The Ontario Securities Commission

OSC Bulletin

November 17, 2000

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

The Ontario Securites Commission
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Toronto, Ontario
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Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

November 17, 2000

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

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

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

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Howard Wetston, Q.C. Vice-Chair	—	HW
Kerry D. Adams, FCA	—	KDA
Stephen N. Adams, Q.C.	—	SNA
Derek Brown	—	DB
Morley P. Carscallen, FCA	—	MPC
Robert W. Davis, FCA	—	RWD
John A. Geller, Q.C.	—	JAG
Robert W. Korthals	—	RWK
Mary Theresa McLeod	—	MTM
R. Stephen Paddon, Q.C	—	RSP

SCHEDULED OSC HEARINGS

Date to be announced	**Amalgamated Income Limited Partnership and 479660 B.C. Ltd.** s. 127 & 127.1 Ms. J. Superina in attendance for staff. Panel: TBA
Nov20/2000 10:00 a.m.	**Wayne S. Umetsu** s. 60, CFA Ms. K. Wootton in attendance for staff. Panel: TBA
Feb 5/2001 10:00 a.m.	**Noram Capital Management, Inc. and Andrew Willman** s. 127 Ms. K. Wootton in attendance for staff. Panel: TBA
Apr16/2001- Apr 30/2001 10:00 a.m.	**Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Colin Soule, Robert Waxman and John Woodcroft** s. 127 Ms. K. Manarin & Ms. K. Wootton in attendance for staff. Panel: TBA
May 7/2001 10:00 a.m.	**YBM Magnex International Inc., Harry W. Antes, Jacob G. Bogatin, Kenneth E. Davies, Igor Fisherman, Daniel E. Gatti, Frank S. Greenwald, R. Owen Mitchell, David R. Peterson, Michael D. Schmidt, Lawrence D. Wilder, Griffiths Mcburney & Partners, National Bank Financial Corp., (formerly known as First Marathon Securities Limited)** s. 127 Mr. I. Smith in attendance for staff. Panel: HIW / DB / MPC

ADJOURNED SINE DIE

DJL Capital Corp. and Dennis John Little

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

Irvine James Dyck

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

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

S. B. McLaughlin

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 16/2000 - Dec 22/2000 10:00 a.m.	**John Bernard Felderhof** Mssrs. J. Naster and I. Smith for staff. Courtroom TBA, Provincial Offences Court Old City Hall, Toronto
Dec 4/2000 Dec 5/2000 Dec 6/2000 Dec 7/2000 9:00 a.m. Courtroom N	**1173219 Ontario Limited c.o.b. as TAC (The Alternate Choice), TAC International Limited, Douglas R. Walker, David C. Drennan, Steven Peck, Don Gutoski, Ray Ricks, Al Johnson and Gerald McLeod** s. 122 Mr. D. Ferris in attendance for staff. Provincial Offences Court Old City Hall, Toronto
Jan 29/2001 - Feb 2/2001 Apr 30/2001 - May 7/2001 9:00 a.m.	**Einar Bellfield** s. 122 Ms. K. Manarin in attendance for staff. Courtroom C, Provincial Offences Court Old City Hall, Toronto

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

1.1.2 Proposed Rule 32-501 Direct Purchase Plans

NOTICE OF REQUEST FOR COMMENTS - PROPOSED RULE 32-501 DIRECT PURCHASE PLANS

The Commission is publishing in today's Bulletin Proposed Rule 32-501 Direct Purchase Plans for comment for 90 days.

The Notice and Proposed Rule are published in Chapter 6 of this Bulletin.

1.1.3 CSA Notice 55-302

CSA NOTICE 55-102
NATIONAL INSTRUMENT 55-102
SYSTEM FOR ELECTRONIC DISCLOSURE BY INSIDERS (SEDI)
IMPLEMENTATION DATE POSTPONED

In June, 2000, the Canadian Securities Administrators ("CSA") published for comment proposed National Instrument 55-102 System for Electronic Disclosure by Insiders (SEDI). The purpose of SEDI is to provide a facility for the filing and public dissemination of insider reports through an internet web site. Some commentators expressed concerns that the proposed implementation date would not provide SEDI issuers and their insiders with sufficient time to prepare for electronic filing. In addition, some system development delays have occurred. As a result, implementation of the system has been postponed from December 4th to Spring 2001. A firm implementation date will be established and communicated well in advance of implementation.

The CSA is finalizing its communication plan for the implementation of SEDI. This will include the dissemination of additional materials through the usual CSA sources, the holding of industry information seminars in various centres to explain the SEDI filing system and the distribution of an information and registration package to all reporting issuers.

Please direct questions or comments regarding SEDI to any of:

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November 17th, 2000

1.1.4 NI 43-101 - Standards of Disclosure for Mineral Projects

**NOTICE OF
NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS, FORM 43-101F1 TECHNICAL REPORT, AND COMPANION POLICY 43-101CP**

The Commission is publishing in today's Bulletin National Instrument 43-101 Standards of Disclosure for Mineral Projects, Form 43-101F1 Technical Report, and Companion Policy 43-101CP (collectively, the "Instruments"). The Commission approved National Instrument 43-101 Standards of Disclosure for Mineral Projects and Form 43-101F1 Technical Report as a rule on November 14, 2000. The Instruments were delivered to the Minister on November 16, 2000 and are being published in Chapter 5 of the Bulletin.

The Canadian Securities Administrators (the "CSA") are establishing a Mining Technical Advisory and Monitoring Committee (the "MTAMC"). In this regard, CSA Staff Notice 43-101 is published in Chapter 13 of the Bulletin.

1.1.5 NI 35-101 - Conditional Exemption from Registration

NATIONAL INSTRUMENT 35-101 - CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS AND COMPANION POLICY 35-101 CP

The Commission is publishing in today's Bulletin National Instrument 35-101: *Conditional Exemption from Registration for United States Broker-Dealers and Agents* (the "National Instrument") and a Notice and Companion Policy respecting the National Instrument.

The Notice, National Instrument and Companion Policy are published in Chapter 5 of the Bulletin.

1.1.6 OSC Staff Notice 45-701-- Paragraph 35(2)14

OSC Staff Notice
Paragraph 35(2)14 of the Securities Act (Ontario)

On November 7, 2000, the Ontario Securities Commission recognized The Toronto Stock Exchange (the "TSE") for the purpose of clause 72(1)(m) of the Securities Act (Ontario) (the "Act"). Clause 72(1)(m) of the Act provides an exemption from the prospectus requirement for:

> [a trade] by an issuer in a security of its own issue in consideration of mining claims where the vendor enters into such escrow or pooling agreement as the Director considers necessary or where the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of this clause by the Commission and the issuer has received, where required by the by-laws, rules or policies of that stock exchange, the consent of that stock exchange to the issuance of the security.

Paragraph 35(2)14 of the Act provides an exemption from the registration requirement for trades in:

> [s]ecurities issued by a mining company or mining exploration company as consideration for mining claims where the vendor enters into such escrow or pooling agreement as the Director considers necessary.

Staff plans to recommend that paragraph 35(2)14 of the Act be amended to correspond with clause 72(1)(m) of the Act so as to provide a registration exemption if the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of paragraph 35(2)14 by the Commission and the issuer has received, where required by the by-laws, rules or policies of that stock exchange, the consent of that stock exchange to the issuance of the security.

In the interim, the Director will not consider any escrow or pooling agreement to be necessary for the purpose of trades made in reliance on paragraph 35(2)14 of the Act provided that the security proposed to be issued, or the security underlying that security, is listed and posted for trading on the TSE and the issuer has received, where required by the by-laws, rules or policies of the TSE, the consent of the TSE to the issuance of the security.

For further information contact:

Rick Whiler
Senior Accountant
Corporate Finance
(416)593-8127

1.2 Notice of Hearings

1.2.1 Mark Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc. - s.127

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

-and -

IN THE MATTER OF
MARK BONHAM, STRATEGICNOVA FUNDS MANAGEMENT INC. AND BONHAM & CO. INC.

AMENDED NOTICE OF HEARING
(Section 127)

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in the Large Hearing Room, 17th Floor, 20 Queen Street West, Toronto, Ontario commencing on Monday, the 6th day of November, 2000, at 10:00 a.m. or as soon thereafter as the hearing can be held:

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

(a) the registration of Mark Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc. (together referred to as the "Respondents") be suspended or restricted permanently or for such time as the Commission may direct;

(b) terms and conditions be imposed on the registrations of the Respondents;

(c) the Respondents cease trading in securities permanently or for such period as the Commission may direct;

(d) the Respondent, StrategicNova Funds Management Inc. submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission;

(e) the Respondents be reprimanded;

(f) the Respondent, Mark Bonham be prohibited from becoming or acting as a director officer of an issuer;

(g) the Respondents pay the costs of the Commission's investigation;

(h) the Respondents pay the costs of the Commission's hearing; and

(i) contains such other terms and conditions as the Commission may deem appropriate;

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

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

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

November 6th, 2000.

"John Stevenson"

1.2.2 Mark Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc.

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

-and -

IN THE MATTER OF
MARK BONHAM, STRATEGICNOVA FUNDS MANAGEMENT INC. AND BONHAM & CO. INC.

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

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

Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc.

1. Mark Bonham ('Bonham") is an individual who resides in the Province of Ontario. During the period July 31, 1997 to June 30, 1998 (the "material time"), Bonham was registered with the Commission pursuant to the *Securities Act* (the "Act") as Investment Counsel/Portfolio Manager. During the material time Bonham acted as the Portfolio Manager with respect to seven mutual funds managed by SVC O'Donnell Fund Management Inc. ("SVC").

2. SVC is a corporation organized pursuant to the laws of Canada. During the material time, SVC was registered with the Commission as Investment Counsel/Portfolio Manager. On July 26, 2000, SVC formally changed its name to StrategicNova Funds Management Inc.

3. Bonham & Co. Inc. ("B&C") is a corporation organized pursuant to the laws of Canada. During the material time, B&C was registered with the Commission as an Investment Counsel Portfolio Manager. During the material time B&C was Bonham's employer and the sponsor of Bonham's registration.

Manual Pricing of Shares in the Portfolios of SVC Funds

4. During the material time, Bonham manually priced certain shares held by three of the seven mutual funds Bonham managed for SVC, The Strategic Value Fund, The Canadian Equity Value Fund and the Dividend Fund.

5. SVC received a price feed from a third party source on a daily basis ("price feed"). The feed contained the "end of the day" share prices to be used in the valuation of SVC's mutual funds.

6. SVC's accounting department highlighted items on the price feed if:

   (a) a share price on the price feed was 3% higher or lower than the previous day's closing price of the share; or

   (b) the price feed did not contain a price for the shares.

7. Bonham would then review the highlighted items and determine a value of the shares based on his own discretion. The majority of the highlighted items were of the nature of category (a).

8. If the price determined by Bonham was different than the price received via the price feed, Bonham's price would be substituted and used in the calculation of the value of the mutual fund.

9. The valuation of the mutual fund is used to calculate the net asset value per share ("NAVPS"). The NAVPS is used to determine the purchase and redemption prices that investors pay or receive.

10. During the relevant period, SVC did not have a written policy governing manually pricing shares and Bonham did not apply a specific or consistent methodology in manually pricing shares.

11. Bonham did not record or maintain any notes with respect to the determination of the manual price.

12. The result of the manual pricing undertaken by Bonham is as follows:

   (a) The Strategic Value Fund was overvalued (i.e dollar difference as a percentage of net asset value per unit) for 201 of the 231 trading days during the material time.

   (b) The Canadian Equity Value Fund was overvalued for 123 of the 231 trading days during the material time.

   (c) The Dividend Fund was overvalued for 60 of the 231 trading days during the material time.

13. By his conduct during the material time, Bonham: a) failed to act honestly, in good faith and in the best interests of the mutual fund; and b) failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances, contrary to section 116(1) of the Act and contrary to the public interest.

SVC O'Donnell Fund Management

14. The board of directors of SVC (the "Directors") were responsible for determining when a valuation methodology for the shares held in the portfolios of the mutual funds other than market value would be used.

15. SVC did not have any written policies or procedures in place governing under what circumstances Bonham should value the securities in the portfolios of the mutual funds and the valuation methodology to be used.

16. The Directors relied on Bonham to make the day-to-day security valuation determinations.

17. The Directors (or a primary delegate) did not supervise or review the manual prices determined by Bonham.

18. The Directors (or a primary delegate) did not implement internal controls to ensure a segregation of duties in the performance of the daily valuation of the mutual funds.

19. SVC did not take adequate steps to monitor and prevent the conduct of Bonham as set out in the allegations.

20. During the material time, SVC: a) failed to act in the best interest of the mutual fund; and b) failed to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances contrary to section 116(1) of the Act and contrary to the public interest.

Bonham & Co.

21. B&C, as the sponsor of Bonham's registration was responsible for supervising Bonham's activities and did not properly supervise Bonham in regard to the conduct of Bonham as set out in the allegations, contrary to its obligations under Ontario Securities Commission Rule 31-505 (3.1).

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

November 6th , 2000.

1.3 News Releases

1.3.1 John Gregory Springer

November 9, 2000

RE: IN THE MATTER OF JOHN GREGORY SPRINGER

Toronto, Ontario – The Investment Dealers Association of Canada (Association) announced today that a hearing date has been set for a discipline proceeding before the Ontario District Council of the Association (District Council).

The proceeding is in respect of matters alleged by the Member Regulation staff of the Association to have occurred while Mr. John Gregory Springer was employed and registered at the Toronto, Ontario branch office of Sanwa McCarthy Securities Ltd. (now Newcrest Capital Inc.), a member of the Association. Mr. Springer is not currently employed or registered with a Member of the Association.

The hearing is scheduled to commence at **9:30 a.m.** or shortly thereafter on **Monday, November 27, 2000,** at the **Standard Life Building, 121 King Street West, Xchange Conference Centre, 17th Floor, Boardroom B, Toronto, Ontario.** The hearing is open to the public except as may be required for the protection of confidential matters.

If the District Council determines that discipline penalties are to be imposed upon Mr. Springer, the Association will issue a Bulletin giving notice of the discipline penalties assessed, the regulatory violation(s) committed by Mr. Springer, and a summary of the facts. Once the District Council has issued its decision, copies of the Bulletin and decision will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

1.3.2 Midland Walwyn Capital (Now Merrill Lynch Canada Inc.)

November 10, 2000

RE: IN THE MATTER OF MIDLAND WALWYN CAPITAL INC.(NOW MERRILL LYNCH CANADA INC.)

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement between the Association Member Regulation staff and Merrill Lynch Canada Inc., is in respect of the conduct of Merrill Lynch Canada Inc., a Member of the Association, for which it may be disciplined by the Association.

The hearing is scheduled to commence at **9:30 a.m.** on **Monday, November 27, 2000,** at the Association's offices located at 1600 – 121 King Street West, Toronto, Ontario. The hearing may be conducted *in camera* as necessary for the presentation, review and consideration of the settlement proposal, and where required for the protection of confidential matters.

If the Settlement Agreement is accepted by the Ontario District Council, the Association will issue an Association Bulletin setting out terms of settlement, including violation(s) committed, a summary of the agreed facts, and the discipline penalty imposed. If the Ontario District Council accepts the Settlement Agreement, copies of the Association Bulletin and Settlement Agreement will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

1.3.3 Charles Edward Sobering

November 10, 2000

RE: IN THE MATTER OF CHARLES EDWARD SOBERING

Toronto, Ontario – The Investment Dealers Association of Canada announced today that a hearing date has been set for the presentation, review and consideration of a Settlement Agreement by the Ontario District Council of the Association.

The Settlement Agreement between the Association Member Regulation staff and Mr. Charles Edward Sobering is in respect of matters that occurred while Mr. Sobering was employed as a branch manager at Midland Walwyn Capital Inc. (now Merrill Lynch Canada Inc.), a Member of the Association, for which he may be disciplined by the Association. Mr. Sobering is currently with Credential Securities Inc.

The hearing is scheduled to commence at **9:30 a.m.** on **Monday, November 27, 2000,** at the Association's offices located at 1600 – 121 King Street West, Toronto, Ontario. The hearing may be conducted *in camera* as necessary for the presentation, review and consideration of the settlement proposal, and where required for the protection of confidential matters.

If the Settlement Agreement is accepted by the Ontario District Council, the Association will issue an Association Bulletin setting out terms of settlement, including the violation(s) committed by Mr. Sobering, a summary of the agreed facts and the discipline penalty imposed. If the Ontario District Council accepts the Settlement Agreement, copies of the Association Bulletin and the Settlement Agreement will be made available.

Contact:

Kathleen O'Brien
Public Affairs Co-ordinator
(416) 943-6921

1.3.4 Mark Bonham, Strategicnova Funds Management Inc. and Bonham & Co.

November 6, 2000

MARK BONHAM, STRATEGICNOVA FUNDS MANAGEMENT INC. AND BONHAM & CO.

TORONTO - At a hearing today, the Ontario Securities Commission (the "Commission") approved a settlement agreement entered into between Staff of the Commission and StrategicNova Funds Management Inc. Copies of the Commission's Order and terms of the Settlement Agreement are available from the Commission, 19th Floor, 20 Queen Street West, Toronto, Ontario.

A pre-trial conference will be held on or before December 31, 2000 with respect to proceedings against Mark Bonham and Bonham & Co., at which time it is expected that a hearing date will be set.

References:

Frank Switzer
Director, Communications
Telephone: 416-593-8120

Michael Watson
Director, Enforcement Branch
Telephone: 416-593-8156

1.3.5 Russell Millard

November 14, 2000

SETTLEMENT AGREEMENT - RUSSELL MILLARD

Toronto - At a hearing held yesterday, the Ontario Securities Commission (the "Commission") approved a settlement entered into between staff of the Commission, and Russell Millard ("Millard"), a former mutual funds salesperson of CCI Capital Canada Limited. The Commission had issued a Notice of Hearing and Statement of Allegations against Millard on November 1, 2000. In the settlement agreement, the respondent admitted to selling securities which he was not registered to sell. The Commission reprimanded Millard and suspended his registration for twenty-one days.

Copies of the Notice of Hearing, Statement of Allegations, the Order of the Commission made on November 13, 2000, and the Settlement Agreement can be obtained from the Commission, on the 19th Floor, 20 Queen Street West, Toronto, Ontario, or are available on the Commission's web site at www.osc.gov.on.ca.

references:

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Director, Enforcement Branch
(416) 593-8156

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 Mark Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc. - s.127(1)

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

-and -

IN THE MATTER OF
MARK BONHAM, STRATEGICNOVA FUNDS MANAGEMENT INC. AND BONHAM & CO. INC.

ORDER
(Section 127(1))

WHEREAS on November 6th, 2000, the Ontario Securities Commission (the "Commission") issued an Amended Notice of Hearing pursuant to section 127(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") in respect of Mark Bonham, StrategicNova Funds Management Inc. ("StrategicNova") and Bonham & Co. Inc.;

AND WHEREAS StrategicNova entered into a Settlement Agreement dated November 6th, 2000 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceedings, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the statement of allegations of staff of the Commission, and upon hearing submissions from counsel for StrategicNova and from Staff of the Commission;

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

IT IS ORDERED THAT:

1. The Settlement Agreement dated November 6th, 2000 in respect of StrategicNova, attached to this Order is hereby approved;

2. StrategicNova will, on or before December 31st, 2000, make a payment of $10,000.00 to the Commission as its contribution to the costs of the investigation and hearing of this matter;

3. StrategicNova will submit to a review of the valuation practices and procedures involving the Strategic Value Fund, Canadian Equity Value Fund and Dividend Fund, such review to be performed by a third party (the "expert") approved by Staff at StrategicNova's expense and will implement such reasonable changes as are recommended by the expert in a report within reasonable time frames set out by the expert after consultation with StrategicNova. StrategicNova will provide Staff with a copy of the report and the recommendations of the expert and with progress reports concerning the implementation of the expert's recommendations;

4. StrategicNova will submit to a review of the manual prices used in the calculation of net asset value per share for any day during the period July 1, 1998 to September 30, 2000 inclusive on which manual pricing occurred in any relevant mutual fund. Such review is to be carried out by the expert at StrategicNova's expense to determine whether the manual pricing activity that forms the basis of this proceeding was repeated during this time period. As part of this review StrategicNova agrees to produce to the expert at StrategicNova's expense, all of the manual pricing sheets for this period. If it is determined that SVC or StrategicNova engaged in material and improper manual pricing activity during this period then the expert will determine the impact, if any, on SVC or StrategicNova's clients as a result of such manual pricing. StrategicNova will provide Staff with a copy of the review carried out by the expert;

5. If, as a result of the reviews set out in paragraphs (d) and (e), it is determined that the fund values and/or published results, communicated either to the public or to individual clients, were materially misstated, then StrategicNova will restate such fund values and make any required restitution to any relevant mutual fund; and

6. StrategicNova is hereby reprimanded.

November , 2000.

2.1.2 Mark Bonham, Strategic Nova Funds Management Inc. and Bonham & Co. Inc.

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

-and -

IN THE MATTER OF
MARK BONHAM, STRATEGICNOVA FUNDS MANAGEMENT INC. AND BONHAM & CO. INC.

AMENDED SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Amended Notice of Hearing dated November 6th, 2000 (the "Notice of Hearing") the Ontario Securities Commission (the "Commission') announced that it proposed to hold a hearing to consider whether, pursuant to sections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), it is in the public interest for the Commission to make an order that:

   (a) the registration of Mark Bonham, StrategicNova Funds Management Inc. and Bonham & Co. Inc. (together referred to as the "Respondents") be suspended or restricted permanently or for such time as the Commission may direct;

   (b) terms and conditions be imposed on the registrations of the Respondents;

   (c) the Respondents cease trading in securities permanently or for such period as the Commission may direct;

   (d) the Respondent, StrategicNova Funds Management Inc. submit to a review of its practices and procedures and institute such changes as may be ordered by the Commission;

   (e) the Respondents be reprimanded;

   (f) the Respondent, Mark Bonham be prohibited from becoming or acting as a director officer of an issuer;

   (g) the Respondents pay the costs of the Commission's investigation;

   (h) the Respondents pay the costs of the Commission's hearing; and

   (i) contains such other terms and conditions as the Commission may deem appropriate;

II JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff")agree to recommend settlement of the proceedings initiated in respect of the respondent StrategicNova Funds Management Inc. ("StrategicNova"), by the Amended Notice of Hearing dated November 6th, 2000 in accordance with the terms and conditions set out below. StrategicNova agrees to the settlement on the basis of the facts agreed to as hereinafter provided and StrategicNova consents to the making of an order in the form attached as Schedule "A" on the basis of the facts set out below.

3. This settlement agreement, including the attached Schedule "A" (collectively, the "Settlement Agreement"), will be released to the public only if and when the settlement is approved by the Commission.

III STATEMENT OF FACTS

Acknowledgement

4. Staff and StrategicNova agree with the facts set out in this Part III.

5. SVC O'Donnell Fund Management Inc. ("SVC") was a corporation which during the period July 31, 1997 to June 30, 1998 (the "material time") was registered with the Commission as an Investment Counsel/Portfolio Manager.

6. On July 26, 2000, SVC formally changed its name to StrategicNova Funds Management Inc.

7. During the material time, Mark Bonham ("Bonham") was a significant shareholder of SVC and acted as the Portfolio Manager with respect to seven mutual funds managed by SVC. As well, Bonham was the Chief Executive Officer of SVC and related companies.

8. During the material time, Bonham manually priced certain shares held by three of the seven mutual funds that he managed for SVC.

9. SVC received a price feed from a third party source on a daily basis ("price feed"). The price feed contained end of the day share prices to be used in the valuation of SVC's mutual funds. SVC's accounting department highlighted items on the price feed if a) a share price on the computer price feed was 5% higher or lower than the previous day's closing price of the share or b) the computer price feed did not contain a price for the shares. Bonham would review the share prices as shown in the price feed and determine a value of certain of the shares based on his own discretion. Bonham did not apply a specific or consistent methodology in manually pricing shares and did not record or maintain any notes with respect to the determination of the manual price.

10. SVC was responsible for establishing policies when a valuation methodology other than share prices as shown in the daily price feed would be used for the shares held in the portfolio of the mutual funds.

11. The valuation of the mutual fund is used to calculate the net asset value per share ("NAVPS"). The NAVPS is used to determine the purchase and redemption prices that investors pay or receive. SVC did not have any written policies or procedures in place regarding the valuation of securities held in the mutual fund

portfolios. SVC relied on Bonham to ensure that the day-to-day security valuation determinations were effected in an appropriate manner. SVC did not, during the material time, implement policies regarding internal controls in order to ensure a segregation of duties in the performance of the daily valuation of the mutual funds. There was no supervision or review of manual prices determined by Bonham.

12. Canada does not have a standard benchmark for materiality for regulatory reporting and/or client compensation. Staff have employed 0.5% of net asset value as the benchmark level for materiality, a benchmark used by member jurisdictions of IOSCO including France, the United Kingdom and the United States in determining standards for regulatory reporting and/or client compensation. The result of the manual pricing undertaken by Bonham with respect to each of the relevant mutual funds he managed based on such standard of materiality and during the material time is as follows:

    (a) The Strategic Value Fund was overvalued (i.e. dollar difference as a percentage of net asset value per share) for 201 of the 231 trading days during the material time, and materially overstated between 0.52% and 4.2%.

    (b) The Canadian Equity Value Fund was overvalued for 123 of the 231 trading days during the material time and materially overstated between 0.5% and 2.7%.

    (c) The Dividend Fund was overvalued for 60 of the 231 trading days during the material time and materially overstated between 0.5% and 0.69%.

13. The estimated impact of the overvaluation was a) $64,519.64 as regards the Strategic Value Fund; b) $115,458.14 as regards the Canadian Equity Value Fund; and c) $197,674.92 as regards the Dividend Fund for the material time.

14. In approximately June of 1998, the issue of Bonham's manual pricing was the subject of a review performed by the compliance officer of SVC and the matter was ultimately referred to SVC's Audit Committee. The Audit Committee concluded that the manual pricing that had occurred was reasonable and consistent with what the funds permitted. Subsequently, the Board of Directors decided that a formal procedure should be implemented with respect to manual pricing. The policy adopted was that as a general rule, manual pricing should not occur. A policy was adopted whereby on the exceptional occasions when a manual price was considered appropriate, the matter would be referred to the Chief Financial Officer and a portfolio manager (other than the portfolio manager raising the issue) to determine an appropriate manual price.

15. By June 2000, SVC and related companies were overdue in paying $28 million of bank credit facilities and lacked the ability to repay same. SVC and related companies were acquired by an arm's length third party and new management was put in place. Neither Bonham nor Bonham & Co. Inc. has any involvement in SVC, StrategicNova or related companies.

IV CONDUCT CONTRARY TO THE PUBLIC INTEREST

16. In failing to properly establish policies in respect to the valuation of securities held in its mutual fund portfolios and in failing to adequately supervise the practices detailed above by Bonham, SVC in its position of management of a mutual fund failed to act during the material time in the best interest of the mutual fund and failed to exercise the degree of care, diligence and skill during the material time that a reasonably prudent person would exercise in the circumstances, contrary to section 116(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") nd contrary to the public interest.

V TERMS OF SETTLEMENT

17. StrategicNova agrees to the following terms of settlement:

    (a) StrategicNova will, on or before December 31, 2000, make payments of or otherwise credit $64,519.64 to the Strategic Value Fund, $115,458.14 to the Canadian Equity Value Fund and $197,674.92 to the Dividend Fund to compensate for the overpayment made by investors to those funds during the material time;

    (b) StrategicNova will, on or before December 31, 2000, make a payment of $50,000.00 to the Commission to be allocated to such third parties as the Commission may determine for purposes that will benefit investors in Ontario;

    (c) StrategicNova will, on or before December 31, 2000, make a payment of $10,000.00 to the Commission as its contribution to the costs of the investigation and hearing of this matter;

    (d) StrategicNova will submit to a review of the valuation practices and procedures involving the Strategic Value Fund, Canadian Equity Value Fund and Dividend Fund, such review to be performed by a third party (the "expert") approved by Staff at StrategicNova's expense and will implement such reasonable changes as are recommended by the expert in a report within reasonable time frames set out by the expert after consultation with StrategicNova. StrategicNova will provide Staff with a copy of the report and the recommendations of the expert and with progress reports concerning the implementation of the expert's recommendations;

    (e) StrategicNova will submit to a review of the manual prices used in the calculation of net asset value per share for any day during the period July 1, 1998 to September 30, 2000 inclusive on which manual pricing occurred in any relevant mutual fund. Such review is to be carried out by the expert at StrategicNova's

expense to determine whether the manual pricing activity that forms the basis of this proceeding was repeated during this time period. As part of this review StrategicNova agrees to produce to the expert at StrategicNova's expense, all of the manual pricing sheets for this period. If it is determined that SVC or StrategicNova engaged in this material and improper manual pricing activity during this period then the expert will determine the impact, if any, on SVC or StrategicNova's clients as a result of manual pricing. StrategicNova will provide Staff with a copy of the review carried out by the expert;

(f) If, as a result of the reviews set out in paragraphs (d) and (e), it is determined that the fund values and/or published results, communicated either to the public or to individual clients, were materially misstated, then StrategicNova will recalculate such fund values and make any required restitution to any relevant mutual fund; and

(g) StrategicNova will be reprimanded.

VI STAFF COMMITMENT

18. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of SVC or StrategicNova in relation to the facts set out in Part III of this Settlement Agreement.

VII PROCEDURE FOR APPROVAL OF SETTLEMENT

19. The approval of the settlement as set out in this Settlement Agreement shall be sought at a public hearing before the Commission scheduled for such date as is agreed to by Staff and StrategicNova in accordance with the procedures described herein and such further procedures as may be agreed upon between Staff and StrategicNova.

20. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting StrategicNova in this matter and StrategicNova agrees to waive any right to a full hearing and appeal of this matter under the Act.

21. If this Settlement Agreement is approved by the Commission, the parties to this Settlement Agreement will not make any statement that is inconsistent with this Settlement Agreement.

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

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

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

(c) StrategicNova agrees that it will not, in any proceeding, refer to or rely upon this settlement agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII DISCLOSURE OF SETTLEMENT AGREEMENT

23. Counsel for Staff or StrategicNova may refer to any part or all of this Settlement Agreement in the course of the hearing convened to consider this settlement agreement. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to the Settlement Agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

24. Any obligation as to confidentiality shall terminate upon the approval of this Settlement Agreement by the Commission.

IX EXECUTION OF SETTLEMENT AGREEMENT

25. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

November, 2000.

2.1.3 Redfern Resources Ltd. - MRRS decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer deemed to have ceased to be a reporting issuer following plan of arrangement as issuer has only one security holder - Debt obligation remains outstanding to a large institutional investor.

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 AND ONTARIO

AND

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

AND

IN THE MATTER OF REDFERN RESOURCES LTD

MRRS DECISION DOCUMENT

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

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

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

1. the Filer is a company incorporated under the laws of British Columbia and is a reporting issuer in each of the Jurisdictions;

2. the Filer's head office is located in Vancouver, British Columbia;

3. pursuant to a statutory plan of arrangement (the "Arrangement") under Section 252 of the *Company Act* (British Columbia) among the Filer, the shareholders of the Filer and Redcorp Ventures Ltd. ("Redcorp"), the shareholders of the Filer exchanged their outstanding common shares for common shares of Redcorp on the basis of one common share of Redcorp for one common share of the Filer and, as a result of the Arrangement, the Filer became a wholly-owned subsidiary of Redcorp;

4. pursuant to the Arrangement, the common shares of the Filer were de-listed from The Toronto Stock Exchange on July 10, 2000 and no securities of the Filer are listed for trading on any other stock exchange or traded on any organized market;

5. the Filer has only one securityholder;

6. there are no other outstanding securities of the Filer;

7. the Filer has current outstanding long term indebtedness consisting of the principal amount of US$250,000 owed to Resources Capital Fund L.P. ("RCF") of Denver, Colorado loaned by RCF to the Filer pursuant to a credit agreement. RCF, a large institutional limited partnership, is the only creditor of the Filer and under the Credit Agreement the Filer was required to provide RCF with notice of, and obtain RCF's consent to, the Arrangement between the Filer and Redcorp;

8. the Filer does not intend to seek public financing by way of an issue of its securities in the future; and

9. the Filer is not in default of any of its obligations as a reporting issuer under the Legislation;

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

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

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

October 5th, 2000.

"Margaret Sheehy"

2.1.4 Taurus Exploration Canada Ltd. - MRRS Decision

Headnote

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

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF TAURUS EXPLORATION CANADA LTD.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario and Newfoundland (the "Jurisdictions") has received an application (the "Application) from Taurus Exploration Canada Ltd. (the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the 'Legislation") that the Filer 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** the Filer has represented to the Decision Makers that:

   3.1 the Filer was formed on May 9, 2000 by means of an amalgamation under the provisions of the Canada Business Corporations Act, and has a head office located at 1000, 630 - 6th Avenue S.W., Calgary, Alberta T2P 0S8;

   3.2 the authorized capital of the Filer consists of an unlimited number of common shares (the "Common Shares"), of which there are 21,352,323 currently issued and outstanding;

   3.3 all of the outstanding Common Shares are owned by Taurus Exploration Ltd., a private corporation existing under the laws of the Province of Alberta ("Taurus Alberta") and there are no securities, including debt obligations, that are currently issued and outstanding to the public other than the Common Shares;

   3.4 following the successful completion of an offer (the "Offer") made by 3698131 Canada Ltd. (the "Offeror"), then a wholly owned subsidiary of Taurus Alberta to acquire all of the outstanding common shares of the reporting issuer Petrorep Resources Ltd. ("Petrorep"), the subsequent exercise of the Offeror of its rights under the Compulsory acquisition provisions of the CBCA to acquire the common shares of Petrorep not tendered under the Offer and the amalgamation of Petrorep with the Offeror to form the Filer, Taurus Alberta became the sole owner of all of the outstanding Common Shares, and the Filer became a reporting issuer in each of the jurisdictions;

   3.5 the common shares of Petrorep were traded on The Toronto Stock Exchange until their delisting from the exchange at the close of business on May 19, 2000, and there are no securities of the Filer listed on any stock exchange or traded over the counter in Canada or elsewhere;

   3.6 the Filer is not in default of any of its obligations as a reporting issuer under the Legislation;

   3.7 the Filer 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 the Filer is deemed to have ceased to be a reporting issuer or the equivalent thereof under the Legislation.

DATED at Calgary, Alberta, this 12th day of July, 2000.

"Patricia M. Johnston"
Director, Legal Services and Policy Development

2.1.5 Hedong Energy Inc. and Molopo Australia NL - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - distribution of shares of a foreign company which is not a reporting issuer as a capital distribution *in specie* exempted from the registration and prospectus requirements - first trade is a distribution unless conducted through a stock exchange outside of Canada.

Applicable Ontario Statutory Provisions

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

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 HEDONG ENERGY INC. AND MOLOPO AUSTRALIA NL

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 (the "Application") from Hedong Energy Inc. ("Hedong") for a decision under the securities legislation (the "Legislation") of the Jurisdictions that the requirements contained in the Legislation to be registered to trade in a security (the "Registration Requirement") and to file and obtain a receipt for a preliminary prospectus and a prospectus in respect of such security (the "Prospectus Requirement") shall not apply to the proposed distribution (the "Distribution") by Hedong of certain ordinary shares of Molopo Australia NL ("Molopo") held by Hedong to holders of common shares of Hedong as a capital distribution *in specie*;

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

AND WHEREAS Hedong has represented to the Decision Makers that:

1. Hedong is a corporation continued under the *Canada Business Corporations Act*;

2. the head office of Hedong is located in Melbourne, Australia. The registered office is located in British Columbia;

3. the authorized capital of Hedong consists of an unlimited number of common shares and an unlimited number of preference shares;

4. as at August 30, 2000, Hedong had outstanding 10,592,808 common shares ("Hedong Common Shares") and no preference shares;

5. Hedong is a reporting issuer in British Columbia and is not a reporting issuer, or the equivalent, in any of the other provinces or territories of Canada;

6. Hedong is not in default of any requirements of the Legislation;

7 Hedong is registered as a foreign company in Australia under the Australian *Corporations Law*. Approximately 82% of Hedong Common Shares are held by shareholders resident in Australia;

8. Hedong Common Shares are listed and posted for trading on the Canadian Venture Exchange and are not listed for trading on any other Canadian stock exchange;

9. as at August 30, 2000, according to the books of Hedong, the only shareholders of Hedong with addresses in Canada were in the Jurisdictions, and their holdings were as follows:

Jurisdiction	No. of Shareholders	No. of Hedong Common Shares Held	% of Hedong Common Shares Outstanding
British Columbia	39	7,918	0.075%
Ontario	8	1,592,916	15.038%
Alberta	12	88,169	0.832%

10. Molopo is a corporation organized under the Australian *Corporations Law*;

11. Molopo is a "disclosing entity" for the purposes of s. 111AC of the Australian *Corporations Law*;

12. as at August 30, 2000, Molopo had outstanding 169,246,019 fully paid ordinary shares ("Molopo Ordinary Shares") and 20,500,000 partly paid ordinary shares with $0.06 to pay;

13. Molopo is not a reporting issuer, or the equivalent, in any of the Jurisdictions, or in any of the other provinces or territories of Canada and has no intention of becoming a reporting issuer, or equivalent, in Canada;

14. Molopo has approximately 2,150 shareholders. The Molopo Ordinary Shares are listed and posted for trading on the Australian Stock Exchange and are not listed for trading on any Canadian stock exchange;

15. as at August 30, 2000, Hedong owned 32,928,424 Molopo Ordinary Shares and 19,500,000 partly paid shares with $0.06 to pay. Hedong is in the process of selling all of the partly paid shares in Australia;

16. on August 25, 2000, shareholders of Hedong unanimously passed a special resolution (the "Special Resolution") approving a reduction of capital by the distribution to Hedong shareholders of Molopo Ordinary Shares;

17. pursuant to the Special Resolution Hedong intends to distribute to its shareholders 32,837,705 Molopo Ordinary Shares, being 3.1 Molopo Ordinary Shares for each Hedong Common Share held, subject to regulatory approval;

18. no consideration will be paid by the holders of Hedong Common Shares for Molopo Ordinary Shares they will receive;

19. following the Distribution Hedong shareholders with addresses in the Jurisdictions will hold Molopo Ordinary Shares as follows:

Jurisdiction	No. of Molopo Ordinary Shares Held	% of Molopo Ordinary Shares Held
British Columbia	23,754	0.014%
Ontario	4,778,748	2.823%
Alberta	264,507	0.156%

20. upon completion of the Distribution, Molopo shareholders resident in Canada will represent less than 2.7% of the holders of Molopo Ordinary Shares and will hold less than 3% of the outstanding Molopo Ordinary Shares;

21. residents in the Jurisdictions holding Hedong Common Shares will receive, in connection with the Distribution, the same disclosure documentation to be received by Hedong shareholders resident in Australia;

22. on an ongoing basis, residents in the Jurisdictions who receive the Molopo Ordinary Shares on completion of the Distribution will be concurrently sent by Molopo copies of all continuous disclosure materials sent to Molopo shareholders resident in Australia;

23. under the Legislation the Distribution would be exempt from the Registration Requirements and the Prospectus Requirements but for the fact that Molopo is not a reporting issuer and that the Distribution is a distribution of capital *in specie*.

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

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

THE DECISION of the Decision Makers under the Legislation is that the Registration Requirement and the Prospectus Requirement shall not apply to the Distribution provided that:

A. all disclosure materials relating to the Distribution sent by or on behalf of Hedong to holders of Hedong Common Shares who reside outside of Canada are sent to holders of Hedong Common Shares who reside in the Jurisdictions; and

B. the first trade of Molopo Ordinary Shares acquired pursuant to this Decision shall be deemed a distribution under the Legislation, unless such trade is executed through the facilities of an exchange or market outside of Canada in accordance with all laws and rules applicable to such exchange or market.

November 3, 2000.

"Brenda Leong"

2.1.6 The Artisan Portfolios - MRRS Decisions

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

AND

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

AND

IN THE MATTER OF ARTISAN RSP MOST CONSERVATIVE PORTFOLIO, ARTISAN RSP CONSERVATIVE PORTFOLIO, ARTISAN RSP MODERATE PORTFOLIO, ARTISAN RSP AGGRESSIVE PORTFOLIO, ARTISAN RSP MOST AGGRESSIVE PORTFOLIO, ARTISAN MOST CONSERVATIVE PORTFOLIO, ARTISAN CONSERVATIVE PORTFOLIO, ARTISAN MODERATE PORTFOLIO, ARTISAN AGGRESSIVE PORTFOLIO, ARTISAN MOST AGGRESSIVE PORTFOLIO, ARTISAN CANADIAN EQUITY PORTFOLIO, ARTISAN CANADIAN T-BILL PORTFOLIO, ARTISAN U.S. EQUITY PORTFOLIO, ARTISAN INTERNATIONAL EQUITY PORTFOLIO AND ARTISAN GLOBAL FIXED INCOME PORTFOLIO (the "Artisan Portfolios")

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application (the "Applications") from Loring Ward Investment Counsel Ltd. ("Loring Ward") and the Artisan Portfolios for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the time limits pertaining to the distribution of units under the simplified prospectus (the "Prospectus") of the Artisan Portfolios be extended to those time limits that would be applicable if the lapse date of the Prospectus was October 14, 2000.

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

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

(a) Loring Ward is a corporation governed under the laws of Manitoba. Loring Ward is the trustee, manager and promoter of the Artisan Portfolios.

(b) The Artisan Portfolios are open-ended mutual fund trusts established by Loring Ward under the laws of Manitoba.

(c) The Artisan Portfolios are reporting issuers under the Act and are not in default of any requirements of the Act or the Regulations made thereunder.

(d) The Artisan Portfolios are presently offered for sale on a continuous basis in each province of Canada pursuant to a simplified prospectus (the "Prospectus") dated May 25, 1999 which was receipted on May 26, 1999 in Manitoba as amended by Amendment No. 1 dated July 13, 2000 – Sedar Project No. 165839 (the "Amendment") for which a receipt was issued in Manitoba on July 28, 2000. In each province other than Ontario and Quebec, the lapse date is twelve months after the date of the issuer's prospectus, while in Ontario and Quebec the lapse date is twelve months after the date of the receipt issued by the applicable securities regulatory authority.

(e) Pursuant to an MRRS Decision Document dated May 30, 2000, the lapse date (the "Lapse Date") for distribution of securities of the Artisan Portfolios was initially extended to August 4, 2000 to allow sufficient time for Loring Ward to convene a unitholder meeting to consider certain changes to the underlying funds of the Artisan Portfolios. A preliminary and pro forma prospectus of the Artisan Portfolios was filed on July 5, 2000, being 30 days in advance of the August 4, 2000 lapse date. Subsequently, a further extension of the Lapse Date was granted to allow Loring Ward sufficient time to address the issues that were raised in the comment period.

(f) A preliminary and pro forma prospectus of the Artisan Portfolios was filed by Loring Ward on July 5, 2000.

(g) Other than cash or cash equivalents, the securities in which each Portfolio invests are other prospectus-qualified mutual funds (individually, an "Underlying Fund" and collectively, the "Underlying Funds").

