residents (expected to be institutional investors or high net worth individuals) and that such securities distributed in Ontario will be distributed through registrants (as defined under the *Securities Act* (Ontario)) in reliance upon an exemption from the requirements of sections 53 and 62 of the *Securities Act* (Ontario).
 8. Prospective investors who are Ontario residents will receive disclosure that includes (a) a statement that there may be difficulty in enforcing legal rights against the applicable Fund or any of the adviser, the trustee or manager of the applicable Fund because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and (b) a statement that the Applicant advising the applicable Fund is not registered with or licensed by any securities regulatory authority in Canada and accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of a Fund.
- AND UPON** being satisfied that it would not be prejudicial to public interest for the Commission to grant the exemptions requested on the basis of the terms and conditions proposed,
- IT IS ORDERED** pursuant to subsection 38(1) of the CFA that the Applicants and their directors, employees and officers are not subject to the requirements of paragraph 22(1)(b) of the CFA in respect of their advisory activities in connection with the Funds for a period of three years, provided that:
- (a) such Applicant is registered or licensed under applicable legislation of its principal jurisdiction to provide advice to the Funds, or is entitled to rely on appropriate exemptions from such registrations or licences pursuant to the applicable legislation of its principal jurisdiction;
 - (b) the Funds invest in futures and options contracts traded on organized exchanges outside of Canada and cleared through clearing corporations located outside of Canada and other derivative instruments traded over the counter and may, to a lesser extent, invest in securities;
 - (c) securities of the Funds are offered primarily abroad and are only distributed in Ontario through registrants (as defined under the *Securities Act* (Ontario)) and in reliance upon an exemption from the requirements of Sections 53 and 62 of the OSA; and
 - (d) prospective investors who are Ontario residents will receive disclosure that includes (a) a statement that there may be difficulty in enforcing legal rights against any of adviser, the trustee or manager of the applicable

Fund because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and (b) a statement that the Applicant advising the applicable Fund is not registered with or licensed by any securities regulatory authority in Canada and accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of such Fund.

IT IS RULED pursuant to Subsection 74(1) of the OSA that the Applicants and their directors, officers and employees are not subject to the requirements of paragraph 25(1)(c) of the OSA in respect of their advisory activities in connection with the Funds for a period of three years, provided that:

- (a) such Applicant is registered or licensed under applicable legislation of its principal jurisdiction to provide advice to the Funds, or is entitled to rely on appropriate exemptions from such registrations or licences pursuant to the applicable legislation of its principal jurisdiction;
- (b) securities of the Funds are offered primarily abroad and are only distributed in Ontario through registrants (as defined under the OSA) and in reliance upon an exemption from the requirements of Sections 53 and 62 of the OSA; and
- (c) prospective investors who are Ontario residents will receive disclosure that includes (a) a statement that there may be difficulty in enforcing legal rights against any of the adviser, the trustee or manager of the applicable Fund because they are resident outside of Canada and all or substantially all of their assets are situated outside of Canada; and (b) a statement that the Applicant advising the applicable Fund is not registered with or licensed by any securities regulatory authority in Canada and accordingly, the protections available to clients of a registered adviser will not be available to purchasers of securities of such Fund.

October 20th, 2000.

"Robert W. Davis"

"J. F. Howard"

2.3 Rulings

2.3.1 Synplicity, Inc. -ss. 74(1)

Headnote

Subsection 74(1) - issuance of shares to an Ontario resident by non-reporting issuer pursuant to a directed share program in connection with its U.S. initial public offering exempt from section 53 of Act - first trade is a distribution unless made in accordance with subsection 72(4) or made through the facilities of a stock exchange or market outside of Ontario, subject to certain conditions.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 53, 72(4) and 74(1).

Regulations Cited

Rule 14-501 - *Definitions* (1997), 20 OSCB 4054, as amended, (199), 22 OSCB 1173.
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
SYNPLICITY, INC.**

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

UPON the application (the "Application") of Synplicity, Inc. ("Synplicity") to the Ontario Securities Commission (the "Commission") for a ruling pursuant to subsection 74(1) of the Act that certain trades in the Shares of Common Stock of Synplicity (the "Shares") to be made pursuant to a proposed Directed Share Program (the "Program") to a senior employee of a customer of Synplicity residing in the Province of Ontario, who elects to participate in the Program (the "Ontario Program Participant"), shall not be subject to section 53 of the Act;

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

AND UPON Synplicity having represented to the Commission as follows:

1. Synplicity is a corporation incorporated under the laws of California and is not a reporting issuer under the Act and has no present intention of becoming a reporting issuer under the Act.
2. Synplicity is currently in the process of completing an initial public offering (the "IPO") in the United States and in connection therewith has filed a registration statement on Form S-1, as amended.

3. Synplicity proposes to offer 4,300,000 Shares under the IPO.
4. Upon completion of the IPO, the Shares will be quoted on the Nasdaq National Market ("NASDAQ").
5. The Program is being made available to directors, officers and employees of Synplicity, as well as to some of its customers and suppliers and other persons associated with Synplicity, including the Ontario Program Participant, in connection with the IPO, all on the same terms and conditions.
6. Participation in the Program is voluntary and the preliminary and final prospectus prepared in accordance with U.S. securities laws will be forwarded to the Ontario Program Participant.
7. The Shares will be offered to the Ontario Program Participant at a price equal to the price of the Shares offered under the IPO.
8. The Ontario Program Participant is a senior employee of a customer of the Applicant.
9. After giving effect to the IPO and the Program, the aggregate number of Shares held by the Ontario Program Participant will be less than 5% of the issued and outstanding Shares, and persons or companies whose last address as shown on the books of Synplicity is in Ontario will not hold more than 10% of the outstanding Shares and will not represent in number more than 10% of the total number of holders of Shares.
10. There is not expected to be a market for the Shares in Ontario and it is intended that any resale of Shares acquired under the Program will be effected through the facilities of the NASDAQ in accordance with its rules and regulations.
11. As a result of the relationship between Synplicity and the Ontario Program Participant, the Ontario Program Participant possesses knowledge of the business and affairs of Synplicity.
12. The annual reports, proxy materials and other materials generally distributed to Synplicity shareholders resident in the United States will be provided to Ontario Program Participant at the same time and in the same manner as the documents would be provided to United States resident shareholders.
13. The Ontario Program Participant will be provided with a notice advising that the Ontario Program Participant will not be entitled to remedial rights provided under the Act in connection with the distribution of securities under a prospectus filed under the Act, and as a result, must rely on other remedies which may be available, including common law rights of action for damages or rescission or rights of action under the civil liability provisions of U.S. federal securities laws.

14. The Shares will be traded to the Ontario Program Participant through RBC Dominion Securities, Inc., which is registered as a dealer under the Act.

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

IT IS RULED, pursuant to subsection 74(1) of the Act, that trades in Shares pursuant to the Program to the Ontario Program Participant are not subject to section 53 of the Act, provided that the first trade in any of the Shares acquired by the Ontario Program Participant pursuant to this ruling shall be a distribution unless:

- A. such trade is executed in accordance with the provisions of subsection 72(4) of the Act as modified by section 3.10 of Rule 45-501 *Prospectus Exempt Distributions*, as if the Shares had been acquired pursuant to an exemption referred to in subsection 72(4) of the Act, except that, for these purposes, it shall not be necessary to satisfy the requirements in clause 72(4)(a) that the issuer not be in default of any requirement of the Act or the regulations if the seller is not in a special relationship with the issuer, or if the seller is in a special relationship with the issuer, the seller has reasonable grounds to believe that the issuer is not in default under the Act or the regulations, where, for these purposes, "special relationship" shall have the same meaning as in Rule 14-501 *Definitions*; or
- B. such trade is made in accordance with the provisions of subsection 2.1 of Rule 72-501 *Prospectus Exemption For First Trade Over a Market Outside Ontario*.

October 20th, 2000.

"Robert W. Davis"

"J.F. Howard"

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 Reasons for Decision

3.1.1 David McIntyre

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

AND

IN THE MATTER OF
DAVID McINTYRE

Motion Heard: October 16, 2000

Panel: John A. Geller, Q.C. - Vice-Chair
Robert W. Davis, F.C.A. - Commissioner

Counsel: Hugh Corbett - For the Staff of the
Margo Paul Ontario Securities Commission

David McIntyre - In Person

DECISION AND REASONS

Osler Hoskin & Harcourt, of which firm Mr. McIntyre is a partner, applied to the Commission for:

- a) recognition by the Commission of Mr. McIntyre as an exempt purchaser, under paragraph 35(1) 4 of the Securities Act (the "Act"); and
- b) a ruling pursuant to section 74 of the Act exempting trades to Mr. McIntyre from the requirements of section 53 of the Act.

If the application was granted by the Commission, trades to Mr. McIntyre would be exempt from both the registration and the prospectus requirements of the Act.

Both the registration and the prospectus requirements of the Act are designed to protect investors by ensuring that, unless an appropriate exemption is available or the Commission grants a specific exemption, a prospective investor in securities will have available the benefit of the advice of a registrant with respect to a proposed investment, and the information available in a prospectus to enable the proposed investor to make an investment decision on the basis of all of the relevant facts.

The application for recognition of Mr. McIntyre as an exempt purchaser was based on the assertion that Mr. McIntyre had income in excess of \$200,000 in each of the last two years,

and a reasonable expectation of achieving the same in the current year; and the argument that the Commission should apply the same test as is applied in the United States of America in respect of accredited investors for the purpose of prospectus and registration exemptions in respect of individuals.

Mr. McIntyre advised us that he is a non-industry director of BayStreetDirect Inc., a registered investment dealer, and is seeking recognition of himself as an exempt purchaser as a test case, and that, if successful, he would rely on the order granting him recognition to seek recognition for individuals in a similar financial position for the purpose of permitting them to invest in "start-ups" and other companies through BayStreetDirect Inc. Mr. McIntyre stated that the rationale behind seeking exempt purchaser status for such individuals is that while those individuals may be willing to invest, for example, \$25,000 in a young company as an exempt purchaser, they are not willing or able to invest \$150,000 in the same company. If they were so prepared, a trade could be made to them in reliance on the registration and prospectus exemptions contained in paragraph 35(1)5 and clause 72(1)(d) of the Act, which Mr. McIntyre asserts is essentially the only option available to them absent the relief requested in this application.

In effect, Mr. McIntyre asked us to craft a new general exemption from the registration and prospectus requirements of the Act, based on exemptions available in the United States of America.

We do not think that it is appropriate for such a general exemption to be crafted in the course of dealing with a particular application for recognition as an exempt purchaser or for an exemption from the prospectus requirements of the Act. Rather, in our view, such an exemption, if appropriate, should be dealt with under the Commission's policy-making or rule-making authority.

In fact, the Commission has published for comment proposed revised Rule 45-501 Exempt Distributions which would, if and when the Rule is made, replace certain existing exemptions from the registration and prospectus requirements of the Act with new exemptions.

One of the proposed exemptions, the "accredited investor" exemption, would exempt from the registration and prospectus requirements of the Act a trade in a security if the purchaser is an accredited investor and is purchasing as principal. The definition of "accredited investor" in the proposed revised Rule includes an individual whose net income exceeded \$200,000 in each of the two most recent years or whose joint net income with a spouse exceeded \$300,000 in each of those years and who, in either case, has a reasonable expectation of exceeding the same net income level in the current year. What Mr. McIntyre would have us do is agree to apply the proposed revised Rule as though it had been made.

However, as should be obvious from what has happened with other rules proposed by the Commission and published for comment, after receiving comments and considering them, the Commission will often revise very substantially the proposed rule, and there can be no certainty that the specific provision in question will remain unaltered. Comments received might convince the Commission, for instance, that the net income levels proposed are too low. Accordingly, we are not in a position to say at this time that it is appropriate for us to generally adopt those income levels as being the appropriate ones to use generally or in considering an application such as the one that is before us.

We do not consider it appropriate for us to make such a major change in the exemption regime of the Act in the course of dealing with a specific application. Rather, in our view, we must deal with Mr. McIntyre's application on the facts before us, and determine whether it is appropriate and in the public interest for us to grant the relief requested by him. It is, of course, for him to satisfy us that it is appropriate and in the public interest.

The exemptions to which Mr. McIntyre referred from the registration and prospectus requirements of the Act, commonly known as the "exempt purchaser" exemptions, are in our view, founded on the assumption that someone who has \$150,000 to invest in a specific security is capable of determining, or is able to obtain the necessary advice on the basis of which he, she or it can determine, that the investment is a suitable one for him, her or it, and does not need the protection of the advice of a registrant or the information contained in a prospectus. It represented an attempt to arrive at a black line test as a proxy for determining whether a prospective investor was a "sophisticated investor" requiring less protection. The assumption may have been correct when the dollar figure in the exemptions was raised to \$150,000 some years ago, but it is questionable whether it is still an appropriate assumption, and the fact that the Commission is considering replacing it by

other exemptions by its proposed revised Rule 45-501 indicates that the Commission does have considerable doubt that it is still an appropriate basis for determining that a prospective investor is a "sophisticated investor".

Whatever alternative blackline test is adapted will similarly represent an attempt to find a method of arriving at a proxy for "sophistication".

Similarly, what we are required to do in this case is decide whether Mr. McIntyre is, in fact such a "sophisticated investor".

Mr. McIntyre has not satisfied us that, because he had income of over \$200,000 in each of the last two years and expects to have similar income this year, he is such a "sophisticated investor".

We would add, parenthetically, that, in our view, the fact that Mr. McIntyre is an experienced securities lawyer does not assist us in determining whether he is a "sophisticated investor". The two are not necessarily the same thing.

Accordingly, we decline to grant Mr. McIntyre recognition as an exempt purchaser or the section 74 relief which he has requested.

October 25th, 2000.

"J. A. Geller"

"Robert W. Davis"

Chapter 4

Cease Trading Orders

4.1.1 Temporary Cease Trading Orders

| Company Name | Date of Order or Temporary Order | Date of Hearing | Date of Extending Order | Date of Rescinding Order |
|-------------------------------|----------------------------------|-----------------|-------------------------|--------------------------|
| Astound Incorporated | Oct 13/2000 | Oct 25/2000 | --- | --- |
| Gearunlimited.com Inc. | Oct 17/2000 | Oct 27/2000 | — | --- |
| Planetsafe Enviro Corporation | Oct 23/2000 | Nov 3/2000 | — | --- |
| Resources Plexmar Inc. | Oct 23/2000 | Nov 3/2000 | — | --- |
| First Interactive Inc. | Oct 24/2000 | Nov 3/2000 | — | --- |

4.1.2 Extending Cease Trading Orders

| Company Name | Date of Order or Temporary Order | Date of Hearing | Date of Extending Order | Date of Rescinding Order |
|---------------|----------------------------------|-----------------|-------------------------|--------------------------|
| Datalex Corp. | Oct 4/2000 | --- | Oct 17/2000 | --- |

4.1.3 Rescinding Cease Trade Orders

| Company Name | Date of Order or Temporary Order | Date of Hearing | Date of Extending Order | Date of Rescinding Order |
|--|----------------------------------|-----------------|-------------------------|---|
| The Cease Trading Order in Respect of the Management & Insiders of IDS Intelligent Detection Systems Inc. | Sept 25/2000 | --- | --- | Oct 16/2000, the company being up to date in its filings. |

4.1.4 Cease Trading Orders

| Company Name | Date of Lapse/Expire |
|--------------------------|----------------------|
| Unirom Technologies Inc. | Oct 18/2000 |

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 OSC Rule 51-501 AIF and MD&A

**NOTICE OF RULE 51-501 AIF AND MD&A
AND COMPANION POLICY 51-501CP
AND RESCISSION OF
OSC POLICY STATEMENT NO. 5.10
ANNUAL INFORMATION FORM AND MANAGEMENT'S
DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS**

Notice of Rule and Companion Policy

The Ontario Securities Commission (the "Commission") has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Rule 51-501 AIF and MD&A (the "Rule") and adopted Companion Policy 51-501CP (the "Companion Policy").