(h) Certain of the Portfolios are currently invested in Underlying Funds which are themselves 100% exposed to or directly invested in other mutual funds ("Clone Funds") in specified percentages of their net assets as follows:

Artisan RSP Conservative Portfolio (to be renamed Artisan Conservative Portfolio):

C.I. Global Bond RSP Fund	2%

Artisan RSP Moderate Portfolio:

C.I. Global Bond RSP Fund	2%
C.I. Global Equity RSP Fund	4%

Artisan RSP Aggressive Portfolio (to be renamed Artisan RSP Growth Portfolio):

C.I. Global Bond RSP Fund	5%
C.I. Global Equity RSP Fund	7%
C.I. American RSP Fund	6%
Global Strategy RSP Europe Plus Fund (formerly, Global Strategy Diversified Europe Fund)	2%

Artisan RSP Most Aggressive Portfolio (to be renamed Artisan RSP High Growth Portfolio):

C.I. Global Bond RSP Fund	5%
C.I. Global Equity RSP Fund	9%
C.I. American RSP Fund	12%
Global Strategy RSP Europe Plus Fund (formerly, Global Strategy DiversifiedEurope Fund)	6%

(i) The investments are subject to a variance of 2.5% above or below the specified percentages, to account for market fluctuation and without the Portfolios or the Manager taking any action to increase or decrease the investment above or below the specified percentages.

(j) Other than as represented in paragraph (h), no Portfolio is currently invested in any Underlying Fund that is a Clone Fund.

(k) The Amendment sets out the changes proposed by Loring Ward which include proposed changes to investment objectives, fund names and proposed changes to the portfolio of underlying funds of several of the Artisan Portfolios. The existence of RSP Clone funds as underlying funds in some of the portfolios is the subject of numerous comments from the Participating Jurisdictions. The various manners in which RSP clone funds came to be included in the portfolios (which were largely due to actions taken by other arms-length mutual fund managers) and the merits of allowing such funds to remain in the portfolios either permanently or on some reasonable transitional basis has been discussed at length by Loring Ward with staff at the Principal Regulator and several of the Participating Jurisdictions.

(l) Since the date of the Amendment, the only material change which occurred is that unitholder approval was obtained based on what Loring Ward believed to be a basis which would be acceptable to the Participating Jurisdictions at reconvened unitholder meetings held on August 17, 2000. The substance of these changes is disclosed in the simplified prospectus and annual information form which were filed on August 28, 2000 in an effort to avoid the expense of a separate paper part amendment; these prospectus documents have not been receipted by the Participating Jurisdictions. Since those prospectus documents have not been receipted, and will not be until the issues concerning the RSP clone funds are resolved, Loring Ward would be willing to file a separate amendment to reflect the current status of matters if the Participating Jurisdictions believe this to be appropriate.

(m) Loring Ward has had extensive discussions with the Principal Regulator and the other Participating Jurisdictions in an effort to satisfy regulatory concerns and to reach a viable resolution to the outstanding issues which is acceptable to staff of the Participating Jurisdictions, but which is also in Loring Ward's view, consistent with its fiduciary responsibility to act in the best interest of the unitholders of the affected Artisan Portfolios.

(n) The time invested by Loring Ward in discussing these issues, preparing submissions, responding to regulatory enquiries and considering all proposals as to how to resolve the outstanding issues is ample evidence of its bona fides in this matter.

(o) The extension of the Lapse Date will afford Loring Ward the opportunity to fully consider the position put forward by certain of the Participating Jurisdictions, to determine whether alternatives for restructuring the affected Artisan Portfolios are viable, if necessary to prepare further submissions to the Participating Jurisdictions, potentially to properly prepare for a hearing upon the refusal of certain Participating Jurisdictions to allow the use of RSP Clone funds (a "Hearing") or, in the alternative, the Participating Jurisdictions time to accept Loring Ward's proposal on the timing and basis on which the affected Artisan Portfolio would cease to be invested in RSP Clone funds.

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 Artisan Portfolios was October 14, 2000 with the following condition:

Until such time as the Portfolios are permitted to invest in Clone Funds as a result of a Hearing or express discretionary relief,

(a) the Portfolios referred to in paragraph (h) shall not increase the specified percentages of their net assets that are invested in Clone Funds and shall not invest in any other Underlying Fund that is a Clone Fund; and

(b) no other Portfolio shall invest in any Underlying Fund that is a Clone Fund.

DATED at Winnipeg, Manitoba this 25th day of September, 2000.

"R. B. Bouchard"
Director, Capital Markets

2.1.7 The Artisan Portfolios - MRRS Decision

Headnote

Investment by mutual funds in the securities of other mutual funds in specified percentages 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. Revocation of prior orders.

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

AND

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

AND

IN THE MATTER OF
Assante Asset Management Ltd. (formerly Loring Ward Investment Counsel Ltd.)
Artisan Canadian T-Bill Portfolio
(formerly Artisan Canadian Fixed Income Fund)
Artisan Most Conservative Portfolio
(formerly Artisan RSP Most Conservative Portfolio)
Artisan Conservative Portfolio
(formerly Artisan RSP Conservative Portfolio)
Artisan Moderate Portfolio
Artisan RSP Moderate Portfolio
Artisan Global Advantage Portfolio
Artisan RSP Global Advantage Portfolio
(formerly Artisan Global Fixed Income Portfolio)
Artisan Growth Portfolio
(formerly Artisan Aggressive Portfolio)
Artisan RSP Growth Portfolio
(formerly Artisan RSP Aggressive Portfolio)
Artisan High Growth Portfolio
(formerly Artisan Most Aggressive Portfolio)
Artisan RSP High Growth Portfolio
(formerly Artisan RSP Most Aggressive Portfolio)
Artisan Maximum Growth Portfolio
(formerly Artisan International Equity Portfolio)
Artisan RSP Maximum Growth Portfolio
(formerly Artisan Canadian Equity Portfolio)
(collectively, the "Prior Portfolios")
Artisan New Economy Portfolio
(the Prior Portfolios and the Artisan New Economy Portfolio together, the "Existing Portfolios")

WHEREAS local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from Assante Asset Management Ltd. (formerly Loring Ward Investment Counsel Ltd.) (the "Manager") on behalf of the Existing Portfolios and any other mutual fund established and managed by the Manager after the date of this Decision Document which has as its investment objective the investment of its assets in more than one Underlying Fund (hereinafter defined) (collectively, the "Future Portfolios") (the Existing Portfolios and the Future Portfolios together, the "Portfolios") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the following requirements and restrictions contained in the legislation (the "Restrictions") shall not apply to the purchase and redemption by a Portfolio of units of an Underlying Fund (hereinafter defined):

1. the restriction in the Legislation prohibiting a mutual fund from 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 security holder;

2. the restriction in the Legislation that no mutual fund or its management company or its distribution company shall knowingly hold 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 security holder; and

3. the requirements contained in the Legislation that a management company or mutual fund manager file a report of every transaction of purchase or sale of securities between a mutual fund it manages and any related person or company and any transaction in which, by arrangements other than an arrangement relating to insider trading in portfolio securities, a mutual fund is a joint participant with one or more of its related persons or companies, in respect of each mutual 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 the Manager has represented to the Decision Makers that:

A. Other than cash or cash equivalents, the securities in which each Portfolio invests are other prospectus-qualified mutual funds ("Underlying Fund(s)") managed by mutual fund managers (the "Underlying Managers") considered by the Manager to excel in particular investment niches. The Underlying Managers have been chosen by the Manager 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, the performance of their portfolios and their risk tolerance levels.

B. Each Portfolio invests specified percentages (the "Fixed Percentages") of its assets in specified Underlying Funds.

C. The following four Portfolios (collectively, the "Portfolios") currently invests in Underlying Funds which are themselves 100% exposed to or directly invested in other mutual funds that, for tax purposes, are considered Canadian content for registered plans

("RSP Clone Funds") in the following Fixed Percentages:

Artisan Conservative Portfolio (formerly Artisan RSP Conservative Portfolio):

C.I. Global Bond RSP Fund	2%

Artisan RSP Moderate Portfolio:

C.I. Global Bond RSP Fund	2%
C.I. Global Equity RSP Fund	4%

Artisan RSP Growth Portfolio (formerly, Artisan RSP Aggressive Portfolio):

C.I. Global Bond RSP Fund	5%
C.I. Global Equity RSP Fund	7%
C.I. American RSP Fund	6%
Global Strategy RSP Europe Plus Fund (formerly, Global Strategy Diversified Europe Fund)	2%

Artisan RSP High Growth Portfolio (formerly, Artisan RSP Most Aggressive Portfolio):

C.I. Global Bond RSP Fund	5%
C.I. Global Equity RSP Fund	9%
C.I. American RSP Fund	12%
Global Strategy RSP Europe Plus Fund (formerly, Global Strategy Diversified Europe Fund)	6%

D. Other than as represented in recital C, no Portfolio invests in RSP Clone Funds or any other mutual funds whose investment objectives include investing directly or indirectly in other mutual funds ("Funds-of-Funds").

E. Prior to becoming reporting issuers (or the equivalent), the Prior Portfolios applied for and received from each of the Jurisdictions ruling or orders allowing each of those Portfolios to invest its assets in an Underlying Fund of which it is a substantial securityholder and exempting those Portfolios from certain reporting requirements (the "Prior Orders").

F. The Prior Orders are:

(i) the Order of the British Columbia Securities Commission under Subsection 123(a) and 114(2) of the *Securities Act* (British Columbia) dated August 21, 1998 (Order No. COR#98/204);

(ii) the Order of the Alberta Securities Commission under subsection 144(2)(c), Section 154 and subsection 158(2) of the *Securities Act* (Alberta) dated February 19, 1998 (Order No. 98/02/079;

(iii) the Order of the Saskatchewan Securities Commission pursuant to sections 113, 122, 126 of the *Securities Act* (Saskatchewan) dated February 5, 1998;

(iv) the Order of the Ontario Securities Commission pursuant to clause 104(2)(c), section 113 and subsection 117(2) under the *Securities Act* (Ontario) dated January 6, 1998;

(v) the Order of the Nova Scotia Securities Commission pursuant to clause 110(2)(c), clause 121(a) and subsection 125(2) of the *Securities Act* (Nova Scotia) dated February 26, 1998; and

(vi) the Order of the Director of Securities, Government of Newfoundland and Labrador pursuant to clause 105(2)(c), section 114 and subsection 118(2) of the *Securities Act* (Newfoundland) dated January 6, 1998;

AND WHEREAS this MRRS Decision Document evidences the decision of each of the Decision Makers (the "Decision");

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Restrictions do not apply to the acquisition or redemption of units of an Underlying Fund by a Portfolio, provided that the following conditions are satisfied in respect of each transaction:

1. each of the Portfolios is a reporting issuer or the equivalent under the Legislation and is not in default of the requirements of the Legislation;

2. the investment objectives of each Underlying Fund are compatible with the investment objectives of the applicable Portfolio;

3. none of the Portfolios will invest in an Underlying Fund whose investment objective includes investing directly or indirectly in other mutual funds (i.e. RSP Clone Funds or Fund-of-Funds);

4. despite condition 3, the Four Portfolios will divest themselves of all investments in the RSP Clone Funds identified in recital C above on or before January 2, 2001;

5. any of the Four Portfolios that continues to be invested after January 2, 2001 in the RSP Clone Funds identified in recital C above shall immediately cease distribution in the Jurisdictions;

6. despite condition 3, if an Underlying Fund, not managed by the Manager or an affiliate of the Manager, changes its investment objective to include investing directly or indirectly in other mutual funds (i.e. converts to an RSP Clone Fund or a Fund-of-Funds), the Portfolio holding that Underlying Fund will take steps to eliminate that Underlying Fund from its holdings as quickly as commercially reasonable but in no circumstances later than 90 days from the effective date of the change in investment objective of the Underlying Fund;

7. the units of each of the Portfolios and the securities of each Underlying Fund purchased by a Portfolio are offered for sale in the Jurisdictions pursuant to a prospectus which has been filed with and accepted by the Decision Makers;

8. no Portfolio will hold greater than 20% of any class or series of a class of an Underlying Fund, and if at any time a Portfolio exceeds the 20% limit (the "Investment Limit"), such Portfolio will:

   (a) as soon as practicable, allocate the excess amount, on a pro rata basis, to other Underlying Funds within the same asset class as the Underlying Fund in which the Investment Limit is exceeded; and,

   (b) give notice to unitholders of the re-allocation within 30 days after the reallocation;

9. each Portfolio invests its assets (exclusive of cash and cash equivalents) in Underlying Funds in accordance with the Fixed Percentages disclosed in the simplified prospectus of the Portfolios, subject to a permitted variation above or below such Fixed Percentages to account for market fluctuations of not more than:

   (i) 2.5% in respect of Underlying Funds which have a Fixed Percentage of 3.0% or more;
   (ii) 0.5% in respect of Underlying Funds which have a Fixed Percentage of less than 3.0,

   (In each case, the "Permitted Variation");

10. if at any time, the assets of a Portfolio that are invested in Underlying Funds deviate from the Permitted Variation, the necessary changes are made to the applicable Portfolio's assets as at the next valuation date of the Portfolio in order to adjust the Portfolio's assets back to the Fixed Percentages;

11. the Fixed Percentages and the Underlying Funds in which a Portfolio may invest cannot be changed unless and until a new simplified prospectus or an amended simplified prospectus is filed and receipted to reflect the proposed change, and the existing unitholders of the Portfolio are given at least 60 days prior written notice of the proposed change ("Notice of Change").

12. despite condition 11, the Fixed Percentages of the RSP Clone Funds held by the Four Portfolios cannot be increased from the Fixed Percentages set out in recital C above;

13. the simplified prospectus of each Portfolio discloses the name, investment objectives, and manager of the Underlying Funds, the Fixed Percentages and Permitted Variation of each Underlying Fund, and the notice and amendment notice requirements of condition 11;

14. despite condition 11, the Four Portfolios are not required to file a prospectus amendment or give Notice of Change for the removal of the RSP Clone Fund if;

   (a) the simplified prospectus of each of the Four Portfolios discloses the names of the Underlying Funds that will replace the RSP Clone Funds or into which money currently invested in RSP Clone Funds will be invested (the "The Replacement Funds") on or before January 2, 2001, and the revised Fixed Percentages; and

   (b) the Manager of each of the Four Portfolios files on SEDAR (under project number 281125) a written certification from the Manager that all RSP Clone Funds identified in recital C above have been removed from the Four Portfolios, which certification will include the names of all Replacement Funds and the revised Fixed Percentages;

15. despite condition 11, where a Portfolio is required to remove an Underlying Fund in order to comply with condition 6, the Underlying Fund cannot be changed unless and until a new simplified prospectus or an amended simplified prospectus is filed and receipted to reflect the proposed change, and existing unitholders of the Portfolio are given at least 30 days prior written notice of the proposed change;

16. the simplified prospectus of each Portfolio shall disclose:

   (a) that any management fee rebate payable by an Underlying Manager or its affiliates or associates to the Manager in respect of any Portfolio's investment in such Underlying Fund will be retained by the Manager and not passed on to the Portfolio; and

   (b) the percentage of the aggregate management fee charged by the Manager that is paid or otherwise accrues to the benefit of the Underlying Managers and the percentage that is paid or otherwise accrues to the benefit of the Manager and/or any of its affiliates or associates;

17. any management fee rebate paid to the Manager or its affiliates or associates will be reflected in the notes to the financial statements of the Portfolios;

18. a Notice of Change shall:

   (a) include the made disclosure that is in the simplified prospectus concerning the payment of management fee rebate to be paid by the Underlying Managers to the Manager; and

   (b) disclose any change in trailing fee or management fee rebate, if the trailing fee or management fee rebate to be paid by the Underlying Fund will be higher;

19. the trailing fees in respect of the Portfolios' investments in Underlying Funds that are paid to the Manager or its affiliates or associates will be no more than that which would be paid by the Underlying Managers to any dealer selling the Underlying Funds in accordance with the disclosure in the simplified prospectus of the Underlying Fund s and in the simplified prospectus of the Portfolios;

20. the simplified prospectus shall disclose the trailing fees paid by the Manager or its affiliates or associates in respect of units of the Portfolios as a percentage of the aggregate amount of trailing fees received by the Manager or its affiliates or associates from the Underlying Managers in respect of securities of the Underlying Funds purchased by the Portfolios;

21. the frequency of calculation of the net asset value of a Portfolio and of the Underlying Funds of the Portfolio are compatible for the purpose of the issue and redemption of units of the Portfolio and Underlying Funds;

22. no sales charges are payable by a Portfolio in relation to its purchases of the units of its Underlying Funds;

23. no redemption fees or other charges are charged by an Underlying Fund in respect of the redemption by a Portfolio of the units of the Underlying Funds owned by the Portfolio;

24. the arrangements between or in respect of a Portfolio and the Underlying Funds are such as to avoid duplication of Management fees;

25. other than the management fee rebates and trailing fees received in compliance with this Decision Document, and management fees as disclosed in the simplified prospectus, no fees and charges of any sort are paid by a Portfolio, and Underlying Fund, the manager or principal distributor of the Portfolio or Underlying Fund, or by any affiliate or associate of any of the foregoing entities, to anyone in respect of the Portfolio's purchase, holding or redemption of the securities of the Underlying Fund;

26. in the event of the provision of any notice to the unitholders 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 each Portfolio that then holds units of the Underlying Fund; all voting rights attached to the units of the Underlying Funds will be passed through to the unitholders of the applicable Portfolio; in the event that a meeting of the unitholders of the Unitholders is convened, all of the disclosure and notice material prepared in connection with such meeting will be provided to unitholders of the relevant Portfolio and such unitholders will be able to direct the Manager to vote the Portfolio's holdings in the Underlying Funds in accordance with their direction; where a matter relating to an Underlying Fund requires a vote of security holders of an Underlying Fund (other than regular business conducted at an annual meeting of an Underlying Fund which is a corporation - i.e. the election of directors and the appointment of auditors), the Manager will either hold a meeting of unitholders of each Portfolio which holds securities of the Underlying Fund or will give unitholders of each such Portfolio the opportunity to vote by proxy without holding a meeting, the Manager will cause the securities of the Underlying Fund held by such Portfolio to be voted in the same proportions as unitholders of the Portfolio have voted;

27. the simplified prospectus of the Portfolios discloses that the simplified prospectus and annual information forms of the Underlying Funds are available upon request and unitholders will receive the annual and, upon request, the semi-annual financial statements of the Portfolios, together with (i) appropriate summary disclosure in the financial statements of each Portfolio concerning each Underlying Fund in which it invests; or (ii) upon request, the annual and semi-annual financial statements of each applicable Underlying Fund in either a combined report containing both the Portfolio and Underlying Fund financial statements, or in a separate report containing Underlying Fund financial statements;

28. each investment by a Portfolio in an Underlying Fund represents the business judgement of responsible persons uninfluenced by considerations other than the best interests of the Portfolios;

29. the relief set out in this Decision shall terminate one year after publication in final form of any legislation or rule of the Decision Makers which deals with the matters addressed by section 2.5 of NI 81-102.

IT IS THE FURTHER Decision of the Decision Makers that the Prior Orders are hereby revoked as of the date of this Decision.

October 25th, 2000

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

2.1.8 Torex Resources Inc. - MRRS Decisions

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - corporation deemed to have ceased to be a reporting issuer or the equivalent after all of its securities were acquired by another issuer.

Applicable Ontario Statutory Provisions

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

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

AND

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

AND

IN THE MATTER OF TOREX RESOURCES INC.

MRRS DECISION DOCUMENT

1. **WHEREAS** the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, British Columbia, Ontario and Nova Scotia (the "Jurisdictions") has received an application from Torex Resources Inc. (" Torex") for a decision pursuant to the securities legislation of each of Jurisdictions (the "Legislation") that Torex 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** Torex has represented to the Decision Makers that:

   3.1 Torex was incorporated under the *Canada Business Corporations Act* on August 19, 1984;

   3.2 Torex has its head office in Calgary, Alberta;

   3.3 Torex is a reporting issuer or the equivalent under the Legislation;

   3.4 Torex is not in default of its obligations under the Legislation other than a failure to file interim financial statements for the period ending June 30, 2000 which were due on August 29, 2000 in British Columbia and Ontario;

   3.5 The authorized share capital of Torex consists of an unlimited number of common shares (the"Common Shares"). As of July 28, 2000, there were 26,570,692 Common Shares issued and outstanding, 466,131 Common Shares issuable pursuant to outstanding rights (the "Rights") and 1,637,500 Common Shares issuable pursuant to the exercise of outstanding stock options (the "Options");

   3.6 Pursuant to an offer and subsequent compulsory acquisition, Summit Resources Acquisitions Limited acquired all of the issued and outstanding Common Shares, Rights and Options of Torex as of September 5, 2000;

   3.7 On September 8, 2000 the Common Shares were delisted from The Toronto Stock Exchange;

   3.8 Other than the issued and outstanding Common Shares, Rights and Options, Torex has no securities, including debt securities, issued and outstanding;

   3.9 Torex does not have any securities listed or traded on any exchange or market in Canada;

   3.10 Torex does not intend to seek public financing by way of issuance 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 Torex is deemed to have ceased to be a reporting issuer or the equivalent under the Legislation as of the date of this MRRS Decision Document.

DATED at Calgary, Alberta this 7th day of November, 2000.

Patricia M Johnston
Director, Legal Services & Policy Development

2.1.9 Merrill Lynch Mortgage Loans Inc.and Merrill Lynch Canada Inc. - MRRS Decision

Headnote

Mutual Reliance Review System - Section 233 of the Regulation - issuer is connected and related issuer of sole underwriter - no independent underwriter involvement - underwriter exempt from requirement that an independent underwriter underwrite 20% of the offering, subject to conditions.

Applicable Ontario Statutory Provisions

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

Applicable Ontario Regulations

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

Applicable Ontario Rules

In the Matter of the Limitation on a Registrant Underwriting Securities of a Related Issuer or Connected Issuer of the Registrant

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

AND

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

AND

IN THE MATTER OF
MERRILL LYNCH MORTGAGE LOANS INC.
AND MERRILL LYNCH CANADA INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Alberta, Québec and Newfoundland (the "Jurisdictions") has received an application from Merrill Lynch Mortgage Loans Inc. (the "Issuer") and Merrill Lynch Canada Inc. ("ML Canada") (the Issuer and ML Canada are collectively referred to herein as the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the provision contained in the Legislation mandating independent underwriter involvement shall not apply to ML Canada and the Issuer in respect of the proposed offering of Canada 4 Pass-Through Certificates (as defined below);

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

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

1. The Issuer was incorporated under the laws of Canada on March 13, 1995; the authorized share capital of the Issuer consists of an unlimited number of common shares, of which 1,000 common shares are issued and outstanding, all of which are held by Merrill Lynch & Co., Canada Ltd. ("ML & Co."); the head office of the Issuer is located in Toronto, Ontario.

2. The Issuer filed a long form prospectus dated June 14, 1995, and a supplemental prospectus dated June 19, 1995, in connection with an initial public offering of 6,000,000 S&P 500 BULLS (the "S&P 500 Bulls") and received receipts for such prospectus from each of the Canadian provincial securities regulatory authorities.

3. On May 12, 1999 the Issuer filed a revised annual information form and received an acceptance thereof on behalf of the Canadian securities administrators dated May 13, 1999.

4. On December 21, 1998, the Issuer offered, by private placement, $182,083,237 (initial certificate balance) of pass-through certificates evidencing co-ownership interests in a pool of 32 commercial mortgage loans, of which $163,874,000 (initial certificate balance) of pass-through certificates were designated as Exchangeable Commercial Mortgage Pass-Through Certificates, Series 1998-Canada 1 (the "Offered Certificates") and sold pursuant to a Confidential Offering Memorandum dated December 16, 1998.

5. The Issuer was issued receipts by each of the Canadian provincial securities regulatory authorities for a short form prospectus dated May 31, 1999 for the issuance of $163,874,000 (initial certificate balance) of commercial mortgage pass-through certificates, designated as Commercial Mortgage Pass-Through Certificates, Series 1998-Canada 1 (the "C-1 Certificates") in exchange for the Offered Certificates of the same class.

6. The Issuer filed a short form prospectus dated September 16, 1999 with each of the Canadian provincial securities regulatory authorities for the issuance of $193,741,000 (initial certificate balance) of commercial mortgage pass-through certificates, designated as Commercial Mortgage Pass-Through Certificates, Series 1999-Canada 2 (the "C-2 Certificates") and received receipts for such prospectus from each of the Canadian provincial securities regulatory authorities.

7. The Issuer filed a short form prospectus dated October 1, 1999 with each of the Canadian provincial securities regulatory authorities for the issuance of $220,000,000 (initial certificate balance) of pass-through certificates, designated as 1st Street Tower Pass-Through Certificates (the "Tower Certificates") and received receipts for such prospectus from each of the Canadian provincial securities regulatory authorities.

8. On May 19, 2000 the Issuer filed an annual information form and received an acceptance thereof on behalf of the Canadian securities administrators dated August 31, 2000.

9. The Issuer filed a prospectus supplement dated May 19, 2000 to a short form prospectus dated May 18, 2000 with each of the Canadian provincial securities regulatory authorities to qualify the issuance of approximately $227,324,000 (initial certificate balance) of commercial mortgage pass-through certificates, designated as Commercial Mortgage Pass-Through Certificates, Series 2000-Canada 3 (the "C-3 Certificates") and received receipts for such prospectus supplement from each of the Canadian provincial securities regulatory authorities.

10. The Issuer filed a preliminary short form prospectus dated September 18, 2000 with each of the Canadian provincial securities regulatory authorities for the issuance of approximately $115,500,000 (initial certificate balance) of pass-through certificates, designated as BMCC Corporate Centre Pass-Through Certificates, Series 2000 – BMCC (the "BMCC Certificates") and received receipts for such preliminary prospectus from each of the Canadian provincial securities regulatory authorities. The Issuer intends to file a short form prospectus with each of the Canadian provincial securities regulatory authorities for the issuance of the BMCC Certificates.

11. The Issuer has been a "reporting issuer" pursuant to the securities legislation in certain of the provinces of Canada for over 12 calendar months, but has applied for relief from the requirements to make continuous disclosure of its financial results and from all other forms of continuous disclosure requirements under applicable securities legislation from the securities regulatory authorities in applicable provinces other than certain reports to the S&P 500 Bulls investors, the Canada 1 Certificateholders, the Canada 2 Certificateholders, the Canada 3 Certificateholders and the Tower Certificateholders based upon the fact that after the completion of the S&P 500 Bulls, C-1 Certificates, C-2 Certificates, C-3 Certificates and Tower Certificates transactions the continued financial performance of the Issuer is not relevant to an investor because the S&P Bulls, C-1 Certificates, C-2 Certificates, C-3 Certificates and Tower Certificates do not represent any interest or claim on any assets of the Issuer.

12. The Issuer currently has no assets or liabilities other than its rights and obligations under certain of the material contracts related to the S&P 500 BULLS, the C-1 Certificates, the C-2 Certificates, the C-3 Certificates and the Tower Certificates transactions and does not presently carry on any activities except in relation to the S&P 500 Bulls, the C-1 Certificates, the C-2 Certificates, the C-3 Certificates and the Tower Certificates.

13. The officers and directors of the Issuer are employees of ML Canada.

14. ML Canada was continued and amalgamated under the laws of Canada on August 26, 1998; the authorized share capital of ML Canada consists of an unlimited number of common shares; the common shares of ML Canada are owned by ML & Co. and Midland Walwyn Inc; the head office of ML Canada is located in Toronto, Ontario.

15. ML Canada is not a reporting issuer in any Canadian province.

16. ML Canada is registered as a dealer in the categories of "broker" and "investment dealer" and is a member of the Investment Dealers Association of Canada.

17. The Issuer proposes to offer Commercial Mortgage Pass-Through Certificates, Series 2000-Canada 4 (the "Canada 4 Pass-Through Certificates"), issuable in classes, with an Approved Rating by an Approved Rating Organization, as those terms are defined in the Legislation with respect to the prompt offering qualification system (the "POP System") and the shelf system (the "Shelf System"), to the public in Canada (the "Offering"), to finance the purchase by the Issuer from Merrill Lynch Capital Canada Inc. and from other originators of mortgage loans of ownership interests in particular mortgage loans deposited with Montreal Trust Company of Canada as custodian; each Canada 4 Pass-Through Certificate of a particular class will represent an undivided co-ownership interest in a particular pool of mortgage loans.

18. ML Canada proposes to act as the underwriter in connection with the distribution of 100% of the dollar value of the distribution for the proposed Offering.

19. The Filers expect that approximately 90% of the Offering, in which the minimum subscription will be $500,000, will be made to Canadian institutions, pension funds, endowment funds or mutual funds based upon the experience of the Canada 1, Canada 2 and Canada 3 offerings and ML & Co.'s U.S. experience.

20. The only financial benefits which ML Canada will receive as a result of the proposed Offering are the normal arm's length underwriting commission and reimbursement of expenses associated with a public offering in Canada, which commissions and reimbursements shall for purposes of this Decision be deemed to include the increases or decreases contemplated by Section 3.5(a)(1) of National Policy No. 44 and by the applicable securities legislation in Québec.

21. ML Canada took the initiative in organizing the business of the Issuer in connection with the Offering and as such ML Canada may be considered to be a "promoter" of the Issuer within the meaning of the Legislation.

22. ML Canada administers the ongoing operations and pays the ongoing operating expenses of the Issuer, for which ML Canada receives no additional compensation.

23. The Issuer may be considered to be a related issuer (as defined in the Legislation) and therefore a connected (or equivalent) issuer (as defined in the Legislation) of ML Canada for the purposes of the proposed Offering because:

    (a) both ML Canada and the Issuer are subsidiaries of ML & Co.;

    (b) the officers of the Issuer are employees of ML Canada;

    (c) ML Canada is a promoter of the Issuer; and

    (d) ML Canada administers the on-going operations of the Issuer.

24. In connection with the proposed distribution by ML Canada of 100% of the Canada 4 Pass-Through Certificates of the Issuer, the preliminary and final prospectus of the Issuer shall contain the following information:

    (a) on the front page of each such document,

        (i) a statement, naming ML Canada, in bold type which states that the Issuer is a related or connected issuer of ML Canada in connection with the distribution,

        (ii) a summary, naming ML Canada, stating that the Issuer is a related or connected issuer of ML Canada based on, among other things, the common ownership of ML Canada and the Issuer,

        (iii) a cross-reference to the applicable section in the body of the document where further information concerning the relationship between the Issuer and ML Canada is provided, and

        (iv) a statement that the minimum subscription amount is $500,000;

    (b) in the body of each such document,

        (i) a statement, naming ML Canada, that the Issuer is a related or connected issuer of ML Canada in connection with the distribution,

        (ii) the basis on which the Issuer is a related or connected issuer to ML Canada, including details of the common ownership by ML & Co. of ML Canada and the Issuer, and other aspects of the relationship between ML Canada and the Issuer,

        (iii) disclosure regarding the involvement of ML Canada in the decision to distribute the Canada 4 Pass-Through Certificates being offered and the determination of the terms of the distribution, and

        (iv) details of the financial benefits described in paragraph 20 of this Decision Document which ML Canada will receive from the proposed Offering.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the requirement contained in the Legislation mandating independent underwriter involvement shall not apply to ML Canada and the Issuer in connection with the Offering provided that the Issuer complies with paragraph 24 hereof.

October 26th, 2000.

"J. A. Geller" "Robert W. Korthals"

2.1.10 BMO et al. - MRRS Decision

Headnote:

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

Investment by the RSP Fund in forward contracts issued by related counterparties or its affiliates exempted from the requirements of subclauses 111(2)(a) and (b), subsection 111(3), subclauses 117(1)(a) and (d) - subject to specified conditions.

Statutes Cited:

Securities Act (Ontario), R.S.O. 1990 c.S. 5, as am., s. 111(2)(a), s. 111(2)(b), s. 111(3), s. 113, s. 117(1)(a), s. 117(1)(d), s.117(2), s. 118(2)(a), s. 121(2)(a)(ii).

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

AND

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

AND

IN THE MATTER OF

BMO INVESTMENTS INC.,
BMO RSP GLOBAL BALANCED FUND,
BMO RSP GLOBAL OPPORTUNITIES FUND,
BMO RSP GLOBAL FINANCIAL SERVICES FUND,
BMO RSP GLOBAL HEALTH SCIENCES FUND AND
BMO RSP GLOBAL TECHNOLOGY FUND

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Ontario, Nova Scotia and Newfoundland (the "Jurisdictions") has received an application (the "Application") from BMO Investments Inc. ("BMO") in its own capacity and on behalf of BMO RSP Global Balanced Fund, BMO RSP Global Opportunities Fund, BMO RSP Global Financial Services Fund, BMO RSP Global Health Sciences Fund and BMO RSP Global Technology Fund (together with Future RSP Funds as defined below referred to collectively as the "RSP Funds"), and on behalf of BMO Global Balanced Class, BMO Global Opportunities Class, BMO Global Financial Services Class, BMO Global Health Sciences Class and BMO Global Technology Class (together with Future Underlying Funds as defined below referred to collectively as the "Underlying Funds") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that:

1. the restriction in the Legislation prohibiting a mutual fund knowingly making an investment in a person or company who is a substantial security holder of the mutual fund, its management company or distribution company shall not apply in respect of investments by the RSP Funds in forward contracts (the "Forward Contracts") of the Bank of Montreal (the "Bank"), or an affiliate of the Bank, as counterparty;

2. the restriction in the Legislation prohibiting a mutual fund 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 shall not apply in respect to investments by the RSP Funds in their corresponding Underlying Fund;

3. the restriction in the Legislation prohibiting a mutual fund from knowingly making an investment in an issuer in which any officer or director of the mutual fund, its management company or distribution company or an associate of any of them, or any person or company who is a substantial securityholder of the mutual fund, its management company or its distribution company, has a significant interest shall not apply in respect of investments by the RSP Funds in the Forward Contracts;

4. the restriction in the Legislation that no mutual fund or its management company or its distribution company shall knowingly hold 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 shall not apply in respect to investments by the RSP Funds in their corresponding Underlying Fund or in respect of investments by the RSP Funds in the Forward Contracts;

5. the requirement that a management company 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 shall not apply in respect to investments by the RSP Funds in their corresponding Underlying Fund or in respect of investments by the RSP Funds in the Forward Contracts; and

6. the requirements contained in the Legislation in British Columbia prohibiting the mutual fund from knowingly causing an investment portfolio managed by it to invest in the securities of an 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 if applicable and the written consent of the client to the investment is obtained before the purchase shall not apply in respect to investments by the RSP Funds in their corresponding Underlying Fund or in respect of investments by the RSP Funds in the Forward Contracts.

The Legislation outlined above in paragraphs 1 through 6 will be referred to in this Decision Document as the "Applicable 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 it has been represented by BMO to the Decision Makers that:

1. The RSP Funds will be open-end mutual fund trusts established under the laws of the Province of Ontario.

2. The Underlying Funds will be classes of shares of BMO Global Tax Advantage Funds Inc. (the "Corporation"), a corporation incorporated under the laws of Canada, or open-end mutual fund trusts established under the laws of the Province of Ontario.

3. BMO is a corporation established under the laws of Canada. BMO will be the manager and promoter of each of the RSP Funds and each of the Underlying Funds. The registered office of BMO is located in the Province of Ontario.

4. BMO may in the future manage other mutual funds ("Future RSP Funds") having an investment objective or strategy that is linked to the returns or portfolio of another specified mutual fund managed by BMO (collectively, "Future Underlying Funds") while remaining 100% eligible for registered plans.

5. The Bank owns 100% of the issued voting securities of BMO and will at the time of creation of the RSP Funds indirectly or directly hold 100% of the issued voting securities of the RSP Funds.

6. The RSP Funds and the Underlying Funds (collectively, the "Funds") will be reporting issuers in each of the provinces and territories of Canada.

7. The securities of the Funds will be qualified in the Jurisdictions pursuant to a prospectus, which prospectus will contain disclosure with respect to the respective investment objectives, investment practices and restrictions of the Funds.

8. To achieve their investment objective, the RSP Funds invest their assets in securities such that their securities 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 in Registered Plans. This will primarily be achieved by the RSP Funds entering into derivative contracts with one or more financial institutions that link the returns to the Underlying Funds.

9. It is intended that the Bank of Montreal (the "Bank"), or one of its affiliates, will be the initial counterparty to the forward contracts, although this arrangement may change as the market capitalization of the RSP Funds increase in size and other suitable counterparties are identified.

10. A counterparty may hedge its obligations under a derivative contract by investing in securities of the applicable Underlying Fund.

11. BMO will conduct a periodic review of the pricing terms offered by the related parties (i.e. the Bank or one of its affiliates) to the RSP Funds to ensure that such pricing and terms are at least as favourable as the pricing and terms committed by the related party to other third party fund groups offering funds which are of similar nature and size as the RSP Funds and shall report the results of such review to the independent board of trustees of the RSP Funds (the "Trustees") on a quarterly basis for their review. In the event that the Forward Contracts are no longer offered on such favourable terms, the Trustees will instruct BMO to renegotiate the Forward Contracts, or to deal with other suitable counterparties who will offer acceptable terms and pricing. The prospectus will disclose the Trustees' role and review of the Forward Contracts, as well as the involvement of the Bank, or an affiliate of the Bank, in acting as counterparty.

12. The investment objectives of the Underlying Funds are achieved through investment primarily in foreign securities.

13. The RSP Funds also intend to invest a portion of their assets in securities of their corresponding Underlying Fund. These investments by the RSP Funds will at all times be below the maximum foreign property limit (the "Permitted Limit") prescribed for Registered Plans (the "Permitted RSP Fund 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.

14. To prevent the duplication of management fees charged with respect to the investment of RSP Funds directly in securities of their corresponding Underlying Fund, BMO will either waive its right to charge management fees directly to the RSP Funds or adjust the price of the forward contract to compensate the RSP Funds for any management fees which are implicit in the forward contract. Alternatively, the RSP Funds may invest in, and the forward contracts may be based on, series O units of their Underlying Fund which will have no management fees.

15. Except to the extent evidenced by this Decision and specific approvals granted by the Canadian securities administrators pursuant to National Instrument 81-102, the investments by each RSP Fund in its corresponding Underlying Fund and in the Forward Contracts have been structured to comply with the investment restrictions of the Legislation and National Instrument 81-102.

16. In the absence of this Decision, pursuant to the Legislation, each of the RSP Funds is prohibited from investing in Forward Contracts.

17. 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, the RSP Funds would be required to divest itself of any investments referred to in subsection (a) herein.

18. In the absence of this Decision, the Legislation requires BMO to file a report on every investment of securities made by the RSP Funds in the Underlying Funds or in the Forward Contracts.

19. Certain of the directors or officers of BMO are also directors or officers of the Bank and the Corporation, and as such a "responsible person" pursuant to the Legislation in British Columbia.

20. In the absence of this Decision, the RSP Funds are prohibited from investing in those Underlying Funds which are classes of shares of the Corporation or in the Forward Contracts of the Bank unless the specific fact is disclosed to investors and the written consent of investors is obtained before the purchase.

21. The investments by the RSP Funds in their corresponding Underlying Fund and in the Forward Contracts represents the business judgment of responsible persons uninfluenced by considerations other than the best interests of the RSP Funds and the Underlying Funds.

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that the Applicable Legislation does not apply so as to prevent the RSP Funds from investing in, or redeeming the securities of, the Underlying Funds or from investing in the Forward Contracts.

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

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 matters in section 2.5 of National Instrument 81-102.

2. The foregoing 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 Underlying Funds' securities are offered for sale in the jurisdiction of each Decision Maker pursuant to a simplified prospectus and annual information form which has been filed with and accepted by the Decision Maker;

b) the RSP Funds restrict their aggregate direct investment in the corresponding Underlying Fund to a percentage of its assets that is within the Permitted Limit;

c) the investments by the RSP Funds in the Underlying Funds are compatible with the fundamental investment objectives of the RSP Funds;

d) the RSP Funds will not invest in an Underlying Fund whose investment objective includes investing directly or indirectly in other mutual funds;

e) the prospectus will describe the intent of the RSP Funds to invest in the specified Underlying Funds;

f) the RSP Funds may change the Permitted RSP Fund Investments if they change their fundamental investment objectives in accordance with the Legislation;

g) no sales charges are payable by the RSP Funds in relation to their purchases of securities of the Underlying Funds;

h) there are compatible dates for the calculation of the net asset value of the RSP Funds and the Underlying Funds for the purpose of the issue and redemption of the securities of such mutual funds;

i) 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;

j) the arrangements between or in respect of the RSP Funds and the Underlying Funds are such as to avoid the duplication of management fees;

k) no fees and charges of any sort are paid by the RSP Funds or by the Underlying Funds or by 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' purchase, holding or redemption of the securities of the Underlying Funds, other than the management fees as addressed in (j) above;

l) in the event of the provision of any notice to securityholders of the Underlying Funds as required by the constating documents of the Underlying Funds or by the laws applicable to 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 Funds; in the event that a securityholders' meeting is called for the Underlying Funds, all of the disclosure and notice material prepared in connection with such meeting will be provided to the securityholders of the RSP Funds and such securityholders will be entitled to direct a representative of the RSP Funds to vote the RSP Funds' holding in the Underlying Funds in accordance with their 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 in either 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 and 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 annual and semi-annual financial statements relating to the Underlying Funds may be obtained upon request by a securityholder of the RSP Funds.

PROVIDED THAT IN RESPECT OF the investment by the RSP Funds in the Forward Contracts:

1. The foregoing Decision shall only apply in respect of investments in the Forward Contracts that are made by the RSP Funds in compliance with the following conditions:

   a) pricing and terms offered by the Bank to the RSP Funds under the Forward Contracts are at least as favourable as the terms committed by the Bank to other third parties which are of similar size as the RSP Funds;

   b) the independent board of Trustees of the RSP Funds, none of whom are themselves directors, officers or employees of BMO, any affiliate of BMO or of the Bank will review the pricing of the Forward Contracts against the pricing offered by the Bank to other fund groups offering RSP funds of similar size to ensure the pricing is as favourable;

   c) this review will be undertaken not less frequently than on a quarterly basis, and in addition on each pricing amendment to the Forward Contracts during the term of such contracts;

   d) disclosure of the Trustees' role and a review of Forward Contracts will be outlined in the simplified prospectus, as will the involvement of the Bank, in acting as counterparty; and

   e) the Trustees, on behalf of the RSP Funds, will consider the Forward Contracts to be entered into with the Bank and approve them only once such confirmation of favourable pricing is received from the independent committee of the Trustees.

November 2nd, 2000

"Stephen N. Adams" "Theresa McLeod"

2.1.11 Scotia Capital Inc.,BMO Nesbitt Burns Inc., National Bank Financial Inc.,CIBC World Markets Inc., and TD Securities Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Issuer is a connected issuer, but not a related issuer, in respect of registrants that are underwriters in proposed distributions of common shares by the issuer - Underwriters exempt from the independent underwriter requirement in the legislation provided that issuer not in financial difficulty.

Applicable Ontario Regulations

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

Applicable Ontario Rules

Proposed Multi-Jurisdictional Instrument 33-105 *Underwriting Conflicts* (published for comment February 6, 1998)

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

AND

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

AND

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

AND

SOBEYS INC.

MRRS DECISION DOCUMENT

WHEREAS the securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, Alberta, British Columbia, Newfoundland and Quebec (the "Jurisdictions") has received a application from Scotia Capital Inc., BMO Nesbitt Burns Inc., National Bank Financial Inc., CIBC World Markets Inc. and TD Securities Inc. (collectively, the "Filers") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant unless a portion of the distribution at least equal to that portion underwritten by non-independent underwriters is underwritten by an independent underwriter, shall not apply to the Filers in respect of a proposed distribution (the "Offering") of Common Shares (the "Offered Securities") of Sobeys Inc. (the "Issuer"), pursuant to a short form prospectus (the "Prospectus");

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

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

1. The Issuer is a reporting issuer under the Legislation of each Jurisdiction and is not in default of any requirements of the Legislation.

2. The Issuer is primarily engaged in the business of food distribution and foodservice in all provinces of Canada.

3. The Common Shares of the Issuer are listed on The Toronto Stock Exchange.

4. The head office of the lead underwriter for the Offering is in the Province of Ontario.

5. The Issuer filed a preliminary short form prospectus dated November 1, 2000 (the "Preliminary Prospectus") in each province of Canada.

6. The Filers along with Beacon Securities Limited and Dundee Securities Corporation are proposing to act as underwriters in connection with the Offering. It is intended that the Filers be allocated 95% of the Offering.

7. The Issuer is a party to two credit facilities (the "Credit Facilities") with a syndicate of banks (the "Lenders"); under one of the Credit Facilities, the Issuer was provided with a 364-day revolving operating facility in an amount of up to $300 million; under the other Credit Facility, the Issuer was provided with a non-revolving credit facility in an amount up to $250 million.

8. The Filers are subsidiaries of Canadian chartered banks which are Lenders.

9. The Credit Facilities may be repaid through application of the proceeds of the Offering.

10. The Lenders did not and will not participate in the decision to make the Offering or in the determination of its terms.

11. The Filers will not benefit in any manner from the Offering other than the payment of their underwriting fees in connection with the Offering.

12. By virtue of the Filers' relationship with some of the Lenders comprising the lending syndicate, each Filer is considered to be a connected issuer (or equivalent thereof) of the Issuer for the purposes of the Legislation.

13. The Issuer is not a related issuer (or the equivalent) of the Filers or of any of the other members of the underwriting syndicate.

14. The nature and details of the relationship between the Issuer and the Filers will be described in the Prospectus. The Prospectus will contain the information specified in Appendix "C" of proposed Multi-Jurisdictional Instrument 33-105 - Underwriting Conflicts (the "Proposed Instrument").

15. 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 Decision Maker (the "Decision");

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

THE DECISION of the Decision Makers, under the Legislation, is that the Independent Underwriter Requirement shall not apply to the Filers in connection with the Offering provided the Issuer is not a related issuer, as defined in the Proposed Instrument, to the Filers at the time of the Offering and is not a specified party, as defined in the Proposed Instrument, at the time of the Offering.

November 8th, 2000.

Robert W. Davis" "R. Stephen Paddon"

2.1.12 HSBC InvestDirect (Canada) Inc.- MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the Suitability Requirements, as reflected in paragraph 1.5(1)(b) of OSC Rule 31-505, pursuant to section 4.1 of OSC Rule 31-505, subject to the terms and conditions set out in the Decision Document.

Decision pursuant to s.21.1(4) of the Act, that the IDA Suitability Requirements do not apply to the Filer, subject to the terms and conditions set out in the Decision Document.

Applicable Ontario Statute

Securities Act R.S.O. 1990, c.S.5, as amended, s.21.1(4).

Rules Cited

Ontario Securities Commission Rule 31-505 "Conditions of Registration" (1999) 22 O.S.C.B. 731.

IDA Regulations Cited

IDA Regulation 1300.1(b), 1800.5(b), 1900.4.

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

AND

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

AND

IN THE MATTER OF HSBC INVESTDIRECT (CANADA) INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the provinces of British Columbia, Alberta, Saskatchewan, Newfoundland, Nova Scotia and Ontario (collectively, the "Jurisdictions") has received an application from HSBC InvestDirect (Canada) Inc. (the "Filer") for:

1. a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements of the Legislation requiring the Filer and its registered salespersons, partners, officers and directors ("Registered Representatives") to make inquiries of each client of the Filer as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client

(such requirements, the "Suitability Requirements") do not apply to the Filer and its Registered Representatives; and

2. a decision under the Legislation, other than the securities legislation of Newfoundland and Nova Scotia, that the requirements of the Investment Dealers Association of Canada (the "IDA"), in particular IDA Regulation 1300.1(b), 1800.5(b) and 1900.4, requiring the Filer and its Registered Representatives to make inquiries of each client of the Filer as are appropriate, in view of the nature of the client's investments and of the type of transaction being effected for the client's account, to determine (a) the general investment needs and objectives of the client and (b) the suitability of a proposed purchase or sale of a security for the client (such requirements, the "IDA Suitability Requirements") do not apply to the Filer and its Registered Representatives;

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

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

1. the Filer is a corporation incorporated under the *Canada Business Corporations Act*;

2. the head office of the Filer is located in Ontario and the Filer has executive officers or Registered Representatives registered in each Jurisdiction;

3. the Filer is registered under the Legislation as an investment dealer and is a member of the IDA;

4. the Filer and its Registered Representatives will not, except as provided in 11 below, provide advice or recommendations regarding the purchase or sale of any security and the Filer has adopted policies and procedures to ensure the Filer and its Registered Representatives will not, with such exception, provide advice or recommendations regarding the purchase or sale of any security;

5. when the Filer provides trade execution services to clients it would, in the absence of this Decision, be required to comply with the Suitability Requirements and IDA Suitability Requirements;

6. clients who request the Filer or its Registered Representatives to provide advice or recommendations or advice as to suitability will be referred to a registered dealer or adviser that provides those services;

7. the Filer does not and will not compensate its Registered Representatives on the basis of transactional values;

8. each existing client of the Filer will be advised of the Decision of the Decision Makers and requested to acknowledge that:

   (a) no advice or recommendation will be provided by the Filer or its Registered Representatives regarding the purchase or sale of any security, and

   (b) the Filer and its Registered Representatives will no longer determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client; (both (a) and (b) shall constitute the "Client Acknowledgement");

9. each existing client of the Filer will be advised that he or she has the option of transferring his or her account or accounts to another registered dealer at no cost to the client if the client does not wish to provide a Client Acknowledgement (the "Account Transfer Option");

10. the Client Acknowledgement will provide the client with sufficient detail and will explain to each client the significance of not receiving either investment advice or a recommendation from the Filer, including the significance of the Filer not determining the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client;

11. the Filer and its Registered Representatives continue to comply, for eight months following the date of this Decision, with their Suitability Requirements and IDA Suitability Requirements for existing client accounts for which no Client Acknowledgement is received;

12. after the date eight months following the date of this Decision, the Filer will not permit a transaction in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

13. all prospective clients of the Filer will be advised and required to acknowledge that:

   (a) no advice or recommendations will be provided by the Filer or its Registered Representatives regarding the purchase or sale of any security, and

   (b) the Filer and its Registered Representatives will not determine the general investment needs and objectives of the client or the suitability of a proposed purchase or sale of a security for the client, (both (a) and (b) shall constitute the "Prospective Client Acknowledgement"),

   prior to the Filer opening an account for such prospective client; and

14. the Filer has adopted policies and procedures to ensure:

   (a) that evidence of all Client Acknowledgements and Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA,

(b) all client accounts of the Filer are appropriately designated as being a client account to which a Client Acknowledgement or Prospective Client Acknowledgement has been received or being a client account to which a Client Acknowledgement has not been received, and

(c) for any existing client of the Filer who does not provide a Client Acknowledgement and chooses to exercise the client's Account Transfer Option, the Filer will transfer the client's account to another registered dealer in an expeditious manner and at no cost to the client;

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

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

THE DECISION of the Decision Makers under the Legislation is that the Suitability Requirements contained in the Legislation shall not apply to the Filer and its Registered Representatives so long as:

1. except as permitted by 5 below, the Filer and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;

2. clients who request the Filer or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to a registered dealer or adviser that provides those services;

3. the Filer does not compensate its Registered Representatives on the basis of transactional values;

4. each existing client of the Filer is advised of the Decision of the Decision Makers and requested to make a Client Acknowledgement or transfer his or her account to a registered dealer or adviser that provides advice or recommendations if the client does not wish to make a Client Acknowledgement;

5. the Filer and its Registered Representatives continue to comply, for eight months following the date of this Decision, with their Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received;

6. commencing eight months following the date of this Decision, the Filer will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

7. each prospective client of the Filer is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to the Filer or its Registered Representatives opening an account for such prospective client;

8. evidence of all Client Acknowledgements and Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

9. for any client who elects to exercise the client's Account Transfer Option, the Filer transfers such account or accounts to another registered dealer in an expeditious manner and at no cost to the client;

10. the Filer accurately identifies and distinguishes client accounts for which a Client Acknowledgement or Prospective Client Acknowledgement has been provided and client accounts for which no Client Acknowledgement has been provided; and

11. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

November 10th, 2000.

"William R. Gazzard"

THE DECISION of the Decisions Makers, other than Newfoundland and Nova Scotia, is that the IDA Suitability Requirements do not apply to the Filer and its Registered Representatives so long as:

1. except as permitted by 5 below, the Filer and its Registered Representatives do not provide any advice or recommendations regarding the purchase or sale of any security;

2. clients who request the Filer or its Registered Representatives to provide advice or recommendations or advice as to suitability are referred to a registered dealer or adviser that provides those services;

3. the Filer does not compensate its Registered Representatives on the basis of transactional values;

4. each existing client of the Filer is advised of the Decision of the Decision Makers and requested to make a Client Acknowledgement or transfer his or her account to another registered dealer if the client does not wish to make a Client Acknowledgement;

5. the Filer and its Registered Representatives continue to comply, for eight months following the date of this Decision, with the Suitability Requirements and IDA Suitability Requirements for client accounts for which no Client Acknowledgement is received;

6. commencing eight months following the date of this Decision, the Filer will not permit transactions in an account for which a Client Acknowledgement has not been received unless the transaction is a sale for cash or a transfer of assets to another account;

7. each prospective client of the Filer is advised of the Decision of the Decision Makers and required to make a Prospective Client Acknowledgement prior to the Filer or its Registered Representative opening an account for such prospective client;

8. evidence of all Client Acknowledgements and Prospective Client Acknowledgements is established and retained pursuant to the record keeping requirements of the Legislation and the IDA;

9. for any client who elects to exercise the client's Account Transfer Option, the Filer transfers such account or accounts to another registered dealer in an expeditious manner and at no cost to the client;

10. the Filer accurately identifies and distinguishes client accounts for which a Client Acknowledgement or Prospective Client Acknowledgement has been provided and client accounts for which no Client Acknowledgement has been provided; and

11. if an IDA rule addressing the IDA Suitability Requirements comes into effect, the Decision with respect to the IDA Suitability Requirements will terminate one year following the date such rule comes into force, unless the Decision Maker determines otherwise.

November 10th, 2000.

"Robert W. Davis" "Morley Carscallen"

2.1.13 Russell Millard - Settlement Agreement

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

- and -

IN THE MATTER OF RUSSELL MILLARD

SETTLEMENT AGREEMENT

I INTRODUCTION

1. By Notice of Hearing to be issued forthwith, (the "Notice of Hearing"), the Ontario Securities Commission (the "Commission") will hold a hearing to consider whether, pursuant to section 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, (the "Act"), in the opinion of the Commission it is in the public interest for the Commission:

   (a) to make an order that the registration of Russell Millard be terminated or suspended or restricted for such period as the Commission may order;

   (b) to make an order that Russell Millard cease trading in securities permanently or for such period as the Commission may order;

   (c) to make an order that Russell Millard resign any positions he holds as a director or officer of an issuer;

   (d) to make an order to prohibit Russell Millard from becoming or acting as a director or officer of any issuer permanently or for such period as the Commission may order;

   (e) to make an order that the Russell Millard pay the costs of the Commission's investigation and this proceeding; and/or

   (f) to make such other order as the Commission may deem appropriate;

II JOINT SETTLEMENT RECOMMENDATION

2. The Staff of the Commission ("Staff") agree to recommend the settlement of the proceedings initiated in respect of Russell Millard ("Millard") by the Notice of Hearing in accordance with the terms and conditions set out below. Millard agrees to the settlement on the basis of the facts agreed to as set out below and consents to the making of an order against him in the form attached as Schedule "A" on the basis of those facts.

3. This settlement agreement, including the attached Schedule "A", will be released to the public only if and when the settlement is approved by the Commission.

III STATEMENT OF FACTS

(i) Acknowledgement

4. Staff and Millard agree with the facts set out in this Part III.

(ii) Factual Background

5. Millard is an individual who resides in Stratford, Ontario. Millard is registered with the Commission to sell mutual fund securities. From February 1998 to March 1999 Millard was sponsored by CCI Capital Canada Limited ("CCI"), a mutual fund dealer, to sell mutual fund securities.

Amber Coast Resort Corporation

6. Amber Coast Resort Corporation ("Amber Coast") is a corporation organized pursuant to the laws of Turks and Caicos Islands.

7. Amber Coast created two offerings for its securities which relied on separate exemptions from the prospectus and registration requirements of the Act. No prospectus for Amber Coast was ever filed with or receipted by the Commission.

8. On September 1, 1998, CCI, entered into an agreement to "place" $200,000 (U.S.) worth of units of Amber Coast by September 30, 1998 and an additional $400,000 (U.S.) worth of units by November 30, 1998 in exchange for fees and use of a luxury villa.

9. Although CCI was never registered as a limited market dealer, CCI encouraged its sales representatives, including Millard, to sell units of Amber Coast to their clients.

10. Millard sold units of Amber Coast to two of his clients. In total, those clients invested $110,000 (U.S.) in Amber Coast.

11. CCI paid referral fees of 5% of the monies invested to Millard by way of commission cheques.

12. As he was in the business of trading in securities, Millard required registration to sell limited market products in order to sell units of the Amber Coast offering. Millard was not licensed to sell limited market products thus his sales to clients constituted trading without registration.

IV POSITION OF THE RESPONDENT

13. Millard understood from representations made by the compliance personnel and management at CCI that he was entitled to sell units of Amber Coast to his clients. Millard relied upon these representations.

V CONDUCT CONTRARY TO THE PUBLIC INTEREST

14. Millard agrees that his conduct in selling units of Amber Coast without registration contravened subsection 25(1) of the Act and was contrary to the public interest.

VI TERMS OF SETTLEMENT

15. Millard agrees to the following terms of settlement:

    a. pursuant to clause 1 of subsection 127(1) of the Act, the registration granted to Millard under Ontario securities law will be suspended for a period of 21 days from the date of the Commission's Order; and

    b. pursuant to clause 6 of subsection 127(1) of the Act, Millard will be reprimanded.

VII STAFF COMMITMENT

16. If this Settlement Agreement is approved by the Commission, Staff will not initiate any complaint to the Commission or request the Commission to hold a hearing or issue any order in respect of any conduct or alleged conduct of Millard in relation to the facts set out in Part III of this Settlement Agreement.

VIII PROCEDURE FOR APPROVAL OF SETTLEMENT

17. The approval of the settlement as set out in the Settlement Agreement shall be sought at a public hearing before the Commission scheduled for such date as is agreed to by Staff and Millard in accordance with the procedures described herein and such further procedures as may be agreed upon between Millard and Staff.

18. If this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Millard in this matter and Millard agrees to waive his right to a full hearing and appeal of this matter under the Act.

19. If this Settlement Agreement is approved by the Commission, neither of the parties to this Settlement Agreement will make any statement that is inconsistent with this Settlement Agreement.

20. If, for any reason whatsoever, this settlement is not approved by the Commission, or the order set forth in Schedule "A" is not made by the Commission:

    a. each of Staff and Millard will be entitled to proceed to a hearing of the allegations in the Notice of Hearing and related Statement of Allegations unaffected by the Settlement Agreement or the settlement negotiations;

    b. the terms of the Settlement Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of

Millard and Staff or as may be otherwise required by law; and

c. Millard further agrees that he will not raise in any proceeding the Settlement Agreement or the negotiation or process of approval thereof as a basis for any attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.

21. If, prior to the approval of this Settlement Agreement by the Commission, there are new facts or issues of substantial concern, in the view of Staff, regarding the facts set out in Part III of this Settlement Agreement, Staff will be at liberty to withdraw from this Settlement Agreement. Notice of such intention will be provided to Millard in writing. In the event of such notice being given, the provisions of paragraph 20 in this part will apply as if this Settlement Agreement had not been approved in accordance with the procedures set out herein.

IX DISCLOSURE OF SETTLEMENT AGREEMENT

22. Counsel for Staff or for the respondents may refer to any part or all of this agreement in the course of the hearing convened to consider this agreement. Otherwise, this agreement and its terms will be treated as confidential by all parties to the agreement until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission, except with the written consent of all parties or as may be required by law. Any obligations of confidentiality shall terminate upon approval of this settlement by the Commission. The terms of the Settlement Agreement will be treated as confidential by both parties hereto until approved by the Commission and forever if for any reason whatsoever, the Settlement Agreement is not approved by the Commission.

X EXECUTION OF SETTLEMENT AGREEMENT

23. This Settlement Agreement may be signed in one or more counterparts which shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

October 27th, 2000.

Michael Watson
Director of Enforcement on Behalf
of Staff of the Ontario Securities Commission

2.1.14 Baltimore Technologies PLC, Baltimore Holdings Inc. and Nevex Software Technologies Inc. - MRRS Decision

Headnote

MRRS - Registration and prosectus relief granted in respect of trades in exchangeable securities of non-reporting Canadian issuer, common shares of non-reporting U.K. issuer and grant of various rights attached to the exchangeable securities - first trade relief also granted in respect of trades in exchangeable securities and underlying common shares received upon the exercise of rights attached to the exchangeable securities.

Applicable Ontario Statutory Provisions
Securities Act, R.S.O. 1990, c.S.5, as am., 74(1).

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

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
NOVA SCOTIA AND ONTARIO

AND

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

AND

IN THE MATTER OF
BALTIMORE TECHNOLOGIES PLC, BALTIMORE HOLDINGS INC.
AND NEVEX SOFTWARE TECHNOLOGIES INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario and Nova Scotia ("the Jurisdictions") has received an application from Baltimore Technologies plc ("Baltimore"), Baltimore Holdings Inc. ("Baltimore Holdings") and Nevex Software Technologies Inc. ("Nevex") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Registration and Prospectus Requirements") shall not apply to certain trades in securities made in connection with an acquisition (the "Transaction") of Nevex by Baltimore pursuant to a combination agreement (the "Combination Agreement") entered into as of October 3, 2000, between Baltimore, Baltimore Holdings and Nevex;

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

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

1. Baltimore, Baltimore Holdings and Nevex have entered into the Combination Agreement pursuant to which Baltimore, through the direct acquisition of Baltimore Holdings, will indirectly acquire the only common share of Nevex that will be issued and outstanding following the effective date of the share restructuring plan ("Share Restructuring Plan"), and the current holders of Nevex common shares will receive Nevex exchangeable shares (the "Exchangeable Shares") by way of the Share Restructuring Plan to be effected by the filing of articles of amendment pursuant to the *Business Corporations Act* (Ontario) (the "OBCA").

Baltimore and Baltimore Holdings

2. Baltimore is a corporation existing under the laws of England and Wales, and is subject to the reporting requirements of the securities laws of England and Wales and the United States *Securities Exchange Act of 1934,* as amended. Baltimore is not a reporting issuer in any Canadian jurisdiction.

3. Baltimore is an international provider of information security products and services that enable businesses to conduct secure communications and transactions over computer networks and the Internet.

4. The authorized capital stock of Baltimore consists of 600,000,000 ordinary voting shares ("Baltimore Ordinary Shares"), £0.001 par value per share. As of August 31, 2000, there were 406,398,557 Baltimore Ordinary Shares issued and outstanding. The Baltimore Ordinary Shares are listed for trading on the London Stock Exchange.

5. Baltimore Holdings is a limited liability company formed under the laws of the Province of Nova Scotia and will be a directly owned subsidiary of Baltimore following the Effective Date (as defined below) of the Transaction. Baltimore Holdings is a private company and is not a reporting issuer in any Canadian jurisdiction. Baltimore Holdings will participate in the Transaction by, among other things, paying $10.00 in cash to Nevex as consideration for one Nevex Class A Preferred Share to be issued to Baltimore Holdings and subsequently exchanged for what will be the sole outstanding Nevex Common Share, and will (together with Baltimore) be entitled to exercise various exchange rights and call rights related to the Exchangeable Shares.

6. Upon completion of the Transaction (as a result of the exchange referred to in the immediately preceding paragraph), the sole outstanding Nevex Common Share will be held directly by Baltimore Holdings and indirectly by Baltimore.

Nevex

7. Nevex, a company incorporated under the OBCA, is a "private company" within the meaning of the Legislation and is not a reporting issuer in any Canadian jurisdiction. Nevex is developing software applications that provide policy management and validation for network security.

8. The authorized capital of Nevex consists of an unlimited number of common shares ("Nevex Common Shares"). As of October 3, 2000, there were issued and outstanding: (i) 893,833 Nevex Common Shares; and (ii) options to purchase 926,832 Nevex Common Shares ("Nevex Options") held by directors, officers and employees of Nevex. In addition, there are outstanding warrants (the "Warrants") to purchase 500,000 Nevex Common Shares. All of the Warrants are expected, as a condition of completion of the Transaction, to be exchanged or exercised for Nevex Common Shares prior to the Effective Date. Prior to the Share Restructuring Plan, all holders of Nevex Common Shares, Nevex Options and Warrants will be resident in Ontario.

The Share Restructuring

9. The Transaction will be effected by way of the Share Restructuring Plan in respect of which Nevex will file articles of amendment (the "Articles of Amendment") with the Director under the OBCA. On the date (the "Effective Date") shown on the Certificate of Amendment issued by the Director under the OBCA giving effect to the Share Restructuring Plan, the reorganization of capital will occur and the parties will execute the remainder of the documents necessary to implement the Share Restructuring Plan and the Transaction.

10. A special meeting (the "Special Meeting") of the holders of Nevex Common Shares (the "Nevex Shareholders") will be held on or about October 23, 2000 or such earlier date as the Nevex Shareholders may in writing agree, at which Nevex will seek the requisite shareholder approval for the special resolution approving the Share Restructuring Plan. Under the OBCA, a special resolution requires the approval by $66^2/_3$% of the votes attached to the Nevex Common Shares represented at the Special Meeting.

11. Certain Nevex Shareholders and holders of the Warrants (the "Principal Nevex Securityholders") holding an aggregate of 825,333 Nevex Common Shares (representing approximately 92% of the currently issued and outstanding Nevex Common Shares) and, together with the Nevex Common Shares underlying the Warrants held by them, approximately 95% of the Nevex Common Shares on a fully diluted basis (excluding unvested options), have entered into a voting agreement (the "Principal Securityholders' Voting Agreement") dated as of October 3, 2000 pursuant to which the Principal Nevex Securityholders have agreed, amongst other things, to: (i) vote their Nevex Common Shares at the Special Meeting in favour of the special resolution approving the Share Restructuring Plan; (ii) take all necessary steps and do all such things as Baltimore or Baltimore Holdings may reasonably require to support the Share Restructuring Plan and complete the transactions contemplated in the Combination Agreement; and (iii) irrevocably appoint certain officers of Baltimore as their attorneys-in-fact

and proxy, with full power of substitution, to vote in favour of the Share Restructuring Plan at the Special Meeting.

12. There are 27 other Nevex Shareholders (not including the Principal Nevex Securityholders) who are strategic investors and other persons holding an aggregate of 68,500 Nevex Common Shares representing approximately 7.7% of the issued and outstanding Nevex Common Shares. Nevex has held an informational meeting for the Principal Nevex Securityholders at which the terms of the Transaction including the Share Restructuring Plan, the transactions contemplated by the Combination Agreement and the attributes of the Exchangeable Shares were explained in detail. Nevex's legal and tax advisors were available at the informational meeting to answer questions.

13. Furthermore, in connection with the Special Meeting, Nevex mailed on or about October 11, 2000 to each Nevex Shareholder: (i) a notice of special meeting; (ii) a form of proxy; (iii) the text of the special resolution approving the Share Restructuring Plan; and (iv) an information circular containing a detailed description of the Transaction, including the Share Restructuring Plan, the transactions contemplated by the Combination Agreement, the characteristics of the Exchangeable Shares and information respecting Baltimore in the form of copies of continuous disclosure documents filed by Baltimore with the Financial Services Authority in the United Kingdom (collectively, the "Shareholder Materials"). The Shareholder Materials were also sent to holders of Nevex Options for informational purposes.

14. Following approval by the Nevex Shareholders of the special resolution approving the Share Restructuring Plan, Nevex will effect the Share Restructuring Plan by filing the Articles of Amendment. The Share Restructuring Plan will result in the following capital reorganization of Nevex which shall occur and shall be deemed to occur in the following order without any further act or formality:

    (a) the articles of incorporation of Nevex shall be amended to (i) modify the attributes of the Nevex Common Shares and (ii) authorize one Class A Preferred Share (the "Class A Preferred Share") and an unlimited number of the Exchangeable Shares;

    (b) Nevex shall issue to Baltimore Holdings the one Class A Preferred Share in consideration for cash in the amount of $10.00 paid by Baltimore Holdings;

    (c) each Nevex Common Share (other than the Nevex Common Share subscribed for by Baltimore Holdings pursuant to subsection (f) below) will be changed into and exchanged for a whole number of Exchangeable Shares using an exchange ratio (the "Exchange Ratio") determined in accordance with the Combination Agreement, with cash to be paid in lieu of fractional shares;

    (d) upon the exchange referred to in (c) above, each holder of Nevex Common Shares (other than the holder of the Nevex Common Share subscribed for by Baltimore Holdings pursuant to subsection (f) below), without any further action on the part of such holder, will receive that whole number of Exchangeable Shares resulting from the exchange of such holder's Nevex Common Shares for Exchangeable Shares;

    (e) the aggregate stated capital of the Exchangeable Shares when issued will be equal to that of the Nevex Common Shares immediately prior to the Effective Date;

    (f) the one outstanding Class A Preferred Share will be changed into and exchanged for one newly issued Nevex Common Share and the holder thereof shall cease to be a holder of the Class A Preferred Share;

    (g) the stated capital of the one Nevex Common Share issued pursuant to subsection (f) shall be equal to the stated capital of the one Class A Preferred Share outstanding immediately prior to the exchange of such Class A Preferred Share pursuant to subsection (f); and

    (h) the articles of incorporation of Nevex shall be further amended to delete the Class A Preferred Share from the authorized share capital so that the resulting authorized share capital of Nevex shall consist of an unlimited number of Nevex Common Shares and an unlimited number of Exchangeable Shares.

15. Upon the Share Restructuring Plan becoming effective and pursuant to the Combination Agreement and a resolution of the board of directors of Nevex authorizing the following exchange pursuant to the Nevex employee stock option plans, each Nevex Option will be exchanged for an option (a "Replacement Option") to purchase that number of Baltimore Ordinary Shares derived by reference to the Exchange Ratio.

Description of Exchangeable Shares and Related Agreements

16. The Exchangeable Shares, together with the Support Agreement and the Exchange Trust Agreement, all as described below, will provide holders thereof with a security of Nevex having economic rights which are, as nearly as practicable, equivalent to those of a Baltimore Ordinary Share.

17. The Exchangeable Shares will rank prior to the Nevex Common Shares with respect to the payment of dividends and the distribution of assets in the event of a liquidation, dissolution or winding-up of Nevex to the extent described below.

18. The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares (the "Exchangeable Share Provisions") will provide that each Exchangeable Share will entitle the holder to

dividends from Nevex payable at the same time as, and equivalent to, each dividend paid by Baltimore on a Baltimore Ordinary Share. Subject to the overriding call right of Baltimore Holdings (or Baltimore) described below, on the liquidation, dissolution or winding-up of Nevex, a holder of Exchangeable Shares will be entitled to receive from Nevex for each Exchangeable Share held an amount equal to the current market price of a Baltimore Ordinary Share, to be satisfied by delivery of one Baltimore Ordinary Share, together with all declared and unpaid dividends on each such Exchangeable Share held by the holder on any dividend record date prior to the date of liquidation, dissolution or winding-up (such aggregate amount, the "Liquidation Price"). Upon a proposed liquidation, dissolution or winding-up of Nevex, Baltimore Holdings (or Baltimore) will have an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding Exchangeable Shares from the holders thereof (other than Baltimore or its affiliates) for a price per share equal to the Liquidation Price.

19. The Exchangeable Shares will be non-voting (except as required by the Exchangeable Share Provisions or by applicable law) and will be retractable at the option of the holder at any time. Subject to the overriding call right of Baltimore Holdings (or Baltimore) described below, upon retraction the holder will be entitled to receive from Nevex for each Exchangeable Share retracted an amount equal to the current market price of a Baltimore Ordinary Share, to be satisfied by delivery of one Baltimore Ordinary Share, together with, on the designated payment date therefor, all declared and unpaid dividends on each such retracted Exchangeable Share held by the holder on any dividend record date prior to the date of retraction (such aggregate amount, the "Retraction Price"). Upon being notified by Nevex of a proposed retraction of Exchangeable Shares, Baltimore Holdings (or Baltimore) will have an overriding call right (the "Retraction Call Right") to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice for a price per share equal to the Retraction Price.

20. Subject to the overriding call right of Baltimore Holdings (or Baltimore) described below, Nevex may redeem all the Exchangeable Shares then outstanding at any time on or after the date which is seven years from the Effective Date (the "Redemption Date"). The board of directors may accelerate the Redemption Date in certain circumstances which are set out in the Exchangeable Share Provisions. Upon such redemption, a holder will be entitled to receive from Nevex for each Exchangeable Share redeemed an amount equal to the current market price of a Baltimore Ordinary Share, to be satisfied by the delivery of one Baltimore Ordinary Share, together with all declared and unpaid dividends on each such redeemed Exchangeable Share held by the holder on any dividend record date prior to the date of redemption (such aggregate amount, the "Redemption Price"). Upon being notified by Nevex of a proposed redemption of Exchangeable Shares, Baltimore Holdings (or Baltimore) will have an overriding call right (the "Redemption Call Right") to purchase from the holders all of the outstanding Exchangeable Shares (other than Baltimore or its affiliates) for a price per share equal to the Redemption Price.

21. Under the Exchange Trust Agreement, Baltimore will grant to the Trustee for the benefit of the holders of the Exchangeable Shares a put right (the "Optional Exchange Right"), exercisable upon the insolvency of Nevex, to require Baltimore Holdings (or Baltimore) to purchase from a holder of Exchangeable Shares all or any part of his or her Exchangeable Shares. The purchase price for each Exchangeable Share purchased by Baltimore Holdings (or Baltimore) will be an amount equal to the current market price of a Baltimore Ordinary Share, to be satisfied by delivery to the Trustee, on behalf of the holder, of one Baltimore Ordinary Share, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on such Exchangeable Share held by such holder on any dividend record date prior to the closing of the purchase and sale.

22. Under the Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of Baltimore, Baltimore Holdings (or Baltimore) will be required to purchase each outstanding Exchangeable Share, and each holder will be required to sell all of his or her Exchangeable Shares, (such purchase and sale obligations are hereafter referred to as the "Automatic Exchange Right") for a purchase price per share equal to the current market price of a Baltimore Ordinary Share, to be satisfied by the delivery to the Trustee, on behalf of the holder, of one Baltimore Ordinary Share, together with an additional amount equivalent to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date prior to the closing of the purchase and sale.

23. Contemporaneously with the closing of the Transaction, Baltimore and Nevex will enter into a support agreement (the "Support Agreement") which will provide that Baltimore will not declare or pay any dividend on the Baltimore Ordinary Shares unless Nevex simultaneously declares and pays an equivalent dividend on the Exchangeable Shares, and that Baltimore will ensure that Nevex and Baltimore Holdings will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related redemption, retraction and liquidation call rights described above.

24. The Support Agreement will also provide that, without the prior approval of the holders of the Exchangeable Shares, actions such as distributions of stock dividends, options, rights and warrants for the purchase of securities or other assets, subdivisions, reclassifications, reorganizations and other changes cannot be taken in respect of the Baltimore Ordinary Shares generally without the same or an economically equivalent action being taken in respect of the Exchangeable Shares.

Trades and Possible Trades

25. The trades and possible trades (collectively the "Trades") in securities to which the Transaction gives rise are the following:

(a) the issuance of Exchangeable Shares by Nevex and the provision of the ancillary rights pursuant to the Exchange Trust Agreement and the Support Agreement to holders (other than Baltimore Holdings) of Nevex Common Shares and the transfer of Nevex Common Shares by such holders to Nevex, as part of the Share Restructuring Plan;

(b) the exchange of Nevex Options for Replacement Options, and the issuance and delivery of Baltimore Ordinary Shares by Baltimore to a holder of a Replacement Option upon the exercise thereof;

(c) the grant to the Trustee of the Optional Exchange Right and the Automatic Exchange Right pursuant to the Exchange Trust Agreement, for the benefit of holders of Exchangeable Shares (other than Baltimore and its affiliates);

(d) the creation of the call rights in favour of Baltimore Holdings (or Baltimore) referred to in paragraphs 18, 19 and 20 above;

(e) the issuance and intra-group transfers of Baltimore Ordinary Shares and related issuances of shares of Baltimore affiliates in consideration therefor, all by and between Baltimore and its affiliates, from time to time to enable Baltimore Ordinary Shares to be delivered to a holder of Exchangeable Shares, and the subsequent delivery thereof to such holder, upon: (i) a holder's retraction of Exchangeable Shares; (ii) the exercise of the Retraction Call Right; (iii) the redemption of the Exchangeable Shares by Nevex; (iv) the exercise of the Redemption Call Right; (v) the liquidation, dissolution or winding-up of Nevex; and (vi) the exercise of the Liquidation Call Right;

(f) the transfer of Exchangeable Shares by the holder to Nevex, Baltimore or Baltimore Holdings, as applicable, upon: (i) the holder's retraction of Exchangeable Shares; (ii) the exercise of its Retraction Call Right; (iii) the redemption of the Exchangeable Shares by Nevex; (iv) the exercise of the Redemption Call Right; (v) the liquidation, dissolution or winding-up of Nevex; and (vi) the exercise of the Liquidation Call Right;

(g) the issuance and delivery of Baltimore Ordinary Shares by Baltimore or Baltimore Holdings to each other and to a holder of Exchangeable Shares upon the exercise of the Optional Exchange Right or the Automatic Exchange Right;

(h) the transfer of Exchangeable Shares by a holder to Baltimore or Baltimore Holdings upon the Trustee's exercise of the Optional Exchange Right or the Automatic Exchange Right;

(i) the first trades of Exchangeable Shares received in connection with the Share Restructuring Plan; and

(j) the first trades of Baltimore Ordinary Shares received in connection with the Share Restructuring Plan, upon the retraction or redemption of Exchangeable Shares, in connection with the liquidation, dissolution or winding-up of Nevex or the exercise of the Optional Exchange Right or the Automatic Exchange Right, or upon the exercise of Replacement Options.

26. Following completion of the Share Restructuring Plan, Canadian shareholders of Baltimore will represent less than 10% of the holders of Baltimore Ordinary Shares and will hold less than 10% of the outstanding Baltimore Ordinary Shares (and for this purpose, Baltimore Ordinary Shares and Exchangeable Shares are considered to be of the same class).

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

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

THE DECISION of the Decision Makers pursuant to the Legislation is that, to the extent there are no exemptions available under the Legislation from the Registration and Prospectus Requirements in respect of any of the Trades, the Trades are not subject to the Registration and Prospectus Requirements, provided that the first trade in Exchangeable Shares or Baltimore Ordinary Shares received pursuant to the exemptive relief provided in this MRRS Decision Document shall be a distribution under the Legislation unless such trade is executed through the facilities of a stock exchange outside Canada and such trade is conducted in accordance with the rules and policies of such exchange.

October 26th, 2000.

"Stephen N. Adams" "Theresa McLeod"

2.1.15 TD Securities and Wavecom Electronics Inc. - MRRS Decision

Headnote

MRRS - Issuer is a "connected issuer" but not a "related issuer" of one of the underwriters acting in connection with a proposed distribution of the Issuer - Issuer is not a "specified party" as defined in Proposed Multi-Jurisdictional Instrument 33-105 *Underwriter Conflicts* - Underwriter exempted from independent-underwriter requirements, provided that, at the time of the distribution, the Issuer is not a "specified party" as defined in the Proposed Instrument, and in the case of the underwriter, is not a "related Issuer".

Applicable Ontario Statutory Provisions

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

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., 219, 224, 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

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 TD SECURITIES INC.

AND

WAVECOM ELECTRONICS INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Ontario, British Columbia, Quebec and Newfoundland (the "Jurisdictions") has received an application from TD Securities Inc. ("TD Securities") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation"), that the requirement (the "Independent Underwriter Requirement") contained in the Legislation which restricts a registrant from acting as an underwriter in connection with a distribution of securities of an issuer made by means of prospectus, where the issuer is a connected issuer (or the equivalent) of the registrant, shall not apply to TD Securities in respect of a proposed distribution (the "Offering") of Common Shares (the "Shares") of WaveCom Electronics Inc. (the "Issuer"), pursuant to a prospectus (the "Prospectus") expected to be filed with the Decision Maker in each of the provinces of Canada;

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

AND WHEREAS TD Securities has represented to the Decision Makers that:

1. The Issuer is a corporation amalgamated under the laws of Saskatchewan and its executive offices are located in Victoria, British Columbia. The Issuer is not a reporting issuer under the Legislation in any of the Jurisdictions.

2. The principal business of the Issuer is designing and supplying broadband access transmission equipment primarily for data over cable and fixed broadband wireless networks as well as other segments of the communications industry.

3. The Issuer filed a preliminary prospectus dated September 29, 2000 (the "Preliminary Prospectus") with respect to the Offering in the Jurisdictions. The Offering is expected to consist of a treasury issue of Shares by the Issuer and a secondary offering of Shares by two shareholders (the "Selling Shareholders") of the Issuer: the Kumar Family Trust, a family trust of Dr. Surinder Kumar ("Kumar"), the President and Chief Executive Officer and a director of the Issuer, and Dr. Hugh Wood ("Wood"), the Chief Operating Officer and a director of the Issuer. The Selling Shareholders together hold approximately 97.5% of the outstanding Shares (before giving effect to the Offering).

4. TD Securities, together with CIBC World Markets Inc. ("CIBC"), Yorkton Securities Inc. ("Yorkton") and Goepel McDermid Inc. ("Goepel") (collectively, the "Underwriters"), is proposing to act as an underwriter in connection with the Offering. Each of the Underwriters is registered as a dealer under the Legislation of each of the Jurisdictions. The Issuer is neither a "connected issuer" nor a "related issuer" in relation to those Underwriters other than TD Securities for the purposes of the Legislation. In connection with the underwriting, the proportionate share of the Offering underwritten by each of the Underwriters is expected to be allocated as follows:

Underwriter	Proportionate Share
TD Securities	50%
CIBC	25%
Yorkton	17.5%
Goepel	7.5%

5. The Toronto-Dominion Bank (the "Bank") is a lender to the Issuer of secured term loans of approximately $1.2 million. The Bank is also a lender, indirectly, of approximately $3.4 million to 619327 Saskatchewan Ltd., a company which is owned by Kumar and Wood, and which in turn is a lender to the Issuer of an equivalent amount. As at August 31, 2000, approximately $4.6 million in the aggregate was outstanding under these loans (the "Loans") made by the Bank.

6. In addition to the Loans, the Issuer maintains an authorized line of credit (the "Line of Credit") with the Bank of $1.5 million secured by accounts receivable. There were no drawings on the Line of Credit during fiscal 2000 or fiscal 1999. As at August 31, 2000, the Issuer had no borrowings under the Line of Credit.

7. It is anticipated that the net proceeds to the Issuer from the sale of Shares under the Offering will be used for planned capital expenditure programs, including the expansion of existing facilities, research and development of new products, increased sales and marketing activities, and to repay in full, indirectly or directly, indebtedness owing under the Loans.

8. TD Securities is a wholly-owned subsidiary of the Bank.

9. The nature of the relationship among the Issuer, the Bank and TD Securities has been described in the Preliminary Prospectus and will be described in the Prospectus.

10. The Bank did not participate in the decision to make the Offering, the determination of its terms or the use of the proceeds thereof.

11. TD Securities will not benefit in any manner from the Offering other than through the payment of its portion of the Underwriters' fees in connection with the Offering.

12. By virtue of the Loans the Issuer may, in connection with the Offering, be considered a connected issuer (or the equivalent) of TD Securities.

13. The Issuer is not a related issuer (or the equivalent) of any of the Underwriters.

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

15. The Issuer is in good financial condition, is not in financial difficulty, is not under any immediate financial pressure to proceed with the Offering and has not been requested or required by the Bank to repay the indebtedness owing under the Loans. The Issuer is not a "specified party" as defined in the MJ Instrument.

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

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

THE DECISION of the Decision Makers, pursuant to the Legislation, is that the Independent Underwriter Requirement shall not apply to TD Securities in connection with the Offering provided that, at the time of the Offering:

(i) the Issuer is not a related issuer (or the equivalent) of TD Securities; and

(ii) the Issuer is not a specified party, as such term is defined in the MJ Instrument.

November 9th, 2000.

"Morley P. Carscallen" "Robert W. Davis"

2.1.16 Desjardins et al. - MRRS Decision

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

Desjardins Money Market Fund, Desjardins Mortgage Fund, Desjardins Bond Fund, Desjardins Balanced Fund, Desjardins Quebec Fund, Desjardins Diversified Secure Fund, Desjardins Diversified Moderate Fund, Desjardins Diversified Audacious Fund, Desjardins Diversified Ambitious Fund, Desjardins Select Balanced Fund, Desjardins Worldwide Balanced Fund, Desjardins Dividend Fund, Desjardins Equity Fund, Desjardins Enviroment Fund, Desjardins Growth Fund, Desjardins High Potential Sectors Fund, Desjardins Select Canadian Fund, Desjardins American Market Fund, Desjardins International Fund, Desjardins Europe Fund, Desjardins Asia\Pacific Fund, Desjardins Emerging Countries Fund, Desjardins Select American Fund, Desjardins Select Global 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 Desjardins Investment Services Inc. (the "Manager") and the Desjardins Funds (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 units under the simplified prospectus (the "Prospectus") of the Funds be extended to those time limits that would be applicable if the lapse date of the Prospectus was December 15, 2000.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Québec 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 Québec. Desjardins Turst Inc. is the trustee and promoter of the Funds and is a corporation incorporated under the laws of Québec.

(b) The Funds are open-ended mutual fund trusts established by the Manager under the laws of Québec.

(c) The Funds are reporting issuers under the *Québec Securities Act* (the "Act") and are not in default of any requirements of the Act or the Regulations made thereunder.

(d) Pursuant to the Legislation, the earliest lapse date (the "Lapse Date") for distribution of securities of the Funds is October 15, 2000.

(e) Since the date of the Prospectus, no material change has occurred and no amendments to the Prospectus have been made other than Amendment No 1 dated April 25, 2000. Accordingly, the Prospectus and Amendment No. 1 represent up to date information regarding each of the Funds offered. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus of the Funds and accordingly will not be prejudicial to the public interest.

(f) The requested extension of the Lapse Date would afford the Manager to substantially amend the Prospectus in order to comply with National Instrument 81-101including the plain language and design guidelines requirements. The extension of the Lapse date will facilitate the completion of the redrafting process, and will ensure that the Manager has sufficient time to revise the Prospectus in order to add two new funds and to consolidate the Desjardins Ethical Funds' Prospectus and the Prospectus.

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

AND WHEREAS each of the Decision Makers 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 15, 2000.

DATED at Montreal , this 26 day of October , 2000.

Le chef du service du financement des sociétés,
Josée Deslauriers

2.2 Orders

2.2.1 Synergy Asset Management et al.

Headnote

Exemption from the fees otherwise due under subsection 14(1) of Schedule 1 of the Regulation to the *Securities Act* on a distribution of units made by an "underlying" fund directly (i) to a "clone" fund, (ii) to the "clone" fund's counterparties for hedging purposes and (iii) on the reinvestment of distributions on such units.