The Rule and the material required by the Act to be delivered to the Minister of Finance was delivered for approval on October 13, 2000. If the Minister approves the Rule or does not approve, reject or return the Rule to the Commission for further consideration, the Rule will come into force on January 1, 2001, the effective date contained in the Rule.

The Companion Policy will become effective concurrently with the Rule.

The Commission has also rescinded Ontario Securities Commission Policy 5.10 Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations ("Policy 5.10") effective May 31, 2001.

Substance and Purpose of Proposed Rule

Policy 5.10 came into force on November 10, 1989. Policy 5.10 was introduced by the Commission to enhance investor understanding of an issuer's business by providing supplemental analysis and background material to allow a fuller understanding of the nature of the issuer, its operations and known prospects for the future. Policy 5.10 was designed to address the uneven quality and considerable variation in the presentation of discussion and analysis of annual financial statements by creating a uniform framework within which issuers could provide a meaningful discussion and analysis of past corporate performance and future prospects.

The introduction to Policy 5.10 notes that there are certain constraints on the amount of information that can be effectively conveyed in financial statements that are subject to generally accepted accounting principles. Important transactions, events and conditions are not always fully reflected in the

financial statements, nor are they easily expressed in dollar amounts. Additional disclosure and analysis beyond the financial statements is therefore necessary to facilitate an adequate assessment of an issuer's recent history and outlook for the future.

The Rule reformulates Policy 5.10 and also introduces a requirement for MD&A to be provided in relation to interim financial statements ("interim MD&A"). Unlike Policy 5.10, the proposed Rule does not prescribe in full the contents of an AIF and MD&A, other than interim MD&A. Instead, it cross references Form 44-101F1 AIF, which sets out the contents of an AIF and Form 44-101F2 MD&A, which sets out the contents of MD&A. Forms 44-101F1 and 44-101F2 reformulate Appendix A to National Policy Statement No. 47 and contain revisions thereto. Forms 44-101F1 and 44-101F2 were approved by the Commission on September 12, 2000 and are expected to come into force on December 31, 2000.

Changes Made to the Proposed Rule

The Commission published proposed Rule 51-501 AIF and MD&A (the "Proposed Rule") for comment on March 10, 2000 ((2000) 23 OSCB 1787). In response to the request for comments, the Commission received submissions from twenty-one commentators. A summary of the comments received together with the Commission's response to the comments is contained in Appendix A to this notice. Appendix B to this notice provides a list of the commentators on the Proposed Rule. The Commission would like to thank each commentator for taking the time to provide their valuable comments.

As a result of comments received and further consideration of the Proposed Rule by the staff of the Commission, certain changes have been made to the Proposed Rule which are contained in the Rule. The Commission does not consider any of the changes to be material and therefore has not published the changes for comment. For a detailed discussion of the contents of the Proposed Rule please refer to the notice published with the Proposed Rule ((2000) 23 OSCB 1783). The following is a summary of the changes made to the Proposed Rule:

Part 1

Part 1 was amended to include a new section 1.1 containing two new definitions. The definitions are of the terms "annual MD&A" and "interim MD&A". The terms were used in the Proposed Rule although not consistently and they were not defined. Unqualified references to MD&A in the Proposed Rule have been changed in the Rule to clarify whether the reference is to annual or interim MD&A. The definitions have been included to ensure an understanding of the terms.

Part 1 has also been amended to add new subsection (2) to section 1.2. The new subsection clarifies when the provisions of the Rule become applicable to subject issuers. The subsection provides that the requirement under the Rule to file annual MD&A applies for financial years ending on or after January 1, 2001. The subsection also provides that the requirement to file interim MD&A applies for interim periods beginning on or after January 1, 2001.

In response to comments received, section 1.3 has been modified such that the market capitalization test is based on the average market price over a period of time rather than a single point in time. The revised market capitalization test (an average over a twenty day period) is now consistent with the test for junior issuers contained in Rule 41-501 General Prospectus Requirements.

A new section 1.4 has been added to the Rule to include an exemption from the application of the Rule where an issuer subject to the Rule has not met the thresholds in section 1.2 for three consecutive financial years. This new section was added in response to comments received.

Part 2

A new subsection (4) has been added to section 2.1 to require that where an issuer files an AIF prepared in accordance with U.S. forms, the AIF must be filed as nearly as practicable contemporaneously with the filing of the form with the SEC.

Subsection (5) (subsection (4) in the Proposed Rule) has been amended to remove the permission given to issuers to charge for the provision of copies of AIFs filed on U.S. forms.

Part 4

A new subsection (3) has been added to section 4.1 to require that interim MD&A prepared in accordance with U.S. requirements, as permitted in subsection (2), be filed as nearly as practicable contemporaneously with the filing of the interim MD&A with the SEC.

Substance and Purpose of the Companion Policy

The purpose of the Companion Policy is to provide guidance to assist reporting issuers in complying with their obligations under the Rule.

Changes to the Proposed Companion Policy

The Commission published proposed Companion Policy 51-501CP to Rule 51-501 AIF & MD&A (the "Proposed Companion Policy") for comment on March 10, 2000 ((2000) 23 OSCB 1791) contemporaneously with the Proposed Rule.

As a result of comments received, changes made to the Proposed Rule and further consideration of the Proposed Companion Policy by the staff of the Commission, certain changes have been made to the Proposed Companion Policy which are contained in the Companion Policy. The Commission does not consider any of the changes to be material and has therefore not published the changes for comment. For a detailed discussion of the contents of the Proposed Companion Policy please refer to the notice published with the Proposed Companion Policy ((2000) 23

OSCB 1783). The following are the significant changes made to the Companion Policy.

Part 1

A new section 1.2 has been added to the Companion Policy to help clarify the application of new subsection 1.2(2) of the Rule. The new subsection of the Rule is discussed above.

Part 2

More guidance is provided on interim MD&A in subsection 2.3 in response to comments. New subsection 2.3(5) has been included in the Companion Policy to clarify that the Commission is not mandating the form of interim MD&A, only the content.

Authority for the Rule

The following sections of the Act provide the Commission with authority to make the Rule. Paragraph 143(1)22 authorizes the Commission to prescribe requirements in respect of the preparation and dissemination and other use, by reporting issuers of documents providing for continuous disclosure that are in addition to the requirements under the Act, including requirements in respect of an annual information form and supplemental analysis of financial statements. Paragraph 143(1)24 authorizes the Commission to require issuers or other persons and companies to comply, in whole or in part, with Part XVIII (Continuous Disclosure), or rules made under paragraph 143(1)22 of the Act. Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules and all documents determined by the regulations of the rules to be ancillary to the documents.

Related Instruments

The Rule and Companion Policy are related to the Rule, National Instrument 44-101 Short Form Prospectus Distributions, Form 44-101F1 and Form 44-101F2.

Text of Rescission of Ontario Securities Commission Policy Statement No. 5.10

Policy Statement 5.10 is replaced by the Rule.

The text of the rescission is:

"Ontario Securities Commission Policy Statement No. 5.10 Annual Information Form and Management's Discussion and Analysis of Financial Condition and Results of Operations is hereby rescinded effective May 31, 2001"

Questions concerning the Rule may be referred to:

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DATED: October 27, 2000.

**APPENDIX A
SUMMARY OF COMMENTS RECEIVED ON PROPOSED
RULE 51-501 AND COMPANION POLICY 51-501CP**

The following is a summary of the twenty-one comment letters received together with the Commission's responses. The Commission thanks all commentators for their valuable input.

General Comments

Comments

Seven commentators supported the basic thrust of the AIF and MD&A Rule. Two commentators indicated that they already provide the disclosure required by this Rule. One commentator noted that the proposal was extremely difficult to read and comprehend. In the commentator's view, the proposal was not written in user friendly plain English.

Response

The Commission is of the view that the disclosure requirements in the AIF and MD&A Rule will significantly enhance financial reporting especially with regard to interim reporting. In respect of the drafting comment, the Commission is constrained to some extent by the current legislation and drafting convention. Where possible, the drafting has been simplified. Further guidance has been provided in the Companion Policy to assist comprehension.

Specific Comments

1. Harmonization with CSA Jurisdictions

Comment

Three commentators urged the Canadian jurisdictions to work together to harmonize the regulation of financial disclosure.

Response

The Commission supports harmonization with the other CSA jurisdictions and as such has kept the CSA jurisdictions informed as the Rule was developed. The Commission will continue to work towards harmonization with the other CSA jurisdictions.

2. Coordination with NI 44-101 Short Form Prospectus Distributions ("NI 44-101")

Comment

One commentator recommended that NI 44-101 should specifically list quarterly MD&A as one of the documents to be incorporated by reference in a short form prospectus, if an issuer is required to prepare it.

Response

The Commission agrees that quarterly MD&A should be required to be incorporated by reference in a short form prospectus. Consequently NI 44-101 contains this requirement in Form 44-101F3 Item 12.1(1) paragraph 7.

3. Fourth Quarter MD&A

Comment

One commentator was of the view that a discussion of the fourth quarter results should be included in the annual MD&A requirements outlined in NI 44-101. This commentator also recommended that since NI 44-101 is not currently effective, a Staff Notice be issued indicating that issuers may incorporate quarterly MD&A by reference in a short form prospectus.

Response

The Commission agrees that it is important for investors to have an understanding of the events of the fourth quarter. Annual MD&A is required to include summary quarterly information for the last eight quarters (see Form NI 44-101F2 Item 2(1)). In addition, annual MD&A requires the issuer to describe and quantify any events or items that have had a material impact on the issuer's financial condition, cash flows or results of operations during the issuer's fourth quarter including extraordinary or infrequently occurring items, year-end or other adjustments and disposals of business segments (Form NI 44-101F2 Item 1(2)). These requirements are in line with the SEC's requirements and at this time the Commission is not proposing to require additional disclosure.

At this time, it is anticipated that NI 44-101 will become effective on December 31, 2000. It is further anticipated that the Rule will become effective January 1, 2001. Since there is only a one day difference in the effective dates, a Staff Notice to encourage the inclusion of quarterly MD&A by reference in a short form prospectus was not considered necessary.

4. Interrelationship with the Integrated Disclosure System Proposal

Comment

One commentator recommended that the Supplementary Information Form (SIF) as outlined in the Concept Proposal for an Integrated Disclosure System (IDS Proposal) be introduced without delay for all issuers. The commentator was of the view that this would greatly improve the quality of continuous disclosure.

Response

The comment has been passed on to the CSA committee working on the IDS Proposal. The Commission and the CSA will be giving due consideration to the continuous disclosure obligations of issuers, including the filing of a SIF, in the context of moving towards an integrated disclosure regime. However, at the current time, the Commission is only proceeding with the changes outlined in this Rule.

5. Relief from Requirements

Comments

Four commentators were of the view that requiring issuers to comply in perpetuity with the AIF and MD&A requirements once they become subject to the Rule even though an issuer

subsequently falls below the application thresholds could prove burdensome. Commentators suggested including a provision that would relieve issuers of the requirements after a certain period of time had passed during which the issuer was consistently below the thresholds.

Response

The Commission agrees that it would be appropriate to provide relief from the requirements to prepare an AIF and MD&A once an issuer has fallen below the thresholds for a period of time and has included a new subsection 1.3 in the Rule to address this issue. The Rule now provides that once an issuer falls below the thresholds for three consecutive years it is not required to file an AIF and MD&A, until such time as it again meets or exceeds the thresholds.

6. Interim MD&A in Year of Initial Public Offering

Comments

Two commentators noted that in the year an issuer makes an initial public offering (the "IPO") it would be exempt from the filing of interim MD&A, until after the completion of the year in which the IPO is made even if it exceeded the thresholds at the time of the IPO. This commentator suggested that the Rule be changed such that the issuer would be required to file interim MD&A in the year of the IPO.

Response

Annual MD&A forms the base document from which the interim MD&A is developed. An issuer would not have been required to prepare annual MD&A for the year ending prior to its IPO and thus in the Commission's view, it would not be appropriate to require the issuer to prepare interim MD&A until annual MD&A has been filed by the issuer. As a result, no change has been made to the Rule.

7. Calculation of Market Capitalization for Threshold Test

Comments

Three commentators suggested that the market capitalization test be based on the average market price over a period of time rather than a single point in time.

Response

The Commission agrees and has made changes to subsection 1.2 of the AIF and MD&A Rule to address this issue. The revised market capitalization test (an average over a twenty day period) is now consistent with the test for junior issuers contained in Rule 41-501 General Prospectus Requirements.

8. Foreign Issuers

Comment

One commentator indicated that it was necessary to clarify that the 10-K filed in lieu of the AIF is required to be filed within the earlier of the time periods required by the OSC and the SEC and is to be filed with the OSC at the same time it is filed with the SEC.

Response

The Commission agrees and has addressed this issue in subsection 2.1(4) by requiring an issuer that files an AIF in the Form of a 10-K or a 20-F to file the AIF, as nearly as practicable, contemporaneously with the filing of the Form 10-K or a 20-F with the SEC.

9. Supplement for Canadian GAAP Discussion

Comments

Two commentators were of the view that the requirement for domestic issuers that file a 10-K or 20-F in lieu of the AIF, to file a supplement to the MD&A that discusses the financial statements prepared in accordance with Canadian GAAP was not necessary. One of the commentators stated that the reconciliation of interim financial statements to Canadian GAAP is of limited use to investors and represents a substantial cost to issuers. Another commentator recommended that the wording of subsections 2.2(2)(b) and 4.4(2)(b) be amended to include a materiality threshold such that the subsections would require a MD&A supplement that would cover items that would read materially differently if they were based on financial statements of the issuer prepared in accordance with Canadian GAAP.

Response

The Commission is of the view that it is important for domestic issuers to provide annual and interim MD&A based on the Canadian GAAP financial statements that they are required to prepare and send to security holders. However, the Commission recognizes that this may result in additional work for issuers and as such the Rule only requires issuers to prepare a supplement that discusses any differences in the MD&A that would result if the MD&A were based on Canadian GAAP financial. Issuers are not required to prepare a complete MD&A based on the Canadian GAAP financial statements.

The Commission agrees that materiality would be a consideration when preparing the Canadian GAAP supplement, as is the case generally in the disclosure of financial information. As such, the Commission is of the view that it is not necessary to specifically state that materiality should be considered when preparing the Canadian GAAP supplement.

10. Preparation of Interim MD&A

Comments

Four commentators recommended that the Commission provide additional guidance on the preparation of interim MD&A, specifically indicating that only material items need to be discussed in interim MD&A. One commentator noted that while some discussion of year-to-date results is important, more prominence should be given to the discussion of the most recent quarter. Two commentators suggested that interim MD&A focus on changes arising during the period that are likely to have a significant effect in the future rather than just providing an analysis of the historical financial results. One commentator indicated that it was unclear as to the extent of analysis of interim information required and recommended that

the proposed requirement be revised to relate the interim analysis back to the framework set out for annual MD&A. Another commentator was of the view that the interim MD&A would be more comprehensive and easier to read if it was prepared as a stand alone document.

Response

To address the issues raised by commentators additional guidance has been added to subsection 2.3 of the Companion Policy. The Commission is of the view that annual MD&A is the starting point for the preparation of interim MD&A. In preparing interim MD&A, issuers may presume that readers have access to annual MD&A. Interim MD&A must include an update of annual MD&A with a discussion of the current quarter and year to date period with emphasis on changes that are likely to have a significant impact in the future. Although interim MD&A would cover both the year to date and current quarter, generally this discussion would focus on the current quarter's results as the previous quarter would have been analysed in either annual MD&A or a previous quarter's interim MD&A. In addition, interim MD&A must include a comparison of the results of the quarter's income statement and cash flow statement with the corresponding period of the previous quarter and a comparison of the current balance sheet to the balance sheet at the previous year end.

Subsection 2.3(5) has also been added to clarify that the Commission is not mandating the form of interim MD&A. Issuers are not required to prepare a formal glossy quarterly report nor are they prohibited from preparing the interim MD&A as a stand alone document. Issuers are encouraged to prepare interim MD&A in a format that provides investors with quality information on a timely basis.

11. Fourth Quarter MD&A

Comment

One commentator raised a concern over the lack of reporting required for the fourth quarter.