Regulations Cited

Regulation made under the *Securities Act,* R.R.O. 1990, Reg, 1015, as am., Schedule 1, ss. 14(1), 14(4) and 59(1).

In the matter of
The Securities Act R.S.O. 1990, Chapter s.5, as amended
(the "Act")

and

In the matter of
SYNERGY ASSET MANAGEMENT INC.
AND
SYNERGY GLOBAL GROWTH CLASS
SYNERGY GLOBAL MOMENTUM CLASS
SYNERGY GLOBAL STYLE MANAGEMENT CLASS
SYNERGY EUROPEAN MOMENTUM CLASS
OF SYNERGY GLOBAL FUND INC.

ORDER

Subsection 59(1) of Schedule I of the Regulation under the above statute (the "Regulation")

UPON the application of Synergy Asset Management Inc.("Synergy"), the manager and trustee of Synergy Global Growth RSP Fund, Synergy Global Momentum RSP Fund, Synergy Global Style Management RSP Fund and Synergy European Momentum RSP Fund, and other similar funds established by Synergy from time to time (the "RSP Funds") and the manager of Synergy Global Growth Class, Synergy Global Momentum Class, Synergy Global Style Management Class and Synergy European Momentum Class (collectively, the "Underlying Funds") of Synergy Global Fund Inc. (the "Corporation) for an order pursuant to subsection 59(1) of Schedule I to the Regulation exempting the Underlying Funds from paying duplicate filing fees on an annual basis in respect of the distribution of units or shares (collectively, the "Securities") of the Underlying Funds to the RSP Funds, the distribution of Securities of the Underlying Funds to counterparties with whom the RSP Funds have entered into forward contracts and on the reinvestment of distributions of such Securities.

AND UPON considering the application and the recommendations of the staff of theCommission.

AND UPON Synergy having represented to the Commission that:

1. The RSP Funds and the Underlying Funds are, or will be, open-end mutual fund trusts or classes of shares of the Corporation, each established under the laws of Ontario. Synergy is a corporation established under the laws of Ontario.

2. Synergy is, or will be, the manager of the RSP Funds and the Underlying Funds. Synergy is, or will be, the trustee of the RSP Funds and the Underlying Funds are classes of shares of the Corporation.

3. The RSP Funds and the Underlying Funds are, or will be, reporting issuers and are not in default of any requirement of the securities acts or regulations applicable in each of the provinces and territories of Canada. The Securities of the RSP Funds and the Securities of the Underlying Funds are, or will be, qualified for distribution pursuant to a simplified prospectus and an annual information form in those jurisdictions.

4. As part of their investment strategy each RSP Fund enters into forward contracts or other derivative instruments (the "Forward Contracts") with one or more financial institutions or dealers (the "Counterparties") that link the RSP Fund's returns to its corresponding Underlying Fund.

5. Counterparties may hedge their obligations under the Forward Contracts by investing in Securities (the "Hedge Securities") of the applicable Underlying Funds.

6. As part of their investment strategy, the RSP Funds may purchase Securities of the Underlying Funds (the "Fund-on-Fund Investments").

7. Applicable securities regulatory approvals for the Fund-on-Fund Investments and the RSP Funds' investment strategies have been, or will be, obtained.

8. Annually, each of the RSP Funds will be required to pay filing fees to the Commission in respect of the distribution of its Securities in Ontario pursuant to Section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its Securities in other relevant Canadian jurisdictions pursuant to applicable securities legislation in each of those jurisdictions.

9. Annually, each of the Underlying Funds will be required to pay filing fees in respect of the distribution of its Securities in Ontario, including the distribution of both the Securities to the RSP Funds and the Hedge Securities, pursuant to Section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its Securities in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

10. A duplication of filing fees pursuant to Section 14 of Schedule I of the Regulation may result when (a) assets of an RSP Fund are invested in the applicable Underlying Fund; (b) Hedge Securities are distributed and (c) a distribution is paid by an Underlying Fund on

Securities of the Underlying Fund held by the applicable RSP Fund or on Hedge Securities which are reinvested in additional Securities of the Underlying Fund (the "Reinvested Securities").

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

IT IS ORDERED by the Commission pursuant to subsection 59(1) of Schedule I of the Regulation that the Underlying Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to Section 14 of Schedule I of the Regulation in respect of the distribution of Securities of the Underlying Funds to the RSP Funds, the distribution of Hedge Securities to Counterparties and the distribution of the Reinvested Securities, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by such Underlying Funds of (1) Securities to the RSP Fund, (2) Hedge Securities and (3) Reinvested Securities, together with a calculation of the fees that would have been payable in the absence of this order.

November 10th, 2000.

"Howard I. Wetston" Theresa McLeod"

2.2.2 Montrusco Bolton et al.

Headnote

Exemptive Relief Applications – Extension of lapse date to permit the renewal prospectus of certain mutual funds to reflect the results of a change of control of the manager.

Statutes Cited

Securities Act, R.S.O. 1990, c.S.5, as am., ss 62(1), 62(2) and 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
The Montrusco Bolton Growth plus Fund,
The Montrusco Bolton Balanced plus Fund,
The Montrusco Bolton Value plus Fund,
The Montrusco Bolton World Income Fund and
The Montrusco Bolton Rsp International Growth Fund
(individually, a "Fund" and collectively, the "Funds")

ORDER
(Subsection 62(5) of the Act)

WHEREAS the Ontario Securities Commission (the "Commission") has received an application from Montrusco Bolton Investments Inc. (the "Manager") and the Funds for a decision pursuant to the Act that the time limits prescribed by subsection 62(2) of the Act for the filing of the *pro forma* prospectus and final simplified prospectus for the Funds (the "Renewal Prospectus"), and the receipting thereof, be extended to the time periods that would be applicable if the lapse date for the distribution of the units of each Fund was November 17, 2000;

AND WHEREAS the Manager has represented to the Commission as follows:

The Manager is a corporation incorporated under the laws of Canada with its head office located in the Province of Québec. The Manager is the trustee and manager of each Fund.

The Funds are unincorporated open-end mutual fund trusts created under the laws of Ontario by declarations of trust dated October 29, 1999 and January 11, 2000. Units of the Funds are offered to the public in the provinces of Ontario and Québec by way of a simplified prospectus and an annual information form, both dated November 1, 1999, and receipted November 3, 1999. Accordingly, the lapse date for the Funds is November 3, 2000 (the "Lapse Date").

1. Each Fund is a reporting issuer in the provinces of Ontario and Québec and is not in default of any of the requirements of the Act.

2. The Funds filed their Renewal Prospectus in Ontario and Québec on September 29, 2000 under SEDAR Project No. 301622. The filing of final materials for the

Renewal Prospectus, unless otherwise extended, must be effected on or before November 13, 2000.

3. The Manager is a wholly-owned subsidiary of Montrusco Bolton Inc. ("MBI"), a public corporation and reporting issuer in each province of Canada.

4. On August 30, 2000, MBI entered into an arrangement agreement (the "Arrangement") with First International Asset Management Inc. ("FIAMI") and MBI Acquisition Corp. ("MBIAC"), itself a wholly-owned subsidiary of FIAMI, incorporated for the purposes of the Arrangement.

5. Upon the implementation of the Arrangement, MBI will cease to be a public company and will become a wholly-owned subsidiary of MBIAC.

6. The implementation of the Arrangement is conditional upon various conditions precedent, including (i) the approval of the shareholders of MBI at the meeting scheduled for November 6, 2000, (ii) the approval of the Superior Court, District of Montreal, scheduled for November 7, 2000 and (iii) the obtaining of the required approval for the change in control of the Manager from the securities regulatory authorities.

7. The approval for the change in control of the Manager was granted by the securities regulatory authorities on November 7, 2000.

8. It is anticipated that all the conditions precedent to the implementation of the Arrangement will be satisfied or waived and that the Arrangement will become effective on November 8, 2000 (the "Closing").

9. Following the Closing, numerous current directors of the Manager will be replaced by new directors, many of which will be appointed by FIAMI (the "New Directors").

10. The disclosure in the Renewal Prospectus will need to reflect the fact that FIAMI has acquired control of MBI and, indirectly, of the Manager.

11. It is deemed more appropriate to have the Renewal Prospectus approved by the New Directors (the "Approval").

12. The New Directors will need an appropriate period of time to review the documentation prior to approving it.

13. The filing of the final documents for the Renewal Prospectus cannot take place prior to the Approval.

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

IT IS ORDERED by the Commission pursuant to subsection 62(5) of the Act that the time limits prescribed by the Act for filing the Renewal Prospectus for the Funds, and the receipting thereof, be extended to the time periods that would be applicable if the LapseDate for the distribution of the units of each Fund was November 17, 2000.

November 2000

"Paul A. Dempsey"

2.2.3 Martlet Venture Capital Management Ltd.

Headnote

Issuer deemed to have ceased to be reporting issuer under 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
MARTLET VENTURE MANAGEMENT LIMITED

ORDER
(Section 83 of the Act)

Whereas Martlet Venture management Limited ("Martlet"), a corporation formed under the laws of Ontario, has applied for an order pursuant to section 83 of the Act;

And Upon it being represented to the Commission that:

1. Martlet has been a reporting issuer in Ontario since September 10,1968.

2. Marlet has one security holder, whose latest address as shown on the books is in Ontario.

3. The filer's shares were de-listed from CDNX at the close of business on October 24, 2000.

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 Martlet is deemed to have ceased to be a reporting issuer for the purposes of the Act.

November 3rd, 2000

"J.A. Geller"

2.2.4 Russell Millard

IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c. S.5, as amended

- and -

IN THE MATTER OF RUSSELL MILLARD

ORDER
(Subsection 127(1))

WHEREAS on November 1, 2000, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to subsection 127(1) of the *Securities Act* (the "Act") in respect to Russell Millard;

AND WHEREAS Russell Millard entered into a settlement agreement dated October 27, 2000 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the statement of allegations of Staff of the Commission, and upon hearing submissions from Russell Millard and from Staff of the Commission;

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

IT IS ORDERED THAT:

(1) the Settlement Agreement dated October 27 , 2000, attached to this Order, is hereby approved;

(2) pursuant to clause 6 of subsection 127(1) of the Act, Russell Millard is hereby reprimanded; and

(3) pursuant to clause 1 of subsection 127(1) of the Act, the registration granted to Millard under Ontario securities law will be suspended for a period of 21 days from the date of the Commission's Order.

November 13, 2000.

"Robert Davis" "Theresa McLeod"

"Howard I. Wetston"

2.2.5 Desjardins Trust Investment Services Inc.and Maestral Global Equity Fund

Headnote:

Exemption from the fees otherwise due under subsection 14(1) of Schedule 1 of the Regulation to the *Securities Act* on a distribution of units made by an "underlying" fund directly (i) to a "clone" fund, (ii) to the "clone" fund's counterparties for hedging purposes and (iii) on the reinvestment of distributions on such units.

Regulations Cited:

Regulation made under the *Securities Act*, R.R.O 1990, Reg. 1015, as am., Schedule 1, ss. 14(1), 14(4) and 59(1).

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

AND

IN THE MATTER OF

DESJARDINS TRUST INVESTMENT SERVICES INC. AND MAESTRAL GLOBAL EQUITY FUND

ORDER
(Subsection 59(1) of Schedule I of the Regulation made under the above statute (the "Regulation"))

UPON the application (the "Application") of Desjardins Trust Investment Services Inc. ("DTIS"), the manager of the MAESTRAL Global Equity RSP Fund and other similar funds established by DTIS from time to time (collectively, the "RSP Funds"), and MAESTRAL Global Equity Fund and other similar funds established by DTIS from time to time (collectively, the "Underlying Funds"), to the Ontario Securities Commission (the "Commission") for an order pursuant to subsection 59(1) of Schedule I of the Regulation exempting the Underlying Funds from paying duplicate filing fees on an annual basis in respect of the distribution of units of the Underlying Funds to the RSP Funds, the distribution of units of the Underlying Funds to Counterparties (defined herein) with whom the RSP Funds have entered into forward contracts, and on the reinvestment of distributions on such units;

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

AND UPON DTIS having represented to the Commission that:

1. Each of the RSP Funds and of the Underlying Funds is, or will be, open-ended unincorporated mutual fund trusts established under the laws of Québec.

2. DTIS is a corporation established under the laws of Québec and is the manager and principal distributor of the RSP Funds and Underlying Funds.

3. The units of the RSP Funds and the Underlying Funds are, or will be, qualified for distribution pursuant to a simplified prospectus and annual information form filed across Canada.

4. Each of the RSP Funds and the Underlying Funds is, or will be, a reporting issuer under the securities laws of each of the provinces and territories of Canada. None of the RSP Funds or the Underlying Funds is in default of any requirements of the securities legislation, regulations or rules applicable in each of the provinces and territories of Canada.

5. As part of their investment strategy, the RSP Funds enter into forward contracts with one or more financial institutions (the "Counterparties") that link the returns to an Underlying Fund.

6. A Counterparty may hedge its obligations under the forward contracts by investing in units (the "Hedge Units") of the applicable Underlying Fund.

7. As part of their investment strategy, the RSP Funds may purchase units of the Underlying Funds (the "Fund on Fund Investments").

8. Applicable securities regulatory approvals for the Fund on Fund Investments and the RSP Funds' investment strategies have been obtained.

9. Annually, each of the RSP Funds will be required to pay filing fees to the Commission in respect of the distribution of its units in Ontario pursuant to section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its units in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

10. Annually, each of the Underlying Funds will be required to pay filing fees in respect of the distribution of units in Ontario, including units issued to the RSP Funds and the Hedge Units, pursuant to section 14 of Schedule I of the Regulation and will similarly be required to pay fees based on the distribution of its units in other relevant Canadian jurisdictions pursuant to the applicable securities legislation in each of those jurisdictions.

11. A duplication of filing fees pursuant to Section 14 of Schedule I of the Regulation may result when (a) assets of an RSP Fund are invested in the applicable Underlying Fund (b) Hedge Units are distributed and (c) a distribution is paid by an Underlying Fund on units of the Underlying Fund held by the applicable RSP Fund or Hedge Units which are reinvested in additional units of the Underlying Fund ("Reinvested Units").

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

IT IS ORDERED by the Commission pursuant to subsection 59(1) of Schedule I of the Regulation that the Underlying Funds are exempt from the payment of duplicate filing fees on an annual basis pursuant to section 14 of

Schedule I of the Regulation in respect of the distribution of units of the Underlying Funds to the RSP Funds, the distribution of Hedge Units to Counterparties and the distribution of Reinvested Units, provided that each Underlying Fund shall include in its notice filed under subsection 14(4) of Schedule I of the Regulation a statement of the aggregate gross proceeds realized in Ontario as a result of the issuance by the Underlying Funds of (1) units distributed to the RSP Fund, (2) Hedge Units and (3) Reinvested Units; together with a calculation of the fees that would have been payable in the absence of this Order.

November 3rd, 2000.

"Robert W. Davis" "R. Stephen Paddon"

2.2.6 Marion Sales, Bruce Sales and Alphanet Telecom Inc.

Headnote

Partial revocation of cease trade order pursuant to section 144 of the Act granted to permit trades solely for the purpose of establishing a tax loss for income tax purposes, in accordance with OSC Policy 57-602.

Status Cited

Securities Act, R.S.O. 1990, c.S. 5, as am., ss. 6(3) 127 and 144.

Policies Cited

OSC Policy 57-602.

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

AND

IN THE MATTER OF MARION SALES BRUCE SALES

AND

ALPHANET TELECOM INC.

ORDER (Section 144)

WHEREAS the securities of AlphaNet Telecom Inc. ("AlphaNet") currently are subject to an Order of the Ontario Securities Commission (the "Commission") made on June 25, 1999 (the "Cease Trade Order") pursuant to section 127 of the Act, ordering that trading in any securities of AlphaNet Telecom Inc. cease;

AND WHEREAS Marion Sales and Bruce Sales (the "Vendors") have made application to the Commission pursuant to section 144 of the Act (the "Application") for an order varying the Cease Trade Order in order to allow for the disposition by the Vendors of 2,500 and 80 common shares of AlphaNet respectively for the purpose of establishing a tax loss;

AND WHEREAS Ontario Securities Commission Policy 57-602 provides that the Commission is prepared to vary an outstanding cease trade order to permit the disposition of securities subject to the cease trade order for the purpose of establishing a tax loss where the Commission is satisfied that the disposition is being made, so far as the securityholder is concerned, solely for the purpose of that securityholder establishing a tax loss and provided that the securityholder provides the purchaser with a copy of the cease trade order and the variation order;

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

AND UPON the Vendors having represented to the Commission that:

1. The Vendors acquired the Securities prior to the issuance of the Cease Trade Order;

2. The Vendors will effect the proposed disposition of the Securities (the "Disposition") solely for the purpose of establishing a tax loss in respect of such Disposition; and

3. The Vendors will provide the purchaser with a copy of the Cease Trade Order and this Order;

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

IT IS ORDERED pursuant to section 144 of the Act that the Cease Trade Order be and is hereby varied in order to permit the Disposition.

November9th, 2000

"Howard I. Wetston" "R. Stephen Paddon"

2.2.7 Amendment of Recognition Order

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

AND

IN THE MATTER OF THE RECOGNITION OF CERTAIN STOCK EXCHANGES AMENDMENT OF RECOGNITION ORDER

(Section 144 and Clause 72(1)(m) of the Act)

WHEREAS the Ontario Securities Commission (the "Commission") issued an order effective March 1, 1997, as amended August 29, 2000 (the "Order"), which, among other things, recognized certain stock exchanges for the purposes of certain sections of the Act;

AND WHEREAS, clause 72(1)(m) of the Act provides an exemption from the prospectus requirement where the issuer distributes a security of its own issue in consideration of mining claims where, among other things, the security proposed to be issued, or the security underlying that security, is listed and posted for trading on a stock exchange recognized for the purpose of that clause by the Commission;

AND WHEREAS, the Commission wishes to recognize The Toronto Stock Exchange for the purpose of clause 72(1)(m) of the Act;

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

IT IS ORDERED, pursuant to section 144 of the Act, that the Order be amended to add the following:

> **"AND THE COMMISSION FURTHER HEREBY RECOGNIZES** the TSE for the purposes of clause 72(1)(m) of the Act."

November 7th, 2000.

Chapter 3

Reasons: Decisions, Orders and Rulings

THERE IS NO MATERIAL FOR THIS CHAPTER

IN THIS ISSUE

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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
Canquest Resource Corporation	November 3/2000	November 15/2000	Oct 25/2000	---
Rising Phoenix Development Group Ltd.	November 3/2000	November 15/2000		

4.1.2 Cease Trade Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Rescinding Order
First Interactive Inc.	Oct 24/2000	---	---	

4.1.3 Cease Trade Orders

Company Name	Date of Lapse
Planetsafe Enviro Corp.	November 6/2000
Ressources Plexmar Inc.	November 6/2000

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Chapter 5

Rules and Policies

5.1 Rules and Policies

5.1.1 NI 43-101 - Standards of Disclosure for Mineral Projects

NOTICE OF RULE
UNDER THE SECURITIES ACT
NATIONAL INSTRUMENT 43-101, STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS, FORM 43-101F1, TECHNICAL REPORT, AND COMPANION POLICY 43-101CP

A. Notice of National Instrument, Companion Policy, and Form (the "Instruments")

The Commission has, under section 143 of the Securities Act (the "Act"), made National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "National Instrument") and Form 43-101F1 (the "Form") as a Rule under the Act. The Commission has also adopted Companion Policy 43-101 CP (the "Companion Policy").

The National Instrument, the Form, and the material required by the Act to be delivered to the Minister of Finance were delivered on November 16, 2000. The National Instrument and Form will come into force in Ontario on February 1, 2001 unless the Minister rejects the National Instrument or Form, or returns them to the Commission for further consideration. The Companion Policy is to become effective at the same time as the National Instrument and Form.

The National Instrument and Form are an initiative of the Canadian Securities Administrators ("CSA") and are expected to be adopted as rules in each of British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and Newfoundland, as a Commission regulation in Saskatchewan, and as a policy in all other jurisdictions represented by the CSA.

The CSA published for comment a draft of the National Instrument first in June 1998 and then again in March 2000 (the "March 2000 Draft"). During the comment periods, the CSA received submissions from a number of commenters. Forty-seven commented on the March 2000 Draft. The names of these commenters and the summary of their comments, together with the CSA responses to those comments, are contained in Appendix A and B, respectively, of this Notice.

As a result of consideration of the comments, the CSA have made a number of amendments to the National Instrument. However, as these changes are not material, the CSA are not republishing the National Instrument and the Form for a further comment period.

Concurrently with making the National Instrument and the Form, the Commission rescinded National Policy Statement No. 2-A, "Guide For Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators", ("NP2-A"). The Commission also revoked section 36 of Regulation 1015 of the Revised Regulations of Ontario, 1990 (the "Regulation") and certain definitions of ore and reserves in section 37(2) of the Regulation in connection with making Rule 41-101, "General Prospectus Requirements". Notice of this rule was published October 13, 2000.

B. Substance and Purpose of National Instrument, Form and Companion Policy

The Instruments originated with the reformulation of NP2-A. NP2-A set out requirements for the preparation of technical reports that must be filed by issuers with mineral projects in connection with certain prospectus offerings.

The Instruments consolidate and expand significantly on the current disclosure and reporting requirements. The purpose of the proposed National Instrument is to enhance the accuracy and integrity of public disclosure in the mining sector.

The Instruments establish standards for all oral statements and written disclosure made by an issuer concerning mineral projects that are reasonably likely to be made available to the public. All disclosure concerning mineral projects, including oral statements and written disclosure in news releases, prospectuses and annual reports, is to be based on information prepared by or under the supervision of a qualified person. Disclosure of mineral resources and mineral reserves is to be made in accordance with industry standard definitions approved by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") and incorporated by reference into the National Instrument.

In certain circumstances, the disclosure must be supported by a written technical report prepared and certified by a qualified person in accordance with the Form and filed by the issuer with the securities regulatory authorities. In specified circumstances, the technical report must be prepared and certified by a qualified person who is independent of the issuer.

The Instruments are consistent with the recommendations of the Final Report of the TSE-OSC Mining Standards Task Force. The CSA are of the view that the Instruments will enhance investor protection and the fairness and efficiency of capital markets.

The CSA are also proposing to form a Mining Technical Advisory and Monitoring Committee (the "MTAMC") to advise the CSA on issues relating to disclosure standards for the mining industry. More information on the MTAMC is provided in a separate CSA Notice published concurrently with this Notice.

C. Summary of Changes to Instruments from the March 2000 Draft

Changes of a substantive nature that have been made to the Instruments are summarized here. Several of these changes and other changes that are less substantive in nature are discussed in greater detail in Appendix B of this Notice. For a detailed summary of the contents of the March 2000 Draft, reference should be made to the notice that was published with the March 2000 Draft.

National Instrument 43-101

1. Definition of "adjacent property"

The branch of the definition which required an adjacent property to have a boundary lying within two kilometres of the closest boundary of the property being reported on has been deleted and replaced with the requirement that an adjacent property have a boundary reasonably proximate to the closest boundary of the property being reported on. This change was made in response to comments received that a two kilometre boundary is often inappropriate depending on the scale of the property and its stage of development. As a result, a technical report may now include information on an adjacent property whose closest boundary lies more than two kilometres from the closest boundary of the property being reported on provided that it is proximate to and has geological characteristics similar to those of the property being reported on and the conditions set out in Item 17 (formerly Item 16) of the Form are complied with.

The two kilometre limit, however, has been maintained for the purpose of determining if a qualified person is independent of the issuer in section 1.5(4)(e). The term "adjacent property" is no longer used for this purpose.

2. Definition of "data verification"

The CSA have added a definition of "data verification" at the suggestion of commenters. These commenters advised that the proposed instrument should clearly cover two separate but related processes that are important: (i) the process of checking that data have been accurately transcribed from the original source; and (ii) the process of checking that the data are suitable to be used because they have been obtained from a reliable source in an appropriate manner.

The term "data verification" was chosen as it is a common industry term, and the definition was added to clarify that both processes are important for the adequate checking of data.

3. Definition of "disclosure document"

The CSA added a definition of "disclosure document" which means an annual information form, prospectus, material change report, or annual financial statement. This term appears in subsections 4.2 (1) 2 and 4.2 (1) 6 of the National Instrument. Disclosure that is incorporated by reference into, or that appears in, a preliminary short form prospectus, an annual information form, or an annual report filed after the effective date of the National Instrument, but that appeared in a disclosure document filed prior to February 1, 2001, is "grandfathered" under the National Instrument. The filing of a new technical report is not triggered unless there is new material information contained in the disclosure.

4. Definition of "exploration information"

The CSA have deleted section 1.4 of the Companion Policy and the phrase "or to expand or further develop an existing mineral resource or reserve" in the definition of "exploration information". These changes were made to recognize that exploration information may be material disclosure at any time during the life of a mineral project.

5. Definition of "feasibility study"

The CSA received several comments objecting to the reference in the definition to the feasibility study being sufficient "for a qualified person experienced in mineral production activities, acting reasonably" to make a production decision. This standard was confusing to commenters since a production decision is not made by the qualified person but by the issuer and its sources of financing and/or capital. As a result, the National Instrument was amended so that the standard for a feasibility study is that it "could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production."

6. Definition of "geoscientist"

Several commenters suggested that the definition of "geoscientist" should be deleted as it is unnecessary and inappropriate. These commenters pointed out that self regulatory associations are the appropriate bodies to determine whether an individual is eligible to be considered a geoscientist and that this was consistent with the intent of the proposed National Instrument. The CSA agree with these comments and have deleted the definition of "geoscientist".

7. Definition of "professional association"

The CSA amended the definition of "professional association" so that the period for which an association of geoscientists in Ontario will be deemed a professional association has been shortened from two years to one year. This amendment recognizes the passing, in Ontario, of the third reading of the Professional Geoscientists Act on June 22, 2000. As a result, the CSA concluded, in consultation with the Association of Professional Geoscientists of Ontario, that potential qualified persons in Ontario would be able to comply with the requirements of the definition in a shorter period of time. The two year deeming period, however, remains for associations of geoscientists to be established in other Canadian jurisdictions.

The CSA also recognize that there may be some non-Canadian residents who are not a member of a professional association as that term is defined in the National Instrument. The CSA intends to seek advice on this issue. The CSA will also follow the developments of the International Professional

Geology Conference and the Council of Mining and Metallurgical Institutes (CMMI) which are exploring the concept of an international geoscientist association among qualified persons in Australia, Canada, Great Britain, South Africa and the United States, with a view to possibly recognizing certain foreign professional associations that do not meet all of the requirements of the definition, as well as develop a list of acceptable professional associations for reference purposes. In the meantime, however, issuers that wish to retain persons who are not members of an association that meets the requirements of the definition will have to consider making an application for exemptive relief. Alternatively, issuers should be aware that Canadian provincial professional associations generally permit out of province residents as members.

8. Definitions of Mineral Resources and Mineral Reserves

The CSA received many comments urging the CSA to adopt the standards for classification of mineral resources and mineral reserves recommended by the CIM. The CSA agreed in principle, that deferring to industry developed standards would be appropriate, however, the CSA faced a problem in that the CIM was in the process of revising mineral resource and mineral reserve definitions. The CSA kept in close contact with the CIM and provided comments so that the definitions would be satisfactory for securities regulatory purposes.

On August 20, 2000, the National Council of the CIM adopted new mineral resource and mineral reserve definitions. The CSA are satisfied that the definitions adopted are appropriate for use in the National Instrument and have incorporated these definitions by reference into the National Instrument in sections 1.3 and 1.4. While only the bolded definitions themselves are incorporated by reference into the National Instrument, the CSA will look to the CIM Standing Committee's report for interpretive guidance on the definitions. A copy of the definitions and the relevant interpretive guidance can be found attached as the appendix to the Companion Policy.

Some commenters have suggested that the proposed Instrument automatically incorporate changes made to the mineral resource and mineral reserve definitions by the CIM from time to time. The CSA recognize that definitions of mineral resources and mineral reserves continue to evolve in the industry. Changes to the definitions of mineral resources and mineral reserves adopted by the CIM will automatically be incorporated by reference into the rule.

9. Disclosure of Target Potential

Section 2.3 of the National Instrument was amended in response to comments that the prohibition against disclosure of an estimate of quantity or grade of a deposit unless a qualified person has estimated a mineral resource or mineral reserve, was too broad and would prohibit disclosure of target potential. Commenters argued that this information is meaningful to investors and that prohibiting it could lead to selective disclosure.

The general prohibition against disclosure of an estimate of quantity and grade that has not been classified as a mineral resource or mineral reserve by a qualified person has been maintained in subsection 2.3(1)(a). A new subsection 2.3(1)(b) was also added prohibiting the disclosure of the results of an economic evaluation which uses inferred resources as a basis for the economic evaluation.

Despite subsection 2.3(1)(a), subsection 2.3(2) permits an issuer to disclose in writing potential quantity and grade of an exploration target provided that the disclosure includes: (1) the basis for the potential; and (2) a proximate statement that potential quantity and grade is conceptual in nature and that there has been insufficient exploration to define a mineral resource on the property and it is uncertain if further exploration will result in discovery of a mineral resource on the property.

10. Disclosure of Preliminary Assessment

Despite subsection 2.3(1)(b), subsection 2.3(3) permits an issuer to disclose in writing a preliminary assessment that includes an economic evaluation which uses inferred mineral resources, provided that the preliminary assessment is a material fact or a material change in the affairs of the issuer. The disclosure includes: 1) the basis for the preliminary assessment, the qualifications and assumptions made by the qualified person, and appropriate cautionary language.

In addition, issuers that are reporting issuers in Ontario, are required to prefile the assessment and technical report for a five-day non-objection period by the Director.

Subsection 2.3(4) was also added to ensure that the terms pre-feasibility study, preliminary feasibility study and feasibility study were only to be used if the studies referred to satisfy the requirements of the relevant definitions in the National Instrument.

11. Disclosure of Historical Estimates

Section 2.4 was amended to limit the disclosure of historical estimates of mineral resources and mineral reserves to: (1) historical estimates prepared by or on behalf of a person or company other than the issuer; and (2) historical estimates that accompany disclosure of mineral reserves and mineral resources made in accordance with section 2.2.

12. Obligation to File Technical Report in Connection with a Short Form Prospectus, Annual Information Form, or Annual Report

It came to the attention of the CSA that issuers that are eligible to use the POP System in National Policy Statement No. 47 or proposed National Instrument 44-101 may never have filed a technical report or a report prepared in accordance with National Policy Statement No. 2-A. As a result, subsections 4.2(1)2 and 4.2(1)6 of the National Instrument have been amended to "grandfather" disclosure describing mineral projects on a property material to the issuer contained in a disclosure document (as well as in a report under National Policy Statement 2-A) filed before February 1, 2001.

13. Use of Foreign Codes

In accordance with comments received, the National Instrument now permits Canadian issuers to use reserve and resource definitions in certain foreign codes with respect to properties located in a foreign jurisdiction provided the

disclosure based on the foreign codes is reconciled to the definitions required by the National Instrument.

The National Instrument was also amended to permit issuers to make disclosure using the resource and reserve definitions in foreign codes, in addition to being permitted to use foreign codes in technical reports, provided that the disclosure includes a reconciliation.

14. Certificates of Qualified Persons

A few commenters suggested that the requirement that the qualified person certify that the technical report was prepared in accordance with generally accepted mining industry practice was inappropriate and could create confusion. The CSA agree and deleted this requirement. The standards required of the qualified person are within the proper purview of the professional organizations.

Companion Policy 43-101 CP

1. CSA Sub-Committee and Industry Committee

Section 1.2 was inserted into the Companion Policy to recognize that mining industry standards are undergoing significant changes in Canada and internationally. The Companion Policy further states that the CSA will monitor these changes and consider recommendations from their staff and external advisors for amendments to the Instrument, from time to time.

2. CIM Mineral Resource and Mineral Reserve Definitions

The Companion Policy was amended to recognize that the Instrument incorporates the mineral resource and reserve definitions adopted by the CIM by reference. The CSA encourages issuers and qualified persons preparing technical reports to consult the CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines for further guidance on the interpretation and application of these definitions. A copy of the definitions and guidelines can be found attached as the appendix to the Companion Policy.

3. Preliminary Feasibility Study

Subsection 1.6(b) of the Companion Policy was amended to advise that the considerations or assumptions underlying a study must be reasonable and sufficient for a qualified person, acting reasonably, to determine if the mineral resource may be classified as a mineral reserve in order for a study to fall within the definition.

4. Prohibited Disclosure

Section 2.3 was inserted into the Companion Policy to provide guidance on the interpretation of section 2.3 of the Instrument. The Companion Policy also advises that the limited written disclosure contemplated in subsection 2.3(2) and 2.3(3) should be sufficient to allow the reader to make a considered and balanced judgment of its significance.

Transition

The CSA anticipate that the proposed National Instrument will come into effect in February 2001. Certain transitional measures are built into the National Instrument.

The coming into force of the National Instrument would not itself necessarily trigger an immediate obligation to file a technical report prepared in accordance with the National Instrument. For most issuers affected by the National Instrument, the requirements concerning technical reports would first apply in connection with an annual report, annual information form or preliminary prospectus filed after the National Instrument comes into effect. In some cases these requirements would apply earlier, for example, in connection with disclosure of new or materially changed estimates of mineral resources and mineral reserves on a property material to the issuer, after the coming into force of the National Instrument.

D. Recission of National Policy Statements

The Commission has also rescinded NP2-A, effective on the date that the National Instrument and Form come into force.

Text of Recission of National Policy Statement No. 2-A

"National Policy Statement No. 2-A, Guide For Engineers, Geologists and Prospectors Submitting Reports on Mining Properties to Canadian Provincial Securities Administrators is rescinded."

E. Text of the Instruments

The text of the National Instrument, the Form and the Companion Policy, together with footnotes that are not part of the Instruments, follows.

DATED: November 17, 2000

Questions may be referred to any of:

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APPENDIX A
LIST OF COMMENTS
RECEIVED ON 2000 PROPOSED RULE, 2000
PROPOSED POLICY
AND 2000 PROPOSED FORM

1. Ashton Mining of Canada Inc. by letter dated April 7, 2000
2. Association of Geoscientists of Ontario by letter dated May 24, 2000
3. Association of Professional Engineers and Geoscientists of B.C. (APEGBC) by letter dated May 31, 2000
4. Aur Resources Inc. by letters dated May 5, 2000 and June 30, 2000
5. Bema Gold Corporation by letter dated May 17, 2000
6. Best Practices Committee by letter dated June 9, 2000
7. Bottrill Geological Services by letter dated May 30, 2000
8. British Columbia and Yukon Chamber of Mines by letter dated May 30, 2000
9. Cameco Corporation by letter dated May 23, 2000
10. Canadian Advocacy Council of the Association for Investment Management and Research by letter dated May 23, 2000
11. Canadian Association of Mineral Valuators by letter dated May 23, 2000
12. Canadian Bar Association – Ontario by letters dated June 2, 2000 and June 7, 2000
13. Canadian Council of Professional Geoscientists by letter dated May 24, 2000
14. Canadian Institute of Mining, Metallurgy and Petroleum (CIM) by letters dated May 24, 2000 and June 7, 2000
15. Canadian Venture Exchange by letter dated May 23, 2000
16. CDNX Listed Company Association by letter dated May 24, 2000
17. Chapman, J.A. Mining Services by letter dated May 17, 2000
18. Corriente Resources Inc. by letter dated May 18, 2000
19. EBL Consultants by letter dated May 16, 2000 for CVMQ
20. Falconbridge Limited by letter dated June 6, 2000
21. Fenton Scott Management Inc. by letter dated May 18, 2000
22. Géoconseil Marcel Vallée Inc by letter dated June 23, 2000
23. Gorzynski, George by letter dated May 21, 2000
24. Halton Association of Geoscientists by letters dated May 31, 2000 and June 2, 2000
25. Impact Minerals International Inc. by letter dated May 17, 2000
26. Inco Limited by letter dated June 22, 2000
27. Kimura, Ed by letter dated May 23, 2000
28. Lawrence, Ross D. by letter dated May 23, 2000
29. Macleod Dixon by letter dated May 3, 2000
30. Matrix Consultants Limited by letter dated August 14, 2000
31. MRDI Canada by letter dated May 23, 2000
32. Namco South Africa (Pty) Ltd. by letter dated 24 May 2000
33. Olson, Philip by letter dated May 17, 2000
34. Ordre des ingénieurs du Québec by letter dated June 5, 2000

35. Osler, Hoskin & Harcourt by letter dated June 9, 2000
36. Pacific Rim Mining Corp. by letter dated June 6, 2000
37. Placer Dome Inc. by letter dated May 24, 2000
38. Prospectors and Developers Association of Canada by letters dated June 8, 2000 and June 13, 2000
39. Redhawk Resources, Inc. by e-mail dated May 9, 2000
40. Rio Algom by letter dated June 1, 2000
41. Shen, Kenneth and Renneberg, Russel by letter dated May 23, 2000
42. Sinclair, A.J. by letter dated May 24, 2000
43. Sketchley, Dale A., by letter dated May 24, 2000
44. Southwestern Gold Corporation by letter dated May 31, 2000
45. Teck Corporation by letter dated May 29, 2000
46. Toronto Stock Exchange (TSE) by letter dated June 8, 2000
47. Watts, Griffis and McOuat Limited by letters dated May 24, 2000 and June 15, 2000

APPENDIX B

SUMMARY OF COMMENTS RECEIVED ON PROPOSED NATIONAL INSTRUMENT 43-101, COMPANION POLICY 43-101CP AND FORM 43-101F1

STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

The CSA received submissions from 47 commenters on the proposed Instruments, representing a wide spectrum of industry participants, including producing issuers, exploration issuers, consulting professionals, industry associations, councils, committees and exchanges.

The CSA appreciate the attention and care taken by the commenters in their submissions. The CSA gave serious consideration to the submissions received and revised the proposed Instruments to address concerns raised, as the CSA considered appropriate. The CSA thank all of the commenters for providing their comments.

The following is a summary of the comments received on the proposed Instruments, together with the CSA's responses, organized by topic. The summary begins with general comments on the proposed Instruments and follows with a review of the comments on the proposed National Instrument, the proposed Form and the proposed Companion Policy and the CSA's response reflected in the National Instrument, the Form and the Companion Policy as adopted.

GENERAL COMMENTS

Most of the commenters were supportive of the scope and general content of the proposed Instruments, agreeing that the proposed Instruments will significantly enhance the quality and reliability of public disclosure concerning mineral projects, as well as improve the confidence of the investing public. In particular, commenters expressed support for:

- clearer and upgraded disclosure;
- qualified person eligibility and mandatory involvement;
- mandatory use of standardized terminology;
- references to Best Practices guidelines produced by industry associations; and
- the respective responsibilities of the issuers and their management and of qualified persons.

Many commenters considered the proposed Instruments much improved from the first drafts of the proposed Instruments that were published in July 1998 and from NP 2-A. Some of these commenters expressed serious concerns about certain aspects of the proposed Instruments, but for the most part, comments were directed at clarifying and improving the proposed Instruments.

However, a minority of commenters suggested that the proposed Instruments should not be adopted, expressing the following views:

- The proposed Instruments will not prevent fraud, but will hobble the exploration industry and burden it with excessive costs;
- Redirecting funds away from drilling to regulatory compliance reduces chances for exploration success;
- The market has learned a lesson from recent incidents; analysts are making demands for verification in appropriate circumstances;
- There are renowned explorationists who do not meet the definition of a qualified person;
- The proposed Instruments encroach on matters that should be left to the purview of scientific and technical professional organizations that are equipped to recommend "best practice" guidelines as they evolve from time to time, rather than codifying them into required practice;
- The proposed Instruments are an over-reaction to recent incidents and hold issuers in the mining industry and their management to higher standards, and subject them to a greater risk of liability, than issuers and management in other industries;
- The proposed Instruments do nothing to address problems created by analysts who are not qualified persons, yet are allowed to write speculative reports on mineral projects based on little information; and
- Greater emphasis should be placed on investor education and warnings.

The CSA appreciate the sincerity of these views. However, the CSA remain of the view that the Instruments are an important and necessary step in improving the credibility of disclosure and investor confidence in the capital markets, to the ultimate benefit of both investors and the mining industry as a whole.

One of the commenters stated its view that the proposed Instruments are a vast improvement over existing guidelines and rules. In the commenter's view, nothing will prevent outright fraud, but the proposed Instruments will help avoid scandals where misleading, incomplete and overzealous press releases and other disclosure statements lead to losses by innocent investors. The commenter acknowledged that the increased cost of complying with the proposed Instruments may be significant for some, but supported the higher standard of disclosure and was of the belief that there would be a net benefit to the mining industry as a result of improved investor confidence. The CSA agree with this comment.

The comments concerning the role of analysts raise an important issue. This issue is beyond the scope of the Instruments, as it is not limited to the mining industry. This issue is being addressed by the Securities Industry Committee on Analysts' Standards, a joint committee of The Toronto Stock Exchange, the Canadian Venture Exchange and the Investment Dealers Association, as a separate initiative.

The CSA place great importance on investor education. However, they do not share the view expressed by one commenter that "Buyer Beware" is an appropriate substitute for securities regulation. Many of the securities regulatory authorities are pursuing investor education initiatives in their own jurisdictions.

A commenter expressed concern that the potential effects of the proposed Instruments may not have been adequately considered by issuers in the mining industry, in view of their focus, through industry associations, on mineral reserve and mineral resource definitions. The commenter recommended that additional time be provided for comment. Other commenters expressed satisfaction with the consultation process, although one commenter expressed displeasure with respect to the consultation process in the commenter's jurisdiction where the proposed Instruments were not published. The CSA regret the commenter's experience but believe that in this instance there was a considerable degree of industry awareness of the proposals across Canada.

The CSA place great importance on public comment, and note that they have sought and considered public comment on the Instruments for over two years. Proposed drafts of the Instruments were initially published for comment July 3, 1998, and were published for comment for a second time on March 24, 2000. Moreover the issues addressed by the Instrument were also addressed by the OSC/TSE Mining Standards Task Force ("MSTF") in their interim report published for comment in June 1998, and their final report published in January 1999 (the "MSTF Report").

Some commenters recommended the establishment of an external committee to review certain matters arising in connection with the proposed Instruments and the effectiveness of the proposed Instruments. As described in the Notice, the CSA will establish an external advisory committee to monitor the application of the Instruments and to advise the CSA on industry and professional developments, and on modifications that might be appropriate, from time to time, to the terms or application of the Instruments.

NATIONAL INSTRUMENT 43-101

PART 1 APPLICATION, DEFINITIONS AND INTERPRETATION

1. Section 1.1 Application

Some commenters expressed concern that the applicability of the National Instrument to valuations would be misunderstood. They requested that this section contain clarification that: (i) the National Instrument does not mandate the manner in which a valuation report may be prepared or establish standards for valuation reports; and (ii) the National Instrument requires that mining information contained in a valuation report be supported by information contained in a technical report.

The CSA do not believe that the National Instrument supports the reading feared by the commenters and do not agree that such clarification is necessary in the National Instrument.

2. Section 1.2 Definitions - Definition of "adjacent property"

A commenter was concerned that the two kilometre boundary test in the definition of "adjacent property" may not be appropriate in all instances, but should vary depending on the scale of the property and its stage of development. This comment had also been raised with respect to the previous draft of the proposed Instruments.

The definition of "adjacent property" was used in the proposed National Instrument for two purposes. One of the purposes

was to determine whether or not a qualified person would be considered not to be independent of the issuer where that is required by the National Instrument. For this purpose, the CSA require a clear geographic guideline. To avoid confusion, the term "adjacent property" is no longer used for this purpose. Instead, more detailed interpretation concerning independence is set out in subsection 1.5(e), which now specifically includes as an indicator of non-independence, the ownership of an interest in a property that has a boundary within 2 kilometres of the subject property as a basis on which a qualified person will not be considered to be independent of the issuer.

The second purpose of the term "adjacent property" was to permit disclosure of information in a technical report on a property that is not the subject property if, in the opinion of the qualified person authoring the technical report, the information is accompanied by certain required disclosure. The term "adjacent property" is now used exclusively for this purpose in the Instruments. The CSA agree that, for this purpose, a two kilometre limit may be inappropriate and have substituted reference to reasonable proximity.

3. (New) definition of "data verification"

The CSA have added a definition of data verification to the National Instrument at the suggestion of some commenters to clarify the scope of this obligation. The term "data verification" was chosen as it is a common industry term. (See also the comments relating to section 3.2 of the National Instrument.)

4. Definition of "development property"

A commenter requested that the word "demonstrated" be changed to "indicated" as in the commenter's view, the word demonstrated connotes absolute certainty which would be misleading.

The CSA are of the view that the phrase "economic viability ... demonstrated by a feasibility study" reflects common industry usage and do not agree that the use of the word "demonstrated" will lead an investor to expect a guarantee of economic viability.

5. Definition of "disclosure"

A commenter suggested that the definition of "disclosure", being limited to disclosure that is intended or likely to be made public, is inconsistent with section 1.1 of the National Instrument which states that the National Instrument applies to all disclosure. The commenter suggested that the definition of "disclosure" be expanded to cover all disclosure that is actually made.

The CSA purposely limited the definition of "disclosure". The CSA do not intend the National Instrument to impose responsibility on issuers for unintended and unexpected information "leaks".

6. (New) definition of "disclosure document"

The CSA have added a new definition of "disclosure document" to the National Instrument. It is used in section 4.2 of the National Instrument in connection with the requirements for a technical report on a mineral project if disclosure has been made in one of the documents included in the definition of "disclosure document" prior to February 1, 2001, the effective date of the Instrument. Reference is made to the discussion of section 4.2 of the National Instrument below.

7. Definition of "exploration information"

A commenter pointed out that the definition of "exploration information" in the proposed National Instrument was inconsistent with section 1.4 of the proposed Companion Policy. The commenter noted that exploration information could not (i) be used to expand or develop an existing mineral resource, as the definition in the proposed National Instrument indicated; and (ii) exist before sufficient data is available to justify a mineral resource, as the proposed Companion Policy indicated. The commenter also questioned the propriety of including the reference to metallurgical information because it is a matter generally beyond the expertise of an exploration geologist.

The CSA recognize that exploration information may be material disclosure at any time during the life of a mineral project and, accordingly, the definition of "exploration information" should not be limited to information prior to the definition of a mineral resource. The CSA have deleted the phrase "or to expand or further develop an existing mineral resource or mineral reserve" in the definition of "exploration information" in the National Instrument as unnecessary. The CSA have also deleted section 1.4 of the Companion Policy as inconsistent and unnecessary.

The National Instrument retains the reference to metallurgical testing in the definition of "exploration information". The definition of "exploration information" is intended to encompass all of the types of information that may be generated in relation to the exploration of a mineral property, whether or not a particular person would be considered a qualified person with respect to each and every type of information generated. The CSA have added the word "mineralogical" to the types of information that may be generated during exploration.

8. Definition of "feasibility study"

The CSA received several comments objecting to the reference in the definition of "feasibility study" to the study being sufficient "for a qualified person experienced in mineral production activities, acting reasonably" to make a production decision. These commenters correctly pointed out that a production decision is the responsibility of an issuer's board of directors and not the responsibility of the qualified person that is the author of the technical report.

The CSA acknowledge the confusion and agree that the standard should be "sufficient detail that [the study] could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production". It is not necessary that a decision be made by a financial institution for a study to meet the definition.

The comment was received that the standard contained in the definition was inadequate for a feasibility study. Some commenters suggested that there be a more extensive definition, or even a form, of feasibility study, as there is no consensus in the industry as to the meaning of this term. Another comment was that the definition of "feasibility study" in the proposed National Instrument does not adequately

reflect the level of effort required to produce a proper feasibility study. One commenter suggested a new term, "reserve assessment report", be used.

The CSA believe that the development of specific guidelines and standards for feasibility studies is a matter for professional and industry associations and not a matter for the CSA. The CSA are of the view that the standard now set out in the definition, which will interpreted in light of professional and industry practice, is appropriate for the purposes of the Instruments.

9. Definition of "geoscientist"

Several commenters suggested the deletion of the definition of "geoscientist" as unnecessary and inappropriate. These commenters pointed out that self-regulatory associations are the appropriate bodies to determine whether an individual is eligible to be considered a geoscientist and that this is consistent with the intent of the proposed National Instrument. The CSA agree with these comments and have deleted the definition of "geoscientist" from the National Instrument.

Other commenters were concerned that the definition of "geoscientist" would not be sufficiently flexible to encompass emerging disciplines in the geoscience field, and suggested that the definition be expanded. The CSA believe that these commenters' concerns are adequately addressed by the deletion of the definition.

10. Definition of "mineral project"

To conform to the definitions approved by the CIM, the term "substances" has been replaced with "material".

11. (New) definition of "preliminary assessment"

This definition was added in connection with the disclosure now permitted in section 2.3(3) of early stage property assessments, sometimes known in the industry as "scoping studies", that include economic evaluations that use inferred mineral resources under the conditions set out in that section.

12. Definition of "preliminary feasibility study" and "pre-feasibility study"

Comments received on the definition of "preliminary feasibility study" were similar to the comments received on the definition of "feasibility study". Commenters pointed out that there is no consensus in the industry as to the meaning of the term "preliminary feasibility study". Comment was also made that the definition of "preliminary feasibility study" in the proposed National Instrument does not adequately reflect the level of effort required to produce a proper preliminary feasibility study. A commenter suggested a new term, "reserve assessment report", be used. Another commenter expressed the opinion that the definition of preliminary feasibility study, taken together with the definition of mineral reserve, is circular in that each term is defined by the other.

The CSA believe that the development of specific guidelines and standards for preliminary feasibility studies is a matter for professional and industry associations and not a matter for the CSA. The CIM have approved a definition of "preliminary feasibility study" and the definition in the National Instrument was revised to conform to the CIM definition. The CSA are of the view that the definition of "preliminary feasibility study", which will be interpreted in light of professional and industry practice, is appropriate for the purposes of the National Instrument. The CSA are satisfied, as the definitions of "preliminary feasibility study" and "mineral reserve" now stand, that the definition of each term provides a sufficient standard, and that each term is related to, but not defined by, the other.

A commenter suggested that the word "ore" be changed to "mineral". This change is reflected in the new definition.

Some commenters expressed the opinion that a preliminary feasibility study is insufficient to establish mineral reserves, and that a feasibility study should be required for the establishment of mineral reserves. A commenter added that because of the allowance for "reasonable assumptions" in a preliminary feasibility study, there has been no improvement in reserve classification over NP 2-A. The CSA recognize that there is a difference of opinion in the mining industry with respect to this matter. The CSA have adopted the view of the CIM in this regard.

A commenter noted that "preliminary feasibility study" and "pre-feasibility study" are synonymous terms that are used in the industry, and suggested that the National Instrument should refer to both. The CSA agree. Both terms are now covered by the National Instrument.

13. Definition of "producing issuer"

The definition of "producing issuer" was criticized by commenters that objected to the independent report exemption available, in certain circumstances, to producing issuers and their joint venture partners. The CSA have retained the exemption, and have therefore retained the definition. This matter is fully discussed in item 30 below concerning section 5.3 of the National Instrument.

14. Definition of "professional association"

Several commenters expressed concern that the definition of "professional association" will not permit persons to be qualified persons under the National Instrument if they are members of a self-regulatory association that has not been recognized by statute. The CSA are aware that there are certain foreign jurisdictions and some Canadian provinces and territories that do not have legislation providing for the licensure of geoscientists. A commenter suggested that the National Instrument should include a list of acceptable professional associations and that an issuer should be permitted to obtain an advance ruling as to whether a particular association is acceptable.

The CSA acknowledge that there will be circumstances in which it will be appropriate for issuers to retain engineers or geoscientists in foreign jurisdictions that may not have associations that meet the definition of "professional association" in the National Instrument. At this time the CSA is not sufficiently familiar with the circumstances in foreign jurisdictions to expand the definition of "professional association" to include associations that do not meet all the conditions of the definition. Issuers that retain persons that are not members of a "professional association" may apply for

an exemption from the National Instrument with the relevant Canadian securities regulatory authorities. The CSA anticipate that they will consult with the external advisory committee with respect to such applications and with respect to the treatment of foreign associations that are non-compliant with the definition. Persons resident outside Canada that wish to be considered "qualified persons" also have the option of joining a Canadian-based professional association.

Other commenters remarked that the exemption for geoscientists in Canadian jurisdictions that do not currently have statutorily recognized self-regulatory associations in place was too broad and should be limited by requiring non-statutorily recognized self-regulatory associations to be members of the Canadian Counsel of Professional Geoscientists. The CSA noted that this would result in associations in some Canadian provinces being excluded from the exemption and decided against doing so.

Commenters stated that in the case of Ontario, one year, and in the case of other Canadian jurisdictions, two years, is a sufficient time for the exemption.

15. Definition of "qualified person"

Comments on the definition of "qualified person" covered the spectrum of views:

- It is inappropriate for regulators to define and require the involvement of a qualified person; this matter should be left entirely to the judgment of the issuer's management and market forces.
- The definition of "professional association" in the proposed National Instrument unduly restricts the definition of qualified person, especially with respect to retaining geoscientists from foreign jurisdictions that do not have legislation for the licensure of geoscientists.
- There should be very limited grounds for exemption from the requirements for a qualified person to be both experienced and subject to discipline, as the concept of a qualified person is considerably weakened without both aspects. The interim exemption for geoscientists in Canadian jurisdictions that do not have legislation that provides for the licensure of geoscientists is not appropriate, and it is not necessary because all existing self-regulatory associations allow extra-provincial registration and have the ability to discipline non-resident members.
- Persons who do not meet the qualified person requirements but who have qualifications to carry out qualified person duties because of experience and knowledge should be able to register for a lifetime exemption.
- A qualified person should be required to demonstrate that he or she has maintained an up-to-date understanding of advances in his or her field and is competent in current practices.
- Only engineers should be considered qualified persons.

The CSA remain convinced that the mandatory involvement of a qualified person, and the elements of qualification, are fundamental to achieving the purposes of the Instruments.

The CSA recognize that circumstances are likely to arise in which a person should be considered the equivalent of a qualified person for purposes of the Instruments, even if the person does not satisfy all of the conditions of the definition. In this case the issuer should make an application to the appropriate securities regulatory authorities for an exemption. This is a matter on which the CSA may consult the external advisory committee.

The CSA are of the view that issues of professional competence are properly within the purview of self-regulatory associations. In addition, the issuer must satisfy itself that the qualified person chosen is appropriate for the task at hand.

Several commenters pointed out that the definition of "qualified person" in the proposed National Instrument could be interpreted in a way that was overly restrictive with respect to required experience. The CSA agree and have reformatted the definition in the National Instrument to clarify that the person must have 5 years experience, which includes experience relevant to the subject matter of the mineral project and the technical report. As noted, it is the issuer's responsibility to choose an appropriate qualified person for the task at hand.

A commenter suggested that the "qualified person" should be responsible for the accuracy and validity of all reports, including those presented by officers, directors and other interested parties. The commenter suggested that the term "qualified person" should be changed to "responsible person" in order to better describe the person's function. Persons needed for advice outside the responsible person's area of expertise would be employees or associates of the responsible person, and no disclaimers would be allowed. The CSA do not agree with the shift of responsibility suggested by this commenter. The issuer and its management should retain appropriate responsibility for the issuer's affairs, including scientific and technical disclosure.

16. Proposal for (new) definition of "valuation report"

Some commenters requested that a definition of "valuation report" be added to section 1.2 of the proposed National Instrument. The CSA do not believe it is necessary to define this term for the purposes of the Instruments. See item 1, section 1.1 Application.

17. Sections 1.3 and 1.4 - Mineral Resource and Mineral Reserve

The CSA received many comments urging the CSA to adopt the standards for classification of mineral resources and mineral reserves recommended by the CIM. Commenters were of the view that it was appropriate that scientific and technical professional associations establish the standards for estimation and classification of mineral resources and mineral reserves. They considered this matter analogous to the reliance placed on the Canadian Institute of Chartered Accountants ("CICA") for generally accepted accounting principles ("GAAP").

The CSA are generally in agreement with deferring to scientific and technical professional associations in matters regarding professional practice. However, the CSA faced a problem in this instance because at the time the proposed Instruments

were published, there was no identifiable industry standard nor was there a consensus within the mining industry. Commenters themselves expressed differing views on the appropriate terminology. This problem arose from the fact that during the development of the Instruments the CIM was in the process of revising the mineral resource and mineral reserve definitions.

Several commenters were of the view that the CSA should adopt the most recent CIM Standing Committee recommendations, on the basis that the definitions adopted by the CIM Ad Hoc Committee did not reflect current industry practice or international standards. Another commenter was of the view that until those recommendations were approved by the CIM and adopted in final form, it would be inappropriate for CSA to adopt them. Other commenters did not give a clear indication of their preference as to which version of the CIM definitions CSA should adopt, but provided comments on the definitions in the proposed National Instrument which were modeled closely on the Ad Hoc definitions.

In view of the state of flux another commenter suggested that the JORC Code be used (with some minor adjustments), until new CIM definitions were approved by the CIM. Many commenters expressed concern with CSA's use of the Ad Hoc definitions as a starting point for the definitions used in the proposed National Instrument, although one commenter disagreed.

Another commenter commented that geostatistics is a scientifically flawed variant of applied statistics, and that applied statistics can support the reporting of mineral resources and mineral reserves with quantified confidence limits, notwithstanding the CIM's different views on the matter.

The CSA agree with the majority of commenters that mineral resource and mineral reserve terminology should be developed by mining industry professionals. The CSA kept in close contact with CIM to monitor its progress in the adoption of standard mineral resource and mineral reserve definitions. The CSA have carefully reviewed and provided comments to the CIM on its revised definitions.

On August 20, 2000, the CIM adopted new mineral resource and mineral reserve definitions, the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines. The CSA are satisfied that the definitions adopted are satisfactory for use in the Instruments and have incorporated these definitions, as they may be amended from time to time, by reference into the Instruments.

18. Section 1.5 Interpretation

Section 1.5 provides interpretation for identifying non-independence of a qualified person. A qualified person is not to be considered independent of an issuer if he or she has a relationship with the issuer or it affiliates.

One commenter questioned the use of a 50% equity threshold for purposes of defining control. This threshold was drawn from existing securities legislation governing parent, subsidiary and other affiliated relationships between two issuers in securities legislation. This concept is relevant to a determination of non-independence of a qualified person.

Clause 4(a) has been reformatted at the suggestion of a commenter that requested clarification.

In response to a comment received, clause (4)(c) has been amended to clarify that either an ownership or a royalty interest in the subject property may render a qualified person non-independent of the issuer in respect of a technical report.

The CSA received conflicting comments on clause (4)(d). The CSA remain of the view that the clause appropriately balances competing concerns. A qualified person who is a sole practitioner or involved in a small or medium sized consulting firm and who is actively managing a work program may receive a substantial portion of his or her income from a particular issuer. This situation may continue if, for example, the issuer chooses to retain the same qualified person to continue work on further stages of the work program in light of the qualified person's experience and knowledge of the mineral property. However, the longer the situation prevails the less independent the relationship between the qualified person and the issuer becomes. If after three years the qualified person has received a majority of his or her income from an issuer, where independence is required, the issuer must retain another qualified person.

In response to a comment received, clause (4)(e) was added to provide that a qualified person is not independent of the issuer in respect of a technical report if he or she owns or expects to obtain, or is a director, officer or other insider of an issuer that owns or expects to obtain, an ownership or royalty interest in an adjacent property.

A commenter advised that it would not consider a qualified person independent if the qualified person was commenting on his or her own work. The CSA disagree with this as a general statement and are concerned that there may be some misunderstanding in this regard. The National Instrument requires the qualified person to be independent from the issuer for certain purposes. The National Instrument does not require that the qualified person be independent from his or her own work. This would lead to a requirement that the issuer hire two independent qualified persons at all times, one to do, and one to comment, on the work done. This is not the intent of the National Instrument.

A commenter suggested that the issuer disclose the amount of fees paid to a qualified person, because if the fees were excessive, the reliability of the qualified person's opinion may be in doubt. In view of the qualified person's professional and ethical obligations, the CSA do not consider such disclosure necessary.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

19. General Parts 2 and 3

In response to a commenter's question, the CSA wish to clarify that the disclosure in a technical report must comply with all relevant parts of the Instrument including Parts 2 and 3, in addition to Form 43-101F1. If there is an overlap, the technical report must comply with the more stringent standard.

20. *Section 2.2 All Disclosure of Mineral Resources or Mineral Reserves*

Several commenters referring to subsection 2.2(b) expressed the view that the issuer should be required to net mineral reserves from mineral resources. The CSA have declined to make this change. It appears to the CSA that there is no consensus in the industry on this point. Accordingly, issuers will have the option to include mineral reserves in mineral resources or to net mineral reserves from mineral resources provided the issuer makes adequate disclosure of the practice it has followed. This is consistent with the recommendations in the MSTF Report.

Another commenter suggested that a statement of the relative risk between each of the categories and perhaps a measure of the absolute risk afforded by each category should be a requirement of each disclosure of mineral resources, mineral reserves and the evaluations that are based on them. The CSA are of the view that the definitions of these terms sufficiently address these matters.

21. *Section 2.3 Prohibited Disclosure*

Several commenters urged the CSA to amend this section to permit disclosure of potential quantity and grade of a possible mineral deposit that is to be the target of further exploration. They commented that:

- Investors want and need this information in order to make informed investment decisions.
- The assessment of the target will still be made by a qualified person.
- Disclosure would be made in a manner and using terms which clearly indicate the conceptual nature of the disclosure.
- If an issuer is not permitted to disclose the potential of the target for exploration:
  - it will make it difficult, if not impossible, for issuers to raise exploration funds,
  - it will lead to selective disclosure,
  - it will drive "predictions" underground, and
  - it will put investors who do not have the knowledge to understand the potential on their own at a disadvantage.
- The disclosure could include:
  - the basis for the estimate,
  - a statement that there is insufficient exploration to classify the deposit as a mineral resource, and
  - a statement that a mineral resource may not result from further exploration .

The CSA were persuaded by these comments and section 2.3 has been amended to permit written disclosure by issuers of potential quantity and grade of a possible deposit that is the target of further exploration on this basis.

A commenter was concerned with the prohibition in the proposed National Instrument of disclosure of early phase assessments of mineral projects that contain economic evaluations based in whole or in part on inferred resources. The commenter noted that preliminary technical assessments or "scoping studies" are an important part of the project development cycle, and that issuers would continue to ensure that the mineral project has an opportunity to be viable but would not be permitted under the proposed National Instrument to disclose them.

The CSA were persuaded by this comment and have amended section 2.3 to permit written disclosure of preliminary assessments that contain economic evaluations based in whole or in part on inferred mineral resources, provided that the preliminary assessment is a material change or material fact, the disclosure includes a proximate cautionary statement, the basis for and the assumptions and qualifications of, the preliminary assessment, and a technical report is prepared and filed. Issuers that are reporting issuers in Ontario are also required under Ontario law to deliver the proposed disclosure, together with a copy of the preliminary assessment and technical report, to the Ontario regulator at least 5 days prior to the disclosure, and the regulator shall not have advised the issuer that it objects to the disclosure.

A new subsection (4) has been added to ensure that the terms "preliminary feasibility study", "pre-feasibility study" and "feasibility study" may only be used in disclosure if the study is a study described by the relevant definitions set out in the National Instrument.

22. *Section 2.4 Disclosure of Historical Estimates (formerly "Exception for Disclosure of Historical Estimates")*

This section has been revised to make it clear that once the National Instrument comes into effect all disclosure of mineral resources and mineral reserves must be made in accordance with the approved (CIM) definitions. However, this section goes on to allow disclosure of estimates made prior to the effective date of the Instrument in two cases:

1. the prior estimate was not made by or for the issuer; or
2. the prior estimate was made by or for the issuer and it is accompanied by an estimate made in accordance with the approved CIM definitions as required by the National Instrument.

At the suggestion of commenters, subsection (b) has been clarified to read: "confirms that the historical estimate is relevant".

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

23. *Section 3.1 Written Disclosure to Include Name of Qualified Person*

Several commenters suggested that a news release should be required to contain the name of the qualified person upon whose advice it is based, as doing so would give the disclosure greater credibility. Based on comments received on the draft of the proposed National Instrument that was published in 1998, the CSA agreed to exempt news releases from the requirement to name the qualified person applicable to other written disclosure. Those commenters were concerned that naming the qualified person in the news release may:

- result in delays in the issuer making timely disclosure in the event the qualified person was unavailable to vet the news release;
- give the false impression that the qualified person, and not the issuer and its management, is primarily responsible for the disclosure; and
- expose the qualified person to a greater risk of liability.

After considering the conflicting comments at some length, the CSA have determined not to impose the suggested additional requirement. However, the CSA note that news releases and other continuous disclosure by issuers in all industries will undergo heightened regulatory review, and regulators will be mindful of concerns expressed on this issue.

24. Section 3.2 Written Disclosure to Include Data Verification (formerly Written Disclosure to Include Data Corroboration and Other Information)

Commenters suggested that "data corroboration" be changed back to "data verification" and be used in conjunction with "data validation" as both concepts are needed to describe the process of checking data adequately and that definitions be included. These commenters pointed out that "data corroboration" is not an industry term and could cause confusion. The CSA agree. The Instrument now uses the term "data verification" and includes a definition that incorporates both concepts of data validation and data verification. See item 3, "Definition of "data verification" above.

The CSA received some comments that indicate that there may still be some misunderstanding about the qualified person's responsibility to carry out data verification or explain the failure to do so. The qualified person is responsible for carrying out procedures that are adequate in his or her professional opinion. The procedures will undoubtedly vary depending on the circumstances including whether the qualified person is obtaining or generating data directly, or is reviewing data obtained or generated by another.

A commenter submitted a practice guideline. The Instruments focus on the quality and reliability of public disclosure, not on exploration and mining practices as such, which in the view of the CSA are more appropriately within the purview of professional and industry associations. The CSA encourage industry and market participants to refer to best practices guidelines published by professional and industry associations.

25. Section 3.3 Requirements Applicable to Written Disclosure of Exploration Information

Commenters pointed out that this section implied that all requirements must be met in all disclosure, including sequential news releases, which would be cumbersome. The CSA agree and have made explicit in various clauses that disclosure does not have to be repeated.

In clause (1)(a) "a summary of results" has been changed to "a summary of material results" in response to a comment received.

In accordance with the suggestions of commenters and the usage of the terms in the Best Practices Guidelines, clause (1)(c) has been revised to require a statement as to the quality assurance program and the quality control measures applied during the execution of the work.

In response to comments, the reference in clause (2)(b) to "structural controls" was changed to "geological controls". At the suggestion of a commenter the requirement to describe the parameters used to establish the sampling interval will no longer be required in all written disclosure of exploration information; however, the parameters will be required to be disclosed in a technical report.

The CSA do not agree with the comment that the wording in clause (2)(c) is appropriate for grid sample collection only.

In response to a comment, in clause (2)(d) "materially impact" has been changed to "materially affect".

Clause (2)(e) was revised to make it clear that the use of certified laboratories is not required by the National Instrument.

In response to comments, clause (2)(f) has been revised to require a listing of the lengths of individual samples or sample composites including analytical values, widths and, to the extent known, the true widths of the mineralized zone.

26. Section 3.4 Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves

A commenter suggested that environmental, permitting and other relevant issues required to be described by clause (d) be limited to the qualified person's knowledge. The CSA do not believe that this would be appropriate. It is the issuer's responsibility to make the disclosure, and relevant issues known to the issuer are required to be disclosed.

A commenter was of the view that the statement required by clause (e) that mineral resources which are not mineral reserves do not have demonstrated economic viability was not necessary as this concept is embodied in the definition of mineral resource. The CSA disagree. The CSA believe that the required statement will emphasize a distinction that is important to the public investor.

27. Section 3.5 Exception for Written Disclosure Already Filed

A commenter expressed the view that the conditions to the exception, set out in section 3.5, from references to previously filed disclosure as required by sections 3.4 and 3.5, will result in lengthy paragraphs of cross-references that are of limited utility. The CSA believe that the offsetting disclosure is important and have retained this requirement.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

28. Section 4.1 Obligation to File a Technical Report Upon Becoming a Reporting Issuer

A commenter was of the view that a technical report should not be required to be filed by an issuer becoming a reporting issuer in an additional Canadian jurisdiction. The CSA are of

the view that this requirement is appropriate and not unduly onerous since the issuer may rely on a previously filed technical report or a report filed prior to February 1, 2001 under NP 2-A, amended or supplemented, if necessary to reflect subsequent material changes.

29. Section 4.2 Obligation to File a Technical Report in Connection with Certain Written Disclosure Concerning Mineral Projects on Material Properties

Several commenters objected to this section requiring producing issuers to file technical reports in instances in which they are not currently required to do so. Their view is that requiring further disclosure by producing issuers is not warranted. They are of the view that the prime beneficiaries of increasing the instances in which producing issuers are required to file technical reports will be consultants and competitors, not shareholders and the public.

Some of these commenters explained that the requirement for producing issuers to produce technical reports is particularly onerous with respect to operating mines with a long production history. They commented that operating mines are also fundamentally different from new developments from a risk point of view. These commenters recommended that producing issuers should not be required to file technical reports for any mineral project that has been in operation for at least two years, unless there is a change in the mineral reserves and mineral resources of the mineral project that constitutes a material change in the affairs of the issuer.

The CSA are of the view that there is a need for industry-wide standards for disclosure of scientific and technical information in the mining industry. Generally speaking, if a property is material to an issuer, then the information required by the Form is material.

However, the CSA agree that it would be unduly onerous to require issuers to prepare and file technical reports to support disclosure that has been in the public market for a period of time. Accordingly, annual information forms ("AIF"), annual reports or short form prospectuses that include scientific and technical disclosure, that is material to the issuer, must be accompanied by a technical report if the disclosure has not been previously contained in:

1. an AIF, prospectus, material change report, or annual financial statement (a "disclosure document") filed with a securities regulatory authority before February 1, 2001; or
2. a report prepared in accordance with NP 2-A filed with a regulatory authority before February 1, 2001; or
3. a technical report filed under the National Instrument.

A commenter expressed the view that the preparation of a technical report to support each statement of a material fact concerning a material property would entail a great deal of time and expense and may restrict disclosure as issuers would avoid making statements in good faith. The CSA are of the view that the instances in which technical reports are required to be filed pursuant to the National Instrument are appropriate and that issuers should show the requisite care in disclosing material facts.

Some commenters requested that clause (1)(7) be deleted because they were concerned that the very mention of a valuation in the National Instrument might create a misunderstanding that a valuation report must be in the form of a technical report. The CSA disagree and have declined this request. The CSA believe that it is important that scientific and technical information contained in a valuation required under OSC Rule 61-501 (currently the only valuation to which the National Instrument applies) be supported by a technical report prepared in accordance with the Instruments.

The CSA received conflicting comments on clause (4)(a) of section 4.2. A commenter was of the view that technical reports should be filed concurrently with news releases announcing new or significant additional mineral resources or mineral reserves. Another commenter was of the view that 30 days would be insufficient to prepare and file a technical report in support of new or significant additional mineral resources or mineral reserves. The CSA fully considered this matter in connection with the comments received to the previous draft of the Instruments published in 1988 and continue to be of the view that 30 days is an appropriate period. Reference is made to the March 2000 Notice in this regard. The CSA also notes that the 30 day period was viewed as appropriate in the MSTF Report.

PART 5 AUTHOR OF TECHNICAL REPORT

30. General Parts 5, 6 and 7 and Form 43-101F1

A commenter was of the view that it was confusing to switch between the "author" of the technical report and the qualified person in the titles and text throughout Parts 5, 6 and 7 of the National Instrument and throughout Form 43-101F1. Because the CSA expect that the Form will be used by qualified persons in preparing their technical reports, the Form refers to the author.

31. Section 5.3 Independent Technical Report

Several commenters criticized the exception, under section 5.3, from certain requirements that a technical report be prepared by a qualified person independent of the issuer. The exception, which applies in certain cases to "producing issuers", would enable them to comply with the Instruments by filing technical reports prepared by in-house qualified persons.

This exception was the subject of significant debate in connection with the comments received to the drafts of the Instruments published in 1998 and was thoroughly considered by the CSA at that time, as noted in the March 2000 Notice. The CSA remain of the view that the exception for producing issuers, and definition of that term, appropriately balance the needs and requirements of issuers and investors and are consistent with the purposes of the Instruments.

32. PART 6 PREPARATION OF TECHNICAL REPORT (formerly NATURE OF TECHNICAL REPORT)

A commenter suggested that sections 6.1, 6.2 and 6.3 of the proposed National Instrument belong in the proposed Form to the extent not already included. The CSA agree with this comment as regards sections 6.2 and 6.3 of the proposed National Instrument (now items 22 and 5, respectively, of the Form) and have made this change.

33. Section 6.2 (formerly section 7.1) Personal Inspection

The CSA received comments from some commenters that the decision of whether or not a site visit is necessary should be left to the discretion of the qualified person, and if no site visit was made, the disclosure should include an explanation. Several other commenters suggested that there should be an alternative to the issuer having to obtain an exemption from the personal inspection requirement, with its attendant cost and delay, especially in instances, that could be listed, where there would be little benefit from the inspection.

The CSA fully considered this matter in connection with the comments received to the drafts of the Instruments published in 1998. Reference is made to the March 2000 Notice in this regard. In addition, see item 61 below with respect to Part 5 of the Companion Policy. However, this is a matter that will be monitored by the CSA, and the CSA will seek advice from its external advisory committee, should changes be advisable.

A commenter suggested that in a technical report on multiple properties, site visits should only be required to those properties that will be the focus of the majority of expenditures. The CSA do not believe that the personal inspection requirement needs to be set out in any greater detail. The manner in which a site visit is conducted is left to the discretion of the qualified person who is bound by professional standards and expected to apply professional judgment.

Another commenter expressed the view that check sampling during the personal inspection should be mandatory. The CSA considered but rejected this suggestion in connection with the drafts of the Instruments published in 1998. See the March 2000 Notice in this regard.

34. (New) section 6.3 Maintenance of Records

This section requires issuers to maintain assay certificates, drill logs and other records that are referenced in or support technical reports for 7 years.

35. PART 7 USE OF FOREIGN CODE (formerly section 6.4)

Part 7 has been revised to make clear that foreign issuers may make disclosure using the definitions of resources and reserves in the foreign codes, as well as file technical reports utilizing such foreign codes, provided the disclosure includes a reconciliation to the mineral resource and mineral reserve definitions in the National Instrument.

Some commenters remarked that Canadian issuers may have valid reasons to use foreign codes, and should be permitted to use foreign codes provided they reconcile the disclosure based on the foreign code against the definitions in the National Instrument. The CSA agree with this comment with respect to properties of Canadian issuers that are located in a foreign jurisdiction. Subsection 7.1(2) has been added to the National Instrument in this regard.

Another commenter noted that the reconciliation required by the proposed National Instrument may be difficult and may require two separate calculations from raw data. The CSA believe that, in most cases, a qualified person will be able to reconcile definitions in different codes without having to resort to recalculation.

A commenter expressed the view that the reconciliation requirement is an unnecessary expense and would not provide any meaningful disclosure. This commenter was concerned that differences in reporting codes and reconciliation requirements could lead to differences of opinion or interpretation with respect to what is reported by Canadian and non-Canadian mining companies.

The CSA disagree. The CSA are of the view that the use of standard definitions of mineral reserves and mineral resources is an important aspect of meaningful public disclosure, and if foreign codes are used, a reconciliation to the standard definitions must be made and disclosed. The CSA are of the view that this provision creates an even playing field between Canadian and non-Canadian issuers that access the Canadian market.

36. PART 7 (formerly PERSONAL INSPECTION)

See the discussion under item 33, "Section 6.2 Personal Inspection".

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

37. Section 8.1 Certificates of Qualified Persons

A commenter was concerned about the qualified person being responsible for portions of the technical report that are not prepared by a qualified person. Item 5 of the Form permits the qualified person to include a disclaimer in this regard. Also, the certificate required by section 8.1 of the National Instrument specifies the portions of the technical report the qualified person has prepared.

In accordance with a suggestion received from a commenter, the beginning of section 8.1(2) has been revised to read: "The certificate for each qualified person shall state..."

In accordance with a suggestion received from a commenter, the lengthy provisions of clause 8.1(2)(f) have been replaced by referring to independence and the interpretation contained in section 1.5 of the National Instrument.

Some commenters suggested that the requirement that the qualified person certify that the technical report was prepared in accordance with generally accepted mining industry practice was inappropriate and could create confusion. The CSA agree and deleted this requirement.

38. Section 8.3 Consents of Qualified Persons

A commenter objected to the inclusion of clause (b) that requires a qualified person to confirm that the written disclosure correctly reflects the technical report, because it is the issuer's responsibility to ensure that the disclosure reflects the underlying work. The CSA agree as to the issuer's responsibility, but are of the view that it is appropriate for the issuer to be required to obtain the qualified person's confirmation in this regard.

PART 9 EXEMPTION

39. Section 9.1 Exemption

Commenters are concerned as to the costs to issuers of applying for exemptions. The CSA acknowledge these concerns, and urge issuers to make arrangements to minimize the matters for which exemptions may be required.

See also item 2, Section 1.2 "Definition of Qualified Person", and item 33, Section 6.2 "Personal Inspection".

FORM 43-101F1 TECHNICAL REPORT

40. General

Some commenters expressed strong support for the reference by the CSA to the Mineral Exploration Best Practices Guidelines.

Several commenters expressed the view that content in a technical report should be limited to information that is material to the property and to the issuer. The CSA do not agree. Once the requirement for a technical report is triggered by the disclosure set out in the National Instrument, a technical report addressing all relevant items is appropriate.

Several commenters objected to being required to disclose information that they regard as private and confidential information, in particular, the financial disclosure with respect to development and production properties described in item 24 (g), (h) and (i). Concern was also raised for producers in non-transparent oligopoly markets where price signaling will have an impact on competitive behaviour. Commenters also raised concerns about disclosing exploration information. In all cases, the concern was that the broad disclosure obligations in the Form would put issuers subject to Canadian securities regulation at a competitive disadvantage. One of these commenters concluded that if disclosure were to be required, it should be limited to material information on material properties, with the right of the issuer to disclose sensitive information to securities regulatory authorities on a confidential basis.

After serious consideration, the CSA concluded that disclosure of material information is fundamental to our securities regulatory system. The CSA do not believe it is appropriate that this requirement apply to some, but not all issuers. However, the CSA recognize that there is information that an issuer may have legitimate reasons to keep confidential for a limited period or, more rarely, indefinitely. In circumstances in which an issuer intends to make disclosure at a later time, the issuer may file the information with securities regulatory authorities on a confidential basis. Indefinite confidentiality would require an exemption from securities regulatory authorities.

INSTRUCTIONS

41. Instruction (3)

As requested by a commenter, the second sentence has been revised to clarify that explanations are required for technical terms that are unique or infrequently used.

42. Instruction (5)

A commenter suggested that this instruction should make clear that the items in the previously filed report do not need to be repeated provided they are still accurate, and only changes to these items need to be filed in the current technical report. This change has been made.

43. Proposed Instruction

A commenter requested that an instruction be added to the effect that the Instruments are not intended to restrict the ability of a mineral valuator to utilize all technical information as a basis for reaching his or her valuation opinion. The CSA do not think such a statement is necessary or appropriate as valuations are not the subject of the Form.

44. Item 4 Introduction and Terms of Reference

A commenter suggested the addition of a clause (d), requiring the disclosure of the extent of field involvement by the qualified person. This change has been made.

45. Item 6 (formerly Item 5) Property Description and Location

In clause (a), "dimensions" has been changed to "area" in accordance with the suggestion of a commenter. Clause (b) has been revised to include references to the Universal Transverse Mercator (UTM) system and to geo-political subdivisions as suggested by commenters.

In clause (d), the CSA declined to accept a commenter's suggestion to limit disclosure with respect to title "to the extent known" by the qualified person. The issuer is required to disclose the information required to be included in the technical report; and the qualified person may indicate his or her reliance on the information provided by the issuer.

At the suggestion of commenters, clauses (e) and (f) have been revised to separate information that is narrative from information that is to be shown on a map.

A commenter was concerned that the matters to be disclosed in clauses (g), (h) and (i) and in item 8 (formerly item 7) "History" would be beyond the scope of a qualified person's experience and responsibilities, especially with respect to properties in foreign jurisdictions. The CSA recognize that there will be certain information that an issuer is required to provide in a technical report for the sake of completeness that will be outside the area of expertise of the qualified person who is the author of the technical report. The qualified person may disclaim responsibility with respect to areas of the technical report outside his or her area of expertise as provided in Item 5 of the Form.

46. Item 8 (formerly item 7) History

A commenter suggested that required disclosure should be limited to prior ownership and prior work that is material. The CSA are of the view that all relevant information should be included in a technical report to assist the reader in assessing the conclusions of the technical report.

47. Item 11 (formerly item 10) Mineralization

Some technical changes have been made at the suggestion of commenters.

48. Item 12 (formerly item 11) Exploration

A commenter suggested that the title to this item be changed to "Field Surveys". The CSA have declined to make the change as the disclosure required by this item is not restricted to fieldwork.

At the suggestion of a commenter the reference to "and metallurgical or other testing" has been removed in the lead-in phrase, as such information may either be disclosed under clause (a) of this item or item 18 "Mineral Processing and Metallurgical Testing", as appropriate.

49. Item 13 (formerly item 12) Drilling

Some commenters were of the view that this item was not sufficiently detailed and should include certain requirements such as drill logs and the relationship of drilling to surface showings, and referred the CSA to Mineral Exploration "Best Practices" Guidelines. The CSA are of the view that these matters go to the manner of how work should be done which is a matter better determined by the professional and industry associations. The CSA in section 4.1 of the Companion Policy encourage qualified persons to follow the Mineral Exploration "Best Practices" Guidelines.

50. Item 14 (formerly item 13) Sampling Method and Approach

Several technical changes suggested by commenters were made.

51. Item 15 (formerly item 14) Sample Preparation, Analyses and Security (formerly Sample Preparation and Security

At the suggestion of a commenter the title of this item has been revised.

52. Item 16 (formerly item 15) Data Verification (formerly Data Corroboration)

A commenter suggested that "quality assurance" be substituted for "quality control". The CSA have declined to make this change, but have changed the reference to "quality control measures" to be consistent with the terminology used in the Mineral Exploration "Best Practices" Guidelines.

In accordance with comments, reference to "data corroboration" has been changed to "data verification".

53. Item 17 (formerly item 16) Adjacent Properties

A commenter noted that this item does not address the issue of publicly announced information that was not prepared in compliance with the Instruments. The CSA have added clause (e) to refer to section 2.4 of the National Instrument which permits disclosure of historical estimates on the conditions set out in that section.

Another commenter suggested that this item should not be a separate item. The commenter advised that separating the disclosure called for in this item diverges from current practice, which is to give details of the geology and mineralization on an adjacent property in the relevant sections of the report discussing the property with clear disclosure that it is on an adjacent property. To minimize confusion to readers of a filed technical report, the CSA determined to require that disclosure on adjacent properties be separated and accompanied by the disclosure set out in clauses (b) through (e). Clause (d) has been added to ensure this disclosure to the reader.

54. Item 19 (formerly item 18) Mineral Resource and Mineral Reserve Estimates

Clause (i) of this item was revised to clarify that this restriction from using inferred mineral resources applies to a preliminary feasibility study and a feasibility study, but not to a preliminary assessment which may be disclosed under section 2.3 of the National Instrument.

Several commenters were of the view that the disclosure of metal equivalents permitted by clause (k) of this item should be discouraged and/or restricted. The CSA are of the view that this is a matter of best practices and should be in the discretion of the profession and industry. However, the CSA have heeded the commenters' concerns and have revised the wording of this clause to include disclosure of grade of the individual metals.

55. Item 22 (formerly item 21) Recommendations

A commenter suggested that more detail should be given concerning budgets, as a breakdown of a budget is an essential element of a technical report. The CSA agree with the importance of cost breakdowns but do not believe that more specific instructions are required in this regard.

56. Item 25 (formerly item 24) Additional Requirements for Technical Reports on Development Properties and Production Properties

Some commenters made the general comment that this section should be expanded. The CSA are of the view that the salient disclosure points for the purposes of a technical report are included in this item and no additions have been made.

Several commenters expressed their concerns over the requirements to disclose information that they consider confidential. This point has been addressed above under "General".

Several commenters objected to the forecasting required in clauses (g), (h), (i) and (j), commenting that the disclosure required goes beyond an investor's reasonable needs, will lead to unrealistic investor reliance on forecasts, will increase the risk of legal complaints against the issuer and its management and will impose an excessive burden on Canadian mining issuers compared to foreign mining issuers and issuers in other businesses. These commenters stated their view that this section is inconsistent with future-oriented financial information ("FOFI"), which is at the issuer's option and limited to a shorter period of time.

The CSA are of the view that the information required by these clauses are material to an investor with respect to a new or materially changed development or production property and should be provided in a technical report. The CSA are satisfied that the disclosure that triggers a requirement to provide a new or updated the technical report, and this information, are appropriate. In the event an issuer disagrees, the issuer may make an application to the CSA for an appropriate exemption. The CSA do not think that the disclosure required is inconsistent with FOFI. Disclosure in technical reports has always been excluded from FOFI.

57. Item 26 (formerly item 25) Illustrations

Some commenters were concerned that a qualified person might not be able to obtain consent from the person that is the source of the information. The CSA are of the view that obtaining a person's consent, where required, provides additional credibility to the information that is being utilized and/or relied upon by the qualified person.

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58. Section 1.4 Mineral Resources and Mineral Reserves Definitions (formerly section 1.3 Definitions)

Commenters suggested that the CIM definitions be incorporated by reference into the Instruments and that this section be revised accordingly. This change has been made.

59. Former Section 1.4 Interpretation

In accordance with a commenter's suggestion, this section has been deleted. (Reference is made to item 7 above with respect to the definition of "exploration information".)

60. Section 1.5(a) Non-Metallic Mineral Deposits, Industrial Minerals

A commenter expressed the view that the recognition of a viable market is insufficient to classify reserves for an industrial mineral, and that a sales contract should be required to be in place. The requirement of a sales contract for classification of industrial minerals as reserves was in the draft of the Companion Policy published in 1998, and was deleted after review and consideration of comments received. Commenters had expressed the view that requiring a sales contract to be in place in order to classify "reserves" made it very difficult or impossible for a company to secure financing. The CSA revised this section. This view was consistent with the position taken by the CIM Standing Committee on this issue, and the CSA adopted this approach. The CSA continue to be of the view that this is the appropriate approach to take at this time, as it reflects the current approach of the industry.