Response

The Commission agrees that quarterly information is important to investors. Although the annual financial statements do not have a requirement to disclose the fourth quarter as a discrete period, the annual financial statements have extensive note disclosure and are accompanied by annual MD&A which is more comprehensive than quarterly MD&A. Annual MD&A also has a requirement to provide summary quarterly information for the last eight quarters (NI 44-101F2 Item 2).

In addition, annual MD&A requires a description of the effect of any disposals of segments of business and extraordinary, unusual or infrequently occurring items as well as the aggregate effect and nature of year-end or other adjustments which are material to the results of the fourth quarter.

12. Periods covered by MD&A

Comments

One commentator was of the view that it would be more relevant for issuers in the development stage to discuss

significant changes in the results of operations and cash flows for the most recent quarter in comparison to the immediately preceding quarter rather than comparing to the same time period in the immediately preceding financial year.

Response

The requirements for interim MD&A set a minimum standard for reporting issuers. Issuers are encouraged to provide additional information that would enhance disclosure to investors and aid in the understanding of the issuer. This may include a quarter over quarter comparison, where appropriate.

13. Delivery of Interim MD&A

Comments

Eight commentators were of the view that the requirement to send interim MD&A concurrently with the interim financial statements could result in a delay of the reporting of results due to the time requirements for preparation of the interim MD&A. Some of these commentators indicated that the requirement would impose a costly, unduly onerous, paper-based requirement that does not reflect the current business environment and is not in harmonization with the SEC. On the other hand, one commentator was of the view that interim MD&A is an important supplement to the information contained in the interim financial statements and supports the Commission's proposal to require interim MD&A to accompany an issuer's interim financial statements.

Response

The Commission is of the view that the requirement to send interim MD&A concurrently with the interim financial statements does not impose an unduly onerous, paper-based requirement and as a result, no change has been made to the Rule. The requirement to send interim financial statements is not new and the inclusion of additional text devoted to interim MD&A should not result in a significant cost to the issuer.

Issuers concerned with delivery costs should keep in mind National Policy 11-201 Delivery of Documents by Electronic Means ("NP 11-201") which allows for documents to be delivered in electronic form. NP 11-201 states the views of the CSA on how obligations imposed by securities legislation to deliver documents can be satisfied by electronic means. Under NP 11-201, the CSA indicate that, as a general principle, the delivery requirements of securities legislation may be satisfied by electronic means.

The Commission is also of the view that this requirement should not result in a delay in reporting financial results as, presumably, management would have analysed the interim financial statements and prepared interim MD&A in advance of presenting the interim financial statement to the board of directors for its review. The Rule does not mandate the format in which interim MD&A is to be presented and does not suggest that issuer prepare a 'formal glossy' quarterly report. Issuers are encouraged to prepare interim MD&A in a format that provides investors with quality information on a timely basis.

14. Audit Committee Involvement

Comment

One commentator agreed with the Commission's view that MD&A should be reviewed by the issuer's audit committee to enhance reliability and accuracy.

Response

The Commission is of the view that the audit committee plays a key role in the corporate governance of issuers and should be involved in the reporting process. This is an issue that the Commission will continue to monitor as part of its work in the area of corporate governance and will revisit the matter when the new TSE/CDNX Joint Committee on Corporate Governance makes its final recommendations.

**APPENDIX B
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**ONTARIO SECURITIES COMMISSION RULE 51-501
AIF AND MD&A**

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**ONTARIO SECURITIES COMMISSION RULE 51-501
AIF AND MD&A**

PART 1 DEFINITIONS AND APPLICATION

1.1 Definitions - In this Rule

"annual MD&A" means, for an issuer, a MD&A for the annual financial statements of the issuer; and

"interim MD&A" means, for an issuer, a MD&A for the interim financial statements of the issuer.

1.2 Application

(1) Except as otherwise provided in Ontario securities law, this Rule applies to a reporting issuer, other than a mutual fund, if

(a) the issuer's shareholders' equity or revenues exceeded \$10,000,000 in the financial year of the issuer completed immediately preceding the coming into force of this Rule or in any subsequent financial year; or

(b) the aggregate market value of the issuer's outstanding equity securities for which there was a published market was \$75,000,000 or more on the last day of the financial year of the issuer completed immediately preceding the coming into force of this Rule or on the last day of any subsequent financial year.

(2) A reporting issuer to which this Rule applies shall file

(a) annual MD&A for financial years of the issuer ending on or after January 1, 2001; and

(b) interim MD&A for interim periods of the issuer beginning

(i) on or after January 1, 2001 if the issuer filed an AIF for a financial year ending in 2000; or

(ii) the day after the end of the financial year for which the issuer files its first annual MD&A if the issuer did not file an AIF for a financial year ending in 2000.

1.3 Calculation of Aggregate Market Value of an Issuer's Equity Securities

(1) For the purposes of sections 1.2 and 1.4, the aggregate market value of the equity securities of an issuer on the last day of a financial year is the aggregate of the market value on that date of each class of its equity

securities for which there is a published market, calculated by multiplying

(a) the simple average of the closing prices of the class of equity securities for each of the 20 most recent trading days on which there was a closing price; by

(b) the simple average number of equity securities of the class outstanding over that 20 trading day period.

(2) For the purposes of the calculation under subsection (1), the closing price on the published market in Canada on which the class of equity securities is principally traded shall be used, unless there is no published market in Canada on which the class of equity securities is traded, in which case, the published market outside of Canada on which the class of equity securities is principally traded shall be used.

1.4 Exemption - Despite section 1.2, this Rule does not apply with respect to a financial year of a reporting issuer if

(a) neither the shareholders' equity nor the revenues of the issuer exceeded \$10,000,000 in each of the three immediately preceding financial years; and

(b) the aggregate market value of the issuer's outstanding equity securities for which there was a published market was less than \$75,000,000 on the last day of each of the three immediately preceding financial years.

PART 2 FILING OF AIF

2.1 Filing of AIF

(1) An issuer shall file an AIF prepared in accordance with Form 44-101F1 for each financial year within 140 days after the end of the financial year.

(2) An issuer is not required to file an AIF under subsection (1) for a financial year ended prior to the coming into force of this Rule.

(3) Despite subsection (1), an issuer that has securities registered under section 12 of the 1934 Act or has a reporting obligation under subsection 15(d) of the 1934 Act may file an AIF in the form of a current annual report on Form 10-K, or on Form 20-F, under the 1934 Act.

(4) An issuer that files an AIF under subsection (3) shall file the AIF as nearly as practicable

contemporaneously with the filing of the Form 10-K or Form 20-F with the SEC.

- (5) An issuer that files an AIF under subsection (3) shall file with the AIF an undertaking to the Director to the effect that the issuer will provide to any person or company, upon request to the secretary of the issuer

- (i) one copy of the AIF of the issuer, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,
- (ii) one copy of the comparative financial statements of the issuer for its most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and one copy of the most recent interim financial statements of the issuer that have been filed, if any, for any period after the end of its most recently completed financial year, and
- (iii) one copy of the information circular of the issuer in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared instead of that information circular.

2.2 Filing of Annual MD&A Supplement for Canadian GAAP Discussion

- (1) An issuer that has filed an AIF in a form permitted under subsection 2.1(3) shall file, concurrently with its AIF, a supplement prepared in accordance with subsection (2) if the issuer
 - (a) is incorporated, organized or continued under the laws of Canada or a jurisdiction; and
 - (b) has based the discussion in the annual MD&A that forms part of its AIF on financial statements prepared other than in accordance with Canadian GAAP.
- (2) A supplement required to be filed by an issuer under subsection (1) shall restate, based on financial statements of the issuer prepared in accordance with Canadian GAAP, those parts of the annual MD&A that

- (a) are based on financial statements of the issuer prepared in accordance with foreign GAAP; and
- (b) would read differently if they were based on financial statements of the issuer prepared in accordance with Canadian GAAP.

PART 3 DELIVERY OF ANNUAL MD&A

3.1 Delivery of Annual MD&A - An issuer shall send the annual MD&A to all securityholders to whom it sends its annual audited financial statements

- (a) concurrently with the sending to those securityholders of its annual audited financial statements to which the annual MD&A relates; or
- (b) if its annual audited financial statements appear in more than one document that are sent separately to securityholders, then concurrently with the sending to securityholders of one of the documents containing its annual audited financial statements to which the annual MD&A relates, so long as the annual MD&A is sent to securityholders within 140 days after the end of the financial year to which the annual MD&A relates.

3.2 Delivery of Annual MD&A Supplement for Canadian GAAP Discussion - An issuer required to file a supplement under section 2.2 shall send the supplement to all securityholders to whom it sends the annual MD&A, concurrently with the sending of the annual MD&A.

PART 4 INTERIM MD&A

4.1 Filing of Interim MD&A

- (1) An issuer that is required to file an AIF for a financial year shall file in the following financial year, concurrently with the filing of its interim financial statements, an interim MD&A prepared in accordance with section 4.2.
- (2) Despite subsection (1) and section 4.2, an issuer that has securities registered under section 12 of the 1934 Act or has a reporting obligation under subsection 15(d) of the 1934 Act may file an interim MD&A prepared in accordance with paragraph (b) of Item 303 of Regulation S-K under the 1934 Act.
- (3) An issuer that files an interim MD&A under subsection (2) shall file the interim MD&A as nearly as practicable contemporaneously with the filing of the Form 10-Q or Form 6-K with the SEC.

4.2 Content of Interim MD&A

- (1) An issuer's interim MD&A shall include
 - (a) an update of the analysis of the issuer's financial condition in the annual MD&A for the most recently completed financial year;
 - (b) an analysis of the issuer's results from operations and cash flows for the most recently completed interim period; and
 - (c) a comparison of the issuer's financial condition, results of operations and cash flows as at the dates and for the periods set out in subsection (2).
- (2) The dates and periods are:
 1. For financial condition, the date of the balance sheet for the issuer's most recently completed financial year and the date of its most recent interim balance sheet.
 2. For results of operations
 - (a) the most recent financial year-to-date period for which an income statement of the issuer is provided and the corresponding year-to-date period of the issuer's preceding financial year; and
 - (b) the most recent quarter of the issuer's financial year, and the corresponding quarter of the preceding financial year.
 3. For cash flows
 - (a) the most recent financial year-to-date period for which a cash flow statement of the issuer is provided and the corresponding year-to-date period of the issuer's preceding financial year; and
 - (b) the most recent quarter of the issuer's financial year, and the corresponding quarter of the preceding financial year.
- (3) An issuer's interim MD&A shall identify changes in results of operations that are material and any significant elements of the issuer's income or loss from continuing operations that do not arise from, or are not necessarily representative of, the issuer's ongoing business.

- (4) An issuer's interim MD&A shall include a discussion of any seasonal aspects of the issuer's business that have had a material effect upon its financial condition, results of operations or cash flows.

4.3 Delivery of Interim MD&A - An issuer shall send the interim MD&A referred to in subsection 4.1(1) or (2) to all securityholders to whom it sends its interim financial statements to which the interim MD&A relates, concurrently with the sending to those securityholders of the interim financial statements.

4.4 Filing of Interim MD&A Supplement for Canadian GAAP Discussion

- (1) An issuer that has filed an interim MD&A prepared in accordance with paragraph (b) of Item 303 of Regulation S-K under the 1934 Act shall file, concurrently with the filing of its interim MD&A, a supplement prepared in accordance with subsection (2) if the issuer
 - (a) is incorporated, organized or continued under the laws of Canada or a jurisdiction; and
 - (b) has based the discussion in the interim MD&A on financial statements prepared other than in accordance with Canadian GAAP.
- (2) A supplement required to be filed by an issuer under subsection (1) shall restate, based on interim financial statements of the issuer prepared in accordance with Canadian GAAP, those parts of the interim MD&A that
 - (a) are based on financial statements of the issuer prepared in accordance with foreign GAAP; and
 - (b) would read differently if they were based on financial statements of the issuer prepared in accordance with Canadian GAAP.

4.5 Delivery of Interim MD&A Supplement for Canadian GAAP Discussion - An issuer required to file a supplement under section 4.4 shall send the supplement to all securityholders to whom it sends its interim MD&A to which the supplement relates, concurrently with the sending of the interim MD&A.

PART 5 EXEMPTION

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

PART 6 EFFECTIVE DATE

- 6.1 **Effective Date** - This Rule comes into force on January, 1, 2001.

**COMPANION POLICY 51-501CP
TO ONTARIO SECURITIES COMMISSION RULE 51-501
AIF AND MD&A**

PART 1 GENERAL

1.1 Introduction

The purpose of this Companion Policy is to provide guidance to assist reporting issuers in complying with their obligations under Rule 51-501. It provides the Commission's views with respect to certain relevant matters.

1.2 Implementation

Rule 51-501 applies to annual MD&A for financial years ending on or after January 1, 2001. It applies to interim MD&A for interim periods beginning (i) on or after January 1, 2001 if the issuer filed an AIF for a financial year ending in 2000; or (ii) the day after the end of the financial year for which the issuer files its first annual MD&A if the issuer did not file an AIF for a financial year ending in 2000. Annual MD&A is the foundation upon which interim MD&A is built. Consequently, the requirement to file interim MD&A does not arise until an annual MD&A has been filed. For example, interim MD&A for the interim period beginning February 1, 2001 and following interim periods must be filed if an issuer has an obligation to file an AIF for the financial year ending October 31, 2000. If an issuer is subject to an obligation to file an AIF for the first time for the financial year ending January 31, 2001, interim MD&A must be filed and delivered for the interim period beginning February 1, 2001 and following interim periods. Refer to Appendix A for further examples.

1.3 Debt-Only Reporting Issuers

Rule 51-501 requires all reporting issuers that exceed the thresholds in section 1.2 of Rule 51-501, other than mutual funds, to file an AIF, including annual MD&A, and interim MD&A for the periods required under Rule 51-501. This includes reporting issuers that are reporting issuers solely because they have debt securities outstanding. However, debt-only reporting issuers are not required under Rule 51-501 to send the annual or interim MD&A to securityholders.

1.4 Interrelationship with NI 44-101

National Instrument 44-101 Short Form Prospectus Distributions ("NI 44-101") requires most issuers to file an AIF in order to be qualified to distribute securities under a short form prospectus. Form 44-101F1, the form of AIF, incorporates Form 44-101F2, the form of annual MD&A. An issuer that files an AIF under NI 44-101 within 140 days after its financial year end satisfies the requirement to file an AIF for its financial year under Rule 51-501 without filing a separate AIF under Rule 51-501. The interim MD&A

filing requirement is in addition to the requirement to file annual MD&A.

PART 2 MD&A

2.1 Sending of Annual MD&A - An issuer may satisfy the obligation in section 3.1 of Rule 51-501 to send the annual MD&A to its securityholders by including the annual MD&A in an annual report sent to securityholders.

2.2 MD&A Supplement for Canadian GAAP Discussion - A Canadian issuer that files its AIF in the form of a current annual report on Form 10-K, or Form 20-F, under the 1934 Act and prepares MD&A based on financial statements that have been prepared in accordance with foreign GAAP is required under section 2.2 of Rule 51-501 to file a supplement to its annual MD&A and under section 4.4 to file a supplement to its interim MD&A. The purpose of the supplement is to identify, and to restate based on financial statements prepared in accordance with Canadian GAAP, those parts of the MD&A that would have been different if the MD&A had been based on the financial statements prepared in accordance with Canadian GAAP. The supplement does not need to restate the MD&A in its entirety.

2.3 Interim MD&A

(1) In preparing the interim MD&A, issuers may presume that readers of the MD&A have read or have access to the annual MD&A. Issuers should discuss both the current quarter and the year-to-date period in the interim MD&A and how they compare to the corresponding periods in the previous year, including commentary on any known trends or uncertainties that have had or that the issuer reasonably expects will have a favourable or unfavourable effect. Prominence should be given to the discussion of the current quarter and how events and changes occurring in the quarter will affect the issuer. The interim MD&A should include a discussion of changes that are likely to have a significant impact in the future. A discussion that would largely duplicate the disclosure contained in the annual MD&A need not be repeated. For example, a discussion of the external economic and industry factors affecting the issuer need not be repeated if those factors are substantially unchanged from the annual MD&A. A statement that those factors remain substantially unchanged would suffice. On the other hand, when external factors or the specific circumstances of an issuer have changed subsequent to the end of the most recently completed financial year, disclosure is required. For example, significant changes in the nature and extent of an issuer's use of financial instruments would require discussion.

(2) In preparing the interim MD&A, it is not sufficient for an issuer to recite, without explanation, the amount of changes from period to period that are readily computable from the financial statements. The discussion need not repeat numerical data contained in the financial statements. The issuer should include information that is available to the issuer and does not clearly appear in the issuer's financial statements.

(3) In preparing the interim MD&A, issuers are required to address changes that are material. Materiality is a matter of judgement in particular circumstances, and should generally be determined in relation to an item's significance to investors, analysts and other users of the information. An item of information, or an aggregate of items, is considered by the Commission to be material if it is probable that its omission or misstatement would influence or change an investment decision with respect to the issuer's securities. In considering whether items are material, issuers should consider the potential significance of items individually rather than on a net basis where factors have an offsetting effect. An issuer should also take into account both quantitative and qualitative factors. This concept of materiality is consistent with the financial reporting notion of materiality contained in the Handbook.

(4) An issuer may combine the interim MD&A with the annual MD&A, if the issuer's interim financial statements to which the interim MD&A relates are presented together with its annual audited financial statements.

(5) The Commission is not mandating the form of the interim MD&A. Issuers are not required to prepare a formal glossy quarterly report. Issuers are encouraged to prepare the interim MD&A in a format that provides investors with quality information on a timely basis.

2.4 Review by Audit Committee - In the Commission's view, if an issuer has an audit committee, MD&A should be carefully reviewed and considered by the audit committee.

2.5 Additional Guidance - Commission staff from time to time publishes MD&A guides and reports on MD&A and financial statement reviews. Issuers are encouraged to refer to this material.

APPENDIX A
TO
COMPANION POLICY 51-501CP
TO ONTARIO SECURITIES COMMISSION RULE 51-501
AIF & MD&A

Implementation Examples

| Financial Year End | October 31 | October 31 | December 31 | December 31 |
|---|------------|------------|-------------|-------------|
| | | | | |
| Filed AIF for 2000 financial year | Yes | No | No | Yes |
| | | | | |
| Q1, 2001 Interim MD&A | No | No | No | Yes |
| Q2, 2001 Interim MD&A | Yes | No | No | Yes |
| Q3, 2001 Interim MD&A | Yes | No | No | Yes |
| | | | | |
| Filed AIF for 2001 financial year under Rule 51-501 | Yes | Yes | Yes | Yes |
| | | | | |
| Q1, 2002 Interim MD&A | Yes | Yes | Yes | Yes |
| Q2, 2002 Interim MD&A | Yes | Yes | Yes | Yes |
| Q3, 2002 Interim MD&A | Yes | Yes | Yes | Yes |

5.1.2 OSC Rule 52-501 Financial Statements

NOTICE OF RULE 52-501 FINANCIAL STATEMENTS AND COMPANION POLICY 52-501CP

Notice of Rule and Companion Policy

The Ontario Securities Commission (the "Commission") has, under section 143 of the *Securities Act* (Ontario) (the "Act"), made Rule 52-501 Financial Statements (the "Rule") and adopted Companion Policy 52-501CP (the "Companion Policy").

The Rule and the material required by the Act to be delivered to the Minister of Finance was delivered for approval on October 13, 2000. If the Minister approves the Rule, the Rule will come into force fifteen days after it is approved. If the Minister does not approve, reject or return the Rule to the Commission for further consideration, the Rule will come into force on the seventy fifth day after the Rule is delivered to the Minister.

The Companion Policy will become effective concurrently with the Rule.

Substance and Purpose of the Rule

The Rule reformulates sections 7 to 11 of the Regulation to the Act (the "Regulation") which set out the content requirements of interim and annual financial statements. In addition to reformulating the noted sections of the Regulation, the Rule adds certain requirements, including a requirement for issuers to (i) prepare an interim balance sheet, (ii) prepare an interim statement of retained earnings, (iii) prepare an income statement and cash flow statement for each three-month period of its financial year, other than the last three-month period of the year, (iv) prepare notes to the interim financial statements, and (v) present certain line items in their annual and interim balance sheets. The last requirement has been added to ensure a consistent minimum level of disclosure in both the annual and interim balance sheets. The Rule requires that the annual financial statements be reviewed by the audit committee, if any, and approved by the board of directors. The Rule also requires the board of directors to review interim financial statements prior to filing and delivery to securityholders. The Rule permits the board to satisfy the review obligation through delegation of the review to the audit committee of the board.

The Rule should be read in conjunction with the CICA Handbook and in particular, new section 1751, Interim Financial Reporting, which can be found at www.cica.ca. The new Handbook section significantly enhances current requirements under generally accepted accounting principles relating to the content of interim financial statements.

Changes to the Proposed Rule

The Commission published proposed Rule 52-501 Financial Statements (the "Proposed Rule") for comment on March 10, 2000 ((2000) 23 OSCB 1795). In response to the request for comments, the Commission received submissions from thirteen commentators. A summary of the comments received

together with the Commission's response to the comments is contained in Appendix A to this notice. Appendix B to this notice provides a list of the commentators on the Proposed Rule. The Commission would like to thank each commentator for taking the time to provide their valuable comments.

As a result of comments received and further consideration of the Proposed Rule by the staff of the Commission, certain changes have been made to the Proposed Rule which are contained in the Rule. The Commission does not consider any of the changes to be material and therefore has not published the changes for comment. For a detailed discussion of the contents of the Proposed Rule please refer to the notice published with the Proposed Rule ((2000) 23 OSCB 1793). The following is a summary of the significant changes made to the Proposed Rule:

Part 1

A new section 1.1 has been included in the Rule which contains a definition of the term "foreign issuer". This definition was included for the purpose of subsection 2.2(8) of the Rule which exempts foreign issuers from the requirement for board review of interim financial statements. Subsection 2.2(6) in the Proposed Rule provided an exemption for foreign constituted issuers that are registered with the SEC under the *Exchange Act of 1934*. The reference to foreign constituted issuers registered with the SEC was removed in favour of the defined term "foreign issuer". The principal reason for the change being that the new definition excludes those issuers incorporated or organized outside of Canada but which are effectively Canadian issuers. In particular, excluded from the definition are issuers that are incorporated or organized outside of Canada but have more than 50% of its voting securities held by Canadian residents and where (i) more than 50% of the directors and senior officers are resident in Canada, (ii) more than 50% of the issuer's assets are located in Canada, or (iii) the business of the issuer is administered principally in Canada.

New subsection 1.2(2) has been added to the Rule. The new subsection clarifies when the provisions of the Rule become applicable to subject issuers. The subsection provides that the Rule applies to annual financial statements for financial years beginning on or after January 1, 2001. The subsection also provides that the Rule applies to interim financial statements for interim periods of fiscal years commencing on or after January 1, 2001.

Part 2

A new subsection 2.1(3) has been added to the Rule in response to comments. The subsection relieves issuers of distinguishing a balance sheet line item required to be distinguished in accordance with subsection 2.1(2) where the item represents less than five percent of total assets as at the balance sheet date. Issuers are reminded in the Companion Policy that irrespective of the effect of this subsection, Canadian GAAP may require a particular item to be distinguished and that issuers must continue to comply with the requirements of Canadian GAAP.

Subsection 2.1(4) of the Proposed Rule has been deleted. That subsection exempted foreign constituted issuers registered with the SEC under the *Exchange Act of 1934* from

the requirement for board of directors approval of annual financial statements.

Part 3

A new Part 3 has been added that deals with transitional matters. The Part provides guidance to issuers on the provision of comparative information in annual and interim financial statements in the first period an issuer is subject to the requirements of the Rule. The Commission recognizes that comparative figures required by the Rule may be difficult for some issuers to provide when an issuer first becomes subject to the Rule. The section indicates that where it is impractical to provide comparative information in accordance with the Rule, issuers should provide the comparative information that is available and indicate that it has not been prepared in accordance with the requirements of the Rule.

Substance and Purpose of Companion Policy

The principal purpose of the Companion Policy is to provide additional guidance to assist reporting issuers in complying with their obligations under the Rule.

The Companion Policy advises issuers of the Commission's view that boards of directors and audit committees of issuers, in discharging their responsibilities for ensuring the reliability of interim financial statements, should consider engaging an external auditor to carry out a review of such financial statements.

Changes to the Proposed Companion Policy

The Commission published proposed Companion Policy 51-501CP to Rule 51-501 AIF & MD&A (the "Proposed Companion Policy") for comment on March 10, 2000 ((2000) 23 OSCB 1791) contemporaneously with the Proposed Rule.

As a result of comments received, changes made to the Proposed Rule and further consideration of the Proposed Companion Policy by the staff of the Commission, certain changes have been made to the Proposed Companion Policy which are contained in the Companion Policy. The Commission does not consider any of the changes to be material and has therefore not published the changes for comment. For a detailed discussion of the contents of the Proposed Companion Policy please refer to the notice published with the Proposed Companion Policy ((2000) 23 OSCB 1783). The following is a summary of the changes:

Part 1

A new section 1.2 has been added to the Companion Policy in response to comments. This section clarifies the interaction between the requirements set out in Rule and the requirements of Canadian GAAP.

A new section 1.3 provides clarification concerning the definition of "foreign issuer". In particular, the section provides guidance on how to determine the percentage of shares of a reporting issuer held by Canadian residents for the purpose of paragraph (a) of the definition of "foreign issuer" contained in the Rule.

A new section 1.4 clarifies the interrelationship of the Rule and Rule 51-501 AIF & MD&A in connection with the implementation of the rules.

Part 3

New section 3.1 points out that the balance sheet lines items required by subsections 2.1(2) and 2.2(4) set out minimum disclosure levels. The section indicates that issuers should add additional line items or note disclosure where appropriate to provide a full picture of an issuer's financial position. It also points out that additional information may be necessary depending on the issuer's stage of development, its industry sector or due to recent transactions.

New section 3.2 clarifies that subsection 2.1(2) is not intended to prescribe the order or the format in which the items are presented. Further, the descriptions of the items do not have to correspond to the descriptions in the subsection if the adaptation of descriptions would enhance the presentation.

Authority for the Rule

Section 143 of the Act provides the Ontario Securities Commission with authority to adopt the Rule. In particular, paragraph 143(1)22 authorizes the Commission to prescribe requirements in respect of the preparation and dissemination and other use, by reporting issuers, of documents providing for continuous disclosure that are in addition to the requirements under this Act, including requirements in respect of supplemental analysis of financial statements. Paragraph 143(1)24 authorizes the Commission to require issuers or other persons and companies to comply, in whole or in part, with Part XVIII (Continuous Disclosure), or rules made under paragraph 143(1)22 of the Act. Paragraph 143(1)25 authorizes the Commission to prescribe requirements in respect of financial accounting, reporting and auditing for the purposes of the Act, the Regulation and the Rules. Paragraph 143(1)39 authorizes the Commission to make rules requiring or respecting the media, format, preparation, form, content, execution, certification, dissemination and other use, filing and review of all documents required under or governed by the Act, the regulations or the rules, including interim financial statements and financial statements.

Regulations to be Amended or Revoked

The Commission has, subject to the approval of the Minister of Finance, made a regulation that:

- (i) revokes sections 7 to 9 of the Regulation effective May 31, 2001;
- (ii) adds section clarifying that sections 7 to 9 apply to interim financial statements for periods beginning prior to January 1, 2000;
- (iii) revokes sections 10, 11 and 13 of the Regulation effective May 31, 2002;
- (iv) adds section clarifying that sections 10, 11, and 13 apply to financial statements for periods beginning prior to January 1, 2001; and

- (v) amends section 246 of the Regulation by deleting the reference to subsection 12(8) of the Regulation.

If approved, the regulation will come into force on the effective date of the Rule.

Questions concerning the Rule should be referred to:

Lisa Enright
Senior Accountant, Continuous Disclosure
Ontario Securities Commission
e-mail: lenright@osc.gov.on.ca
(416) 593-3686

James McVicar
Legal Counsel, Corporate Finance
Ontario Securities Commission
e-mail: jmcvicar@osc.gov.on.ca
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DATED: October 27, 2000.

**APPENDIX A
SUMMARY OF COMMENTS RECEIVED ON PROPOSED
RULE 52-501
AND COMPANION POLICY 52-501CP**

The following is a summary of the thirteen comment letters received together with the responses of the Commission. The Commission thanks all commentators for their valuable input.

General Comments

Comments

Three commentators were fully supportive of the measures being taken by the Commission to enhance the quality of financial reporting. In particular, they stated that the proposed Rules will improve the consistency and availability of detailed interim financial information.

In addition, two commentators recommended that the Commission harmonize the requirements for interim financial statements with the Canadian Institute of Chartered Accountants ("CICA") requirements in CICA Handbook section 1751 Interim Financial Statements and have the Rule and the Handbook section become effective on the same date. One commentator urged the Commission to harmonize financial disclosure regulations with the CSA jurisdictions.

Response

The Commission agrees that the requirements contained in the Rule will significantly enhance the quality of financial reporting by reporting issuers. The Commission has worked closely with the CICA throughout the rule making process with the goal of harmonizing the requirements. In this regard, the requirements of the Financial Statement Rule do not contradict GAAP; however, in some cases the requirements of the Rule extend beyond GAAP. In addition, the effective date for the Rule and CICA Handbook section 1751 Interim Financial Statements is the same, being January 1, 2001. Harmonization with the other CSA jurisdictions is desirable and the Commission will continue to work towards achieving this end. In the Commission's view it is important not to delay the effective date of the Rule as the Rule will result in a significant improvement in the financial disclosure of reporting issuers.

Specific Comments

1. Fourth Quarter Results

Comments

Two commentators were of the view that specific disclosure of fourth quarter results in the annual financial statements would be desirable as the information in the fourth quarter is very important to security holders and often contains adjustments that affect the year-end balances. However, the commentators acknowledged that the inclusion of fourth quarter results in a note to the annual financial statements would be problematic as they would be audited as part of the annual financial statements unlike the results from the first

three quarters. The commentators noted that this would result in auditing issues that are not easily solved.

Response

The Commission agrees that fourth quarter results are very important. In establishing the disclosure requirements for the fourth quarter, the Commission has attempted to be consistent with SEC requirements and as such will not require the presentation of fourth quarter results in the annual financial statements. The Commission is of the view that existing and proposed requirements provide investors with adequate information regarding the fourth quarter. Annual financial statements have extensive note disclosure and are accompanied by annual MD&A which is more comprehensive than quarterly MD&A. In addition, annual MD&A is required to contain quarterly information for the last eight quarters (Form NI 44-101F2 Item 2). Further, a description of the effect of any disposals of business segments, extraordinary, unusual or infrequently occurring items as well as the aggregate effect and nature of year-end or other adjustments, which are material to the results of the fourth quarter of the most recently completed financial year, are also required to be disclosed in annual MD&A through the Rule and NI 44-101.

The Commission will give further consideration to fourth quarter disclosure once the effects of the new annual MD&A requirements are examined.

2. Effective Date

Comments

One commentator suggested that the Rule become effective some time after June 2001 and that at least six months notice of implementation be given once the Rule is final. This commentator stated that notice is necessary as the Rule mandates board of director review of interim financial statements and many large companies organize the dates for meetings of the board and board committees well in advance, in some cases two years in advance, due to the demands on the time of the directors.

Response

The Commission is of the view that the requirements of this Rule will significantly enhance the quality of financial reporting by reporting issuers and it is desirable to have these improvements implemented as soon as possible. The Rule if made and approved, or not rejected or returned, by the Minister will come into force on January 1, 2001, the effective date contained in the Rule. The Rule was published for comment in March 2000 and early adoption was encouraged.

3. Acceptability of Foreign GAAP/GAAS

Comments

One commentator recommended that the Rule be expanded to address the acceptability of foreign GAAP and the need for GAAP reconciliation for annual and interim financial statements prepared under foreign GAAP as well as the acceptability of foreign GAAS for annual financial statements provided for continuous disclosure.