61. Section 2.1 Disclosure is the Responsibility of the Issuer

A commenter expressed the view that this section was not sufficient, and that instead the Instruments should specifically require the issuer to assume responsibility for the disclosure to not misuse or misquote scientific or technical advice or information received from the qualified person. The CSA are of the view that the responsibilities of the issuer, its directors and officers, and others in general securities legislation with respect to responsibility for disclosure are appropriate, and that no change to the Instruments in this regard is necessary.

62. Section 2.4(5) (formerly 2.3(5)) Materiality

A commenter suggested that this subsection be deleted in view of the questionable relevance of historic cost of mineral properties to the value that investors place on an issuer's securities. The CSA agree that book value and/or exploration expenses may not be an appropriate measure of materiality in many instances. This subsection is not intended to be used as a substitute for the determination of materiality, but is present only as guidance to assist the issuer in making the determination.

63. Section 3.2 Qualified Person

Some commenters expressed concern that this section may permit foreign practitioners that are subject to a lower standard than Canadian practitioners to be considered qualified persons under the Instrument. One commenter suggested that this section be revised so that exemptions would only be given in very specific instances and to ensure that the exemption process could not be used to circumvent standards required for Canadian licensed professionals. Another commenter suggested that this section could be interpreted as a disregard for existing professional laws regarding the practice of engineering.

The CSA expect that staff of the securities regulatory authorities that consider applications will use good judgment in considering applications by issuers to have certain requirements of the qualified person definition waived with respect to certain engineers and geoscientists that the issuer wishes to rely upon for scientific and technical information and advice and do not think it appropriate to limit the discretion of staff of the securities regulatory authorities in this regard. Issuers should be mindful of local laws governing the practice of engineering and geoscience in jurisdictions in which their properties are located.

64. Proposed new section 3.4 Disclosure of Assumptions

A commenter suggested that a new section be added advising the qualified person to lay out the assumptions and weaknesses of the model used as a basis for exploration or evaluation, and the justifications for the assumptions made where this is not implicit. The commenter was of the view that this would protect the qualified person and engender public confidence in the work. The CSA are of the view that the requirements of the Form are sufficient in this regard and trust that qualified persons will include this information where it is relevant and of assistance to the reader.

65. PART 6 (formerly PART 5) Personal Inspection

A commenter remarked that this Part appeared to be written with an exploration property in mind. The commenter suggested that guidance should be given for development and producing properties where it may be appropriate for more than one qualified person to visit the site.

The CSA have added a new section, section 6.3, to the Companion Policy to clarify that the personal inspection requirement in section 6.2 of the National Instrument sets a minimum standard, and that the issuer should have personal inspections made by qualified persons as appropriate in the circumstances.

NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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NATIONAL INSTRUMENT 43-101
STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 7 APPLICATION, DEFINITIONS AND INTERPRETATION

1.1 Application - This Instrument applies to all oral statements and written disclosure of scientific or technical information, including disclosure of a mineral resource or mineral reserve, made by or on behalf of an issuer in respect of a mineral project of the issuer.

1.2 Definitions - In this Instrument

"adjacent property" means a property

(a) in which the issuer does not have an interest;

(b) that has a boundary reasonably proximate to the closest boundary of the property being reported on; and

(c) that has geological characteristics similar to those of the property being reported on;

"data verification" means the process of confirming that data has been generated with proper procedures, has been accurately transcribed from the original source and is suitable to be used;

"development property" means a property that is being prepared for mineral production and for which economic viability has been demonstrated by a feasibility study;

"disclosure" means any oral statement or written disclosure made by or on behalf of an issuer and intended to be, or reasonably likely to be, made available to the public in a Canadian jurisdiction, whether or not filed under securities legislation, but does not include written disclosure that is made available to the public only by reason of having been filed with a government or agency of government pursuant to a requirement of law other than securities legislation;

"disclosure document" means an annual information form, prospectus, material change report or annual financial statement filed with a regulator pursuant to a requirement of securities legislation;

"exploration information" means geological, geophysical, geochemical, sampling, drilling, analytical testing, assaying, mineralogical, metallurgical and other similar information concerning a particular property that is derived from activities undertaken to locate, investigate, define or delineate a mineral prospect or mineral deposit;

"feasibility study" means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;

"IMM system" means the classification system and definitions for mineral resources and mineral reserves approved from time to time by The Institution of Mining and Metallurgy in the United Kingdom;

"JORC Code" means the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia as amended or supplemented;

"mineral project" means any exploration, development or production activity in respect of natural, solid, inorganic or fossilized organic, material including base and precious metals, coal and industrial minerals;

"preliminary assessment" means a preliminary assessment permitted to be disclosed pursuant to subsection 2.3(3);

"preliminary feasibility study" and "pre-feasibility study" each mean a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the mineral resource may be classified as a mineral reserve;

"producing issuer" means an issuer the annual audited financial statements of which disclose

(a) gross revenues, derived from mining operations, of at least $30 million for the issuer's most recently completed financial year; and

(b) gross revenues, derived from mining operations, of at least $90 million in the aggregate for the issuer's three most recently completed financial years;

"professional association" means a self-regulatory organization of engineers, geoscientists or both engineers and geoscientists that

(a) has been given authority or recognition by statute;

(b) admits members primarily on the basis of their academic qualifications and experience;

(c) requires compliance with the professional standards of competence and ethics established by the organization; and

(d) has disciplinary powers, including the power to suspend or expel a member;

and until February 1, 2002 includes an association of geoscientists in Ontario and until February 1, 2003 includes an association of geoscientists in a Canadian jurisdiction other than Ontario that does not have a statutorily recognized self-regulatory association;

"qualified person" means an individual who

(a) is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is a member in good standing of a professional association;

"quantity" means either tonnage or volume, depending on which term is the standard in the mining industry for the type of mineral;

"technical report" means a report prepared, filed and certified in accordance with this Instrument and Form 43-101F1 Technical Report;

"USGS Circular 831" means the circular published by the United States Bureau of Mines/United States Geological Survey entitled "Principles of a Resource/Reserve Classification for Minerals", as amended or supplemented; and

"written disclosure" includes any writing, picture, map or other printed representation whether produced, stored or disseminated on paper or electronically.

1.3 **Mineral Resource** - In this Instrument, the terms "mineral resource", "inferred mineral resource", "indicated mineral resource" and "measured mineral resource" have the meanings ascribed to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

1.4 **Mineral Reserve** - In this Instrument, the terms "mineral reserve", "probable mineral reserve" and "proven mineral reserve" have the meanings ascribed

to those terms by the Canadian Institute of Mining, Metallurgy and Petroleum, as the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council on August 20, 2000, as those definitions may be amended from time to time by the Canadian Institute of Mining, Metallurgy and Petroleum.

1.5 Interpretation

(1) In this Instrument, a person or company is considered to be an affiliated entity of another person or company if

(a) one is a subsidiary of the other,

(b) both are subsidiaries of the same person or company, or

(c) each is controlled by the same person or company.

(2) In this Instrument, a person or company is considered to be controlled by a second person or company if

(a) in the case of a company,

(i) voting securities of the company carrying 50 percent or more of the votes for the election of directors are held, otherwise than by way of security only, by or for the benefit of the second person or company; and

(ii) the votes carried by such securities entitle the second person or company to elect a majority of the directors of the company;

(b) in the case of a partnership, other than a limited partnership, the second person or company holds an interest of 50 percent or more in the partnership; or

(c) in the case of a limited partnership, the general partner is the second person or company.

(3) In this Instrument, a person or company is considered to be a subsidiary entity of a second person or company, if

(a) the person or company is controlled by

(i) the second person or company, or

(ii) the second person or company and one or more other persons or companies, each of which is controlled by the second person or company, or

(iii) one or more other persons or companies, each of which is controlled by the second person or company; or

(b) the person or company is a subsidiary entity of a person or company that is itself a subsidiary entity of the second person or company.

(4) In this Instrument, a qualified person involved in the preparation of a technical report is not considered to be independent of the issuer in respect of the technical report, if

(a) the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, an insider, associate, affiliated entity or employee of

(i) the issuer,

(ii) an insider of the issuer, or

(iii) an affiliated entity of the issuer;

(b) the qualified person, or any affiliated entity of the qualified person, is, or by reason of an agreement, arrangement or understanding expects to become, a partner of any person or company referred to in paragraph (a);

(c) the qualified person, or any affiliated entity of the qualified person, owns, or by reason of an agreement, arrangement or understanding expects to receive, any securities of the issuer or of an affiliated entity of the issuer or an ownership or royalty interest in the property that is the subject of the technical report;

(d) the qualified person, or any affiliated entity of the qualified person, has received the majority of his or her income in the three years preceding the date of the technical report from one or more of the issuer and insiders and affiliated entities of the issuer; or

(e) the qualified person, or any affiliated entity of the qualified person,

(i) is, or by reason of an agreement, arrangement or understanding expects to become, an insider, affiliate or partner of the person or company which has an

ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on; or

(ii) has, or by reason of an agreement, arrangement or understanding expects to obtain, an ownership or royalty interest in a property which has a boundary within two kilometres of the closest boundary of the property being reported on.

PART 2 REQUIREMENTS APPLICABLE TO ALL DISCLOSURE

2.1 Requirements Applicable to All Disclosure - An issuer shall ensure that all disclosure of a scientific or technical nature, including disclosure of a mineral resource or mineral reserve, concerning mineral projects on a property material to the issuer is based upon a technical report or other information prepared by or under the supervision of a qualified person.

2.2 All Disclosure of Mineral Resources or Mineral Reserves - An issuer shall ensure that any disclosure of a mineral resource or mineral reserve, including disclosure in a technical report filed by an issuer

(a) utilizes only the applicable mineral resource and mineral reserve categories set out in sections 1.3 and 1.4;

(b) reports each category of mineral resources and mineral reserves separately, and if both mineral resources and mineral reserves are disclosed, states the extent, if any, to which mineral reserves are included in total mineral resources; and

(c) does not add inferred mineral resources to the other categories of mineral resources.

2.3 Prohibited Disclosure

(1) An issuer shall not make any disclosure of

(a) quantity or grade of a deposit which has not been categorized as an inferred mineral resource, an indicated mineral resource, a measured mineral resource, a probable mineral reserve or a proven mineral reserve, or

(b) results of an economic evaluation which uses inferred mineral resources.

(2) Despite paragraph (1)(a), an issuer may disclose in writing the potential quantity and grade, expressed as ranges, of a possible mineral deposit that is to be the target of further exploration, provided that the disclosure includes

(a) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a mineral resource on the property and that it is uncertain if further exploration will result in discovery of a mineral resource on the property, and

(b) the basis on which the disclosed potential quantity and grade has been determined.

(3) Despite paragraph (1)(b), an issuer may disclose a preliminary assessment that includes an economic evaluation which uses inferred mineral resources, provided

(a) the preliminary assessment is a material change in the affairs of the issuer or a material fact;

(b) the disclosure includes

(i) a proximate statement that the preliminary assessment is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary assessment will be realized, and

(ii) the basis for the preliminary assessment and any qualifications and assumptions made by the qualified person; and

(c) in Ontario, if the issuer is a reporting issuer in Ontario, the issuer shall deliver to the regulator in Ontario the disclosure it proposes to make together with the preliminary assessment and the technical report required pursuant to section 4.2 at least five business days prior to making the disclosure and the regulator in Ontario shall not have advised the issuer that it objects to the disclosure.

(4) An issuer shall not use the terms preliminary feasibility study, pre-feasibility study or feasibility study when referring to a study

unless the study satisfies the criteria set out in the definitions of the applicable terms in section 1.2.

2.4 **Disclosure of Historical Estimates** - Despite section 2.2 an issuer may disclose an estimate of mineral resources or mineral reserves made before this Instrument came into force if

(a) the estimate is an estimate of mineral resources or mineral reserves prepared by or on behalf of a person or company other than the issuer, or

(b) the estimate accompanies disclosure of an estimate of mineral resources and mineral reserves made in accordance with section 2.2

and provided that the disclosure:

(i) identifies the source of the historical estimate;

(ii) confirms that the historical estimate is relevant;

(iii) comments on the reliability of the historical estimate;

(iv) states whether the historical estimate uses categories other than the ones stipulated in sections 1.3 and 1.4 and, if so, includes an explanation of the differences; and

(v) includes any more recent estimates or data available to the issuer.

PART 3 ADDITIONAL REQUIREMENTS FOR WRITTEN DISCLOSURE

3.1 **Written Disclosure to Include Name of Qualified Person** - An issuer shall ensure that all written disclosure of a scientific or technical nature, other than a news release, concerning a mineral project on a property material to the issuer identifies and discloses the relationship to the issuer of the qualified person who prepared or supervised the preparation of the technical report or other information that forms the basis for the written disclosure.

3.2 **Written Disclosure to Include Data Verification** - An issuer shall ensure that all written disclosure of a scientific or technical nature concerning mineral projects on a property material to the issuer:

(a) states whether a qualified person has verified the data disclosed, including sampling, analytical and test data underlying the information or opinions contained in the written disclosure;

(b) describes the nature of, and any limitations on, the verification of data disclosed; and

(c) explains any failure to verify the data disclosed.

3.3 **Requirements Applicable to Written Disclosure of Exploration Information**

(1) An issuer shall ensure that all written disclosure containing scientific or technical exploration information concerning a property material to the issuer includes:

(a) to the extent not previously disclosed in writing and filed by the issuer, the results, or a summary of the material results, of surveys and investigations regarding the property;

(b) a summary of the interpretation of the exploration information to the extent that such interpretation has not been previously disclosed in writing and filed by the issuer; and

(c) a description of the quality assurance program and quality control measures applied during the execution of the work being reported on.

(2) An issuer shall ensure that all written disclosure containing sample or analytical or testing results on a property material to the issuer includes

(a) to the extent not previously disclosed in writing and filed by the issuer, a summary description of the geology, mineral occurrences and nature of mineralization found;

(b) to the extent not previously disclosed in writing and filed by the issuer, a summary description of rock types, geological controls and widths of mineralized zones, and the identification of any significantly higher grade intervals within a lower grade intersection;

(c) the location, number, type, nature and spacing or density of the samples collected and the location and dimensions of the area sampled;

(d) identification of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to in this subsection;

(e) a summary description of the type of analytical or testing procedures utilized,

sample size, the name and location of each analytical or testing laboratory used, the certification of each laboratory, if known to the issuer, and any relationship of the laboratory to the issuer; and

(f) a listing of the lengths of individual samples or sample composites with analytical values, widths and, to the extent known to the issuer, the true widths of the mineralized zone.

3.4 **Requirements Applicable to Written Disclosure of Mineral Resources and Mineral Reserves** - An issuer shall ensure that all written disclosure of mineral resources or mineral reserves on a property material to the issuer includes:

(a) the effective date of each estimate of mineral resources and mineral reserves;

(b) details of quantity and grade or quality of each category of mineral resources and mineral reserves;

(c) details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(d) a general discussion of the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues; and

(e) a statement that mineral resources which are not mineral reserves do not have demonstrated economic viability.

3.5 **Exception for Written Disclosure Already Filed** - The requirements of sections 3.3 and 3.4 are satisfied by reference, in written disclosure, to a previously filed disclosure document that complies with those requirements.

PART 4 OBLIGATION TO FILE A TECHNICAL REPORT

4.1 **Obligation to File a Technical Report Upon Becoming a Reporting Issuer**

(1) Upon first becoming a reporting issuer in a Canadian jurisdiction an issuer shall file with the regulator in that Canadian jurisdiction a current technical report for each property material to the issuer.

(2) An issuer may satisfy the requirement of subsection (1) by filing a technical report or a report prepared and filed in accordance with National Policy Statement No. 2-A before February 1, 2001 that it has previously filed in another Canadian jurisdiction in which it is a reporting issuer, amended or supplemented, if necessary, to reflect material changes in the information contained in the technical report since the date of filing in the other Canadian jurisdiction.

4.2 **Obligation to File a Technical Report in Connection with Certain Written Disclosure Concerning Mineral Projects on Material Properties**

(1) An issuer shall file a current technical report to support information in the following documents filed or made available to the public in a Canadian jurisdiction describing mineral projects on a property material to the issuer:

1. A preliminary prospectus, other than a preliminary short form prospectus filed in accordance with National Instrument 44-101.

2. A preliminary short form prospectus filed in accordance with National Instrument 44-101 that includes material information concerning mining projects on material properties not contained in

(a) a disclosure document filed before February 1, 2001;

(b) a previously filed technical report; or

(c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001.

3. An information or proxy circular concerning a direct or indirect acquisition of a mineral property, including an acquisition of control of a person or company with an interest in the property, that upon completion of the acquisition would be material to the issuer if the consideration includes securities of the issuer or the person or company which continues to hold an interest in the property upon completion of the acquisition.

4. An offering memorandum.

5. A rights offering circular.

6. An annual information form or annual report that includes material information concerning mining projects on material properties not contained in

(a) a disclosure document filed before February 1, 2001;

(b) a previously filed technical report; or

(c) a report prepared in accordance with National Policy Statement No. 2-A and filed with a regulator before February 1, 2001.

7. A valuation required to be prepared and filed under securities legislation.

8. A directors' circular that discloses for the first time a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer, or discloses any change in a preliminary assessment or in mineral resources or mineral reserves, from the most recently filed technical report of the issuer, that constitutes a material change in respect of the affairs of the issuer.

9. A take-over bid circular that discloses a preliminary assessment or mineral resources or mineral reserves on a property material to the offeror if securities of the offeror are being offered in exchange on the take-over bid.

10. Any written disclosure, made other than in a document referred to in paragraphs 1 to 9 above, which is either

(i) first time disclosure of a preliminary assessment or mineral resources or mineral reserves on a property material to the issuer that constitutes a material change in respect of the affairs of the issuer; or

(ii) disclosure of any change in a preliminary assessment or in mineral resources and mineral reserves from the most recently filed technical report, that constitutes a material change in respect of the affairs of the issuer.

(2) If there has been a material change to the information in the technical report filed under paragraph 1 or 2 of subsection (1) before the filing of the final version of a prospectus or short form prospectus, the issuer shall file an updated technical report or an addendum to the technical report with the final version of the prospectus or short form prospectus.

(3) Subject to subsections (4), (5), and (6), the technical report required to be filed under subsection (1) shall be filed not later than the time of the filing of the document listed in subsection (1) that it supports.

(4) Despite subsection (3), a technical report concerning mineral reserves and mineral resources that supports disclosure described in paragraph 10 of subsection (1) shall

(a) be filed not later than 30 days after the disclosure; and

(b) if filed subsequent to the disclosure, be accompanied by a contemporaneous disclosure that reconciles any material differences between the technical report filed and the previous disclosure in connection with which the technical report was prepared.

(5) Despite subsection (3), if a property referred to in a document described in paragraph 6 of subsection (1) first becomes material to the issuer less than 30 days before the filing deadline for the document, the issuer shall file the technical report required by subsection (1) within 30 days of the date that the property first became material to the issuer.

(6) Despite subsection (3), a technical report that supports a directors' circular shall be filed not less than 3 business days prior to the expiry of the take-over bid.

4.3 Required Form of Technical Report - A technical report that is required to be filed under this Part shall be in accordance with Form 43-101F1.

PART 5 AUTHOR OF TECHNICAL REPORT

5.1 Prepared by a Qualified Person - A technical report shall be prepared by or under the supervision of one or more qualified persons.

5.2 Execution of Technical Report - A technical report shall be dated, signed and, if the qualified person has a seal, sealed, by the qualified person who prepared it or supervised its preparation, or if such an individual is an employee, officer, director or associate of a person or company the principal business of which is the provision of engineering or geoscientific services, by that person or company.

5.3 Independent Technical Report

(1) Subject to subsection (2), a technical report required under any of the following provisions of this Instrument shall be prepared by a

qualified person that is, at the date of the technical report, independent of the issuer:

1. **First-time Reporting Issuer** - Subsection 4.1(1)

2. **Long Form Prospectus and Valuation** - Paragraphs 4.2(1)I and 7

3. **Other** - Paragraphs 4.2(1)2, 3, 4, 5, 6, 8, 9 and 10 if the document discloses a preliminary assessment, or mineral resources or mineral reserves on a property material to the issuer for the first time, or discloses a 100 percent or greater change, from the most recently filed technical report prepared by a qualified person who is independent of the issuer, in mineral resources or mineral reserves on a property material to the issuer

4. **Reporting Issuer in an Additional Canadian Jurisdiction** - Subsection 4.1(2)

(2) A technical report required to be filed by a producing issuer under paragraphs 3 and 4 of subsection (1) is not required to be prepared by an independent qualified person.

(3) A technical report required to be filed by an issuer that is or has contracted to become a joint venture participant, concerning a property which is or will be the subject of the joint venture's activities, is not required to be prepared by an independent qualified person if the qualified person preparing the report is an employee of, or retained by, another participant in the joint venture that is a producing issuer.

PART 6 PREPARATION OF TECHNICAL REPORT

6.1 Nature of the Technical Report - A technical report shall be prepared on the basis of all available factual data that is relevant to the disclosure which it supports.

6.2 Personal Inspection - At least one qualified person preparing or supervising the preparation of the technical report shall inspect the property that is the subject of the technical report.

6.3 Maintenance of Records - The issuer shall keep copies of assay and other analytical certificates, drill logs and other information referenced in the technical report or used as a basis for the technical report for 7 years.

PART 7 USE OF FOREIGN CODE

7.1 Use of Foreign Code

(1) An issuer that is incorporated or organized in a foreign jurisdiction may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or the IMM system provided that a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 is filed with the technical report and certified by a qualified person. The reconciliation shall address the confidence levels required for the categorization of mineral resources and mineral reserves.

(2) An issuer that is incorporated or organized under the laws of Canada or a province or territory of Canada may make disclosure and file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or the IMM system for properties located in a foreign jurisdiction, provided that a reconciliation to the mineral resource and mineral reserve categories set out in sections 1.3 and 1.4, which reconciliation addresses the confidence levels required for the categorization of mineral resources and mineral reserves, is certified by a qualified person and is filed with the technical report.

PART 8 CERTIFICATES AND CONSENTS OF QUALIFIED PERSONS FOR TECHNICAL REPORTS

8.1 Certificates of Qualified Persons

(1) An issuer shall, when filing a technical report, also file a certificate of each of the individuals who are qualified persons and who have been primarily responsible for the technical report, or a portion of the technical report, dated, signed and, if the signatory has a seal, sealed, by the signatory.

(2) The certificate of each qualified person shall state

(a) the name, address and occupation of the qualified person;

(b) the qualified person's qualifications, including relevant experience, the name of all professional associations to which the qualified person belongs, and that the qualified person is a "qualified person" for purposes of this Instrument;

(c) the date and duration of the qualified person's most recent visits to each applicable site;

(d) the section or sections of the technical report for which the qualified person is responsible;

(e) that the qualified person is not aware of any material fact or material change with respect to the subject matter of the technical report which is not reflected in the technical report, the omission to disclose which makes the technical report misleading;

(f) if the qualified person is independent of the issuer applying the tests set out in section 1.5;

(g) what prior involvement, if any, the qualified person has had with the property that is the subject of the technical report; and

(h) that the qualified person has read this Instrument and Form 43-101F1, and the technical report has been prepared in compliance with this Instrument and Form 43-101F1.

8.2 **Addressed to Issuer** - All technical reports shall be addressed to the issuer.

8.3 **Consents of Qualified Persons** - All technical reports and addenda to technical reports that are required by this Instrument to be filed shall

(a) be accompanied by the written consent of the qualified person, addressed to the securities regulatory authorities, consenting to the filing of the technical report and to the written disclosure of the technical report and of extracts from or a summary of the technical report in the written disclosure being filed; and

(b) be accompanied by a certificate confirming that the qualified person has read the written disclosure being filed and does not have any reason to believe that there are any misrepresentations in the information derived from the technical report or that the written disclosure contains any misrepresentation of the information contained in the technical report.

PART 9 EXEMPTION

9.1 Exemption

(1) The regulator or the securities regulatory authority may, on application, grant an exemption from this Instrument, in whole or in part, subject to such conditions or restrictions as may be imposed in the exemption in response to an application.

(2) Despite subsection (1), in Ontario, only the regulator may grant such an exemption.

(3) Despite subsection (1), in Alberta, only the regulator may grant such an exemption.

PART 10 EFFECTIVE DATE

10.1 **Effective Date** - This Instrument shall come into force on February 1, 2001.

Canadian Institute of Mining, Metallurgy and Petroleum - Definitions

Adopted by CIM Council August 20, 2000

Mineral Resource

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase 'reasonable prospects for economic extraction' implies a judgement by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in both public and technical reports.

Inferred Mineral Resource

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

Due to the uncertainty which may attach to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

Indicated Mineral Resource

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Preliminary Feasibility Study which can serve as the basis for major development decisions.

Measured Mineral Resource

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

Mineral Reserve

Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must

include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant processing, metallurgical, economic, marketing, legal, environment, socio-economic and government factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term 'Mineral Reserve' need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

Probable Mineral Reserve

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Mineral Reserve

A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Application of the Proven Mineral reserve category implies that the Qualified Person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.

FORM 43-101F1
TECHNICAL REPORT
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TITLE

CONTENTS OF THE TECHNICAL REPORT

FORM 43-101F1
TECHNICAL REPORT

INSTRUCTIONS

(1) The objective of the technical report is to provide scientific and technical information concerning mineral exploration, development and production activities on a mineral property that is material to an issuer. This Form sets out specific requirements for the preparation and contents of a technical report. Item 25 of this Form includes additional requirements for technical reports on development and production properties.

(2) Terms used and not defined in this Form that are defined or interpreted in National Instrument 43-101 Standards of Disclosure for Mineral Projects (the "Instrument") shall bear that definition or interpretation. In particular, the terms "mineral resource" and "mineral reserve" and the categories of each are defined in the Instrument. In addition, a general definition instrument has been adopted as National Instrument 14-101 Definitions which contains definitions of certain terms used in more than one national instrument. Readers of this Form shall review both these national instruments for defined terms.

(3) The author preparing the technical report shall use the headings of the Items in this Form. If unique or infrequently used technical terms are required, clear and concise explanations shall be included.

(4) No disclosure need be given in respect of inapplicable items and, unless otherwise required by this Form, negative answers to items may be omitted. Disclosure included under one heading is not required to be repeated under another heading.

(5) The technical report is not required to include the information required in Items 6 through 11 of this Form to the extent that the required information has been previously filed in a report for the property being reported on, the previous report is referred to in the technical report and there has not been any change in the information.

CONTENTS OF THE TECHNICAL REPORT

Item 1: Title Page - Include a title page setting out the title of the technical report, the general location of the mineral project, the name(s) and the professional designation(s) of the authors and the effective date of the technical report.

Item 2: Table of Contents - Provide a table of contents listing the contents of the technical report, including figures and tables.

Item 3: Summary - Provide a summary which briefly describes the property, its location, ownership, geology and mineralization, the exploration concept, the status of exploration, development and operations and the author's conclusions and recommendations.

Item 4: Introduction and Terms of Reference - Include a description of

(a) the terms of reference;

(b) the purpose for which the technical report was prepared;

(c) the sources of information and data contained in the technical report or used in its preparation, with citations if applicable; and

(d) the extent of field involvement of the qualified person.

Item 5: Disclaimer - If the author of all or a portion of the technical report has relied on a report, opinion or statement of legal or other experts who are not qualified persons for information concerning legal, environmental, political or other issues and factors relevant to the technical report, the author may include a disclaimer of responsibility in which the author identifies the report, opinion or statement relied upon, the maker of that report, opinion or statement, the extent of reliance and the portions of the technical report to which the disclaimer applies.

Item 6: Property Description and Location - To the extent applicable, with respect to each property reported on, describe

(a) the area of the property in hectares or other appropriate units;

(b) the location, reported by section, township, range mining division or district, municipality, province, state, country and National Topographic System designation or Universal Transverse Mercator (UTM) system, as applicable, or by latitude and longitude;

(c) the claim numbers or equivalent, whether they are patented or unpatented, or the applicable characterization in the jurisdiction in which they are situated, and whether the claims are contiguous;

(d) the nature and extent of the issuer's title to, or interest in, the property including surface rights, the obligations that must be met to retain the property, and the expiration date of claims, licences or other property tenure rights;

(e) whether or not the property has been legally surveyed;

(f) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailing ponds, waste deposits and important natural features and improvements, relative to the outside property boundaries by showing the same on a map;

(g) to the extent known, the terms of any royalties, back-in rights, payments or other agreements and encumbrances to which the property is subject;

(h) to the extent known, all environmental liabilities to which the property is subject; and

(i) to the extent known, the permits that must be acquired to conduct the work proposed for the property, and if the permits have been obtained.

Item 7: Accessibility, Climate, Local Resources, Infrastructure and Physiography - With respect to each property reported on, describe

(a) topography, elevation and vegetation;

(b) the means of access to the property;

(c) the proximity of the property to a population centre, and the nature of transport;

(d) to the extent relevant to the mineral project, the climate and the length of the operating season; and

(e) to the extent relevant, the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas and potential processing plant sites.

Item 8: History - To the extent known, with respect to each property reported on, describe

(a) the prior ownership of the property and ownership changes;

(b) the type, amount, quantity and results of exploration and/or development work

undertaken by the owners and any previous owners;

(c) historical mineral resource and mineral reserve estimates, including the reliability of the historical estimates and whether the estimates are in accordance with the categories set out in sections 1.3 and 1.4 of the Instrument; and

(d) any production from the property.

INSTRUCTION: *If a reporting system other than the one stipulated by the Instrument has been used, the author shall include an explanation of the differences and reliability.*

Item 9: Geological Setting - Include a description of the regional, local and property geology.

Item 10: Deposit Types - Describe the mineral deposit type(s) being investigated or being explored for and the geological model or concepts being applied in the investigation and on the basis of which the exploration program is planned.

Item 11: Mineralization - Describe the mineralized zones encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity, together with a description of the type, character and distribution of the mineralization.

Item 12: Exploration - Describe the nature and extent of all relevant exploration work conducted by, or on behalf of, the issuer on each property being reported on, including

(a) results of surveys and investigations, and the procedures and parameters relating to the surveys and investigations;

(b) an interpretation of the exploration information;

(c) a statement as to whether the surveys and investigations have been carried out by the issuer or by a contractor and, if the latter, identifying the contractor; and

(d) a discussion of the reliability or uncertainty of the data obtained in the program.

Item 13: Drilling - Describe the type and extent of drilling including the procedures followed and a summary and interpretation of all results. The relationship between the sample length and the true thickness of the mineralization must be stated, if known, and if the orientation of the mineralization is unknown, state this.

Item 14: Sampling Method and Approach - Include

(a) a description of sampling methods and details of location, number, type, nature and spacing or density of samples collected, and the size of the area covered;

(b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy and reliability of the results;

(c) a discussion of the sample quality and of whether the samples are representative and of any factors that may have resulted in sample biases;

(d) a description of rock types, geological controls, widths of mineralized zones and other parameters used to establish the sampling interval and identification of any significantly higher grade intervals within a lower grade intersection;and

(e) a list of individual samples or sample composites with values and estimated true widths.

Item 15: Sample Preparation, Analyses and Security - Describe sample preparation methods and quality control measures employed prior to dispatch of samples to an analytical or testing laboratory, the method or process of sample splitting and reduction, and the security measures taken to ensure the validity and integrity of samples taken, including

(a) if any aspect of the sample preparation was conducted by an employee, officer, director or associate of the issuer;

(b) details regarding sample preparation, assaying and analytical procedures used, including the sub-sample size, the name and location of the analytical or testing laboratories and whether the laboratories are certified by any standards association and the particulars of any certification;

(c) a summary of the nature and extent of all quality control measures employed and check assay and other check analytical and testing procedures utilized, including the results and corrective actions taken; and

(d) a statement of the author's opinion on the adequacy of sampling, sample preparation, security and analytical procedures.

Item 16: Data Verification - Include a discussion of

(a) quality control measures and data verification procedures applied;

(b) whether the author has verified the data referred to or relied upon, referring to sampling and analytical data;

(c) the nature of and any limitations on such verification; and

(d) the reasons for any failure to verify the data.

Item 17: Adjacent Properties - A technical report may include information concerning an adjacent property if

(a) such information was publicly disclosed by the owner or operator of the adjacent property;

(b) the source of the information and any relationship of the author of the information on the adjacent property to the issuer is identified;

(c) the technical report states that its author has been unable to verify the information and, in bold face type, that the information is not necessarily indicative of the mineralization on the property that is the subject of the technical report;

(d) the technical report clearly distinguishes between mineralization on the adjacent property and mineralization on the property being reported on; and

(e) if any historical estimates of mineral resources and mineral reserves are included in the technical report, they are disclosed in accordance with section 2.4 of the Instrument.

Item 18: Mineral Processing and Metallurgical Testing - Where mineral processing and/or metallurgical testing analyses have been carried out, include the results of testing and details of sample selection representativity and testing and analytical procedures.

Item 19: Mineral Resource and Mineral Reserve Estimates - Each technical report on mineral resources and mineral reserves shall

(a) use only the applicable mineral resource and mineral reserve categories set out in sections 1.3 and 1.4 of the Instrument;

(b) report each category of mineral resources and mineral reserves separately and if both mineral resources and mineral reserves are disclosed, state the extent, if any, to which mineral reserves are included in total mineral resources;

(c) not add inferred mineral resources to the other categories of mineral resources;

(d) disclose the name, qualifications and relationship, if any, to the issuer of the qualified person who estimated mineral resources and mineral reserves;

(e) include appropriate details of quantity and grade or quality for each category of mineral resources and mineral reserves;

(f) include details of the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves;

(g) include a general discussion on the extent to which the estimate of mineral resources and mineral reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues;

(h) identify the extent to which the estimates of mineral resources and mineral reserves may be materially affected by mining, metallurgical, infrastructure and other relevant factors;

(i) use only indicated mineral resources, measured mineral resources, probable mineral reserves and proven mineral reserves when referring to mineral resources or mineral reserves in an economic evaluation that is used in a preliminary feasibility study or a feasibility study of a mineral project;

(j) state the grade or quality, quantity and category of the mineral resources and mineral reserves if the quantity of contained metal is reported; and

(k) when the grade for a polymetallic mineral resource or mineral reserve is reported as metal equivalent, report the individual grade of each metal, and consider and report the recoveries, refinery costs and all other relevant conversion factors in addition to metal prices and the date and sources of such prices.

INSTRUCTIONS

(1) The methods and procedures to be used in estimating mineral resources and mineral reserves are the responsibility of the authors preparing the estimate.

(2) A statement of quantity and grade or quality is an estimate and shall be rounded to reflect the fact that it is an approximation.

(3) An issuer that is incorporated or organized in a foreign jurisdiction may file a technical report that utilizes the mineral resource and mineral reserve categories of the JORC Code, USGS Circular 831 or IMM system provided that a reconciliation to the mineral resource and mineral reserve categories referred to in sections 1.3 and 1.4 of the Instrument is filed with the technical report and certified by the author. The reconciliation shall also address the confidence levels required for the

categorizations of mineral resources and mineral reserves.

Item 20: Other Relevant Data and Information - Include any additional information or explanation necessary to make the technical report understandable and not misleading.

Item 21: Interpretation and Conclusions - Include the results and reasonable interpretations of all field surveys, analytical and testing data and other relevant information. Discuss the adequacy of data density and the data reliability as well as any areas of uncertainty. A technical report concerning exploration information shall include the conclusions of the author. The author must discuss whether the completed project met its original objectives.

Item 22: Recommendations - If successive phases of work are recommended, each phase must culminate in a decision point. The recommendations shall not apply to more than two phases of work. The recommendations shall state whether advancing to a subsequent phase is contingent on positive results in the previous phase. Provide particulars of the recommended programs and a breakdown of costs for each phase. A technical report that contains recommendations for expenditures on exploration or development work on a property shall include a statement by a qualified person that, in the qualified person's opinion, the character of the property is of sufficient merit to justify the program recommended.

Item 23: References - Include a detailed list of all references cited in the technical report.

Item 24: Date - Include the effective date of the technical report on both the title page and the page of the technical report that is signed. The date of signing must also be included on the signature page.

Item 25: Additional Requirements for Technical Reports on Development Properties and Production Properties - Technical reports on development properties and production properties shall also include

(a) Mining Operations - information and assumptions concerning the mining method, metallurgical processes and production forecast;

(b) Recoverability - information concerning results of all test and operating results relating to the recoverability of the valuable component or commodity and amenability of the mineralization to the proposed processing methods;

(c) Markets - information concerning the markets for the issuer's production and the nature and material terms of any agency relationships;

(d) Contracts - a discussion of whether the terms of mining, concentrating, smelting, refining, transportation, handling, sales and hedging and forward sales contracts or arrangements, rates or charges are within market parameters;

(e) Environmental Considerations - a discussion of bond posting, remediation and reclamation;

(f) Taxes - a description of the nature and rates of taxes, royalties and other government levies or interests applicable to the mineral project or to production, and to revenues or income from the mineral project;

(g) Capital and Operating Cost Estimates - capital and operating cost estimates, with the major components being set out in tabular form;

(h) Economic Analysis - an economic analysis with cash flow forecasts on an annual basis using proven mineral reserves and probable mineral reserves only, and sensitivity analyses with variants in metal prices, grade, capital and operating costs;

(i) Payback - a discussion of the payback period of capital with imputed or actual interest;

(j) Mine Life - a discussion of the expected mine life and exploration potential.

Item 26: Illustrations -

(a) Technical reports shall be illustrated by legible maps, plans and sections. All technical reports shall be accompanied by a location or index map and more detailed maps showing all important features described in the text. In addition, technical reports shall include a compilation map outlining the general geology of the property and areas of historical exploration. The location of all known mineralization, anomalies, deposits, pit limits, plant sites, tailings storage areas, waste disposal areas and all other significant features shall be shown relative to property boundaries. Maps, drawings and diagrams that have been created by the author, in whole or in part, and that are based on the work that the author has done or supervised, shall be signed and dated by the author. Where information from other sources, either government or private, is used in preparing these maps or diagrams, the source of the information shall be named.

(b) If adjacent or nearby properties have an important bearing on the potential of the property under consideration, their location and any mineralized structures common to two or more such properties shall be shown on the maps.

(c) If the potential merit of a property is predicated on geophysical or geochemical results, maps showing the results of surveys and their interpretations shall be included in the technical report.

(d) Maps shall include a scale in bar form and an arrow indicating North. Information taken from government maps or from drawings of other engineers or geoscientists shall be acknowledged on the map.

COMPANION POLICY 43-101CP TO NATIONAL INSTRUMENT 43-101 STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

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COMPANION POLICY 43-101CP TO NATIONAL INSTRUMENT 43-101 STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS

PART 1 PURPOSE AND DEFINITIONS

1.1 **Purpose** - This companion policy sets out the views of the Canadian Securities Administrators (the "CSA") as to the manner in which certain provisions of National Instrument 43-101 (the "Instrument") are to be interpreted and applied.

1.2 **Evolving Industry Standards and Modifications to the Instrument** - Mining industry practice and professional standards are evolving in Canada and internationally. The Canadian securities regulatory authorities will monitor developments in these fields and will solicit and consider recommendations from their staff and external advisers, from time to time, as to whether modifications to the Instrument are appropriate.

1.3 **Application of the Instrument** - The Instrument does not apply to disclosure concerning petroleum, natural gas, bituminous sands or shales, groundwater or other substances that do not fall within the meaning of the term "mineral resource" in section 1.3 of the Instrument. The Instrument establishes standards for all oral statements and written disclosure of scientific and technical information regarding mineral projects, including disclosure in news releases, prospectuses and annual reports, and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person. In the circumstances set out in section 5.3 of the Instrument, the technical report that is required to be filed must be prepared by a qualified person who is independent of the issuer, the property and any adjacent property.

1.4 **Mineral Resources and Mineral Reserves Definitions** - The Instrument incorporates by reference the definitions and categories of mineral resources and mineral reserves as set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Standards on Mineral Resources and Mineral Reserves Definitions and Guidelines (the "CIM Standards") adopted by the CIM Council on August 20, 2000. These definitions, together with guidance on their interpretation and application prepared by the CIM, are reproduced in the Appendix to this Companion Policy. Issuers, qualified persons and other market participants are encouraged to consult the CIM Standards for guidance.

Any changes made by the CIM to these definitions in the future will automatically be incorporated by reference into the Instrument.

1.5 **Non-Metallic Mineral Deposits** - Issuers making disclosure regarding the following commodities are encouraged to follow these additional guidelines:

(a) **Industrial Minerals** - For an industrial mineral deposit to be classified as a mineral resource, there should be recognition by the qualified person preparing the quantity and quality estimate that there is a viable market for the product or that a market can be reasonably developed. For an industrial mineral deposit to be classified as a mineral reserve, the qualified person preparing the estimate should be satisfied, following a thorough review of specific and identifiable markets for the product, that there is, at the date of the technical report, a viable market for the product and that the product can be mined and sold at a profit.

(b) **Coal** - Technical reports on coal resources and reserves should conform to the definitions and guidelines of Paper 88-21 of the Geological Survey of Canada: A Standardized Coal Resource/Reserve Reporting System for Canada, as amended, supplemented or replaced; and

(c) **Diamonds** - Technical reports on the resources and reserves of diamond deposits should conform to the Guidelines for Reporting of Diamond Exploration Results, Identified Mineral Resources and Ore Reserves, published by the Association of Professional Engineers, Geologists and Geophysicists of the Northwest Territories, as amended, supplemented or replaced.

1.6 **Objective Standard of Reasonableness**

(a) The Instrument requires the application of an objective standard of reasonableness in determining such things as whether a statement constitutes "disclosure" and is thereby subject to the requirements of the Instrument. Where a determination turns on reasonableness, the test is an objective, rather than subjective one in that it turns on what a person acting reasonably would conclude. It is not sufficient for an officer of an issuer or a qualified person to determine that he or she personally believes the matter under consideration. The person must form an opinion as to what a reasonable person would believe in the circumstances. Formulating the definitions using an objective test rather than a subjective test strengthens the basis upon which the regulator may object to a person's application of the definition in particular circumstances.

(b) The definition of "preliminary feasibility study" and "pre-feasibility study" requires the application of an objective test. For a study to fall within the definition, the considerations or

assumptions underlying the study must be reasonable and sufficient for a qualified person, acting reasonably, to determine if the mineral resource may be classified as a mineral reserve.

PART 2 DISCLOSURE

2.1 Disclosure is the Responsibility of the Issuer - Primary responsibility for public disclosure remains with the issuer and its directors and officers. The qualified person is responsible for preparing the technical report and providing scientific and technical advice in accordance with applicable professional standards. The proper use, by or on behalf of the issuer, of the technical report and other scientific and technical information provided by the qualified person is the responsibility of the issuer and its directors and officers. The onus is on the issuer and its directors and officers and, in the case of a document filed with a regulator, each signatory of the document, to ensure that disclosure in the document is consistent with the related technical report or advice. Issuers are strongly urged to have the qualified person review disclosure that summarizes or restates the technical report or the technical advice or opinion to ensure that the disclosure accurately reflects the qualified person's work.

2.2 Use of Plain Language - Disclosure made by or on behalf of an issuer regarding mineral projects on properties material to the issuer should be understandable. Written disclosure should be presented in an easy to read format using clear and unambiguous language. Wherever possible, data should be presented in table format. The CSA recognize that the technical report required by the Instrument is a document that does not lend itself well to a "plain language" format and therefore urge issuers to consult the responsible qualified person when restating the data and conclusions from a technical report in plain language for use in other public disclosure.

2.3 Prohibited Disclosure

(1) Paragraph 2.2(c) of the Instrument prohibits the addition of inferred mineral resources to the other categories of mineral resources. Issuers are cautioned not to show a sum of mineral resources, or to refer to an aggregate number of mineral resources that includes inferred mineral resources.