Response

The Commission considers these issues to be very important and as such is addressing them in a separate initiative of the Office of the Chief Accountant.

4. Exemptions from Requirements of this Rule

Comments

One commentator indicated that the Rule does not differentiate between participating and non-participating securities, but applies to all reporting issuers in Ontario (except mutual funds). The commentator stated that in the case of a reporting issuer that does not have publicly traded participating securities, the requirement to include notes to interim financial statements and to provide interim MD&A would not give investors information relevant for making investment decisions. This commentator suggested that an exemption be made for reporting issuers which are subsidiaries of other reporting issuers and that do not have any publically-traded participating securities.

Response

The Commission disagrees with this comment. The Commission is of the view that the financial information provided in interim financial statements and interim MD&A is very important and has decided not to provide specific exemptions from these requirements. Under Part 4 of the Rule reporting issuers may apply for an exemption from the Rule; the merits of a particular situation will be evaluated at that time.

5. Development Stage Companies

Comments

One commentator recommended that the Rule specifically address development stage issuers and outline requirements and exemptions specific to these issuers.

Response

This Rule was written on a broad basis to apply to all reporting issuers. The Commission decided not to tailor requirements to each specific reporting issuer type and industry. The requirements of this Rule set a minimum standard for all reporting issuers. If specific disclosure is required under GAAP, or is necessary for the fair presentation of financial information, then the reporting issuer must provide such information.

6. Dates for Financial Statements

Comment

One commentator suggested that subsection 2.1(1) of the Rule specifically set out the dates for which annual financial statements are required, rather than cross-referencing to the Act. The commentator noted that the current drafting is not particularly user-friendly as it requires the user to flip back and forth between the Rule and the Act.

Response

The Commission is constrained by the wording of the current legislation and is unable to make this change.

7. Cash Flow Statement

Comment

Two commentators noted that the requirement for disclosure of the current quarter's cash flow information in addition to the year to date information was not consistent with the CICA's exposure draft on Interim Financial Statements or with SEC requirements. One commentator suggested making the quarterly cash flow statement optional while encouraging its presentation. The other commentator indicated that it would be preferable to delete this requirement and harmonize with the CICA and with SEC requirements.

Response

The Commission is of the view that the quarterly cash flow statement provides relevant financial information. The CICA has revised its position and now requires a quarterly cash flow statement as part of Handbook section 1751 Interim Financial Statements. As such, the requirements are harmonized with the CICA requirements. Although the SEC does not require the presentation of a quarterly cash flow statement, it also does not prohibit its presentation. As such, issuers would not be violating SEC requirements by presenting the quarterly cash flow as additional disclosure. In the Commission's view, the preparation of the quarterly cash flow will not impose a significant burden on issuers.

8. Minimum Level of Disclosure in the Balance Sheet

Comments

Five commentators were strongly opposed to the Commission setting a minimum level of disclosure in the balance sheet. Generally, these commentators were of the view that financial statement disclosure should be governed solely by the CICA.

Four commentators indicated that the current headings are too restrictive and that a materiality threshold be added to the requirement. Two of the commentators suggested that the OSC modify its proposal to require interim balance sheet disclosure to be consistent with the most recent annual financial statements. One commentator was supportive of the minimum level of disclosure in both annual and interim financial statements.

Response

The imposition of a requirement for specified line items on the balance sheet is to address concerns with disclosure that have been identified by staff over the years and to ensure a minimum level of disclosure. International Accounting Standards, SEC requirements and CICA Handbook requirements were considered when assessing the need for setting a minimum level of disclosure in the balance sheet. The Commission considered requiring the interim financial statements to contain, at least the items in the most recent annual financial statements, but this approach did not take into account the difference in the level of note disclosure between interim and annual financial statements. Note disclosure in the

annual financial statements is generally much more robust than for interim financial statements and contains details that do not appear on the face of the balance sheet. Since the detail is disclosed in the notes, the annual balance sheet could be very condensed. If the balance sheet for the interim financial statements was consistent with the annual financial statements the overall level of disclosure may be significantly reduced due to the difference in the requirements for annual statements and interim financial statements.

The Commission agrees that materiality would be a consideration when preparing the balance sheet, as is the case generally in financial statement preparation. The purpose of the requirement for minimum level of disclosure in the balance sheet is to provide investors with a base level of comparable information. To ensure that there is a base level of comparable information and to provide issuers with guidance on when a specific item would be required to be disclosed in the balance sheet, a threshold test has been added. The Rule has been revised such that if an item represents less than five percent of total assets at the balance sheet date, it need not be separately distinguished unless otherwise required by GAAP.

9. Income Statement Disclosure

Comments

Two commentators noted that in their experience, there are more issues with respect to disclosure in the income statement than there are with respect to the balance sheet and thus a minimum level of disclosure should be prescribed for the income statement. One commentator was of the view that the income statement for the interim period should include each of the headings, line items and subtotals included in the annual income statement. This commentator also suggested that some limited forms of grouping for line items should be permitted for the cash flow and balance sheet. The commentator noted that this approach would be similar to the SEC requirements, which permits the issuance of condensed financial statements for interim periods.

Response

The imposition of a requirement for specified line items on the balance sheet is to address specific concerns with disclosure that have been identified by staff over the years, and to improve comparability. At the current time, the Commission is not specifying disclosure requirements that go beyond the specific income statement disclosure requirements of GAAP. On an ongoing basis, Commission staff will review disclosure made by issuers and assess the need for additional disclosure requirements, which would then be recommended to the Commission for its consideration.

10. Interim Financial Statements

Comments

Five commentators recommended that the Rule require interim financial statements prepared in accordance with GAAP rather than detailing requirements in this Rule. The commentator was of the view that this would simplify the Rule and clarify the requirements. Another commentator was of the view that the requirement to file the three month income statement and cash

flow statement within 60 days of the date to which it is made up was redundant and that the filing time frame was covered under subsection 2.2(1). This commentator suggested that it would be sufficient to state that these items be filed simultaneously. Another commentator recommended re-wording section 2.2(2) or introducing a footnote to explain the requirement, as the commentator found this section confusing, when taken together with subsection 77(1) of the Act.

Response

The Commission has worked closely with the CICA to harmonize the requirements for interim financial statements. The Commission is of the view that it is appropriate for the Rule to detail requirements regarding interim financial statement disclosure and the time periods to be presented for interim financial statements.

On the second point, the Commission is constrained by drafting convention and the existing requirements in the Securities Act. Subsection 77(1) of the Act does not require the filing of income statements and cash flow statements for the three-month period ended on the date of the balance sheets required to be filed for the three six and nine-month periods. In order to add this requirement, subsection 2.2(2) is necessary.

11. Schedule of Retained Earnings

Comment

One commentator noted that in practice, a schedule of retained earnings is often provided as part of the interim balance sheet or at the bottom of the income statement. The commentator suggested that the Rule be modified to allow for a schedule of retained earnings as part of the interim balance sheet or income statement rather than requiring a separate statement.

Response

As noted in the Policy, the requirements of this Rule do not mandate the format in which financial information must be presented. Issuers should present the financial statements in the format that is appropriate for their circumstances.

12. Balance Sheet

Comment

One commentator was of the view that providing a balance sheet as of the end of the issuer's immediately preceding financial year as the comparative to the interim financial statements could be misleading as the comparative periods will be different and the balance sheet ratios may not necessarily be in line. This commentator suggested that consideration be given to presenting the comparative balance sheet for the corresponding date in the previous year, in addition to the previous year end balance sheet.

Response

The requirement to provide a comparative balance sheet as of the date of the end of the issuer's immediately preceding financial year is consistent with the CICA's requirement. The Commission agrees that in some situations the presentation of a balance sheet, as at the date of the period ending a year prior to the interim date, in addition to the balance sheet, as at the date of the end of the issuer's immediately preceding financial year, would provide relevant information. This would be especially useful in a cyclical business. The requirements of the Rule provide the minimum standards for interim financial statements and in no way preclude issuers from providing additional information that would enhance disclosure. CICA Handbook Section 1751 Interim Financial Statements echoes this position.

13. Notes to the Interim Financial Statements

Comments

Three commentators indicated that the requirement in subsection 2.2(3) of the Rule to include notes in the financial statements is vague and confusing. These commentators were of the view that the requirement to prepare the interim financial statements in accordance with GAAP would be sufficient as GAAP contains a note requirement. Another commentator was of the view that the note requirement for interim financial statements be expanded to include specific requirements for investment and development stage reporting issuers.

Response

Issuers are required to prepare their annual and interim financial statements in accordance with both Canadian GAAP and the requirements of this Rule. Based on its experience reviewing interim financial statements, the Commission believes a specific requirement in the Rule for interim financial statement notes is necessary.

On the second point, this Rule is meant to provide the minimum disclosure requirements; nothing in this Rule is intended to prohibit or discourage issuers from presenting information that provides more than the minimum or is required for fair presentation of financial results. The Commission encourages issuers to provide information that will assist investors in understanding an issuer's financial position.

14. Board of Directors and Audit Committee Involvement

Comments

One commentator was of the view that it is acceptable and customary corporate governance practice for only an issuer's audit committee to review interim financial statements. This commentator recommended that the Rule mandate review of the interim financial statements by the issuer's audit committee, but make review by the full board of directors optional. Another commentator was of the view that the audit committee should not be the only committee that the Board is allowed to delegate the review of interim financial statements. This commentator suggested that the Board be given the latitude to select a committee it deemed appropriate.

Three commentators were of the view that review by the board of directors is a significant improvement, but would also favour a requirement for board approval of interim financial statements. Three commentators strongly supported the proposal to have the board and audit committee, if any, review the interim financial statements prior to filing and delivery to security holders. Two commentators were of the view that a requirement for the board of directors and audit committee to review prior to the releasing of information, be extended to other documents including, the annual report. One commentator questioned whether it is appropriate to include a mandatory requirement to have interim financial statements reviewed by the issuer's audit committee, especially when it is accompanied by the suggestion that such statements should be reviewed by external auditors. This commentator believed that audit committee review of interim financial statements is acceptable on a voluntary basis but does not believe that this requirement should be mandatory for all reporting issuers.

Response

The Commission is of the view that the board of directors and audit committee are a key element of the corporate governance process and, as such, they should be involved in the interim financial reporting. The Commission is also of the view that it is appropriate for the board of directors to be able to delegate the responsibility for the review of interim financial statements to the audit committee and, as a result, has modified the Rule accordingly. This will provide issuers with the flexibility to have the interim financial statements reviewed at the committee level while ensuring that the board retains ultimate responsibility for the interim financial statements. The audit committee is viewed by the Commission as being most the appropriate committee of the board to review financial statements due to its independence and expertise.

15. External Auditor Involvement

Comments

Three commentators were of the view that the benefits of pre-issuance reviews of interim financial statements by external auditors are significant and should be a requirement of the Rule. One of these commentators believed that the involvement of external auditors in the interim financial statement process serves to protect all parties involved in the financial reporting process and would help to promote confidence that there is appropriate discipline in interim reporting. However, three commentators were of the view that the cost to engage an external auditor to review the interim financial statements would be substantial. One of these commentators pointed out that for junior issuers, in particular, there should be an exemption with respect to external auditor involvement.

Another commentator recommended that a requirement for external auditor review of the interim financial statements be imposed in place of the requirement for the review of the interim statements by the board of directors and audit committee. The commentator was of the view that the SEC requirements seem to indicate that the benefit of an auditor review of interim financial statements is greater than the benefit to be derived from such a review being undertaken by the board of directors and/or audit committee and that this conclusion was probably based on the relative level of

experience and the amount of time that the board or audit committee can devote to the task.

One commentator noted that there is a significant difference in the level of assurance provided by an audit in accordance with generally accepted auditing standards than that provided by a review of unaudited financial statements. Based on experience, this commentator believes that the general public does not have an appreciation for the difference in the level of assurance and accordingly, until the Commission has concrete evidence that there is little risk that the public will misunderstand the level of assurance provided, the commentator strongly urges the Commission not to mandate public reporting of auditors' reviews of interim financial statements.

Response

Given the diversity in views expressed, the Commission has not modified the Companion Policy at this time. The Companion Policy continues to encourage boards of directors and audit committees of issuers, in discharging their responsibilities for ensuring the reliability of interim financial statements, to consider engaging an external auditor to carry out a review of the interim financial statements. This is an issue that the Commission will continue to monitor and will revisit the matter when the new TSE/CDNX Joint Committee on Corporate Governance makes its final recommendations.

**APPENDIX B
LIST OF COMMENTATORS**

**ONTARIO SECURITIES COMMISSION RULE 52-501
FINANCIAL STATEMENTS**

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1. McCarvill Corporation by letter dated May 1, 2000
2. Talisman Energy Inc. by letter dated May 16, 2000
3. BDO Dunwoody LLP by letter dated May 26, 2000
4. Association for Investment Management and Research by letter dated May 30, 2000
5. Canadian Bankers Association by letter dated May 31, 2000
6. The Bank of Montreal by letter dated June 1, 2000
7. TransCanada PipeLines Limited by letter dated June 5, 2000
8. Manulife Financial by letter dated June 5, 2000
9. British Columbia Securities Commission by letter dated June 9, 2000
10. The Canadian Institute of Chartered Accountants, Task Force of the Accounting and Assurance Standards Boards by letter dated June 9, 2000
11. KPMG LLP by letter dated June 9, 2000
12. PricewaterhouseCoopers LLP by letter dated June 9, 2000
13. TD Bank Financial Group by letter dated June 9, 2000

| <u>PART</u> | <u>TITLE</u> |
|-------------|----------------------------------|
| PART 1 | DEFINITION AND APPLICATION |
| | 1.1 Definition |
| | 1.2 Application |
| PART 2 | FINANCIAL STATEMENTS |
| | 2.1 Annual Financial Statements |
| | 2.2 Interim Financial Statements |
| PART 3 | TRANSITION |
| | 3.1 Transition |
| PART 4 | EXEMPTION |
| | 4.1 Exemption |

**ONTARIO SECURITIES COMMISSION RULE 52-501
FINANCIAL STATEMENTS**

PART 1 DEFINITION AND APPLICATION

1.1 Definition - In this Rule, "foreign issuer" means an issuer that is not incorporated or organized under the laws of Canada or a jurisdiction, unless

- (a) voting securities carrying more than 50 percent of the votes for the election of directors are held of record directly or indirectly by residents of Canada, and
- (b) any one or more of
 - (i) the majority of the senior officers or directors of the issuer are residents of Canada,
 - (ii) more than 50 percent of the assets of the issuer are located in Canada, or
 - (iii) the business of the issuer is administered principally in Canada.

1.2 Application

- (1) Except as otherwise provided in Ontario securities law, this Rule applies to all reporting issuers other than mutual funds.
- (2) This Rule applies to
 - (a) annual financial statements for financial years of the issuer beginning on or after January 1, 2001; and
 - (b) interim financial statements for interim periods in financial years of the issuer beginning on or after January 1, 2001.

PART 2 FINANCIAL STATEMENTS

2.1 Annual Financial Statements

- (1) The comparative financial statements required to be filed under section 78 of the Act shall include
 - (a) a balance sheet as at the end of the applicable period referred to in subsection 78(1) of the Act;
 - (b) an income statement for the applicable period referred to in subsection 78(1) of the Act;
 - (c) a statement of retained earnings for the applicable period referred to in subsection 78(1) of the Act; and

2.2 Interim Financial Statements

- (1) The interim financial statements required to be filed under subsection 77(1) of the Act shall include
 - (a) a balance sheet as at the date to which the financial statements are prepared and a comparative balance sheet as at the end of the immediately preceding financial year;
 - (b) an income statement for the most recent financial year-to-date period for which the financial statements are

(d) a cash flow statement for the applicable period referred to in subsection 78(1) of the Act.

(2) The balance sheet referred to in paragraph (1)(a) shall distinguish at least the following items

- 1. Cash and cash equivalents.
- 2. Temporary investments.
- 3. Long term investments.
- 4. Accounts and notes receivable.
- 5. Investments accounted for using the equity method.
- 6. Inventories.
- 7. Property, plant and equipment.
- 8. Intangible assets.
- 9. Accounts payable.
- 10. Current interest bearing liabilities.
- 11. Long-term debt.
- 12. Minority interest.
- 13. Share capital.
- 14. Contributed surplus.

(3) Despite subsection (2), an item listed in subsection (2) need not be distinguished if the item represents less than five percent of the total assets as at the balance sheet date.

(4) Every financial statement required to be filed under section 78 of the Act shall be reviewed by the audit committee, if any, and approved by the board of directors of the reporting issuer and the approval shall be evidenced by the signatures of two directors authorized to evidence the approval.

prepared and comparative financial information for the corresponding period in the immediately preceding financial year;

- (c) a statement of retained earnings for the most recent financial year-to-date period for which the financial statements are prepared and comparative financial information for the corresponding period in the immediately preceding financial year; and
 - (d) a cash flow statement for the most recent financial year-to-date period for which the financial statements are prepared and comparative financial information for the corresponding period in the immediately preceding financial year.
- (2) In addition to the interim financial statements required to be filed under subsection 77(1) of the Act, an issuer shall file, within 60 days of the date to which it is made up,
- (a) an income statement and cash flow statement for the three-month period ended on the date of the balance sheet required under paragraph (1)(a), other than the last three-month period in its financial year; and
 - (b) comparative financial information for the corresponding period in the preceding financial year.
- (3) The financial statements required under subsection (1) and (2) shall include notes.
- (4) The interim balance sheet referred to in paragraph (1)(a) shall distinguish at least the items listed in subsection 2.1(2).
- (5) Despite subsection (4), an item in subsection 2.1(2) need not be distinguished if the item represents less than five percent of the total assets as at the interim balance sheet date.
- (6) The board of directors shall review the financial statements referred to in subsection (1) and (2) prior to filing and delivery of the statements to securityholders.
- (7) In fulfilling the requirement in subsection (6), the board of directors may delegate the review of the financial statements to an audit committee of the board.
- (8) Subsection (6) does not apply to a foreign issuer.
- (9) The income statement and cash flow statement required to be filed under

subsection (2) shall be sent by the issuer at the same time and to the same securityholders as the financial statements referred to in subsection (1) are required to be sent.

- (10) The interim financial statements required to be filed under subsection 77(1) of the Act and subsection (2) need not include an auditor's report.

PART 3 TRANSITION

3.1 Transition - Despite sections 2.1 and 2.2, an issuer is not required to provide comparative information in financial statements for the financial year, and for interim periods in the financial year, in which the issuer is first subject to this Rule if

- (a) it is impracticable to present prior period information on a basis consistent with this Rule;
- (b) the prior period information that is available is presented; and
- (c) the fact that the prior period information has not been prepared in accordance with this Rule is disclosed.

PART 4 EXEMPTION

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

**COMPANION POLICY 52-501CP TO
ONTARIO SECURITIES COMMISSION RULE 52-501
FINANCIAL STATEMENTS**

PART 1 GENERAL

1.1 Introduction - The purpose of this Companion Policy is to provide guidance to assist reporting issuers in complying with their obligations under Rule 52-501.

1.2 Interrelationship with Canadian GAAP

- (1) Reporting issuers are required to prepare their annual financial statements in accordance with both Canadian GAAP and the requirements of Rule 52-501. For example, if Canadian GAAP relating to preparation of annual financial statements requires the disclosure of an item on the face of the balance sheet and the item either is not listed in subsection 2.1(2) of Rule 52-501 or is listed in subsection 2.1(2) but represents less than five percent of total assets as at the balance sheet date, then the item would be required to be disclosed on the face of the balance sheet. Similarly, if Canadian GAAP does not specifically require an item to be presented on the face of the balance sheet but the item is listed in subsection 2.1(2) and represents five percent or more of total assets, the item would be required to be disclosed on the face of the balance sheet.
- (2) Interim financial statements are also required to be prepared in accordance with both Canadian GAAP and the requirements of Rule 52-501. For example, Section 1751 Interim Financial Statements of the Handbook requires that the interim financial statements include, at a minimum: each of the headings and subtotals included in the most recent annual financial statements; the line items required by the Handbook sections regarding annual financial statements; and the specific disclosures required by Section 1751. Subsection 2.2(4) of Rule 52-501 requires the interim balance sheet to distinguish the items listed in subsection 2.1(2) other than items that represent less than five percent of total assets as at the balance sheet date. Issuers must ensure that interim financial statements comply with both Section 1751 of the Handbook and Rule 52-501.

1.3 Foreign Issuer - For the purposes of the definition of "foreign issuer", it is the Commission's view that, in determining the voting securities that are directly or indirectly held of record by residents of Canada, an issuer should

- (a) include securities held of record by a broker, dealer, bank, trust company or nominee for any of them for the accounts of customers resident in Canada;

- (b) count securities beneficially owned by residents of Canada as reported on reports of beneficial ownership; and
- (c) assume that a customer is a resident of the jurisdiction or foreign jurisdiction in which the nominee has its principal place of business if, after reasonable inquiry, information regarding the jurisdiction or foreign jurisdiction of residence of the customer is unavailable.

1.4 Interrelationship with Rule 51-501 AIF and MD&A regarding Implementation - Rule 52-501 and Rule 51-501 AIF and MD&A do not necessarily apply for the first time to the same financial periods. Rule 52-501 applies to annual financial statements for financial years beginning on or after January 1, 2001 and to interim financial statements for interim periods in financial years beginning on or after January 1, 2001. Rule 51-501 AIF and MD&A applies to annual MD&A for financial years ending on or after January 1, 2001 and to interim MD&A for interim periods beginning on or after January 1, 2001. For example, if an issuer has a January 31 year end, it would file an AIF for the financial year ending January 31, 2001 but would not be required to comply with the annual financial statement requirements of Rule 52-501 until the financial year ending January 31, 2002. If an issuer filed an AIF for a financial year ending December 31, 2000, the issuer would file interim financial statements in accordance with Rule 52-501 and interim MD&A in accordance with Rule 51-501 commencing with the interim period beginning January 1, 2001.

PART 2 REVIEW BY BOARD OF DIRECTORS

2.1 Auditor Involvement with Interim Financial Statements - In the Commission's view, the board of directors of an issuer, in discharging its responsibilities for ensuring the reliability of interim financial statements, should consider engaging an external auditor to carry out a review of such financial statements.

PART 3 BALANCE SHEET

3.1 Balance Sheet Line Items - The balance sheet line item requirements in subsections 2.1(2) and 2.2(4) of Rule 52-501 establish a minimum level of balance sheet disclosure. An issuer should consider its industry sector, stage of development and transactions and determine whether additional items should be included in the balance sheet or the notes to provide information that is necessary for an investor's overall understanding of the issuer's financial position.

3.2 Line Item Disclosure - Section 2.1(2) of Rule 52-501 does not prescribe the order or format in which the items are to be presented. The descriptions and ordering of items should be adapted to create a clear balance sheet presentation thereby enhancing disclosure to investors of the financial position of the issuer.

Chapter 6

Request for Comments

THERE IS NO MATERIAL FOR THIS CHAPTER
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 SecuritiesSource (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

| <u>Trans. Date</u> | <u>Security</u> | <u>Price (\$)</u> | <u>Amount</u> |
|------------------------|--|---|---|
| 06Oct00 | 875500 Alberta Ltd. - Variable Rate Equity Linked Exchangeable Debentures due 06Oct25 | US\$28,853,000 | 28,853 |
| 01Oct00 | ABC Fundamental -Value Fund - Units | 150,000 | 13,681 |
| 06Oct00 | Alis Technologies Inc. - Common Shares | 154,125 | 37,500 |
| 03Oct00 | Art Vault International Limited, The - Special Warrants | 260,870 | 326,088 |
| 29Sep00 | ASG Financial Corp. - | 1,350,000 | 1,350,000 |
| 29Sep | # Bonham & Co. Inc. Global High Risk Fund - Units | 2,250,000 | 225,000 |
| 29Sep00 | # Bonham & Co. Inc. Global Balanced RSP Fund - Units | 2,000,000 | 200,000 |
| 04Oct00 | Borex Inc. - Special Warrants | 33,000,000 | 6,000,000 |
| 22Sep00 | BPI American Opportunities Fund - Units | 3,415,759 | 22,576 |
| 15Sep00 | BPI American Opportunities Fund - Units | 3,036,343 | 20,305 |
| 29Sep00 | Bridge2Market, Inc. - Shares A Preferred Stock | US1,270,466 | 152,517 |
| 22Sep00 | Brinson-Non-North American Equity Fund - Units | 4,847,151 | 17,046 |
| 13Mar00 | BuildDirect.com Technologies Inc. - Common Shares | 250,000 | 250,000 |
| 02Oct00 | Burgundy Large Cap Canadian Equity Fund - | 150,000 | 13,453 |
| 02Oct00 | Burgundy Small Cap Value Fund - | 357,000 | 10,229 |
| | Carma Financial Services Corporation - Units | 600,000 | 300,000 |
| 26Sep00 | CNH Capital Canada Receivables Trust - 5.943% Class A-1, 5.988% Class A-2, 6.150% - Class A-3, 6.202% Class A-4, 6.358% Class A-5 Receivable-Backed Notes, Series 2000-1 | 71,000, 62,000, 19,000, 29,000 & 47,000 | 71,000, 62,000, 19,000, 29,000 & 47,000 Resp. |
| 29Sep00 | Compagnie Generale de Geophysique - Ordinary Shares | 14,346,640 | 140,895 |
| 15Sep00 | Cytovax Biotechnologies Inc. - Special Warrants | 3,304,000 | 826,000 |
| 12May00 | Digital Fairway Corporation - Convertible Notes | \$500,000 | \$500,000 |
| 15Sep00 | e-Manufacturing Networks Inc.- Special Warrants | 1,400,800 | 824,000 |
| 07Oct00 | East West Resource Corporation - Common Shares | 7,250 | 50,000 |
| 25Sep00 | EchoStar Broadband Corporation - 10%% Senior Notes due 2007 | US\$3,000,000 | \$3,000,000 |
| 02Oct00 | # EDEN Bioscience Corporation - Common Stock | US\$1,425,000 | 95,000 |
| 12Oct00 | Entelx Inc. - Convertible Shares | 500,000 | 1,500,000 |
| 02Oct00 | Faces Inc. - Special Warrants | 300,000 | 68,808 |
| 01Oct00 | Fallingbrook Growth Fund, The - Class A Units | 307,000 | 15,522 |

Notice of Exempt Financings

| <u>Trans. Date</u> | <u>Security</u> | <u>Price (\$)</u> | <u>Amount</u> |
|------------------------|---|-------------------|---------------|
| 02Oct00 | Flag Resources (1985) Limited - Units | 46,375 | 132,500 |
| 29Sep00 | Fleming-Canada Offshore Select Trust - Units | 200,093 | 783 |
| 12Sep00 | GlobalMdia.com - Common Shares | 625,000 | 277,778 |
| 21Sep00 | Grosvenor Services 2000 Limited Partnership - Units | 8,545,105 | 55 |
| 21Sep00 | GS Legend Limited Partnership - Units | 8,446,000 | 8,446 |
| 30Sep00 | Hall Train Entertainment Inc. - Special Warrants | 150,000 | 3,333,333 |
| 25Sep00 | InphoGene Biocommunications Inc. - Preferred Shares Series A | 150,300 | 70,423 |
| 11Sep00 | Intelispan, Inc. - Shares | 26,667 | 26,667 |
| 11Sep00 | Intelispan Inc. - Shares | 60,000 | 120,000 |
| 06Oct00 | Internet Shopping Catalog Inc. - Special Warrants | 1,660,000 | 2,085,000 |
| 04Oct00 | Itera Technologies Inc. - Special Warrants | 150,000 | 187,500 |
| 02Oct00 | K. Hovnanian Enterprises, Inc. - 10½% Senior Notes due 2007 | \$11,053,932 | US\$7,500,000 |
| 31Sep00 | Kingwest Avenue Portfolio - Units | 385,142 | 18,874 |
| 22Sep00 | Laketon American Equity - | 175,000 | 786 |
| 14Aug00 | Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units | 136,984 | 1,147 |
| 21Aug00 | Lifepoints Balanced Income Fund - Units | 49,911 | 471 |
| 11Sep00 | Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units | 3,133,223 | 29,599 |
| 08Sep00 | Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units | 105,097 | 959 |
| 12Sep00 | Lifepoints Balanced Long Term Growth Fund - Units | 51,838 | 425 |
| 16Aug00 | Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units | 12,954 | 111 |
| 28Aug00 | Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units | 72,616 | 605 |
| 14Aug00 | Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units | 193,745 | 1,637 |
| 28Sep00 | Local Media Internet Venture, Inc. - Class A Voting Common Stock | 2,078,859 | 138,314 |
| 30Sep00 | Maple Key Market Neutral LP - Limited Partnership Units | 10,608,934 | 10,608,934 |
| 27Sep00 | Maptuit Corporation - Class A Preferred Shares | US\$5,000,000 | 3,000 |
| 05Oct00 | Mauldin & Ridge (Greenville) Associates Limited Partnership - Limited Partnership Units | US\$1,500 | 20,000 |
| 02Oct00 | McElvaine Investment Trust, The - Units | 13,400 | 1,940 |
| 28Sep00 | MDS Proteomics Inc. - Special Warrants | 858,000 | 20,000 |
| 28Sep00 | MDS Proteomics Inc. - Special Warrants | 585,000 | 20,000 |
| 28Sep00 | MediSolution Ltd. - Special Warrants | 5,074,080 | 2,114,200 |
| 29Sep00 | MetroPhotonics Inc. - Series 2 Preferred Shares | 22,017,270 | 1,461,000 |
| 29Sep00 | Morgan Stanley Dean Witter Investment Management Inc. - | 15,232 | 1,059 |
| 31Mar00 | National Golf Time Inc. - Class A Preference Shares | 106,000 | 106,000 |
| 29Sep00 | National Golf Time Inc. - Class A Preference Shares | 28,000 | 28,000 |
| 03Feb00 | NPS Pharmaceutical, Inc. - Common Stock | US\$480,000 | 40,000 |
| 22Sep00 | Oxbow Equities Corp. - common Shares | 750,000 | 1,250,000 |
| 03Oct00 | Pethealth Inc. - Special Shares | 1,492,017 | 6,781,897 |
| 02Oct00 | Phillips, Hager & North Global Equity Fund - Trust Units | 11,728 | 781 |
| 02Oct00 | Prospectus Group Inc. The - Common Shares | 280,000 | 280,000 |
| 12Sep00 | Quebecor World Inc. - Subordinate Voting Shares | NIL | 50,000 |
| 02Oct00 | Ranchero Energy Inc. - Class A Shares | 1,350,030 | 1,227,300 |
| 12Oct00 | Rebel.com Inc. - Common Shares | 150,000 | 25,000 |
| 29Sep00 | RedSpark, Inc. - Series B Preferred Stock | 15,639 | 15,639 |
| 01Sep00 | Residential Equities Real Estate Investment Trust - Units | 479,557 | 41,956 |
| 01Sep00 | Residential Equities Real Estate Investment Trust - Units | 157,059 | 13,741 |
| 28Sep00 | Rostor Investment Inc. - First Mortgage Bonds | 31,500,000 | 2 |
| 01Jul00 to 30Sep00 | Royal Trust Company, The - Units | 322,551,279 | 26,808,653 |