(2) Issuers are reminded that any disclosure of a target of further exploration pursuant to subsection 2.3(2) or a of preliminary assessment pursuant to subsection 2.3(3) must be based on information prepared by or under the supervision of a qualified person.

2.4 Materiality

(1) Materiality should be determined in the context of the particular issuer's overall business and financial condition taking into account quantitative and qualitative factors. Materiality is a matter of judgment in the particular circumstances and should be determined in relation to the significance of the information to investors, analysts and other users of the disclosure.

(2) In assessing materiality, issuers should refer to the definition of "material fact" in securities legislation, which in most jurisdictions means a fact that significantly affects or would reasonably be expected to have a significant effect on the market price or value of the securities of the issuer.

(3) Materiality of a property should be assessed in light of the extent of the interest in the property held, or to be acquired, by the issuer. A small interest in a sizeable property may, in the circumstances, not be material to the issuer.

(4) In assessing whether interests represented by multiple claims or other documents of title constitute a single property for the purpose of the Instrument, issuers should be guided by the reasonable understanding and expectations of investors.

(5) Subject to developments not reflected in the issuer's financial statements, for purposes of the instrument, a property will generally not be considered material to an issuer if the book value of the property, as reflected in the issuer's most recently filed financial statements or the value of the consideration paid or required to be paid for the property, including exploration expenditures required to be made during the next 12 months, is less than 10 percent of the book value of the total of the issuer's mineral properties and related property, plant and equipment.

2.5 Material Information not yet Confirmed by a Qualified Person - Issuers are reminded that they have an obligation under securities legislation to disclose material facts and to make timely disclosure of material changes. The Canadian securities regulatory authorities recognize that there may be circumstances in which the issuer expects that certain information concerning a mineral project may be material notwithstanding the fact that a qualified person has not prepared or supervised the preparation of the information. In this situation the Canadian securities regulatory authorities suggest that issuers file a confidential material change report concerning this information while a qualified person reviews the situation. Once a qualified person has confirmed the information, a the issuer may issue a news release and the basis of confidentiality will end.

2.6 **Exception in Section 3.5 of the Instrument** - Section 3.5 of the Instrument provides that the disclosure requirement of sections 3.3 and 3.4 of the Instrument may be satisfied by referring to a previously filed document that includes the required disclosure. Issuers relying on this exception are reminded that all disclosure should provide sufficient information to permit market participants to make informed investment decisions and should not present or omit information in a manner that is misleading.

2.7 **Meaning of Current Technical Report** - In the view of the CSA, the "current technical report" referred to in sections 4.2 and 4.3 of the Instrument is a technical report that contains all information required under the Form 43-101F1 in respect of the subject property as at the date on which the technical report is filed. A technical report may constitute a current technical report, even if prepared considerably before the filing date, if the information in the technical report remains accurate and does not omit materially new information as at the date of filing.

2.8 **Exceptions from Requirement for Technical Report with Annual Information Form, Annual Report and Preliminary Short Form Prospectus if Information Previously Disclosed** - If an issuer has disclosed scientific and technical information on a mineral property in a disclosure document (as defined in section 1.2 of the Instrument), or in a technical report prepared in accordance with National Policy No. 2-A filed before February 1, 2001, the issuer will not be required to prepare and file a technical report with the issuer's annual information form, annual report or preliminary short form prospectus, unless the annual information form, annual report or preliminary short form prospectus contains new and material scientific and technical information about that mineral property.

PART 3 AUTHOR OF THE TECHNICAL REPORT

3.1 **Selection of Qualified Person** - It is the responsibility of the issuer and its directors and officers to appoint a qualified person with experience and competence appropriate for the subject matter of the technical report.

3.2 **Qualified Person** - Section 2.1 of the Instrument requires that all disclosure be based upon a technical report or other information prepared by or under the supervision of a qualified person and section 5.1 of the Instrument provides that a technical report must be prepared by or under the supervision of one or more qualified persons. The Canadian securities regulatory authorities recognize that certain individuals who currently provide technical expertise to issuers will not be considered qualified persons for purposes of the Instrument. These individuals may have the necessary experience and expertise but may lack the professional accreditation because of differences in provincial registration requirements or for other reasons. Application can be made by an issuer under section 9.1 of the Instrument for an exemption from the requirement for involvement of a qualified person and the acceptance of another person. The application should demonstrate the person's competence and qualification to prepare the technical report or other information in support of the disclosure despite the fact that he or she is not a member of a professional association or otherwise does not meet the requirements set out in the definition in the Instrument of qualified person.

3.3 **Independence of Qualified Person**

(1) Paragraph 1.5(4)(c) of the Instrument provides that a qualified person is not considered to be independent of the issuer if the qualified person, or any affiliated entity of the qualified person, owns or by reason of an agreement, arrangement or undertaking expects to receive any securities of the issuer or an affiliated entity of the issuer or an interest in the property that is the subject of the technical report. The Canadian securities regulatory authorities recognize that issuers undergoing restructuring may settle outstanding debt to a qualified person with securities. In these circumstances, an issuer may apply for an exemption under section 9.1 of the Instrument to preserve the independence of the qualified person with respect to the issuer.

(2) There may be circumstances in which the staff at the securities regulatory authorities question the objectivity of the author of the technical report. The issuer may be asked to provide further information, additional disclosure or the opinion of another qualified person to address concerns about possible bias or partiality on the part of the original author.

PART 4 PREPARATION OF TECHNICAL REPORT

4.1 **"Best Practices" Guidelines** - Issuers and authors shall follow the Mineral Exploration "Best Practices" Guidelines prepared on the recommendation of the TSE-OSC Mining Standards Task Force by a committee comprised of mining and exploration industry professionals and regulators. These Guidelines were published in June, 2000.

PART 5 USE OF INFORMATION

5.1 **Use of Information** - The Instrument requires that technical reports be prepared and filed with Canadian securities regulatory authorities to support certain disclosure of mineral exploration, development and production activities and results in order to permit the public and analysts to have access to information that will assist them in making investment decisions and recommendations. Persons and companies, including registrants, who wish to make use of

information concerning mineral exploration, development and production activities and results including mineral resource and mineral reserve estimates are encouraged to review the technical reports that will be on the public file for the issuer and if they are summarizing or referring to this information they are strongly encouraged to use the applicable mineral resource and mineral reserve categories and terminology found in the technical report.

PART 6 PERSONAL INSPECTION

6.1 **Personal Inspection-** Canadian securities regulatory authorities consider personal inspection particularly important because it enables the qualified person to become familiar with conditions on the property, to observe the geology and mineralization, to verify the work done, and on that basis to design or review and recommend to the issuer an appropriate exploration or development program. It is the responsibility of the issuer to arrange its affairs so that a property inspection can be carried out by a qualified person.

6.2 **Exemption from Personal Inspection Requirement** - There may be circumstances in which it is not possible or beneficial for a qualified person to inspect the property. In such instances the qualified person or the issuer should apply in writing to the securities regulatory authority for relief, stating the reasons why a personal inspection is considered impossible or not beneficial. It would likely be a condition of any such relief that the technical report state that no inspection was carried out by a qualified person and provide reasons.

6.3 **Responsibility of the Issuer** - The requirement set out in section 6.2 of the Instrument sets a minimum standard for personal inspection. The issuer should have property inspections conducted by one or more qualified persons as appropriate, taking into account the work being carried out on the property and the technical report being prepared by the qualified person or persons.

PART 7 REGULATORY REVIEW

7.1 **Review**

(1) Disclosure and technical reports filed under the Instrument may be subject to review by Canadian securities regulatory authorities.

(2) An issuer that files a technical report that does not meet the requirements of the Instrument will be in breach of securities legislation. The issuer may be required to issue or file corrected disclosure, file a revised technical report or file revised consents, and may be subject to other sanctions.

5.1.2 NI 35-101 Exemption from Registration for U.S. Broker-Dealers and Agents

NOTICE OF NATIONAL INSTRUMENT 35-101 AND COMPANION POLICY 35-101CP CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

Notice of National Instrument and Companion Policy

The Commission has made National Instrument 35-101 Conditional Exemption from Registration for United States Broker-Dealers and Agents (the "National Instrument") under section 143 of the *Securities Act* (the "Act").

The National Instrument and the material required by the Act to be delivered to the Minister of Finance were delivered on October 25, 2000. If the Minister does not approve the National Instrument, does not reject the National Instrument or return it to the Commission for further consideration by December 24, 2000 the National Instrument will come into force on January 8, 2001. If the Minister approves the National Instrument on or before December 17, 2000, the National Instrument will come into force, pursuant to section 5.1 of the National Instrument, on January 1, 2001.

The Commission has adopted Companion Policy 35-101CP Conditional Exemption from Registration for United States Broker-Dealers and Agents (the "Companion Policy") under section 143.8 of the Act. The Companion Policy will come into force on the date that the National Instrument comes into force.

The National Instrument and Companion Policy are being adopted by all members of the Canadian Securities Administrators (the "CSA").

Substance and Purpose of National Instrument and Companion Policy

The substance and purpose of the National Instrument are to provide United States of America (the "U.S.A.") broker-dealers and their agents with a conditional exemption from the applicable registration and prospectus requirements under Canadian securities legislation in order to facilitate certain cross-border trading in foreign securities between U.S.A. broker-dealers and their clients from the U.S.A. who are present in a Canadian jurisdiction (the "exemption").

Summary of National Instrument and Companion Policy

The National Instrument provides certain U.S.A. broker-dealers and their agents with an exemption from the applicable registration and prospectus requirements under Canadian securities legislation. Under the exemption, a U.S.A. broker-dealer and its agents may engage in specific types of cross-border trading activities in foreign securities.

Each of the Canadian securities regulatory authorities retains the authority to revoke the exemptions, subject to applicable statutory provisions governing hearings and reviews, as it applies to a particular broker-dealer or agent if it considers the broker-dealer's or agent's conduct to be contrary to the public interest.

The Companion Policy advises that the CSA are of the view that a person does not normally cease to be "ordinarily resident" in the U.S.A. while retaining status as "temporarily resident" in Canada under the National Instrument. The Companion Policy also provides guidance on the operation of the exemptive relief provided in the National Instrument and information about the types of inquiries the CSA may make about past conduct of broker-dealers and their agents in Canada.

Related Instruments

The National Instrument and Companion Policy are related. The Companion Policy is also related to section 127 of the *Securities Act* (Ontario).

Text of National Instrument and Companion Policy

The text of the National Instrument and Companion Policy follow.

Dated: November 17, 2000.

APPENDIX A TO NOTICE 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

Summary of Comments Received

During the comment period, which ended January 19, 1998, the CSA received 36 comment letters. Below is a summary of the comments received, accompanied by CSA responses.

1. Reciprocity

Every comment letter addressed the issue of ensuring that Canadian dealers received reciprocal treatment from U.S.A. state and federal securities authorities.

At the time of the request for comments twelve state securities authorities had implemented substantially similar regulatory accommodations but the Securities and Exchange Commission (the "SEC") had yet to do so.

Twenty-three comment letters recommended that unless the SEC's restriction was lifted, the implementation of that part of the National Instrument relating to individual's tax-advantaged retirement savings plans should be delayed.

Seven comment letters urged the CSA to defer making any part of the National Instrument effective until U.S.A. state and federal securities authorities granted reciprocity to Canadians who are either:

(i) temporarily resident in the U.S.A.; or

(ii) permanent residents in the U.S.A. and holding assets in Canadian tax-advantaged accounts.

One commenter recommended amending the National Instrument to provide that the exemptions apply only to broker-dealers in jurisdictions which afford reciprocal relief to Canadian SRO-member dealers.

Another commenter suggested that the CSA should proceed with the implementation of the National Instrument with a "sunset provision" with the express intention that the CSA will consider withdrawing the National Instrument after a prescribed period of time in the event that the reciprocity in the U.S.A. is not achieved to the CSA's satisfaction.

CSA response:

The SEC has adopted new Rule 237 under the *Securities Act of 1933*, new Rule 7d-2 under the *Investment Company Act* and amendments to Rule 12g3-2 under the *Securities Exchange Act of 1934*. The SEC has also issued an order conditionally exempting Canadian dealers that are members of the Investment Dealers Association or of a Canadian exchange from the broker-dealer registration requirements and related provisions of the *Securities Exchange Act of 1934* to the extent they effect transactions for Canadian tax-deferred individual retirement accounts. Currently, twenty-four state securities regulators provide a form of reciprocal relief.

The relief provided by the National Instrument is broader than the relief provided by the SEC in that the exemptions from registration requirements are limited to transactions involving Canadian tax-deferred retirement accounts. Therefore, except as permitted under Rule 15a-6, Canadian residents temporarily in the United States are not able to manage their investments in Canadian accounts that are not tax-deferred retirement accounts. By contrast, U.S. residents temporarily in Canada will be able to manage all of their accounts with their U.S. broker-dealers. The CSA have asked the SEC to expand its relief so as to harmonize completely with that provided in the National Instrument.

The exemptions provided by the National Instrument will be extended to broker-dealers in all U.S.A. jurisdictions. At the expiration of two years from the effective date, the National Instrument will be revisited and may be amended to provide that the exemptions will be applied only to U.S.A. jurisdictions which provide reciprocal relief to Canadian SRO-member dealers.

2. Inquiries Regarding Past Activities

One commenter expressed concern respecting the lack of reciprocity of the waiver of possible past registration transgressions set out in Part 4 of the Companion Policy. The commenter stated that only certain state securities regulators in the U.S.A. have agreed not to make inquiries of Canadian dealers or salespersons on a reciprocal basis. In light of this, the commenter recommended that the CSA consider withholding its agreement not to make enquiries concerning possible failures to register in respect of past trading activities until a greater degree of reciprocity is achieved in the U.S.A.

CSA response:

The proposal approved by the members of the North American Securities Administrators Association ("NASAA") in 1995, which is the genesis of the National Instrument, had included a notice to be issued by each participating securities regulatory authority stating that it would not make inquiries into any possible failure to register in the state, province or territory in relation to past trading activities up to a certain time. The purpose of the waiver is to encourage the participation of all broker-dealers and their agents who are acting under the National Instrument. By withholding its agreement not to make enquiries concerning the CSA believes that it would discourage the participation of some broker-dealers and their agents.

3. Documentation and Agent for Services

(a) One commenter addressed the requirement in former section 2.4 of the National Instrument that the broker-dealer deliver the most recent copy of its Form BD, evidence of membership in a National Association of Securities Dealers and evidence that the broker-dealer is registered in the U.S.A. state from which the trade took place. The commenter questioned the utility of requiring these materials to be delivered stating that, among other things, the utility of requiring materials to be delivered will likely not outweigh the burden of reviewing and maintaining them.

CSA response:

Former sections 2.4 and 3.2 (now sections 2.1(f) and 3.1(f)) have been amended such that materials required to be delivered would be limited to a one page notice that registrants

are using the exemption and a certificate stating that they are registered in the state from which the trade took place.

(b) One commenter suggested that the CSA may not wish to impose a requirement that the broker-dealer has an agent for service of process in each Canadian jurisdiction in which the broker-dealer has clients pursuant to this exemption. The commenter questioned the need for agents for service of process given that the customers accessed pursuant to the National Instrument are those which have pre-existing relationships with the broker-dealer and are well aware that they are not dealing with a Canadian dealer. The commenter suggested that the CSA may instead wish to require that the broker-dealer indicate in their prescribed client disclosure statement that they have not submitted to the Canadian jurisdiction or appointed an agent for service therein.

CSA response:

It is the opinion of the CSA that it is integral to the protection of investors in Canadian jurisdictions to ensure that their U.S.A. broker-dealers and salespersons have submitted to the Canadian jurisdiction and have appointed an agent for service in each jurisdiction in which business is conducted.

4. Solicitations

Section 2.2 of the published draft of the proposed National Instrument (now section 2.1(e)) read as follows:

> "The broker-dealer shall not advertise for or solicit new accounts in any jurisdiction."

A commenter suggested that if the intention is to preclude solicitation of accounts with individuals other than pre-existing clients of the U.S.A. broker-dealer, the phrase "new accounts" is overly broad and could be replaced by "new clients". The commenter argued that a broker-dealer should not be precluded from soliciting new business from an existing client that becomes a temporary resident in Canada provided that any resulting trades are made in compliance with the exemptions provided in section 2.1 of the National Instrument.

CSA response:

The CSA agree with this comment and the recommended amendment has been made to the National Instrument.

5. Ordinarily Resident

One commenter recommended that the CSA consider whether it is appropriate to require that an individual be "ordinarily resident" in the U.S.A. in order for the exemption set forth in clause 2.1(c)(i) of the National Instrument to be available or whether it would be sufficient to require that the individual be "temporarily resident" in Canada and previously resident in the U.S.A. The commenter suggested the CSA should either:

(i) confirm or clarify that it would not be possible to cease to be "ordinarily resident" in the U.S.A. and to remain "temporarily resident" in Canada; or

(ii) consider amending clause 2.1(c)(i) to ensure that all temporary work assignments, particularly those of longer duration, are covered by the exemption, regardless of the individual's residency status in the U.S.A.

CSA response:

The Companion Policy has been amended to clarify that it is the CSA's view that it would not be possible to cease to be "ordinarily resident" in the U.S.A. while still retaining status as a U.S.A. resident "temporarily resident" in Canada under the National Instrument.

6. Relief for Advising Activities

One commenter is of the view that many of the advising activities which the U.S.A. broker-dealers and advisers might seek to conduct with their U.S.A. clients that become resident in Canada, temporarily or otherwise, would not likely fall within the exemption provided by section 2.1 of the National Instrument, since these activities would not be solely incidental to trades made pursuant to the section 2.1 exemption. The commenter is concerned that advising activities may have been overlooked as a meaningful area of investment activity, and believes that due consideration be given to providing corollary relief in respect of these activities.

CSA response:

The CSA does not want to broaden exemptions from registration for advising activities.
Sections 2.3 and 3.3 permit advising activities which are incidental to broker-dealer and agent activities on the same basis that it is permitted for domestic registrants.

APPENDIX B TO NOTICE 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

The CSA received comment letters from the following parties:

1. CT Securities International Inc.
2. Pope & Company
3. Caldwell Securities Ltd.
4. Research Capital Corporation
5. TD Securities Inc.
6. RBC Dominion Securities Inc.
7. Investment Dealers Association of Canada
8. Thomas Kernaghan & Co. Limited
9. MacDougall, MacDougall & MacTier Inc.
10. Acker Finley Inc.
11. Sprott Securities Limited
12. Royal Bank Action Direct Inc.
13. Loewen, Ondaatje, McCutcheon Limited
14. Goepel Shields & Partners Inc.
15. MD Management Limited
16. Maison Placements Canada Inc.
17. CIBC Securities Inc.
18. Ocean Securities Inc.
19. The Investment Funds Institute of Canada
20. Nesbitt Burns Inc.
21. Scotia Securities Inc.
22. Merrill Lynch Canada Inc.
23. Midland Walwyn Capital Inc.
24. Canadian Bankers Association
25. MMI Group Inc.
26. ScotiaMcLeod Inc.
27. The Vancouver Stock Exchange
28. TD Asset Management Inc.
29. CT Investment Management Group Inc.
30. Investment Dealers Association of Canada - Saskatchewan District Council
31. Deacon Capital Corporation
32. Osler, Hoskin & Harcourt
33. Investment Dealers Association of Canada - Manitoba District Council
34. Nomvra Canada Inc.
35. Valeurs mobilières Desjardins
36. Department of Finance Canada

NATIONAL INSTRUMENT 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

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NATIONAL INSTRUMENT 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

PART 1 DEFINITIONS

1.1 **Definitions** - In this Instrument,

"agent" means a partner, officer, director or salesperson of a broker-dealer who is acting on behalf of a broker-dealer in effecting trades of securities;

"broker-dealer" means a "broker" or "dealer", as those terms are defined in the 1934 Act, that has its principal place of business in the United States of America;

"foreign security" means a security

(a) that is listed for trading or quoted on an exchange or market outside of Canada; or

(b) of an issuer that is not incorporated, continued or organized under the laws of Canada or a jurisdiction of Canada; and

"NASD" means the National Association of Securities Dealers in the United States of America.

PART 2 BROKER-DEALER EXEMPTION

2.1 **Exemption from Dealer Registration Requirement** - The dealer registration requirement does not apply to a broker-dealer if

(a) the broker-dealer has no office or other physical presence in any jurisdiction in Canada;

(b) the broker-dealer is trading in a foreign security;

(c) the trading is with or for

(i) an individual ordinarily resident in the United States of America who is temporarily resident in the local jurisdiction and with whom the broker-dealer had a broker-dealer client relationship before the individual became temporarily resident in the local jurisdiction; or

(ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan, and

(i) the plan is located in the United States of America,

(ii) the individual is a holder of or contributor to the plan, and

(iii) the individual was previously resident in the United States of America;

(d) the broker-dealer has not advertised for or solicited new clients in the local jurisdiction;

(e) the broker-dealer is a member of the NASD;

(f) the broker-dealer has delivered, or immediately after the broker-dealer first relies on this section delivers, to the securities regulatory authority

(i) a notice that the broker-dealer is relying on an exemption from the registration requirement provided under this Instrument;

(ii) a statement of the broker-dealer certifying that the broker-dealer is registered in the state of the United States of America where the broker-dealer was located when the broker-dealer first relied on this section; and

(iii) an executed Form 35-101F1 Submission to Jurisdiction and Appointment of Agent for Service of Process;

(g) the broker-dealer has delivered a notice to the securities regulatory authority describing any criminal or quasi-criminal proceeding brought against the broker-dealer or its agents in any jurisdiction or foreign jurisdiction, or of any decision, order, ruling, or other requirement made with respect to or imposed on the broker-dealer or its agents in a jurisdiction or foreign jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct;

(h) the broker-dealer has disclosed to the client that the broker-dealer and its agents are not subject to the full regulatory requirements otherwise applicable under local securities legislation; and

(i) the broker-dealer, in the course of its dealings with clients, acts fairly, honestly and in good faith.

2.2 **Termination Notice** - A broker-dealer shall immediately notify the securities regulatory authority if the broker-dealer will no longer engage in trading or advising activities under section 2.1.

2.3 **Exemption from Adviser Registration Requirement** - The adviser registration requirement does not apply to advising activities of the broker-dealer if those activities are solely incidental to trading activities of the broker-dealer under section 2.1.

PART 3 AGENTS EXEMPTION

3.1 **Agents Exemption** - The dealer registration requirement does not apply to an agent if

(a) the trading is on behalf of a broker-dealer that has notified the agent of its intent to rely on the exemption under section 2.1;

(b) the agent has no office or other physical presence in any jurisdiction in Canada;

(c) the agent is trading in a foreign security;

(d) the trading is with or for

(i) an individual ordinarily resident in the United States of America who is temporarily resident in the local jurisdiction and with whom the broker-dealer on whose behalf the agent is trading had a broker-dealer client relationship before the individual became temporarily resident in the local jurisdiction; or

(ii) an individual if the trade is for the individual's tax-advantaged retirement savings plan or with the individual's tax-advantaged retirement savings plan, and

(i) the plan is located in the United States of America,

(ii) the individual is a holder of or contributor to the plan, and

(iii) the individual was previously resident in the United States of America;

(e) the agent has not advertised for or solicited new clients in the local jurisdiction;

(f) the agent has delivered, or immediately after the agent first relied on this section delivers, to the securities regulatory authority

(i) a notice that the agent is relying on this Instrument for an exemption from the registration requirement;

(ii) a statement of the agent certifying that the agent is registered in the state in the United States of America where the agent was located when the agent first relied on this section; and

(iii) an executed Form 35-101F2 Submission to Jurisdiction and Appointment of Agent for Service of Process;

(g) the agent has delivered a notice to the securities regulatory authority describing any criminal or quasi-criminal proceeding brought against the agent in any jurisdiction or foreign jurisdiction, or of any decision, order, ruling, or other requirement made with respect to or imposed on the agent in a jurisdiction or foreign jurisdiction as a result of any administrative, self-regulatory or regulatory action, hearing or proceeding involving fraud, theft, deceit, misrepresentation or similar conduct;

(h) the agent, in the course of its dealings with the broker-dealer's clients, acts fairly, honestly and in good faith.

3.2 **Termination Notice** - An agent shall immediately notify the securities regulatory authority if the agent will no longer engage in trading or advising activities under section 3.1.

3.3 **Exemption from Adviser Registration Requirement** - The adviser registration requirement does not apply to advising activities of the agent if those activities are solely incidental to trading activities of the agent under section 3.1.

PART 4 EXEMPTION FROM PROSPECTUS AND UNDERWRITER REQUIREMENTS

4.1 **Exemption from Prospectus and Underwriter Requirements** - The prospectus requirement and underwriter registration requirement do not apply to a distribution of foreign securities if that distribution

(a) is made by a broker-dealer or agent that is exempt from the adviser registration requirement and the dealer registration requirement under section 2.1 or 3.1; and

(b) is made in compliance with all applicable

(i) U.S. federal securities laws, and

(ii) state securities legislation in the United States of America.

PART 5 EFFECTIVE DATE

5.1 **Effective Date** - This Instrument comes into force on January 1, 2001.

NATIONAL INSTRUMENT 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR
UNITED STATES BROKER-DEALERS AND AGENTS

FORM 35-101F1
FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT
OF AGENT FOR SERVICE OF PROCESS BY BROKER-DEALER

Instructions: Complete this form for each of the jurisdictions in which the broker-dealer seeks the conditional exemption from registration in National Instrument 35-101 (the "exemption"). Insert the name of the jurisdiction at each "•".

1. Name of broker-dealer (the "Broker-Dealer");

2. Jurisdiction of incorporation of the Broker-Dealer;

3. Name of agent for service of process (the "Agent for Service");

4. Address for service of process on the Agent for Service in •;

5. The Broker-Dealer designates and appoints the Agent for Service at the address stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the Broker-Dealer's activities in • under the exemption, and irrevocably waives any right to raise as defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

6. The Broker-Dealer irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of • and any administrative proceeding in •, in any Proceeding arising out of or related to or concerning the Broker-Dealer's activities in • under the exemption.

7. Until six years after the Broker-Dealer ceases to use the exemption, the Broker-Dealer shall file:

   a. a new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days before termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process; and

   b. An amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days before any change in the name or above address of the Agent for Service.

8. This submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of •.

Dated: _____

_____
(Signature of Broker-Dealer or authorized signatory)

_____
(Name and Title of Authorized Signatory)

Acceptance

The undersigned accepts the appointment as agent for service of process on _____ **(Insert name of Broker-Dealer)** under the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: _____

_____
(Signature of Agent for Service or authorized signatory)

_____
(Name and Title of Authorized Signatory)

NATIONAL INSTRUMENT 35-101
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

FORM 35-101F2
FORM OF SUBMISSION TO JURISDICTION AND APPOINTMENT OF AGENT FOR SERVICE OF PROCESS BY AGENTS OF THE BROKER-DEALER

Instructions: Complete this form for each of the jurisdictions in which agents of the broker-dealer seek the conditional exemption from registration in National Instrument 35-101 (the "exemption"). Insert the name of the jurisdiction at each "•".

1. Name of the broker-dealer (the "Broker-Dealer");

2. Jurisdiction of incorporation of the Broker-Dealer;

3. Name(s) and address(es) of agent(s) of the Broker-Dealer filing this form (the "Broker-Dealer Agents");

4. Name of agent for service of process (the "Agent for Service");

5. Address for service of process on the Agent for Service in •;

6. Each Broker-Dealer Agent designates and appoints the Agent for Service at the address of the Agent for Service stated above as its agent upon whom may be served a notice, pleading, subpoena, summons or other process in any action, investigation or administrative, criminal, quasi-criminal or other proceeding (a "Proceeding") arising out of or relating to or concerning the Broker-Dealer Agent's activities in • under the exemption, and irrevocably waives any right to raise as a defence in any such proceeding any alleged lack of jurisdiction to bring such Proceeding.

7. Each Broker-Dealer Agent irrevocably and unconditionally submits to the non-exclusive jurisdiction of the judicial, quasi-judicial and administrative tribunals of • and any administrative proceeding in •, in any Proceeding arising out of or related to or concerning the Broker-Dealer Agent's activities in • under the exemption.

8. Until the earlier of (i) the termination of a Broker-Dealer Agent's position as an agent of the Broker-Dealer and six years after the Broker-Dealer ceases to use the exemption, the Broker-Dealer Agent shall file:

   a. new Submission to Jurisdiction and Appointment of Agent for Service of Process in this form at least 30 days prior to termination for any reason of this Submission to Jurisdiction and Appointment of Agent for Service of Process; and

   b. an amended Submission to Jurisdiction and Appointment of Agent for Service of Process at least 30 days before any change in the name or above address of the Agent for Service.

9. This Submission to Jurisdiction and Appointment of Agent for Service of Process is governed by and construed in accordance with the laws of •.

Dated: _____ _____
(Signature of Broker-Dealer Agent)

Dated: _____ _____
(Signature of Broker-Dealer Agent)

Dated: _____ _____
(Signature of Broker-Dealer Agent)

Dated: _____ _____
(Signature of Broker-Dealer Agent)

Acceptance

The undersigned accepts the appointment as agent for service of process on _____ **(Insert name(s) of Broker-Dealer Agent(s))** pursuant to the terms and conditions of the foregoing Submission to Jurisdiction and Appointment of Agent for Service of Process.

Dated: _____

_____
(Signature of Agent for Service or authorized signatory)

_____
(Name and Title of Authorized Signatory)

COMPANION POLICY 35-101CP
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

TABLE OF CONTENTS

COMPANION POLICY 35-101CP
CONDITIONAL EXEMPTION FROM REGISTRATION FOR UNITED STATES BROKER-DEALERS AND AGENTS

PART 1 INTRODUCTION

1.1 Introduction - Cross-border trading activities between Canada and the United States of America often take place because of the movement of residents between the two countries. In order to facilitate certain cross-border trading activities that may arise between United States broker-dealers and their existing clients who are now located in Canada, the Canadian securities regulatory authorities have adopted National Instrument 35-101 Conditional Exemption From Registration for United States Broker-Dealers and Agents (the "Instrument") which provides certain broker-dealers, and their agents, resident in the United States of America with a conditional exemption from the applicable registration requirements and the prospectus requirement. This approach is consistent with the Instrument's underlying policy that investors will be relying primarily upon the regulation by securities regulators and statutory liability imposed by legislation in the broker-dealer's or agent's home jurisdiction for protection.

PART 2 GENERAL PRINCIPLES

2.1 General - The Instrument provides that a United States broker-dealer and its agents may engage in two specific types of cross-border trading activities in foreign securities with an individual who was previously resident in the United States of America, and is now located in Canada, regardless of nationality. In Quebec, the term foreign securities includes futures.

2.2 Temporarily Resident - The first category of activity provided for under clause 2.1(c)(i) and clause 3.1(d)(i) of the Instrument permits brokers-dealers and their agents to deal in foreign securities with an individual ordinarily resident in the United States of America who is temporarily resident in a Canadian jurisdiction and with whom the broker-dealer had a broker-dealer client relationship before the individual became temporarily resident in the Canadian jurisdiction. This aspect of the Instrument is intended to allow persons from the United States who are on a temporary work assignment in Canada, or who may be in Canada on vacation or for other reasons, to trade with their home broker-dealer and agent in the United States of America. The concept of "temporarily" as it appears in the National Instrument is based upon SEC Rule 15a-6 which exempts certain non-United States broker-dealers from registering under the 1934 Act.

The Canadian Securities Administrators are of the view that a person that ceases to be "ordinarily resident" in the United States of America would not

retain status as a United States resident "temporarily resident" in Canada under the Instrument.

2.3 **Tax-Advantaged Plans** - The second category of activity provided for under clause 2.1(c)(ii) and clause 3.1(d)(ii) of the Instrument permits broker-dealers and their agents to deal in foreign securities with an individual who was previously resident in the United States of America and who is resident in a Canadian jurisdiction for trades for and with the individual's tax-advantaged retirement savings plan (for example, an Individual Retirement Account), if the plan is located in the United States and the individual is either a holder of, or contributor to, the plan. Under laws of the United States of America, tax-advantaged retirement savings plans must be located in the United States of America and result in adverse tax consequences for United States individuals if collapsed. For these reasons, individuals are permitted by the Instrument to continue this type of trading activity with a broker-dealer and its agent in the United States of America whether or not there was a pre-existing relationship with the broker-dealer or agent while the individual was in the United States of America.

2.4 **Prospectus and Underwriter Exemption** - Part 4 of the Instrument exempts a distribution of foreign securities by United States broker-dealers and their agents under the registration exemptions provided for in the Instrument from the prospectus requirement and the underwriter registration requirement. However, the distribution of foreign securities must comply with applicable United States federal securities law and state law requirements in the United States of America, which include securities registration and prospectus delivery.

PART 3 OPERATION OF EXEMPTIVE RELIEF

3.1 **Affiliates** - Section 2.1 of the Instrument requires that the broker-dealer have "no office or physical presence in any jurisdiction". A broker-dealer that has a Canadian affiliate in any jurisdiction is still able to take advantage of the exemptions provided for under the Instrument. The Canadian affiliate, however, is not able to take advantage of the exemptions.

3.2 **Limitation of Exemptions** - Any activity beyond the scope of the exemptions will constitute unregistered activity and will be subject to the applicable enforcement provisions provided for under Canadian securities legislation.

3.3 **Retention of Authority** - Under Canadian securities legislation, each of the Canadian securities regulatory authorities retains the authority to revoke the exemptions as they apply to a broker-dealer or agent if the broker-dealer's or agent's conduct is considered to be contrary to the public interest.

3.4 **Receipt of Documentation** - The Canadian securities regulatory authorities will acknowledge receipt of material sent by broker-dealers and agents under the Instrument.

3.5 **Fees** - No fees will be imposed on broker-dealers or agents by the Canadian securities regulatory authorities under the exemptions provided for under the Instrument.

PART 4 INQUIRIES REGARDING PAST ACTIVITIES

4.1 **Restricted Activities** - A Canadian securities regulatory authority will not make inquiries about any possible failure by broker-dealers or their agents to register that rely on the exemption from registration for their

(a) trading activities and related incidental advising activities that may have been conducted with an individual from the United States of America that take place before the date which is 120 days after the coming into effect of the Instrument in the jurisdiction in which the Canadian securities regulatory authority is situate, if the individual

(i) was temporarily resident in the jurisdiction and the broker-dealer or agent had a broker-dealer client relationship with the individual before the individual became temporarily resident in the jurisdiction, or

(ii) if the trades were for or with a tax-advantaged retirement savings plan located in the United States of America and the individual was either the holder of, or contributor to, the plan; and

(b) any other trading and related incidental advising activities that may have been conducted in the jurisdiction before September 1, 1996.

4.2 **Other Activities** - A Canadian securities regulatory authority may make inquiries if it comes to its attention that a broker-dealer or its agent may have been engaged in improper activities in the jurisdiction in which the Canadian securities regulatory authority is situate beyond failing to register.

Chapter 6

Request for Comments

6.1 Request for Comments

6.1.1 Notice of Proposed Rule for Direct Purchase Plans

NOTICE OF PROPOSED RULE
UNDER THE SECURITIES ACT
PROPOSED RULE 32-501
DIRECT PURCHASE PLANS

Substance and Purpose of Proposed Rule

The proposed Rule 32-501 will establish a regime that will permit reporting issuers to establish direct purchase plans in Ontario under which an issuer may issue securities directly to investors without the need to sell those securities through a registrant. The proposed Rule would establish safeguards around the use of such plans that the Commission believes will provide appropriate protection for investors in respect both of the administration of the Plans and the promotion of securities offered under direct purchase plans.

Background

Direct purchase plans are a well-recognized part of the U.S. investment landscape; there are over 1600 plans listed on www.netstockdirect.com, a major U.S. website that provides information about, and permits on-line investment in direct purchase plans in the U.S. Direct purchase plans, as discussed below, are generally recognized to afford a number of benefits both to issuers and investors. The Commission is of the view that there are no compelling regulatory reasons to prevent the establishment and development of direct purchase plans in Ontario in the same manner as similar plans have developed in the United States.

The proposed Rule has been developed as the result of proposals made to the Commission by the Securities Transfer Association of Canada ("STAC"), the Canadian trade association of transfer agents. STAC recommended the implementation of the proposed Rule to the Commission based on its understanding that issuers would find such plans beneficial and because of its understanding of the U.S. market. STAC and Commission staff have worked together to develop this proposal, which is designed to facilitate the use of such plans while ensuring adequate investor protection.

The following is an outline of the nature and operation of direct purchase plans.

Terminology

The following is a summary of the key terms used in connection with direct purchase plans.

The term "direct purchase plan" means an arrangement under which an investor may acquire ownership of securities of an issuer from the treasury of the issuer or through the issuer's transfer agent in the secondary market, without the interposition of a registered dealer on the trade. In the United States, direct purchase plans generally consist of either issuer sponsored plans or bank sponsored plans.

The term "issuer sponsored plan" or "issuer registered plan" means a direct purchase plan in which investors may acquire securities directly from both the treasury of an issuer and on the secondary market. These plans are sponsored by the issuer and, in the U.S., involve the registration of the securities to be sold under the plan. The proposed Rule would permit the issue of securities under issuer sponsored plans in Ontario.

The term "bank/agent sponsored plan" means a direct purchase plan operated by a bank or transfer agent in which investors may acquire securities from an issuer through the bank or transfer agent on the secondary market. These plans are sponsored and administered by the bank or transfer agent. The issuer adopts the plan, but is not directly involved in administering it. The proposed Rule does not deal with bank/agent sponsored plans, which raise some different regulatory issues from issuer sponsored plans. The Commission requests comments on whether the proposed Rule should be broadened to provide necessary exemptive relief to permit the operation of bank/agent sponsored plans.

Operation of Direct Purchase Plans

Direct purchase plans operate in a manner similar to traditional dividend reinvestment and stock purchase plans, which are programs offered by issuers that allow participants to acquire shares of the issuer directly from the issuer by reinvesting dividends and, in many cases, by making optional cash payments. These types of plans are permitted in Ontario by Rule 45-502 Dividend or Interest Reinvestment and Stock Dividend Plans, which provides registration and prospectus exemptions in respect of the issue of securities under both the reinvestment of dividends by a shareholder and the payment by the shareholder of a cash payment option, subject to certain conditions.

Direct purchase plans are administered in a manner similar to the types of plans contemplated by Rule 45-502, except that it is not necessary under the direct purchase plan for the purchaser of securities to already be a shareholder of the issuer.

Direct purchase plans are designed primarily to permit investors to make regularly scheduled investments in securities of an issuer, often in small quantities. Typically, in the U.S., securities are issued under direct purchase plans accordingly to an established schedule; securities are typically issued on a weekly, bi-weekly, monthly, quarterly or semi-

annual basis. The amount of notice that an investor needs to either place an order, or to cancel an order is usually related to the length of time need to deal with the matter administratively; this could be 24 to 48 hours, although if contributions are set up through a direct debit arrangement, approximately 7 days are often needed to cancel deductions. Direct purchase plans are suitable for long-term investments; because trades are processed only at regularly scheduled times, such plans are not suitable for investors who wish to actively trade or buy and sell securities quickly in response to market movements.

The issue price for securities under direct purchase plans in the U.S. is generally market, based on some rolling average of the stock price calculated at the time that transactions under a direct purchase plan are processed. The Commission expects that in Ontario, the approaches usually followed for optional cash purchases associated with dividend reinvestment plans would be followed here.

In U.S. issuer sponsored plans, provision is often made in a plan to permit purchases to be made either from treasury or on the secondary market, at the election of the issuer. For transactions effected through the market, the administrators of the plan would combine all orders received for a particular trade date, effect the transactions through a registrant, and all investors would pay the same price for securities purchased on a particular trade date.

Many direct purchase plans in the U.S. operate on a book entry basis, which reduces costs and facilitates the issuance of fractional interests in securities. Investors are, of course, entitled to request and receive at any time certificates representing their investment.

It is typically up to the issuer of a plan whether investors may sell securities within the plan. Investors also have the option of requesting a certificate, and selling their securities in the ordinary course through a broker. Some plans may permit the investor to direct that all or some of their securities are to be sold through the plan; in those circumstances, the administrator would combine all of such requests, and effect the sale at market prices through registered brokers. The days on which sales are processed are typically the same as the days on which purchases are processed.

Benefits of Direct Purchase Plans

STAC has recommended the implementation of direct purchase plans to the Commission on the basis that there are considerable benefits to both the investing community and the issuer community associated with direct purchase plans. The following is a summary of the most important of those benefits.

(a) Benefits to Investors

1. The primary reason that direct purchase plans are popular in the U.S. is that they provide a way for smaller investors to acquire securities of issuers, often in small amounts at a time, in an economically feasible way. The fees charged to investors for making purchases through direct purchase plans are typically below normal brokerage commissions, including discount brokerage commissions. Without direct purchase plans, investors could only purchase securities through a registered broker; the payment of brokerage commissions effectively prevents investors from making small purchases of securities and keeps those investors from becoming participants in the market.

2. Direct purchase plans permit investors to plan their own affairs and manage their own investment portfolios without having to pay for investment "advice" from a registered dealer that the investor does not wish to receive. One overall investment trend that has been recently noted and recognized by the Commission is that many investors are increasingly desirous of doing their own research on their investments and making their own investment decisions.

3. Direct purchase plans recognize that investors wishing to manage their own portfolios without the assistance of registered dealers are now more able to do so than at any time in the past because of the dramatically increased access to information concerning issuers that is now available, particularly through the Internet. The Commission notes that individual investors now have access to more information concerning issuers than analysts had only a few years ago.

4. The structure of direct purchase plans encourages long term investment, making direct purchase plans useful retirement planning vehicles. Because transactions under direct purchase plans may only be made according to a fixed schedule, direct purchase plans are not effective vehicles for active trading of securities. The utility of these plans for long term investment may be especially important to those Canadians who are concerned that government pension plans might be inadequate to fund the retirement of many people now in their prime working years. The perception is that those people must take responsibility for planning for their retirement. For those who choose to use them, direct purchase plans would permit such persons to invest in equity securities on a long-term basis with minimal transaction costs.

5. Direct purchase plans have been combined in the U.S. with underwritten offerings. The combination of direct purchase plans and underwritten offerings is effected by an issuer preparing two prospectuses, one relating to a conventional underwritten offering, and the other relating to an offering that would be made directly by the issuer. This approach has the effect of permitting retail investors to participate in a portion of an issuer's equity financings, and can be seen as an effective response to the concerns often heard about underwritten offerings being made available only to institutions.

(b) Benefits to Issuers

1. Direct purchase plans enable issuers to increase the number of individual shareholders on their register. This tends to increase the stability of the shareholding group of an issuer as direct purchase plan investors invest for the long term, and reduces the influence that major institutions, such as pension plans, mutual funds and arbitrageurs, may have on a company's stock.

2. Direct purchase plans permit issuers to know better who their shareholders are. This enables issuers to communicate better with their shareholders, and may facilitate obtaining quorums for meetings. Issuers consider this preferable to being separated from their investors by layers of financial intermediaries.

3. Participants in direct purchase plans tend to have consumer loyalty to the issuers in which they invest. Studies in the U.S. have shown that investors who own shares of a retail company are more likely to shop at that company's stores than if they did not own shares. This is considered a major benefit in the United States by a number of major retail companies that operate direct purchase plans.

4. Issuer sponsored plans can provide issuers with an inexpensive source of capital, as securities can be issued from treasury without underwriting fees.