Notice of Exempt Financings

| <u>Trans. Date</u> | <u>Security</u> | <u>Price (\$)</u> | <u>Amount</u> |
|--------------------|--|-------------------|---------------|
| 12Sep00 | Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units | 96,100 | 577 |
| 28Aug00 | Russell Canadian Equity Fund, Russell US Equity Fund, Russell Overseas Equity Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units | 148,242 | 1,228 |
| 25Aug00 | Russell Canadian Fixed Income Fund, Russell US Equity Fund - Units | 53,081 | 334 |
| 12Sep00 | Russell Canadian Fixed Income Fund - Units | 11,408 | 97 |
| 12Sep00 | Russell Canadian Equity Fund, Russell Overseas Equity Fund - Units | 16,409 | 78 |
| 12Sep00 | Russell Canadian Fixed Income Fund, Russell US Equity Fund, Russell Overseas Equity Fund - Units | 146,930 | 943 |
| 30Aug00 | Russell Canadian Equity Fund, Russell US Equity Fund, Lifepoints Balanced Income Fund - Units | 72,464 | 306 |
| 29Aug00 | Russell Canadian Equity Fund, Lifepoints Balanced Long Term Growth Fund - Units | 115,286 | 576 |
| 05Aug00 | Russell Canadian Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund - Units | 135,863 | 936 |
| 08Sep00 | Russell Fixed Income Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Income Fund - Units | 28,220 | 231 |
| 24Aug00 | Russell Overseas Equity Fund, Lifepoints Balanced Long Term Growth Fund, Lifepoints Balanced Growth Fund, Lifepoints Balanced Income Fund - Units | 601,925 | 5,444 |
| 13Sep00 | Russell US Equity Fund, Lifepoints Balanced Growth Fund - Units | 7,418 | 52 |
| 22Sep00 | Sentinel Hill Alliance Atlantis Equicap Millenium Limited Partnership - Limited Partnership Units | 5,084,448 | 583 |
| 06Oct00 | Sentinel Hill Alliance Atlantis Equicap Millennium Limited Partnership - Units | 22,390,650 | 1,399 |
| 29Sep00 | Silicon Video Inc. - Series A Preferred Shares | 1,553,500 | 1,553,500 |
| 13Sep00 | Skulogix, Inc. - Series B Preferred Shares (Amended) | 21,685,821 | 4,413,635 |
| 31Aug00 | Spectra Securities Software Inc. - Special Warrants | US\$4,999,999 | 1,798,561 |
| 26Sep00 | Stealth Mining Corporation - Units | 183,000 | 1,525,000 |
| 10Oct00 | Telexis Corporation - Common Shares | US\$1,000,000 | 222,223 |
| 15Sep00 | Tenke Mining Corp. - Common Shares (Ameded) | | 440,000 |
| 10Oct00 to 13Oct00 | Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names) | 622,594 | 68,464 |
| 22Oct00 to 31Jul00 | Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names) | 818,231,545 | 65,494,854 |
| 02Oct00 to 06Oct00 | Trimark Mutual Funds - Units (See Filing Document for Individual Fund Names) | 938,047 | 106,991 |
| 20Sep00 | TTM Technologies, Inc. - Shares of Common Stock | US\$48,000 | 3,000 |
| 03Oct00 | Upper Circle Equity Fund, The - | 157,715 | 11,241 |
| 29Sep00 | UroTeq Inc. - Common Shares | 110,000 | 55,000 |
| 28Sep00 | Western Oil Sands Inc. - Non-Voting Convertible Class B Equity Shares | 390,00 | 30,000 |
| 04Oct00 | # Wilson Greatbatch Technologies, Inc. - Shares | US\$640,000 | 40,000 |
| 31Aug00 | YMG Institutional Fixed Income Fund - Units | 33,038,727 | 3,346,575 |
| 31Aug00 | YMG Institutional Fixed Income Fund - Units | 2,112,327 | 214,942 |
| 31Aug00 | YMG Institutional Fixed Income Fund - Units | 999,999 | 101,292 |

Resale of Securities - (Form 45-501f2)

| <u>Date of Resale</u> | <u>Date of Orig. Purchase</u> | <u>Seller</u> | <u>Security</u> | <u>Price (\$)</u> | <u>Amount</u> |
|-----------------------|-------------------------------|---|---|-------------------|---------------|
| 24Aug00 to 28Aug00 | 19Jul96 | CIBC Mellon In Trust for Gulf Canada Resources Limited Retirement Income Plan | Gulf Canada Resources Limited - Ordinary Shares | 3,264,016 | 397,100 |

Notice of Exempt Financings

| | | | | | |
|-----------------------|---------|--|--|-----------|---------|
| 05Sep00 to 07Sep00 | 19Jul96 | CIBC Mellon In Trust for Gulf Canada Resources Limited Retirement Income Plan | Gulf Canada Resources Limited - Ordinary Shares | 1,382,000 | 160,000 |
| 25Sep00 to 04Oct00 | 29Mar00 | Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap | Stratos Global Corporation - Common Shares | 515,993 | 17,000 |
| 25Sep00 to 04Oct00 | 29Mar00 | Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap II | Stratos Global Corporation - Common Shares | 488,982 | 16,100 |
| 05Oct00 | 24Feb00 | Investors Group Trust Co. Ltd. as Trustee for Investors Cdn. Small Cap II | Wavve Telecommunications Inc. - Common Shares | 85,189 | 55,300 |
| 05Oct00 | 24Feb00 | Investors Group Trust Co. Ltd. as Trustee for Investors Summa Fund | Wavve Telecommunications Inc. - Common Shares | 57,460 | 37,300 |
| 05Oct00 | 24Feb00 | Investors Group Trust Co. Ltd. as Trustee for Investors Global Science & Technology Fund | Wavve Telecommunications Inc. - Common Shares | 141,417 | 91,800 |

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)

| <u>Name of Company</u> | <u>Date the Company Ceased to be a Private Company</u> |
|------------------------|--|
| Avalon Works Corp. | 27Sep00 |
| Coretec Inc. | 13Sep00 |
| Intellitactics Inc. | 07Sep00 |

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

| <u>Seller</u> | <u>Security</u> | <u>Amount</u> |
|--|--|--------------------------|
| Melnick, Larry | Champion Natural Health.com Inc. - Subordinate Voting shares and Multiple Voting Shares | 19,765, 100,000 Resp. |
| Melnick, Larry | Champion Natural Health.com Inc. - Subordinate Voting shares | 29,900 |
| Viceroy Resource Corporation | Channell Resources Ltd. - Common Shares | 7,077,850 |
| 1286917 Ontario Inc. | CPI Plastics Group Limited - Common Shares | 5,722,726 |
| Mentor Exploration and Development Co., Limited | Destrobelle Mines Limited - Common Shares | 973,528 |
| Thirdgen Holdings Inc. | Gendis Inc. - Common Shares | 73,768 |
| Choen, Mark D. | Gendis Inc. - Common Shares | 90,000 |
| Belkin Enterprises Ltd. | Hillsborough Resources Limited - Common Shares | 3,657,980 |
| Black, Conrad M. | Hollinger Inc. - Series II Preference Shares | 1,611,039 |
| Temple Ridge (1996) Limited | Kasten Chase Applied Research Limited - Common Shares | 999,999 |
| Gastle, Susan M.S. | Microbix Biosystems Inc. - Common Shares | 290,000 |
| Aurado Exploration Ltd. | National Electronic Technologies Corp. | 3,000,000 |
| Malion, Andrew J. | Spectra Inc. - Common Shares | 139,500 |

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:

Bissett Money Market Fund
Bissett Bond Fund
Bissett Dividend Income Fund
Bissett Retirement Fund
Bissett Large Cap Fund
Bissett Income Trust Fund
Bissett Multinational Growth Fund
Bissett American Equity Fund
Bissett International Equity Fund
Bissett Canadian Equity Fund
Bissett Small Cap Fund
Bissett Microcap Fund
Franklin World Growth Fund
Franklin World Growth RSP Fund
Bissett Multinational Growth RSP Fund
Bissett American Equity RSP Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated October 17th, 2000
Mutual Reliance Review System Receipt dated October 24th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Bissett & Associates Investment Management Ltd.

Promoter(s):

Bissett & Associated Investment Management Ltd.
Project #305042

Issuer Name:

Canada Dominion Resources Limited Partnership VI
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 20th, 2000
Mutual Reliance Review System Receipt dated October 23rd, 2000

Offering Price and Description:

N/A

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.
Scotia Capital Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC Securities (Canada) Inc.
Goepel McDermid Inc.
Trilon Securities Corporation

Promoter(s):

Canada Dominion Resources VI Corporation
Nova Bancorp Specialty Investment Products Ltd.
Hutton Capital Corporation
Project #306178

Issuer Name:

Clarica Bond Index Fund
Clarica Canadian Equity Index Fund
Clarica RSP U.S. Equity Index Fund
Clarica RSP U.S. Technology Index Fund
Clarica RSP International Index Fund
Clarica RSP European Index Fund
Clarica RSP Japanese Index Fund
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated October 24th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

N/A

Promoter(s):

Clarica Diversico Ltd.
Project #306195

Issuer Name:

Dataradio Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated October 20th, 2000
Mutual Reliance Review System Receipt dated October 20th, 2000

Offering Price and Description:

\$ * - * Common Shares

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

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

Promoter(s):

N/A
Project #305902

Issuer Name:

Excel-Tech Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 25th, 2000
Mutual Reliance Review System Receipt dated October 25th, 2000

Offering Price and Description:

\$ * - * Common Shares

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

CIBC World Markets Inc.
Scotia Capital Inc.
Yorkton Securities Inc.

Promoter(s):

John Mumford
Project #306814

Issuer Name:

Fort Chicago Energy Partners L.P.
Principal Regulator - Alberta

Type and Date:

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

Offering Price and Description:

\$36,890,500 - 4,145,000 Class A Limited Partnership Units

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

CIBC World Markets Inc.

Scotia Capital Inc.

Merrill Lynch Canada Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

Promoter(s):

N/A

Project #305632

Issuer Name:

ImagicTV Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary PREP Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated October 23rd, 2000

Offering Price and Description:

\$ * - * Common Shares

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

Merrill Lynch Canada Inc.

CIBC World Markets Inc.

Promoter(s):

N/A

Project #306142

Issuer Name:

ImagicTV Inc.
Principal Regulator - Ontario

Type and Date:

Amended Preliminary PREP Prospectus dated October 24th, 2000
Mutual Reliance Review System Receipt dated October 25th, 2000

Offering Price and Description:

\$ * - * Common Shares

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

N/A

Promoter(s):

N/A

Project #306142

Issuer Name:

Imperial PlasTech Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated October 25th, 2000

Offering Price and Description:

\$9,512,445 - 3,337,700 Units (Each Unit is comprised of Common Share and one-half of one Common Share Purchase Warrant)

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

TD Securities Inc.

Loewen Ondaatje McCutcheon Limited

Promoter(s):

Victor D'Souza

Nick Di Stefano

Project #306548

Issuer Name:

Labopharm Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated October 18th, 2000
Mutual Reliance Review System Receipt dated October 20th, 2000

Offering Price and Description:

\$12,000,225 - 3,934,500 Common Shares Issuable upon the Exercise of 3,934,500 Special Warrants

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

Research Capital Corporation

Promoter(s):

N/A

Project #305965

Issuer Name:

NCE Flow-Through (2000-2) Limited Partnership
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 20th, 2000
Mutual Reliance Review System Receipt dated October 24th, 2000

Offering Price and Description:

\$20,000,000 to \$5,000,000 - 200,000 to 800,000 Limited Partnership Units

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

Canaccord Capital Corporation

Dundee Securities Corporation

Goepel McDermid Inc.

Yorkton Securities Inc.

Promoter(s):

Petro Assets Inc.

Project #306428

Issuer Name:

National Bank/Fidelity Global Asset Allocation RSP Fund
National Bank/Fidelity International Portfolio RSP Fund
National Bank/Fidelity Growth America RSP Fund
Principal Regulator - Quebec

Type and Date:

Preliminary Simplified Prospectus dated October 20th, 2000
Mutual Reliance Review System Receipt dated October 20th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

National Bank Securities Inc.

Promoter(s):

National Bank Securities Inc.

Project #305905

Issuer Name:

Nexia Biotechnologies Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Prospectus dated October 18th, 2000
Mutual Reliance Review System Receipt dated October 19th, 2000

Offering Price and Description:

\$ * - * Common Shares

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

National Bank Financial Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
HSBC Securities (Canada) Inc.

Promoter(s):

N/A

Project #305646

Issuer Name:

Pangeo Pharma Inc. (Formerly Pharmex Industries Inc.)

Type and Date:

Preliminary Prospectus dated October 20th, 2000
Received October 23rd, 2000

Offering Price and Description:

\$3,001,600 - 2,144,000 Common Shares and 1,072,000
Shares Purchase Warrants

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

N/A

Promoter(s):

N/A

Project #306003

Issuer Name:

Phillips Hager & North Global Equity Fund
Phillips Hager & North Overseas Equity Fund
Phillips Hager & North Overseas Equity Pension Trust
Principal Regulator - British Columbia

Type and Date:

Preliminary Simplified Prospectus dated October 18th, 2000
Mutual Reliance Review System Receipt dated October 18th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Phillips Hager & North Investment Management Ltd.

Promoter(s):

Phillips Hager & North Investment Management Ltd.

Project #305425

Issuer Name:

RTO Enterprises Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated October 19th, 2000
Mutual Reliance Review System Receipt dated October 20th, 2000

Offering Price and Description:

Rights to Subscribe for an Aggregate of * Common Shares

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

Newcrest Capital Inc.

Promoter(s):

N/A

Project #305868

Issuer Name:

Research In Motion Limited
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Short Form PREP Prospectus dated October 20th, 2000
Mutual Reliance Review System Receipt dated October 20th, 2000

Offering Price and Description:

\$ * - 6,000,000 Common Shares

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

Merrill Lynch Canada Inc.
Credit Suisse First Boston Securities Canada Inc.
Goldman Sachs Canada Inc.
CIBC World Markets Inc.

Griffiths McBurney & Partners

Promoter(s):

N/A

Project #305865

Issuer Name:

TDK Resource Fund Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Simplified Prospectus dated October 24th, 2000
Mutual Reliance Review System Receipt dated October 24th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Registered Dealer

Promoter(s):

TDK Management Fund Inc.

Project #306404

Issuer Name:

Templeton Growth Fund, Ltd.
Templeton Growth RSP Fund
Templeton International Stock Fund
Templeton International Stock RSP Fund
Templeton Emerging Markets Fund
Templeton Emerging Markets RSP Fund
Templeton Global Smaller Companies Fund
Templeton Global Smaller Companies RSP Fund
Templeton Global Balanced Fund
Templeton Global Balanced RSP Fund
Templeton International Balanced Fund
Templeton Canadian Stock Fund
Templeton Canadian Asset Allocation Fund
Franklin U.S. Large Cap Growth Fund
Franklin U.S. Large Cap Growth RSP Fund
Franklin U.S. Aggressive Growth Fund
Franklin U.S. Aggressive Growth RSP Fund
Franklin U.S. Small Cap Growth Fund
Franklin U.S. Small Cap Growth RSP Fund
Franklin U.S. Money Market Fund
Franklin World Health Sciences and Biotech Fund
Franklin World Health Sciences and Biotech RSP Fund
Franklin World Telecom Fund
Franklin World Telecom RSP Fund
Franklin Technology Fund
Franklin Technology RSP Fund
Mutual Beacon Fund
Mutual Beacon RSP Fund
Principal Regulator - Ontario

Type and Date:

Amended Preliminary Simplified Prospectus dated October 17th, 2000 to Simplified Prospectus dated September 15th, 2000

Mutual Reliance Review System Receipt dated October 24th, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Templeton Management Limited

Promoter(s):

Bissett & Associates Investment Management Ltd.

Project #299053

Issuer Name:

Webhelp Canada Inc.
Webhelp Inc. (Formerly Webhelp.com Inc.)
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated October 24th, 2000
Mutual Reliance Review System Receipt dated October 25th, 2000

Offering Price and Description:

\$ * - An Aggregate of * Shares of Common Stock of Webhelp Inc. and Exchangeable Shares of Webhelp Canada Inc.

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

CIBC World Markets Inc.
RBC Dominion Securities Inc.
Yorkton Securities Inc.

Promoter(s):

N/A

Project #306696\306697

Issuer Name:

Western Oil Sands Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated October 23rd, 2000

Offering Price and Description:

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

N/A

Promoter(s):

N/A

Project #306182

Issuer Name:

Wireless Matrix Corporation
Principal Regulator - Alberta

Type and Date:

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

Offering Price and Description:

\$ * - * Common Shares

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

Griffiths McBurney & Partners
Loewen, Ondaatje McCutcheon Limited
Newcrest Capital Inc.
Taurus Capital Markets Ltd.