Regulatory Issues

The most important regulatory issues raised by direct purchase plans is that the absence of a registrant in connection with the sale of securities to investors means that investors will not receive the benefit of the "know-your-client" protection normally required.

The Commission, together with the rest of the Canadian Securities Administrators, has considered this issue extensively recently in a number of contexts, including in connection with the execution of trades by discount brokers. The CSA announced on April 10, 2000 that relief from suitability obligations will be granted on an application basis to dealers who only provide trade execution services for their clients. In the announcement, the CSA said that several conditions would be imposed on dealers to whom the relief was available, including the requirement that no investment advice would be provided to investors.

These principles behind that announcement are applicable to direct purchase plans. The Commission recognizes that these types of plans are appropriate for certain types of investors, namely those that wish to make their own investment decisions and who wish to be able to build a portfolio, perhaps with a series of small investments, in a cost-effective manner.

The Commission has also taken other action that recognizes the benefits of enabling small shareholders to effect securities transactions without being effectively prevented from doing so by brokerage expenses.

The Commission has granted orders in connection with a number of the demutualizations of insurance companies in the past year that have permitted so-called "share sale facilities" to operate without registrants. These facilities enable securityholders that obtained securities on the demutualization of an insurance company to sell their securities through a trust company at market prices for very low transaction costs. One of the conditions to those orders was that no investment advice could be provided to selling securityholders.

In addition, the Commission has made Rule 32-101 Small Securityholder Selling and Purchase Arrangements, which replaces various blanket rulings made by it. In this Rule, the Commission exempts from the registration requirements certain activities conducted by an issuer or its transfer agent in connection with participation by odd lot holders in small shareholder selling and purchase arrangements under the policy of The Toronto Stock Exchange. This Rule provides registration relief to issuers in respect of these arrangements and allows the issuer to solicit orders for the buying or selling of securities under small shareholder arrangements. The purpose of the arrangements is stated in Part XXXI of the TSE Policy on Small Shareholder Selling and Purchase Arrangements, in which it is stated that shareholder purchasing arrangements are specifically encouraged because they foster an expanded shareholder base for TSE listed companies. The TSE also stated that the "vitality of the Canadian capital markets is enhanced by the participation of such investors".

Finally, the Commission notes that the relief provided by the proposed Rule enables direct purchase plans to operate in a somewhat similar manner to dividend reinvestment plans with cash payment options, without the technical requirement that an investor already own at least one share of the issuer.

Summary of Proposed Rule

Part 1

Section 1.1 contains the definitions used in the proposed Rule.

The key definition is that of "direct purchase plan", which is defined as

> "an arrangement operated by or on behalf of a reporting issuer under which a person or company is permitted to purchase securities of the reporting issuer's own issue
>
> (a) directly from the reporting issuer; or
>
> (b) a marketplace through an administrator of the direct purchase plan;".

This definition restricts the ambit of the proposed Rule to "issuer sponsored plans" because it requires that a plan be "operated by or on behalf of a reporting issuer", which is not the case with bank sponsored plans. The definition also permits trades to be made under a plan either from the treasury of the issuer or on the secondary market.

The definition of "administrator" refers to the entity that administers the plan for the relevant reporting issuer. This is often the transfer agent of the issuer, and will typically be the same organization that administers dividend reinvestment plans for issuers; however, the definition also includes issuers, for plans administered directly by the relevant issuer.

The definitions of "plan advertisement" and "promotional activities" are used in Part 4 of the proposed Rule, which regulates the manner in which a direct purchase plan may be promoted. The definition of "public medium" is used in the definition of "plan advertisement".

Part 2

Section 2.1 provides the regulatory relief necessary to permit the operation of direct purchase plans, namely relief from the registration requirements of section 25 of the Act to permit trades to be made other than by a registrant. The Commission has imposed three conditions to the relief. First, the administrator of the direct purchase plan must comply with Part 3 of the proposed Rule in connection with the plan. Second, the investor must be provided with a free-standing

investor disclosure statement that contains the information described in section 4.2 of the proposed Rule. This disclosure document, together with a prospectus, should provide investors with adequate information about both the issuer and the securities being purchased, and the risks associated with direct purchase plans, to permit them to make informed investment decisions relating to their purchase through such plans. Third, the investor must be provided with a prospectus relating to the plan.

Part 3

Part 3 contains a number of operational safeguards designed to ensure the operational integrity of direct purchase plans. The provisions require the segregation of funds used for investment in direct purchase plans, the segregation of securities issued under direct purchase plans, and that the administrators of the plans maintain proper bonding and insurance and record keeping, and provide investors with statements of account, in relation to such plans. These provisions are designed to replicate the requirements of the Regulations that impose similar obligations on registered dealers. Section 3.6 exempts from the bonding and insurance, record keeping and statement of account requirements banks and trust corporations, and other entities that are subject to substantially similar obligations under their governing legislation. The Commission understands that banks and trust corporations are subject to such obligations.

Part 4

Part 4 regulates the promotion of direct purchase plans.

Section 4.1 provides that no person or company may engage in promotional activities concerning a direct purchase plan, unless permitted by subsections (2) or (3). Subsection (2) allows the use of advertisements for direct purchase plans that contain only information about the operation of a direct purchase plan and information about how to obtain a prospectus relating to a direct purchase plan.

Subsection (3) provides that no person or company, other than a registrant, shall provide any investment advice or recommendations in connection with the purchase of securities under a direct purchase plan.

Section 4.2 provides that an issuer or plan administrator shall provide to any person or company purchasing securities through a direct purchase plan a disclosure statement; the section provides the text of the disclosure statement and is designed to emphasize to the investor that no investment advice is being made in connection with any investment under a direct purchase plan and that the investor is responsible for the investment decisions. This statement must be provided before the investor enters into a binding agreement of purchase and sale relating to a plan; this would typically take place when the investor joins the plan and makes an initial subscription.

Part 5

Section 5.1 provides that the Director may grant an exemption to the proposed Rule, in whole or in part, subject to such conditions or restriction as may be imposed in the exemption.

Authority for Proposed Rule

Paragraph 8 of subsection 143(1) of the *Securities Act* (the "Act") allows the Commission to make rules providing for exemptions from the registration requirements under the Act. Paragraph 13 of subsection 143(1) of the Act allows the Commission to make rules regulating trading or advising in securities to prevent trading or advising that is fraudulent, manipulative, deceptive or unfairly detrimental to investors. Paragraph 18 of subsection 143(1) of the Act allows the Commission to make rules designating activities, including the use of documents or advertising, in which registrants or issuers are permitted to engage or are prohibited from engaging in connection with distributions.

Alternatives Considered

The Commission is of the view that direct purchase plans are appropriate investment vehicles for certain investors, and believes that the appropriate way to permit such plans to operate is through the relief from the registration requirements provided by the proposed Rule. Therefore, the Commission has not considered any alternatives to the proposed Rule.

Unpublished Studies

In proposing the proposed Rule, the Commission has not relied on any significant unpublished study, report or other written materials.

Anticipated Costs and Benefits

The proposed Rule would permit investors to invest in securities of an issuer on a cost-effective basis through direct purchase plans, and would provide issuers with the advantages relating to direct purchase plans discussed earlier in this Notice. The proposed Rule would require issuers establishing a direct purchase plan to incur the costs of prospectus preparation and other administrative expenses necessary to allow the direct purchase plan to operate. Similarly, administrators of a plan would be required to ensure that the requirements of Part 3 of the proposed Rule be satisfied, which could result in some costs. However, the proposed Rule does not require issuers to establish plans or persons to act as administrators, and so these costs will be borne only by those that elect to establish or administer direct purchase plans.

In the Commission's view, the benefits justify the costs.

Regulations to be Amended or Revoked

The adoption of the proposed Rule does not require any regulation to be amended or revoked.

Comments

Interested parties are invited to make written submissions with respect to the proposed Rule. Submissions received by February 16, 2001 will be considered.

Submissions should be made to:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario M5H 3S8

A diskette containing an electronic copy of the submissions (in DOS or Windows format, preferably WordPerfect) should also be submitted. As the Act requires that a summary of written comments received during the comment period be published, confidentiality of submissions received cannot be maintained.

Questions may be referred to:

Randee Pavalow
Manager, Market Regulation
Ontario Securities Commission
(416) 593-8259

Barbara Fydell
Legal Counsel, Market Regulation
Ontario Securities Commission
(416) 593-8253

Text of Proposed Rule

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

November 17, 2000

ONTARIO SECURITIES COMMISSION RULE
RULE 32-501
DIRECT PURCHASE PLANS
TABLE OF CONTENTS

ONTARIO SECURITIES COMMISSION RULE
RULE 32-501
DIRECT PURCHASE PLANS

PART 1 DEFINITIONS AND INTERPRETATION

1.1 **Definitions** - In this Rule

"administrator" means, for a direct purchase plan,

(a) a trustee, a custodian or an administrator of the direct purchase plan, or

(b) if the reporting issuer administers the direct purchase plan itself, the reporting issuer;

"direct purchase plan" means an arrangement operated by or on behalf of a reporting issuer under which a person or company is permitted to purchase securities of the reporting issuer's own issue

(a) directly from the treasury of the reporting issuer, or

(b) on a marketplace through the administrator of the direct purchase plan;

"plan advertisement" means a communication that is published or designed for use on or through a public medium for the purpose of disseminating information about a direct purchase plan;

"promotional activities" means any activities or communications intended to induce the purchase of securities through a particular direct purchase plan; and

"public medium" includes announcements, newspaper, television or radio advertisements, circulars, notices, investor fairs, and Internet Web sites.

PART 2 EXEMPTION FOR TRADES UNDER A DIRECT PURCHASE PLAN

2.1 **Exemption for Trades Under a Direct Purchase Plan** - Section 25 of the Act does not apply to a trade by an issuer or an administrator of the issuer in a security of the issuer's own issue under a direct purchase plan of the issuer if the following conditions are met:

1. The administrator of the plan satisfies the requirements of sections 3.1 and 3.2 in connection with the plan, and, if applicable, the requirements of sections 3.3, 3.4 and 3.5.

2. For a trade of a security from treasury of the issuer,

   (a) the issuer or the administrator of the plan, unless it has previously done so, sends by prepaid mail or delivers to the purchaser the latest prospectus relating to the plan and any amendment to the prospectus filed either before the purchaser enters into an agreement of purchase and sale resulting from the order or subscription or not later than midnight on the second day, excluding Saturday, Sundays and holidays, after entering into such agreement; and

   (b) the issuer provides to the purchaser, in the prospectus, the right to withdraw from the purchase analogous to the rights of a purchaser, and subject to the conditions, contained in section 71 of the Act.

3. An investor disclosure statement containing the information described in section 4.2 has been provided to the purchaser of the security in accordance with subsection 4.2(2).

PART 3 OPERATIONAL SAFEGUARDS

3.1 **Segregation of Funds** - All funds received by the administrator for investment through the direct purchase plan shall be deposited promptly into a segregated bank account with a Canadian financial institution[1], and used only to purchase securities under the direct purchase plan or to pay fees associated with the direct purchase plan.

3.2 **Segregation of Securities**

(1) All securities issued under a direct purchase plan held on behalf of purchasers by the administrator shall be

   (a) maintained in a separate account directly in the names of the purchasers, or in the name of the administrator, and allocated to each purchaser on a register maintained by the administrator; and

   (b) kept separate from any other securities held by the administrator.

(2) For securities deposited with a depository or clearing agency that operates a book-based system, the administrator shall ensure that the applicable participants in the book-based system or the administrator contain a designation sufficient to show that the beneficial ownership of the securities is vested

[1] The term "Canadian financial institution" is defined in National Instrument 14-101 Definitions as meaning "a bank, loan corporation, trust company, insurance company, treasury branch, credit union or caisse populaire that, in each case, is authorized to carry on business in Canada or a jurisdiction, or the Confédération des caisses populaires et d'économie Desjardins du Québec".

in the purchasers under the direct purchase plan.

3.3 **Bonding and Insurance** - An administrator of a direct purchase plan shall maintain bonding or insurance, by means of a broker's blanket bond, in an amount of not less than $25,000.

3.4 **Record Keeping** - An administrator of a direct purchase plan shall maintain books and records necessary to record properly all transactions involving the direct purchase plan, and in doing so shall keep the records referred to in subsection 113(3) of the Regulation.

3.5 **Statements of Account** - The administrator of a direct purchase plan shall send to each investor in the direct purchase plan the statements of account referred to in subsections 123(1) to (4) of the Regulation.

3.6 **Exemption for Regulated Institutions** - Sections 3.3, 3.4 and 3.5 do not apply to an administrator of a direct purchase plan that is an institution that is subject to requirements under its governing legislation that are substantially similar to those contained in sections 3.3, 3.4 and 3.5.

PART 4 ADVERTISING AND DISCLOSURE REQUIREMENTS

4.1 Advertising Requirements

(1) No person or company may engage in promotional activities concerning a direct purchase plan, except as permitted in subsections (2) or (3).

(2) A person or company may place or distribute plan advertisements relating to a direct purchase plan that describe only

(a) the existence and availability of the direct purchase plan;

(b) the name of the reporting issuer whose securities are distributed under the direct purchase plan, and a brief description of the business carried on by the reporting issuer;

(c) the securities to be issued under the direct purchase plan;

(d) a description of how the direct purchase plan operates; and

(e) information about how a person or company may obtain a copy of the prospectus for the direct purchase plan.

(3) No person or company, other than a person or company that is registered under the Act, shall provide any investment advice or recommendations in connection with the purchase of securities under a direct purchase plan.

4.2 Disclosure Statement

(1) An issuer or plan administrator shall provide to any person or company purchasing securities through a direct purchase plan the following disclosure:

"Securities sold through the [name of issuer] direct purchase plan are sold under a rule of the Ontario Securities Commission that permits these sales without the involvement of a registered broker or dealer. A person or company making such a purchase therefore receives no investment advice concerning the purchase, does not have the benefit of the assistance of a broker or dealer and is solely responsible for assessing the appropriateness of the investment for himself, herself or itself. A person or company that wishes to receive investment advice in connection with the direct purchase plan should contact his, her or its broker or dealer."

(2) The disclosure required by subsection (1) shall be contained in a separate document given to the purchaser before he, she or it enters into a binding agreement of purchase and sale for securities under a direct purchase plan.

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.

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesScource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

Exempt Financings

The Ontario Securities Commission reminds Issuers of exempt financings that they are responsible for the completeness, accuracy and timely filing of Forms 20 and 21 pursuant to section 72 of the Securities Act and section 14 of the Regulation to the Act. The information provided is not verified by staff of the Commission and is published as received except for confidential reports filed under paragraph E of the Ontario Securities Commission Policy Statement No. 6.1.

Reports of Trades Submitted on Form 45-501f1

Trans. Date		Security	Price ($)	Amount
20Oct00		3D Visit Inc. - Special Shares	450,000	750,000
29Oct00		Affinity Holdings International Incorporated - Shares of Common Stock	105,000	7
20Oct00		Analog Design Automation Inc. - Series I Class A Convertible Shares	US$1,999,998	4,718,009
20ct00 & 27Oct00		Arrow Capital Advance Fund - Class A Trust Units	450,500	43,882
24Oct00		Autros Healthcare Solutions Inc. - Special Warrants	US$6,265,200	5,221,000
06Oct00		BMCC Corporate Centre Trust - 7.373% Monthly Equivalent Pass-Through Rate First Mortgage Bond	115,483,430	115,500,000
20Oct00		Bombardier Receivable Master Trust II - 1999-1 Class A & B Certificates	40,000,000	40,000,000
13Oct00		BPI American Opportunities Fund - Units	917,689	6,166
31Oct00		Caterpillar Financial Services Limited - 5.050% Guaranteed Note due 2010	$35,500,000	$35,500,000
31Oct00		CC&L Money Market Fund -	360,000	36,000
24Oct00	#	Collins Stewart Holdings plc - Ordinary Shares	316	63,300
30ct00		Copper Ridge Explorations Inc. - Special Warrants	200,000	666,6667
01Oct00		D. E. Shaw Valence International Fund 2 - Trust Units	US$5,377,814	5,377,814
01Oct00		D. E. Shaw Valence International Fund 1 - Trust Units	US$1,000,000	1,000,000
12Oct00		eAssist Global Solutions, Inc. - Shares	US$8,999,997	2,727,272
31Oct00	#	Edmonton Regional Airports Authority - 7.214% Revenue Bonds, Series A, due November 1, 2030	141,350,000	141,350,000
10Oct00		Elcombe Systems Limited - Common Shares	4,257,107	12,791,214
20Oct00		Emerging Markets Growth Fund, Inc. - Shares	US$3,301,201	61,110,730
03Nov00		FRI Corporation - Common Shares	4,500,000	272,727
21Oct00		Grosvenor Services 2000 Limited Partnership - Units	8,545,105	55
27Oct00		Highway 204 (Columbia) Associates Limited Partnership -	154,936	104,250
26Oct00		Human Genome Sciences, Inc. - Common Stock	2,855,812	25,000
24Oct00		Iceberg Media.com Inc. - Special Warrants	8,460,000	8,460,000
25Oct00		Inneraccess Technologies Inc. - Special Warrants	150,000	300,000
25Oct00		International Freegold Mineral Development Inc. -	6,250	25,000
31Oct00		Meota Resources Corp. - Special Warrants	5,321,250	1,419,000
24Oct00		Metrus Western Properties Inc. - 8.077% First Mortgage Bonds	60,338,690	60,338,690
27Oct00		Nework Corp. - Special Warrants	750,000	937,500
31Oct00		O'Donnell Capital Group Inc. - Units	300,000	75,000
31Oct00		O'Donnell Capital Group Inc. - Class A Special Shares	750,000	750,000
04Oct00		Oplink Communications. Inc. - Shares Common	US$450,000	25,000
23Oct00		Pangeo Pharma Inc. - Special Warrants	2,329,600	1,664,000

Trans. Date	Security	Price ($)	Amount
23Oct00	Pangeo Pharma Inc. - Special Warrants	1,127,000	805,000
26Oct00	Peyto Exploration & Development Corp. - Flow-Through Common Shares	3,520,000	1,600,000
24Nov99	Phoenix Capital Inc. - Series C Secured Debentures	939,400	939,400
07Sep00	Plaintree Systems Inc. - Common Shares	3,929,576	1,197,137
24Jul00	Qwest Energy I Corp. - Units	915,000	777,750
27Oct00	Rhino Ecosystems, Inc. - Convertible Loan	152,000	152,000
04Jul00 to 29Sep00	RTCM American Equity Fund - Units	10,032,259	516,521
04Jul00 to 29Sep00	RTCM Balanced Fund - Units	30,011,112	667,996
04Jul00 to 29Sep00	RTCM Bond Fund - Units	86,773,198	10,192,430
04Jul00 to 29Sep00	RTCM Canada Plus Equity Fund - Units	26,577,452	1,382,072
04Jul00 to 29Sep00	RTCM Canadian Equity Fund - Units	87,770,550	667,996
04Jul00 to 29Sep00	RTCM Canadian Income Fund - Units	79,204	8,037
04Jul00 to 29Sep00	RTCM Canadian Equity (Capped) Fund - Units	23,486,257	2,268,375
04Jul00 to 29Sep00	RTCM Conventional Mortgage Fund - Units	1,007,000	119,792
04Jul00 to 29Sep00	RTCM Diversified Fund - Units	8,128,700	409,637
04Jul00 to 29Sep00	RTCM Emerging Technologies Fund - Units	488,000	12,562
04Jul00 to 29Sep00	RTCM Global Bond Fund - Units	107,617	10,976
04Jul00 to 29Sep00	RTCM Global Equity Fund - Units	5,745,910	346,676
04Jul00 to 29Sep00	RTCM Government of Canada Money Market Fund - Units	2,975,000	297,500
04Jul00 to 29Sep00	RTCM International Equity Fund - Units	57,564,274	911,837
04Jul00 to 29Sep00	RTCM Money Market Fund - Units	66,702,858	6,670,286
04Jul00 to 29Sep00	RTCM Small Capitalization Fund - Units	3,147,401	138,023
04Jul00 to 29Sep00	RTCM U.S. Equity Value Fund - Units	38,775,912	645,124
04Jul00 to 29Sep00	RTCM U.S. Equity Growth Fund - Units	21,549,501	297,501
23Oct00	Sentinel Hill Alliance Atlantis Equicap Millennium Limited Partnership - Units	44,716,375	2,630,375
31Oct00	SKG Interactive Inc. - Special Warrants	3,600,000	18,000,000
25Oct00	SLMsoft.com Inc. - 8.5% Convertible Unsecured Debenture	2,000,000	2,000,000
20Oct00	Tenke Mining Corp. - Units	400,000	500,000
25Oct00	Touchstone Petroleum Inc. - Shares	500,000	666,667
25Oct00	TradeMC Inc. - Shares of Class C Common Shares and Shares of Series B Convertible Preferred Stock	7,575,000	1,575,000, 435,000 Resp.
18Sep00	TransCanada Pipelines - Debentures 11.80% due 20Nov20	7,196,059	11,232,000
23Oct00 to 27Oct00	Trimark Mutual Funds - (See Filing Document for Individual Fund Names)	1,128,215	135,241
18Oct00	Trumpeter Yukon Gold Inc. - Class A Subordinated Common Shares	153,740	1,537,400
24Oct00	Valaran Corporation - Series A Convertible Preferred Stock	US$2,250,000	1,008,969
23Oct00 & 30Oct00	Vision Logistics Group Inc. - Common Shares	624,075	656,922
01Nov00	Wescom Solutions Inc. - Class A Shares	750,000	750,000
20Oct00	Zenastra Photonics Inc. - Common Shares	681,300	72,000

Resale of Securities - (Form 45-501f2)

Date of Resale	Date of Orig. Purchase	Seller	Security	Price ($)	Amount
11Oct00 to 20Oct00	29Mar00	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap	Stratos Global Corporation - Common Shares	798,425	112,700
10Oct00 to 20Oct00	29Mar00	Investors Group Trust Co. Ltd. as Trustee for Investors Canadian Small Cap II	Stratos Global Corporation - Common Shares	1,971,574	73,400
17Oct00 to 20Oct00	24Feb00	Investors Group Trust Co. Ltd. as Trustee for Investors Summa Fund	Wavve Telecommunications Inc. - Common Shares	476,116	401,200
17Oct00 to 18Oct00	24Feb00	Investors Group Trust Co. Ltd. as Trustee for Investors Cdn. Small Cap II	Wavve Telecommunications Inc. - Common Shares	318,864	244,700
17Oct00 to 18Oct00	24Feb00	Investors Group Trust Co. Ltd. as Trustee for Investors Global Science & Technology Fund	Wavve Telecommunications Inc. - Common Shares	346,400	256,800

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)

Name of Company	Date the Company Ceased to be a Private Company
Autros Healthcare Solutions Inc.	24Oct00
Morphometrix Technologies Inc.	13Oct00

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

Seller	Security	Amount
Paros Enterprises Limited	Acktion Corporation - Common Shares	2,000,000
Melnick, Larry	Champion Natural Health.com Inc. - Subordinate Voting Shares	29,900
Jones, Ruth Ann	Gibraltar Springs Capitol Corporation - Common Shares	400,000
SLMsoft.com Inc.	Infocorp Computer Solutions Ltd. - Common Shares	6,814,052
Xenolith Gold Limited	Kookaburra Resources Ltd. - Common Shares	160,124

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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:
Canada Payphone Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated November 7th, 2000
Mutual Reliance Review System Receipt dated November 10th, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #310293

Issuer Name:
Canadian Tire Corporation, Limited
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated November 10th, 2000
Offering Price and Description:
$500,000,000 Medium Term Notes (Unsecured)
Underwriter(s), Agent(s) or Distributor(s):
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
National Bank Financial Inc.
Merill Lynch Canada Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.
Promoter(s):
N/A
Project #310726

Issuer Name:
Chip Master Term Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Shelf Prospectus dated November 10th, 2000
Mutual Reliance Review System Receipt dated November 10th, 2000
Offering Price and Description:
$500,000,000 of Asset Backed Notes
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Canadian Home Income Plan Corporation
Project #310887

Issuer Name:
Contrarian Resource Fund 2000 Limited Partnership
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated November 6th, 2000
Mutual Reliance Review System Receipt dated November 7th, 2000
Offering Price and Description:
$3,000,000 to $35,000,000 - 300,000 to 3,500,000 Limited Partnership Units
Underwriter(s), Agent(s) or Distributor(s):
Yorkton Securities Inc.
Promoter(s):
Contrarian Resource Fund 2000 Management Limited
Project #310135

Issuer Name:
Dalsa Corporation
Type and Date:
Preliminary Prospectus dated November 9th, 2000
Receipted November 10th, 2000
Offering Price and Description:
$8,000,000 - 1,000,000 Common Shares and 500,000 Purchase Warrants Issuable upon exercise of 1,000,000 Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #310689

Issuer Name:
Desjardins International RSP Fund
Desjardins Global Technology Fund
Principal Regulator - Quebec
Type and Date:
Preliminary Simplified Prospectus dated November 3rd, 2000
Mutual Reliance Review System Receipt dated November 8th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
Desjardins Trust Inc.
Project #310218

Issuer Name:
Ensemble Aggressive Equity Portfolio
Ensemble Moderate Equity Portfolio
Ensemble Conservative Equity Portfolio
Ensemble Aggressive Equity RSP Portfolio
Ensemble Moderate Equity RSP Portfolio
Ensemble Conservative Equity RSP Portfolio
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated November 9th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Registered Dealer
Promoter(s):
ING Investment Management, Inc.
Project #310375

Issuer Name:
Gammon Lake Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated November 3rd, 2000
Mutual Reliance Review System Receipt dated November 7th, 2000
Offering Price and Description:
$5,000.000 - 1,000,000 Units
Underwriter(s), Agent(s) or Distributor(s):
Thomson Kernaghan & Co. Limited
Promoter(s):
Bradley H. Langille
Fred George
Project #309676

Issuer Name:
HART
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 9th, 2000
Mutual Reliance Review System Receipt dated November 10th, 2000
Offering Price and Description:
$*,*%Senior Class A-1 Asset-Backed Notes, Series 2000-2;
$*,*% Senior Class A-2 Asset-Backed Notes, Series 2000-2
Underwriter(s), Agent(s) or Distributor(s):
BMO Nesbitt Burns Inc.
RBC Dominion Securities Inc.
Promoter(s):
Honda Canada Finance Inc.
CIBC World Markets Inc.
Project #310910

Issuer Name:
Icron Systems Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated November 6th, 2000
Mutual Reliance Review System Receipt dated November 10th, 2000
Offering Price and Description:
$3,000,000 to 5,000,000 - * Units
Underwriter(s), Agent(s) or Distributor(s):
Acumen Capital Finance Partners Limited
Taurus Capital Markets Ltd.
Haywood Securities Inc.
Promoter(s):
Kelly Edmison
Project #310813

Issuer Name:
Intrinsyc Software, Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Prospectus dated November 7th, 2000
Mutual Reliance Review System Receipt dated November 7th, 2000
Offering Price and Description:
$13,500,000 - 3,000,000 Units issuable upon the exercise of Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Loewen,Ondaatje,Mccutcheon Limited
Yorkton Securities Inc.
Promoter(s):
Derek W. Spratt
Project #309913

Issuer Name:
Itamineraque Resources Inc.
Principal Regulator - Quebec
Type and Date:
Preliminary Prospectus dated November 9th, 2000
Mutual Reliance Review System Receipt dated November 10th, 2000
Offering Price and Description:
$4,250,000 - 3,500 "A" Units and 750 "B" Units
Underwriter(s), Agent(s) or Distributor(s):
Canaccord Capital Corporation
Promoter(s):
N/A
Project #309517

Issuer Name:
Keystone Altamira Capital Growth Fund
Keystone Altamira Equity Fund
Keystone Altamira RSP Science and Technology Fund
Keystone Altamira RSP e-business Fund
Keystone Altamira RSP Global Equity Fund
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 9th, 2000
Mutual Reliance Review System Receipt dated November 9th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Mackenzie Financial Corporation
Project #310547

Issuer Name:
Keystone Altamira Science and Technology Capital Class
Keystone Altamira e-business Capital Class
Keystone Altamira Global Equity Capital Class
Principal Regulator - Ontario
Type and Date:
Preliminary Simplified Prospectus dated November 9th, 2000
Mutual Reliance Review System Receipt dated November 9th, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Mackenzie Financial Corporation
Project #310527

Issuer Name:
Legacy Hotels Real Estate Investment Trust
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated November 9th, 2000
Offering Price and Description:
$125,000,000 * % Series 3 Debentures Due *
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
CIBC World Markets Inc.
TD Securities Inc.
BMO Nesbitt Burns Inc.
National Bank Financial Inc.
Scotia Capital Inc.
Promoter(s):
N/A
Project #310355

Issuer Name:
Merrill Lynch Mortgage Loans Inc.
Principal Regulator - Ontario
Type and Date:
Preliminary Short Form PREP Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated November 8th, 2000
Offering Price and Description:
$255,981,000 (Approximate) - Commercial Mortgage Pass-Through Certificates, Series 2000 - Canada 4
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
Merrill Lynch Canada Inc.
Project #310173

Issuer Name:
Merrill Lynch Mortgage Loans Inc.
Principal Regulator - Ontario
Type and Date:
Amended Preliminary Short Form PREP Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated November 9th, 2000
Offering Price and Description:
$255,981,000 (Approximate) - Commercial Mortgage Pass-Through Certificates, Series 2000 - Canada 4
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
Promoter(s):
Merrill Lynch Canada Inc.
Project #310173

Issuer Name:
Pivotal Corporation
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 14th, 2000
Mutual Reliance Review System Receipt dated November 14th, 2000
Offering Price and Description:
$85,100,000 - 1,000,000 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Merrill Lynch Canada Inc.
Goldman Sachs Canada Inc.
CIBC World Markets Inc.
Goepel McDermid Inc.
Yorkton Securities Inc.
Promoter(s):
N/A
Project #311552

Issuer Name:
Westcoast Energy Inc.
Principal Regulator - British Columbia
Type and Date:
Preliminary Short Form Prospectus dated November 9th, 2000
Mutual Reliance Review System Receipt dated November 9th, 2000
Offering Price and Description:
$129,000,000 - (40,000,000 Common Shares)
Underwriter(s), Agent(s) or Distributor(s):
TD Securities Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Corp.
Goepel McDermid Inc.
Promoter(s):
N/A
Project #310774

Issuer Name:
Ethical Pacific Rim Fund
Principal Regulator - British Columbia
Type and Date:
Amendment #2 dated October 12th, 2000 to the Simplified Prospectus and Annual Information Form dated June 20th, 2000
Mutual Reliance Review System Receipt dated October 31st, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Credential Asset Management Inc.
Promoter(s):
Ethical Funds Inc.
Project #263177

Issuer Name:
iUnits Government of Canada 5 Year Bond Fund
iUnits Government of Canada 10 Year Bond Fund
Principal Regulator-Ontario
Type and Date:
Amended and Restated Prospectus dated November 6th, 2000
Mutual Reliance Review System Receipt dated 14th day of November, 2000
Offering Price and Description:
Mutual Fund Units - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
Barclays Global Investors Canada Limited
Project #271337

Issuer Name:
BridgePoint International Inc.
Principal Regulator - Quebec
Type and Date:
Final Prospectus dated October 30th, 2000
Mutual Reliance Review System Receipt dated 31st day of October, 2000
Offering Price and Description:
N/A
Underwriter(s), Agent(s) or Distributor(s):
La Corporation Canaccord Capital
Goepel McDermid Inc.
Promoter(s):
Rene Arbic
Sephane Brais
Project #288343

Issuer Name:
EnerVest Diversified Income Trust
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated November 3rd, 2000
Mutual Reliance Review System Receipt 3rd November, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Research Capital Corporation
Promoter(s):
N/A
Project #300262

Issuer Name:
Electronics Manufacturing Group Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated November 6th, 2000
Mutual Reliance Review System Receipt dated 8th day of November, 2000
Offering Price and Description:
$8,900,000.00 - 1,780,000 Common Shares and 1,780,000 Warrants Issuable Upon Exercise of Previously Issued Special Warrants
Underwriter(s), Agent(s) or Distributor(s):
Goepel McDermid Inc.
Promoter(s):
David L. Snell
Alastair J. Robertson
Project #301664

Issuer Name:
Pangeo Pharma Inc.
Type and Date:
Final Prospectus dated November 10th, 2000
Receipted 10th day of November, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #306003

Issuer Name:
Cherryhill Resources Inc.
Principal Regulator - Alberta
Type and Date:
Final Prospectus dated November 7th, 2000
Mutual Reliance Review System Receipt dated 8th day of November, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
Haywood Securities Inc.
Promoter(s):
Steppingstone Capital Corporation
Project #301331

Issuer Name:
Agrium Inc.
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated 8th day of November, 2000
Offering Price and Description:
US$25,130,087.00 - 2,627,983 Common Share and US$50,000,000.00 - 6% Convertible Junior Subordinated Debentures due September 30, 2030
Underwriter(s), Agent(s) or Distributor(s):
Newcrest Capital Inc
Promoter(s):
N/A
Project #307979

Issuer Name:
Ford Credit Canada Limited
Principal Regulator - Ontario
Type and Date:
Final Short Form PREP Prospectus dated November 13th, 2000
Mutual Reliance Review System Receipt dated 14th day of November, 2000
Offering Price and Description:
$3,000,000,000.00 - Debt Securities (unsecured)
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #295621

Issuer Name:
Pengrowth Energy Trust
Principal Regulator - Alberta
Type and Date:
Final Short Form Prospectus dated November 10th, 2000
Mutual Reliance Review System Receipt dated 10th day of November, 2000
Offering Price and Description:
$100,700,000.00 - 5,300,000 Trust Units
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Merrill Lynch Canada Inc
CIBC World Markets Inc.
ScotiaMcLeod Inc.
TD Securities Inc.
Canaccord Capital Corporation
HSBC James Capel Canada Inc.
Dundee Securities Corporation
Promoter(s):
N/A
Project #309480

Issuer Name:
Sobeys Inc.
Principal Regulator - Nova Scotia
Type and Date:
Final Short Form Prospectus dated November 8th, 2000
Mutual Reliance Review System Receipt dated 8th day of November, 2000
Offering Price and Description:
$250,000,002.00 - 9,174,312 Common Shares
Underwriter(s), Agent(s) or Distributor(s):
Scotial Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Beacon Securities Limited
National Bank Financial Inc.
TD Securities Inc.
Dundee Securities Corporation
Promoter(s):
N/A
Project #308642

Issuer Name:
Artisan Canadian T-Bill Portfolio
Artisan Most Conservative Portfolio
Artisan Conservative Portfolio
Artisan Moderate Portfolio
Artisan RSP Moderate Portfolio
Artisan Global Advantage Portfolio
Artisan RSP Global Advantage Portfolio *(Formerly, Artisan Global Fixed Income Portfolio)*
Artisan Growth Portfolio
Artisan RSP Growth Portfolio
Artisan High Growth Portfolio
Artisan RSP High Growth Portfolio
Artisan Maximum Growth Portfolio *(Formerly, Artisan International Equity Portfolio)*
Artisan RSP Maximum Growth Portfolio *(Formerly, Artisan Canadian Equity Portfolio)*
Artisan New Economy Portfolio
Principal Regulator - Manitoba
Type and Date:
Final Simplified Prospectus and Annual Information Form dated October 27th, 2000
Mutual Reliance Review System Receipt dated 27th day of October, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Loring Ward Invesment Counsel Ltd.
Equion Securities Canada Limited
F.C.G. Securities Corporation
Financial Concept Corporation
Pro-Fund Distributors Ltd.
Equion Financial Limited
Brightside Financial Services Ltd
Fenlon Financial (1997) Inc.
DPM Financial Planning Group Inc.
DPM Secuities Inc.
F.P.C. Investments Inc.
The Height of Excellence Financial Planning Group Inc.
C.M. Oliver Financial Corporation
C.M. Oliver Financial Planning Corp.
Summit Aurum Financial Group Inc.
Kronish de Grosbois Inc.
Promoter(s):
Loring Ward Investment Counsel Ltd.
Project #281125

Issuer Name:
DS Premier Canadian Bond Portfolio
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 8th, 2000
Mutual Reliance Review System Receipt dated 14th day of November, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
RBC Dominion Securities Inc.
Promoter(s):
Royal Mutual Funds Inc.
Project #301632

Issuer Name:
Sentry Select Alternative Energy Fund 2001
Sentry Select Global Financial Services Fund 2001
Principal Regulator - Ontario
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 13th, 2000
Mutual Reliance Review System Receipt dated 15th day of November, 2000
Offering Price and Description:
Mutual Fund Securities - Net Asset Value
Underwriter(s), Agent(s) or Distributor(s):
Sentry Select Capital Corp.
Promoter(s):
Sentry Select Capital Corp.
Project #304057

Issuer Name:
Talvest Money Market Fund
Talvest Cdn. Asset Allocation Fund
Talvest Asian Fund
Talvest Global Asset Allocation RSP Fund
Talvest Asian RSP Fund
Talvest Income Fund
Talvest China Plus Fund
Talvest Bond Fund
Talvest China Plus RSP Fund
Talvest High Yield Bond Fund
Talvest Global Small Cap Fund
Talvest Millennium High Income Fund
Talvest Global Small Cap RSP Fund
Talvest Global Bond RSP Fund
Talvest Global Equity Fund
Talvest Dividend Fund
Talvest Global Equity RSP Fund
Talvest Cdn. Equity Leaders Fund
Talvest International Equity Fund
Talvest Cdn. Equity Growth Fund
Talvest International Equity RSP Fund
Talvest Millennium Next Generation Fund
Talvest Global RSP Fund
Talvest Small Cap Cdn. Equity Fund
Talvest Global Multi Management Fund
Talvest Cdn. Resource Fund
Talvest Global Multi Management RSP Fund
Talvest Cdn. Multi Management Fund
Talvest Global Science & Technology Fund
Talvest Value Line U.S. Equity Fund
Talvest Global Science & Technology RSP Fund
Talvest Value Line U.S. Equity RSP Fund
Talvest Global Health Care Fund
Talvest European Fund
Talvest Global Health Care RSP Fund
Talvest European RSP Fund
Talvest Fpx Income Fund
Talvest Fpx Balanced Fund
Talvest Fpx Growth Fund
Principal Regulator - Quebec
Type and Date:
Final Simplified Prospectus and Annual Information Form dated November 6th, 2000
Mutual Reliance Review System Receipt dated 14th day of November, 2000
Offering Price and Description:

Underwriter(s), Agent(s) or Distributor(s):
Talvest Fund Management Inc.
Promoter(s):
Talvest Fund Management Inc.
Project #288043

Issuer Name:
T & H Resources Ltd.
Type and Date:
Rights Offering dated November 9th, 2000
Accepted 9th day of November, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #304596

Issuer Name:
Orvana Minerals Corp.
Type and Date:
Rights Offering dated October 19th, 2000
Accepted November 10th, 2000
Offering Price and Description:
Underwriter(s), Agent(s) or Distributor(s):
N/A
Promoter(s):
N/A
Project #305492

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Chapter 12

Registrations

12.1.1 Securities

Type	Company	Category of Registration	Effective Date
New Registration	Mark Guenter Klinkow Attention: Mark Guenter Klinkow 403 - 1901 Bayview Avenue Toronto, ON M4T 3E4	Investment Counsel	Nov. 7/00
New Registration	Armquest Millenium Capital Management Inc. Attention: Robin Malcolm Howard Gilroy 145 King Street West Suite 1000 Toronto, ON M5H 1J8	Investment Counsel & Portfolio Manager Commodity Trading Manager	Nov. 8/00
New Registration	BTS Asset Management, Inc. Attention: Prema K.R. Thiele Borden Ladner Gervais LLP Scotia Plaza 40 King Street West Toronto, ON M5H 3Y4	Non-Canadian Advisor Investment Counsel & Portfolio Manager	Nov. 10/00
Change of Name	AGF Magna Vista Private Investment Management Limited Attention: Beatrice Ling Ip Suite 3100 Toronto Dominion Bank Tower Toronto Dominion Centre Toronto, ON M5K 1E9	From: Magna Vista Capital Management Inc. To: AGF Magna Vista Private Investment Management Limited	Sept. 11/00
Change of Name	Sanders Morris Harris Inc. Attention: Ms. Cary E. McDonald 3100 Texas Commerce Tower Houston, TX 77002 USA	From: Sanders Morris Mundy Inc. To: Sanders Morris Harris Inc.	Jan. 31/00
Amalgamation	Trimark Investment Management Inc. AND Aim Funds Management Inc. TO FORM: Aim Funds Management Inc. Attention: Susan You Jin Han For Trading 5140 Yonge Street, Suite 900 Toronto, ON M2N 6X7	Mutual Fund Dealer Limited Market Dealer (Conditional) Investment Counsel and Portfolio Manager	Aug. 1/00

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1 SRO Notices and Discplinary Proceedings

13.1.1 CSA Notice 43-101 - CSA Mining Technical Advisory and Monitoring Committee

CANADIAN SECURITIES ADMINISTRATORS
NOTICE 43-301
CSA MINING TECHNICAL ADVISORY AND MONITORING COMMITTEE

The Canadian Securities Administrators (the "CSA") are establishing a Mining Technical Advisory and Monitoring Committee (the "MTAMC").

Recognizing that mineral exploration and mining are highly technical, constantly changing and international in scope, the Final Report of the TSE/OSC Mining Standards Task Force, dated January 1999, recommended the creation of the MTAMC. Its purpose is to advise the CSA on a variety of industry and professional developments related to securities regulatory issues including: (1) disclosure issues raised in connection with the implementation and application of National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"); and (2) the evaluation of foreign professional organizations in connection with recognition of their members as "qualified persons" for the purposes of preparing technical reports under NI 43-101. The MTAMC will also serve as a forum for continuing communication between the CSA and the mining industry.

The MTAMC will be composed of approximately ten individual volunteers from across Canada drawn from different sectors of the mining industry, from early stage exploration to production. The MTAMC will meet approximately four times a year, mostly in teleconference. Members of the MTAMC will serve two-year terms. Members are expected to have extensive technical expertise and a strong interest in securities regulatory policy as it relates to the mining industry. As such, familiarity with the legislation and policies for which the CSA are responsible will be helpful.

The MTAMC will be co-chaired by two representatives of the CSA who will each serve a two-year term. The initial co-chairs will be Deborah McCombe of the Ontario Securities Commission and Adrianne Rubin Hawes of the British Columbia Securities Commission. Representatives of The Toronto Stock Exchange and the Canadian Venture Exchange Inc. have been invited to sit on the MTAMC.

Individual practitioners and representatives of small and large public mining companies, industry associations, consulting firms and other interested persons are invited to apply in writing for membership on the MTAMC, indicating their areas of practice and relevant experience. Interested parties should submit their application by December 15, 2000. Applications and any queries regarding this CSA Notice may be forwarded to:

Deborah McCombe
Chief Mining Consultant, Corporate Finance
Ontario Securities Commission
Telephone: (416) 593-8151
E-mail: dmccombe@osc.gov.on.ca

Adrianne Rubin Hawes
Senior Legal Counsel
British Columbia Securities Commission
Telephone: (604) 899-6645
E-mail: ahawes@bcsc.bc.ca

November 17, 2000

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Chapter 25

Other Information

25.1 Other Information

25.2.1 Securities

RELEASE FROM ESCROW

COMPANY NAME	DATE	NUMBER AND TYPE OF SHARES	ADDITIONAL INFORMATION
Janna Systems Inc.	November 1, 2000	782,885 common shares	
Janna Systems Inc.	November 1, 2000	281,433 common shares	

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