Promoter(s):

Dr. James T. Knight
Chris Schnarr

Project #305624

Issuer Name:

Atlas Canadian Large Cap Value Fund
Merrill Lynch Canadian Growth Fund (Formerly Atlas Canadian Large Cap Growth Fund)
Atlas Canadian Small Cap Value Fund
Atlas Canadian Emerging Growth Fund
Merrill Lynch Canadian Small Cap Fund (Formerly Atlas Canadian Small Cap Growth Fund)
Merrill Lynch Select Canadian Balanced Fund (Formerly Atlas Canadian Balanced Fund)
Atlas Canadian Income & Growth Fund
Atlas Canadian Bond Fund
Atlas Canadian High Yield Bond Fund
Atlas Canadian Income Trust Fund
Merrill Lynch U.S. RSP Index Fund (Formerly Atlas American RSP Index Fund)
Atlas American Advantage Value Fund
Merrill Lynch U.S. Fundamental Growth Fund (Formerly Atlas American Large Cap Growth Fund)
Atlas International RSP Index Fund
Merrill Lynch Select Global Value Fund (Formerly Atlas Global Value Fund)
Merrill Lynch Select Global Value RSP Fund (Formerly Atlas Global Value RSP Fund)
Merrill Lynch Select International Growth Fund (Formerly Atlas International Large Cap Growth Fund)
Merrill Lynch International Growth RSP Fund (Formerly Atlas International Large Cap Growth RSP Fund)
Merrill Lynch Euro Fund (Formerly Atlas European Value Fund)
Atlas Latin American Value Fund
Atlas Pacific Basin Value Fund
Merrill Lynch Developing Capital Markets Fund (Formerly Atlas International Emerging Markets Growth Fund)
Atlas World Bond Fund
Atlas Canadian T-Bill Fund
Atlas Canadian Money Market Fund
Merrill Lynch U.S. Money Market Fund (Formerly Atlas American Money Market Fund)

Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 11th, 2000 to Simplified Prospectus and Annual Information Form dated November 18th, 1999
Mutual Reliance Review System Receipt dated 13th, day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealers
Promoter(s):
Project #206782

Issuer Name:

Dynamic Global Income & Growth Fund
Dynamic Power Canadian Fund
Dynamic Power Canadian Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 12th, 2000 to Simplified Prospectus and Annual Information Form dated October 7th, 1999
Mutual Reliance Review System Receipt dated 20th, day of October, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealers
Promoter(s):
Project #201344

Issuer Name:

Ethical Balanced Fund
Principal Regulator - British Columbia
Type and Date:
Amendment #1 dated October 1st, 2000 to Simplified Prospectus and Annual Information Form dated June 20th, 2000
Mutual Reliance Review System Receipt dated 11th, day of October, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Ethical Funds Inc.
Project #263177

Issuer Name:

Merrill Lynch Canadian Core Value Fund
Merrill Lynch Canadian Balanced Fund
Merrill Lynch U.S. Basic Value Fund
Merrill Lynch Global Growth Fund
Principal Regulator - Ontario
Type and Date:
Amendment #1 dated October 11th, 2000 to Simplified Prospectus and Annual Information Form dated November 18th, 1999
Mutual Reliance Review System Receipt dated 13th day of October, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Atlas Asset Management Inc.
Promoter(s):
Atlas Asset Management Inc.
Project #220248

Issuer Name:

Merrill Lynch Global Sectors Fund
Merrill Lynch Global Sectors RSP Fund
Principal Jurisdiction - Ontario

Type and Date:

Amendment #1 dated October 11th, 2000 to the Amended and Restated Simplified Prospectus and Annual Information Form dated November 18th, 1999

Mutual Reliance Review System Receipt dated 13th day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Registered Dealer

Promoter(s):

Atlas Asset Management Inc.

Project #191286

Issuer Name:

Merrill Lynch Internet Strategies Fund
Merrill Lynch Internet Strategies RSP Fund
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated October 11th, 2000 to Simplified Prospectus and Annual Information Form dated March 31st, 2000

Mutual Reliance Review System Receipt dated 13th day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

Atlas Asset Management Inc.

Promoter(s):

Atlas Asset Management Inc.

Project #234729

Issuer Name:

GIS Global Imaging Solutions Inc.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated October 20th, 2000

Mutual Reliance Review System Receipt dated 24th day of October, 2000

Offering Price and Description:

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

N/A

Promoter(s):

N/A

Project #297166

Issuer Name:

CPL Long Term Care Real Estate Investment Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated 23rd day of October, 2000

Offering Price and Description:

\$43,500,000.00 - 10.5% Convertible Unsecured Subordinated Series A Debentures due 2005

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

CIBC World Markets Inc.

Merrill Lynch Canada Inc.

BMO Nesbitt Burns Inc.

HSBC Securities (Canada) Inc.

National Bank Financial Inc.

RBC Dominion Securities Inc.

TD Securities Inc.

Trilon Securities Corporation

Promoter(s):

N/A

Project #302237

Issuer Name:

Caisse centrale Desjardins
Principal Regulator - Quebec

Type and Date:

Final Short Form PREP Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated 24th of October, 2000

Offering Price and Description:

Bearier Discount Notes and Medium Term Certificates of Deposit

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

N/A

Promoter(s):

N/A

Project #300529

Issuer Name:

itemus inc.
Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated 23rd day of October, 2000

Offering Price and Description:

\$40,000,000 - Rights to Subscribe of up to 40,000,000 Common Shares

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

Canaccord Capital Corporation

Promoter(s):

N/A

Project #302172

Issuer Name:

Fortis Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 19th, 2000
Mutual Reliance Review System Receipt dated 20th day of October, 2000

Offering Price and Description:

\$100,000,000.00 - 7.4% Senior Unsecured Debentures due October, 2010

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

CIBC World Markets Inc.
RBC Dominion Securities Inc.
TD Securities Inc.

Promoter(s):

N/A
Project #302378

Issuer Name:

N-45° First CMBS Issuer Corporation
Principal Regulator - Quebec

Type and Date:

Final Short Form Prospectus dated October 19th, 2000
Mutual Reliance Review System Receipt dated 20th day of October, 2000

Offering Price and Description:

\$251,002,938.00 - \$213,352,000 principal amount of 6.493% Class A Bonds, due December 15, 2009
\$5,648,000 principal amount of 6.831% Class B Bonds, due January 15, 2010
\$6,902,000 principal amount of 7.125% Class C Bonds, due February 15, 2010
\$7,530,000 principal amount of 7.500% Class D Bonds, due May 15, 2010
\$251,002,938 notional amount of Class IO Bonds (interest only)

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

Scotia Capital Inc.
National Bank Financial Inc.
BMO Nesbitt Burns Inc.
TD Securities Inc.
Valeurs mobilières Desjardins Inc.

Promoter(s):

Hypothèques CDPQ Inc.
Project #302582

Issuer Name:

Precision Drilling Corporation
Principal Regulator - Alberta

Type and Date:

Final Short Form Prospectus dated October 23rd, 2000
Mutual Reliance Review System Receipt dated 24th day of October, 2000

Offering Price and Description:

\$150,000,000.00 - 7.65% Series 2 Debentures due October 27, 2010 (unsecured)

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

RBC Dominion Securities Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.

National Bank Financial Inc.

HSBC Securities (Canada) Inc.

Promoter(s):

N/A
Project #303755

Issuer Name:

Solar Trust
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated October 24th, 2000
Mutual Reliance Review System Receipt dated 25th day of October, 2000

Offering Price and Description:

Commercial Mortgage Pass-Through Certificates, Series 2000-1

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

TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.

Promoter(s):

TD Securities Inc.
Project #299937

Issuer Name:

Chou Associates Fund
Chou RRSP Fund

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 13th, 2000
Received 17th day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value

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

N/A

Promoter(s):

Chou Associates Management Inc.
Project #301826

Issuer Name:

Core Holdings Fund
Defined Technology Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 16th, 2000
Mutual Reliance Review System Receipt dated 16th day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
Atlas Asset Management Inc.
Project #286356

National Bank Securities Inc.
Project #274004

Issuer Name:

Sprott Canadian Equity Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 6th, 2000
Mutual Reliance Review System Receipt dated 19th day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):

Promoter(s):

Project #288535

Issuer Name:

Fonds du marché monétaire IRIS
Fonds d'hypothèques IRIS
Fonds d'obligations IRIS
Fonds d'obligations nord-américaines à haut rendement IRIS
Fonds de dividendes IRIS
Fond équilibré option revenu IRIS
Fonds équilibré stratégique option revenu IRIS
Fonds équilibré IRIS
Fonds équilibré stratégique option croissance IRIS
Fond d'actions canadienne IRIS
Fonds d'actions américaines IRIS
Fonds d'actions mondiales IRIS
Fonds d'actions canadienne de petite capitalisation IRIS
Fonds indiciel d'actions canadiennes Plus IRIS
Fonds indiciel Nasdaq 100 IRIS (RÉR)
Principal Regulator - Quebec

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 4th, 2000
Mutual Reliance Review System Receipt dated 4th day of October, 2000

Offering Price and Description:

Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
LBC Financial Services Inc.
Promoter(s):
Laurentian Bank of Canada
Project #279084

Issuer Name:

TD Canadian Money Market Fund (formerly Green Line Canadian Money Market Fund)
TD Canadian Bond Fund (formerly Green Line Canadian Bond Fund)
TD Balanced Growth Fund (formerly Green Line Balanced Growth Fund)
TD Canadian Value Fund (formerly Green Line Value Fund)
TD Canadian Equity Fund (formerly Green Line Canadian Equity Fund)
TD U.S. Blue Chip Equity Fund (formerly Green Line U.S. Blue Chip Equity Fund)
TD U.S. Blue Chip Equity RSP Fund (formerly Green Line U.S. Blue Chip Equity RSP Fund)
TD U.S. Mid-Cap Growth Fund (formerly Green Line U.S. Mid-Cap Growth Fund)
TD Entertainment & Communications Fund (formerly Green Line Entertainment & Communications Fund)
TD Entertainment & Communications RSP Fund
TD Science & Technology Fund (formerly Green Line Science & Technology Fund)
TD Science & Technology RSP Fund (formerly Green Line Science & Technology RSP Fund)
TD Health Sciences Fund (formerly Green Line Health Sciences Fund)
TD Health Sciences RSP Fund
TD Global e-Business Fund (formerly TD E-Business Fund)
TD Global e-Business RSP Fund (formerly TD E-Business RSP Fund)
TD Global Wireless & Telecom Fund
TD Global Wireless & Telecom RSP Fund
TD Global Biotechnology Fund
TD Global Biotechnology RSP Fund
TD Global Select Fund (formerly Green Line Global Select Fund)
TD Global Select RSP Fund (formerly Green Line Global Select RSP Fund)
TD International Growth Fund (formerly Green Line International Equity Fund)
TD Emerging Markets Fund (formerly Green Line Emerging Markets Fund)
TD Emerging Markets RSP Fund
F-Series Units of

IPO's, New Issues and Secondary Financings

TD Canadian Government Bond Index Fund (formerly Green Line Canadian Government Bond Index Fund)

TD Canadian Bond Index Fund (formerly Canada Trust Canadian Bond Index Fund)

TD Canadian Index Fund (formerly Green Line Canadian Index Fund)

TD Dow Jones Industrial Average Index Fund (formerly Green Line Dow Jones Industrial Average Index Fund)

TD U.S. Index Fund (formerly Green Line U.S. Index Fund)

TD U.S. RSP Index Fund (formerly Green Line U.S. RSP Index Fund)

TD Nasdaq RSP Index Fund (formerly Green Line Nasdaq RSP Index Fund)

TD International Index Fund (formerly Canada Trust International Equity Index Fund)

TD International RSP Index Fund (formerly Green Line International RSP Index Fund)

TD European Index Fund (formerly Green Line European Index Fund)

TD Japanese Index Fund (formerly Green Line Japanese Index Fund)

Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus and Annual Information Form dated October 24th, 2000

Mutual Reliance Review System Receipt dated 25th day of October, 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 #297895

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Chapter 12

Registrations

12.1.1 Securities

| Type | Company | Category of Registration | Effective Date |
|--------------------|---|---|----------------|
| Change of Name | EarlybirdCapital, Inc. Attention: Kenneth G. Ottenbreit c/o 152928 Canada Inc. Commerce Court West, 53 rd Floor P.O. Box 85 Toronto, ON M5L 1B9 | From: Southeast Research Partners, Inc. To: EarlybirdCapital, Inc. | Feb. 8/00 |
| Change of Name | Morgan Meighen & Associates Limited Attention: Michael Allan Smedley 110 Yonge Street Suite 1601 Toronto, ON M5C 1T4 | From: MMA Investment Managers Limited To: Morgan Meighen & Associates Limited | Sept. 11/00 |
| New Registration | Linear Capital Group Inc. Attention: Mark Brennan 55 University Avenue Suite 1212 Toronto, ON M5J 2H7 | Limited Market Dealer | Oct. 12/00 |
| Change in Category | Fidelity Investments Canada Limited Attention: Martin Thomas Guest 483 Bay Street, Suite 200 Toronto, ON M5G 2N7 | From: Mutual Fund Dealer Investment Counsel & Portfolio Manager To: Mutual Fund Dealer Investment counsel & Portfolio Manager Commodity Trading Manager | Oct. 18/00 |
| New Registration | Frank Russell Company Attention: Randall Peter Lert 909 A Street Tacoma, WA 98402 USA | Commodity Trading Manager - Non-Resident | Oct. 19/00 |
| New Registration | Banwell Financial Inc. Attention: Frank Banwell 2 Lansing Square Suite 203 Toronto, ON M2J 4P8 | Mutual Fund Dealer | Oct. 19/00 |
| New Registration | Prime Quadrant Attention: Ian Gordon Rosmarin 18 Dewbourne Avenue Toronto, ON M5P 1Z4 | Limited Market Dealer | Oct. 20/00 |

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Chapter 13

SRO Notices and Disciplinary Proceedings

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IN THIS ISSUE

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Chapter 25

Other Information

25.1.1 Securities

TRANSFER WITHIN ESCROW

| <u>COMPANY NAME</u> | <u>DATE</u> | <u>FROM</u> | <u>TO</u> | <u>NO. AND TYPE OF SHARES</u> |
|------------------------------------|-------------|-------------------------|-------------------------|-------------------------------|
| Playdium Entertainment Corporation | Oct 23/2000 | 1147807 Ontario Limited | 1310863 Ontario Limited | 406,291 common shares |
| Playdium Entertainment Corporation | Oct 23/2000 | JIH Entertainment Inc. | 1287345 Ontario Limited | 406,291 common shares |

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| ARC ENERGY TRUST | | Bissett Income Trust Fund | |
| MRRS Decision | 7257 | Preliminary Simplified Prospectus | 7359 |
| Aspen Properties Ltd. | | Bissett International Equity Fund | |
| News Releases | 7243 | Preliminary Simplified Prospectus | 7359 |
| Astound Incorporated | | Bissett Large Cap Fund | |
| Temporary Cease Trading Orders | 7281 | Preliminary Simplified Prospectus | 7359 |
| Atlas American Advantage Value Fund | | Bissett Microcap Fund | |
| Amendment | 7363 | Preliminary Simplified Prospectus | 7359 |
| Atlas Canadian Bond Fund | | Bissett Money Market Fund | |
| Amendment | 7363 | Preliminary Simplified Prospectus | 7359 |
| Atlas Canadian Emerging Growth Fund | | Bissett Multinational Growth Fund | |
| Amendment | 7363 | Preliminary Simplified Prospectus | 7359 |
| Atlas Canadian High Yield Bond Fund | | Bissett Multinational Growth RSP Fund | |
| Amendment | 7363 | Preliminary Simplified Prospectus | 7359 |
| Atlas Canadian Income & Growth Fund | | Bissett Retirement Fund | |
| Amendment | 7363 | Preliminary Simplified Prospectus | 7359 |
| Atlas Canadian Income Trust Fund | | Bissett Small Cap Fund | |
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